Annual Report
2011–2012
## Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Executive Chairman’s Statement</td>
</tr>
<tr>
<td>6</td>
<td>Meetings 2011-2012</td>
</tr>
<tr>
<td>11</td>
<td>Governance and Leadership</td>
</tr>
<tr>
<td>11</td>
<td>Foundation Board</td>
</tr>
<tr>
<td>12</td>
<td>Managing Board</td>
</tr>
<tr>
<td>12</td>
<td>Senior Directors</td>
</tr>
<tr>
<td>13</td>
<td>Directors</td>
</tr>
<tr>
<td>14</td>
<td>World Economic Forum USA</td>
</tr>
<tr>
<td>15</td>
<td>World Economic Forum China</td>
</tr>
<tr>
<td>15</td>
<td>World Economic Forum Japan</td>
</tr>
<tr>
<td>16</td>
<td>Our Financial Results</td>
</tr>
</tbody>
</table>
Executive Chairman’s Statement

Despite uncertainty in developed economies across the world, it has been a very good year for the World Economic Forum. In addition to a string of extremely successful events, progress across more than 50 initiatives, the publication of over 100 reports and myriad significant interactions between global leaders, we have taken concrete steps to build a new approach to improving the state of the world.

The Forum is currently enacting a transformation plan that will ensure consistent strategic excellence aimed at enabling breakthroughs and tangible impact. This is particularly critical given the interconnected nature of today’s global challenges. It is our objective to catalyse and facilitate global, regional and industry transformation as the trusted partner of our Members and constituents.

This year, the Forum and its task forces comprised of Members and constituents provided many actionable inputs to the B20 and G8 processes. In addition to policy impact, the Forum provided intellectual direction and strategic insight through our Global Competitiveness Report and the Risk Response Network. Our Global Competitiveness Report and Global Risks reports are now key policy instruments used by governments and businesses alike.

Unrivalled Interaction

The demand for our meetings was higher than ever. Our Annual Meeting in Davos-Klosters, Switzerland, the Annual Meeting of the New Champions in China and, particularly, the six regional meetings held during this period received high marks of satisfaction from participants and produced numerous action-oriented results.

The Forum’s regional meetings are a key interaction platform between business and government. Their confidence and commitment today make the Forum the preferred platform for multistakeholder dialogue, which has become even more crucial in these turbulent times. We are proud that practically all G20 governments – at the highest level – are now involved in working together with the Forum.

This year, our regional meetings involved Africa, East and South Asia, Latin America, the Middle East, North Africa and Eurasia. We are proud to have contributed to Myanmar’s transformation process by providing a platform not only to the government but also to Aung San Suu Kyi, Chairman of the National League for Democracy, at the World Economic Forum on East Asia in Bangkok in June.

Partnership in Transformation

Through the course of the year, I have engaged the entire organization in a strategic renewal process designed to accelerate the Forum’s role in today’s complex and interconnected world. Our mission has remained constant for over 42 years: our institution is committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas. While our mission has remained constant, the world has changed. The world today is characterized by an unprecedented level of volatility, complexity and hyperconnectivity.

Our Members and constituents face a new landscape and require ever greater levels of engagement, insight and impact from the Forum. To that end, our vision has evolved. Those who engage with us expect the Forum to be a true partner in defining clear perspectives and providing the most relevant interaction and insight. But they also demand tangible results to show that the Forum is essential not only to better understand and shape the future, but also to demonstrate concrete achievements.

Through our new structure and processes, the Forum will become an ever more effective tool for the world’s top thinkers, pioneers and leaders to leverage the Forum’s networks and knowledge to galvanize action and inspire transformation resulting in real-world impact.
Community Building

The heightened interest in Forum activities and engagement on the part of the business community was expressed in a rise in Industry Partners, from 430 at the beginning of the fiscal year to 469 at the end of 2011-2012. Foundation Memberships are capped at 1,000. The great interest in Strategic Partnership and our intention to create greater regional diversity has meant that the number of Strategic Partners has increased from its former cap of 100 to 109. In addition to participating in our larger-scale gatherings, the Forum’s Partners and Members have been engaged in numerous working sessions and private peer exchanges.

Everything we do at the World Economic Forum is built on the idea that effective action can be taken only when all stakeholders to a decision are included. We believe that the most effective way to develop true multistakeholder collaboration is by building communities of shared interest. The World Economic Forum in 2011–2012 actively managed 12 formal communities:

– Strategic Partners
– Industry Partners
– Foundation Members
– Global Growth Companies
– The Network of Global Agenda Councils
– The Risk Response Network
– Technology Pioneers
– The Community of Knowledge Organizations
– World Economic Forum Constituents
– The Community of Global Shapers
– The Schwab Foundation for Social Entrepreneurship
– The Forum of Young Global Leaders

The activities, initiatives and projects of each of these communities are regularly updated on the World Economic Forum’s website, but this year I would like to highlight the substantial energy that has gone into the development of the Forum’s constituent (non-business) communities. In particular, two successes stand out:

• Our newest community, the Global Shapers, was launched at the beginning of the 2011-2012 year. The network consists of hubs of 15-30 exceptional leaders aged between 20 and 30. These individuals meet regularly to catalyse events and activities that generate a positive impact within their local community. We have had amazing success with this initiative. At the end of the 2011-2012 year, there were 168 hubs around the world – consisting of 1,226 individual Shapers – including 40 hubs in China alone this year, in cooperation with China Business News.

Shapers hubs are driving an extremely diverse set of projects and initiatives around the world. The Tunis hub, for instance, is behind three projects designed to build on the progress made during the Arab Spring, including a social business for handicapped children, a report on youth, citizenship and democracy in Tunisia, and reinvigorating Tunisian culture through small, scalable events. Hubs in Caracas, Venezuela, and Monterrey, Mexico, are collaborating on projects designed to curb gang violence in their cities. The hub in Bamako, Mali, is working on providing free Wi-Fi to one of the poorest areas of the city. And in Manila, the Philippines, the hub has launched a nationwide book drive to create libraries for children.

• We have strengthened the Network of Global Agenda Councils – our intellectual network. In the past year, the GAC community, as a whole, has grown significantly and the number of councils we have along with it. In 2009, the GAC network consisted of 72 councils, which was then increased to 79 in 2011 and to 88 councils in 2012. Consistent with this period of growth, the number of GAC Members also increased from 1,088 to 1,250, or 15%, between 2010 to 2011. We also had an increase in the number of Members attending the Summit on the Global Agenda, from 602 to 715, during the same period. The Network’s meeting is the world’s largest brainstorming session and provides the intellectual framework for the development of the programme of the Annual Meeting, allowing it not only to be the foremost global meeting of decision-makers from all walks of life, but also to have the necessary insight and analysis to shape the global, regional and industry agendas for the coming year.
Global Impact

Due to its convening power, the Forum is increasingly asked to work with other global international organizations in the pursuit of specific projects. To better coordinate these endeavours, we created the Global Issues Group comprising the heads of the world’s most important multilateral organizations, such as the International Monetary Fund, the World Bank, regional development banks, the World Health Organization and the International Labour Organization. Our intention is to serve as an increasingly integrating platform for all initiatives that seek innovative solutions to global, regional and industry challenges.

To fulfil these ambitious objectives, the Forum has increased its organizational resources, in particular by welcoming Josette Sheeran – previously Executive Director of the United Nations World Food Programme – to the Managing Board.

Attracting global talent at all levels is a priority for the Forum into which we put a great deal of effort. The Global Leadership Fellows Programme – in cooperation with INSEAD, the London Business School, the Wharton School and Columbia University – provides talented people with the opportunity to earn a Master’s degree in Global Leadership while working for at least three years at the Forum. This programme makes the Forum an attractive employer for top-level young people.

In addition, we are strengthening the Forum’s Beijing Office and investing in expanding our footprint in China. In particular, we want to further develop partnerships with key globalizing Chinese companies and build academic relationships and a network of Chinese thought leaders. This year’s fifth Annual Meeting of the New Champions was extremely successful. Its focus on the new economy – innovation, entrepreneurialism, dynamism – positions the “Summer Davos” as a significant Annual Meeting which I am confident will have major impact in years to come under China’s new leadership.

We are conscious that the Forum must use the financial means provided by our Members and Partners in the most effective and efficient way, and at the same time achieve a cash flow that makes it possible to continually innovate and invest in the future. Our revenues this fiscal year have increased by 12.6% to CHF178 million, not including the activities of the World Economic Forum USA.

The key to our future will be the development of the Forum into a “social enterprise”, which means acquiring the technological capabilities that blend face-to-face and virtual interaction in optimal ways. We have started a significant project in this respect, for which the first milestone is set to be our Annual Meeting 2013 in Davos-Klosters.

When we look to the future, the next years will be characterized less by new activities and more by strengthening and enhancing the achievements of recent years. In this respect, we will integrate our communities and activities even more into joint efforts to understand and positively influence the great transformation processes that are changing our world so quickly and drastically.

Yours sincerely,

Klaus Schwab
Founder and Executive Chairman
Governance and Leadership

Foundation Board
As of 1 June 2012

Klaus Schwab •
Chairman of the Foundation Board

Josef Ackermann •
Chairman of the Board, Zurich Insurance Group, Switzerland; Vice-Chairman of the Foundation Board of the World Economic Forum

H.M. Queen Rania Al Abdullah
Chairman and Chief Executive Officer of the Hashemite Kingdom of Jordan

Mukesh Ambani
Chairman and Managing Director, Reliance Industries, India

Kofi Annan
Secretary-General of the United Nations (1997-2006)

Peter Brabeck-Letmathe •
Chairman of the Board, Nestlé, Switzerland

Mark Carney
Governor of the Bank of Canada

Victor Chu •
Chairman and Chief Executive Officer, First Eastern Investment Group, Hong Kong SAR

Michael Dell
Chairman and Chief Executive Officer, Dell, USA

Orit Gadiesh •
Chairman, Bain & Company, USA

Carlos Ghosn
Chairman and Chief Executive Officer, Renault-Nissan Alliance (France and Japan), France

Herman Gref
Chairman of the Board and Chief Executive Officer, Sberbank, Russia

Susan Hookfield
President, Massachusetts Institute of Technology, USA

Christine Lagarde
Managing Director, International Monetary Fund, Washington DC

Maurice Levy
Chairman and Chief Executive Officer, Publicis Group, France

Luis Moreno
President, Inter-American Development Bank, Washington DC

Indra Nooyi
Chairman and Chief Executive Officer, PepsiCo, USA

Peter Sands •
Group Chief Executive, Standard Chartered, United Kingdom

Joseph Schoendorf •
Venture Partner, Accel Partners, USA

Peter Sutherland
Chairman, Goldman Sachs International, United Kingdom

Heizo Takenaka •
Director, Global Security Research Institute, Keio University, Japan; Minister of State for Economic and Fiscal Policy of Japan (2002-2006)

Ben Verwaayen •
Chief Executive Officer, Alcatel-Lucent, France

George Yeo Yong-Boon
Visiting Scholar, Lee Kuan Yew School of Public Policy; Minister of Foreign Affairs of Singapore (2004 – 2011)

Min Zhu
Deputy Managing Director, International Monetary Fund, Washington DC

Ernesto Zedillo Ponce De Leon
Director, Yale Center for the Study of Globalization; President of Mexico (1994-2000)

• Member of the Executive Committee
• Member of the Audit Committee
Managing Directors

Brian Behnendorf, Managing Director, Chief Technology Officer
Adrian Monck, Managing Director, Communications
Gilbert Probst, Managing Director and Dean, Leadership Office and Academic Affairs

Senior Directors

David Aikman, Senior Director, Head of the Forum of Young Global Leaders and Head of Global Shapers Community
Jennifer Blanke, Senior Director, Head of Centre for Global Competitiveness and Performance
Roberto Bocca, Senior Director, Head of Energy Industries
Denise Burnet, Senior Director, Head of Events
Piers Cumberlege, Senior Director, Head of Partnership
Jean-Loup Deneraz, Senior Director, Head of General Services and Operations
Elaine Dezenski, Senior Director, Government Affairs and Knowledge Management
Martina Gmür, Senior Director, Head of the Network of Global Agenda Councils
Malte Godbersen, Senior Director, Head of Information Technology
Julianne Jammers, Senior Director, Head of Business Engagement and Development
Jeremy Jurgens, Senior Director
Helena Leurent, Senior Director
Sushant Palakurthi Rao, Senior Director, Head of Asia
Olivier Raynaud, Senior Director, Head of Healthcare Initiatives and Healthcare Affairs and Knowledge Management
Mirjam Schöning, Senior Director, Head of Environmental Initiatives
Borge Brende, Managing Director, Government Relations and Constituents Engagement
Klaus Schwab, Founder and Executive Chairman
Stefan Ruzas, Senior Director, Head of Environmental Initiatives
Alex Wong, Senior Director, Head of Business Engagement and Head of Basics & Infrastructure Industries
Saadia Zahidi, Senior Director, Head of Constituents

Managing Board

Robert Greenhill, Managing Director, Chief Business Officer
Berge Brende, Managing Director, Government Relations and Constituents Engagement
Klaus Schwab, Founder and Executive Chairman
Alex Zwinggi, Managing Director, Resources and Processes
Josette Sheeran, Vice-Chairman
W. Lee Howell, Managing Director, Head of Centre of Global Events and Risk Response Network

Directors

Anastassia Aubakirova
Guy-Serge Baer
Carine Benetti
Carl Bildt
Nadine Bonard
Sebastian Buckup
Thela Chiesa
Nicholas Davis
Pedro Rodrigues de Almeida
Laurent Desroux
Sean Doherty
Margareta Drzeniek-Hanouz
Miroslav Dusek
Diana ElAzar
Guy Goodwin
Andrew Hagan
Michael Hanley
Cynthia Harsen
Chiemi Hayashi
Eva Jane-Llopis
Elise Kanza
Thomas Kerr
Kamal Kimaoui
Stephen Kinnock
Paweł Konzal
Randall Krantz
Rodolfo Lara Torres
Emma Loades
Fon Mathuros
Katharine Milligan
Martin Nágels
Michale Petzchi
Gary Phillips
Terri Toyota
Kristel Van der Elst
Regula Wattenmurable
Li Zhang
The World Economic Forum USA was incorporated in December 2005 as a non-profit business league based in New York. It is impartial and tied to no political, partisan or national interests. As an affiliate but legally independent of the World Economic Forum, its relationship is governed by an affiliation agreement, a contractual agreement under which the Forum USA coordinates with the Forum when conducting its activities. The World Economic Forum USA is a non-profit organization under section 501(c) 6 of the Internal Revenue Service Code of the United States. www.weforum.org/USA

Members of the Board of the World Economic Forum USA

Jean-Pierre Rosso*, Chairman, World Economic Forum USA
Alfred R. Berkley, Vice-Chairman, Gentag, USA
Samuel A. Di Piazza Jr, Vice-Chairman, Institutional Clients Group, Citi, USA
William W. George, Professor of Management Practice, Harvard Business School, Harvard University, USA
Robert Greenhill, Managing Director and Chief Business Officer, World Economic Forum, Switzerland
Joseph P. Schoendorf, Partner, Accel Partners, USA
Klaus Kleinfeld, Chairman and Chief Executive Officer, Alcoa, USA
Kevin Steinberg*, Chief Operating Officer, World Economic Forum USA (Corporate Secretary)

Managing Directors based in New York

Jean-Pierre Rosso*, Chairman, World Economic Forum USA
Kevin Steinberg*, Chief Operating Officer, World Economic Forum USA
Sarita Nayyar*, Managing Director, World Economic Forum USA

Senior Directors and Directors based in New York

Senior Directors
Marisol Argueta de Barillas, Senior Director, Head of Latin America
Giancarlo Bruno, Senior Director, Head of Financial Services Industries
Michael Drexler, Senior Director, Head of Investors Industries
Alan Marcus, Senior Director, Head of IT and Telecommunications Industries
John Moavenzadeh*, Senior Director, Head of Mobility Industries
Paul Smyke, Senior Director, Head of North America

Directors
Lisa Dreier
Viraj Mehta
Jonathan Quigley
Tiffany West
Silvia von Gunten

* Member of the World Economic Forum USA Management Committee
The World Economic Forum China

The World Economic Forum Beijing Representative Office is the first international foundation legally recognized and registered in the People’s Republic of China. Incorporated as a non-profit organization, it is impartial and tied to no political, partisan or national interests.

The Chinese Premier Wen Jiabao participated for the fifth time in the Annual Meeting of the New Champions, the “Summer Davos 2011” in Dalian. The China team continues to diversify and deepen its engagement with China-based Members and its relations with the Chinese government. The team has also enhanced its knowledge, media and YGL and Global Shapers activities, and has increased its full-time staff to 20.

In addition to the Annual Meeting of the New Champions, the Beijing Office has organized a number of brainstorming sessions and roundtables, including:
- A Global Growth Companies community brainstorming on future growth opportunities for China as outlined in the 12th five-year plan
- A Mining & Metals roundtable focusing on resource dynamics and the Forum’s Responsible Mineral Development Initiative
- An Infrastructure Development & Urbanization roundtable, hosted by the city of Tianjin and in collaboration with Nankai University and the China Center for Urban Development, focusing on the challenges and opportunities of rapidly developing cities.

The Beijing Office has also completed its first Chinese-focused initiative, entitled Emerging Best Practices of Chinese Globalizers, which analyses corporate global citizenship practices of Chinese companies investing abroad and outlines 12 case studies. The report was successfully launched in Beijing in March 2012.

Key colleagues based in Beijing

Olivier Schwab, Executive Director, China

Jerry Yu, Director, Global Growth Companies

Pengcheng Gu, Director, Government Relations

The World Economic Forum Japan

Together with the Japan Davos Community, the World Economic Forum Japan Office in Roppongi Hills, Tokyo, was inaugurated in September 2009 as a representative office. This year, the Japan Office welcomed Sadako Ogata as Chairperson. She will guide the Forum in becoming the trusted partner in Japan’s national transformation. The Japan Office also welcomed Global Shapers with two new hubs, in Tokyo and Osaka.

To enhance community engagement, the Japan Meeting 2012 was held in April, gathering 120 multistakeholder leaders under the theme “New Models for Japan’s Transformation”. A series of Tokyo-based activities took place, including the New Energy Architecture Japan initiative, sessions for women leaders, a pre-Davos roundtable, and meetings of the Global Agenda Council and Global Shapers, producing many outputs, including the report Key Lessons from the Great East Japan Earthquake.

Senior leaders, including Cabinet Ministers Yukio Edano (Economy, Trade and Industry), Motohisa Furukawa (National Policy), Tatsuo Hirano (Reconstruction), Goshi Hosono (Environment), Renho (Government Revitalization) and Naoto Kan (Prime Minister 2010-2011), as well as Chairmen Yasuchika Hasegawa (Keizai Doyukai) and Hiromasa Yonekura (Nippon Keidanren), were greatly involved in Forum activities. Moreover, Prime Minister Yoshihiko Noda participated in the Annual Meeting 2012 via satellite. The number of Japanese Members/Partners and meeting participants also increased significantly.

The Japan team continues to facilitate the Forum’s partnership with Japanese multistakeholder communities to shape the global, regional and industry agendas.

Key colleagues based in Tokyo

Sadako Ogata, Chairperson

Akira Tsuchiya, Director, Head of Japan
Our Financial Results

Our most significant revenue driver continues to be a growing number of Forum Members who take up Industry or Strategic Partnership in order to access greater levels of engagement with Forum activities. In total, this trend, combined with cost containment measures introduced through the year, added CHF 945,979 to our reserves. We aim for long-term sustainability in our financial activities as in every aspect of our operations.

Financial Policy
The World Economic Forum’s financial policy states that membership fees in principle should cover operational costs, events are funded through cost contributions and projects are supported by income from Partnership contracts. The Forum may accept grants, donations, legacies and other contributions or subsidies that are consistent with its purpose of “integrating leaders from business, politics and society at large into a community for global action committed to improving the state of the world and the well-being and prosperity of human society”. The World Economic Forum makes no payments to political personalities, parties or other organizations and avoids involvement in national politics.

Auditors
The World Economic Forum’s financial results are audited by PricewaterhouseCoopers, who examine the balance sheet and accounts. The Annual Report, as well as all institutional documents, is submitted to the Swiss Federal Government, which in law acts as the supervisory body for the Foundation.
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<th>30 June 2009</th>
<th>30 June 2010</th>
<th>30 June 2011</th>
<th>30 June 2012</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>139,218,416</td>
<td>143,407,241</td>
<td>157,600,770</td>
<td>177,696,874</td>
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<td>Membership</td>
<td>34,853,240</td>
<td>36,769,181</td>
<td>36,892,390</td>
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<td>Participation Fees</td>
<td>32,276,553</td>
<td>30,874,638</td>
<td>34,842,542</td>
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<td>Partnership</td>
<td>60,572,903</td>
<td>62,149,264</td>
<td>76,950,144</td>
<td>87,554,020</td>
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<tr>
<td>Expenses</td>
<td>137,867,514</td>
<td>142,392,517</td>
<td>156,414,460</td>
<td>176,750,895</td>
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<td>Staff</td>
<td>56,243,901</td>
<td>59,431,365</td>
<td>69,266,787</td>
<td>77,205,199</td>
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<td>Office</td>
<td>26,356,814</td>
<td>26,038,847</td>
<td>26,196,527</td>
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<td>Activity</td>
<td>55,266,799</td>
<td>56,922,305</td>
<td>60,951,146</td>
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<td>Carried to Foundation Capital</td>
<td>1,350,902</td>
<td>1,014,724</td>
<td>1,186,310</td>
<td>945,979</td>
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<td>Full Time Employees</td>
<td>304</td>
<td>319</td>
<td>337</td>
<td>371</td>
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<tr>
<td>Partner Secondees (included above)</td>
<td>9</td>
<td>6</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Part Time Employees</td>
<td>38</td>
<td>42</td>
<td>45</td>
<td>48</td>
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<tr>
<td>Full Time Equivalents</td>
<td>329</td>
<td>349</td>
<td>369</td>
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The World Economic Forum is an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is tied to no political, partisan or national interests.