



2017



SUSTAINABILITY BUSINESS FORUM ANNUAL REPORT

Private Sector Leadership on Sustainable
Tourism, Carbon Offsets,
and Green Business Practices

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EXECUTIVE SUMMARY

The Sustainability Business Forum (SBF) is a group of business executives who are taking the initiative to shape a sustainable future for Hawai'i. SBF members share a deep commitment to Hawai'i and a desire to drive private sector action to achieve Hawai'i's statewide sustainability goals. Coordinated by Hawai'i Green Growth, the SBF convenes quarterly at the executive level to engage in a candid dialogue and catalyze action on joint initiatives.

In 2016, members of the Sustainability Business Forum together with public sector and civil society partners developed recommendations for targets and indicators for the *Aloha+ Challenge 2030 Smart Sustainable Communities* goal. Since then, the Sustainability Business Forum has convened quarterly and identified three priority work areas – 1) sustainable tourism; 2) Payment for Ecosystem Service models and carbon offset projects; and 3) green business practices.

Overview of 2017 Activities and Achievements:

- Provided recommendations on measurements for the *Aloha+ Challenge Smart Sustainable Communities* goal, which went live on the *Aloha+ Challenge Dashboard* in January 2018.
- Formalized as the Sustainability Business Forum to reflect expanded scope and priorities
- Engaged in the VERGE Sustainable Tourism Summit and the Global Tourism Summit through workshops and panels that culminated in sustainable tourism metrics on the *Aloha+ Challenge Dashboard*.
- Launched a legal and policy analysis in partnership with Conservation International on existing and potential Payment for Ecosystem Services models in Hawai'i to inform a private sector carbon offset initiative.
- Conducted feasibility study of the Ka'u project site to demonstrate comparative advantage of Kona Hema as a pilot site for the joint Carbon Offset initiative.
- Developed list of sustainable business practices to jointly implement, culminating in a draft "Green Your Business" initiative in early 2018.

I. INTRODUCTION

The *Aloha+ Challenge: He Nohona 'Ae'ōia, A Culture of Sustainability* articulates a holistic vision of Hawai'i's future and translates this vision into six measurable goals to be achieved by 2030, in the areas of Clean Energy, Local Food, Natural Resource Management, Waste Reduction, Smart Sustainable Communities, and Green Workforce & Education. This statewide commitment is led by Hawai'i's Governor, County Mayors, Office of Hawaiian Affairs, State Legislature, and public-private partners across the state. The private sector plays a key role in advancing the implementation of the *Aloha+ Challenge* goals, and the Sustainability Business Forum (SBF) as a platform for joint action is uniquely positioned to amplify and catalyze the leadership of business executives who are committed to a better future for Hawai'i.

Developing a Vision for Sustainable Growth

Over the course of 2017, the business executives of the SBF engaged in a number of high-level events such as the Verge Asia Pacific Clean Energy Summit, including the Sustainable Tourism Summit, and the Global Tourism Summit, to advance the dialogue on a vision of sustainable growth for Hawai'i, in particular as it relates to the tourism sector. The members also agreed to formalize the Sustainability Business Forum (previously the Smart Sustainable Communities Roundtable) through a quarterly meeting structure to continue the high-level dialogue on sustainable growth principles and concrete initiatives. Hawai'i Green Growth provides coordination for the SBF and designated a part-time position to support the quarterly convening and coordinate specific initiatives with public and civil society partners.

Measuring What Matters

The *Aloha+ Challenge* Dashboard provides transparency and accountability on tracking progress towards achieving the 2030 goals. Members of the SBF lead the private sector participation in developing metrics for the Dashboard, and provided critical leadership in developing metrics for the Smart Sustainable Communities goal and the Sustainable Tourism target of the Green Workforce & Education goal.

Launching Initiatives for Action

In addition to advancing the high-level dialogue and developing metrics, the SBF members are committed to driving concrete action through strategic initiatives. Achieving a sustainable future for Hawai'i's economy will require transformational change and new business models. The SBF is uniquely positioned to lead the private sector in developing market-based mechanisms that can create new revenue streams for investing in Hawai'i's natural resources and destination value, such as carbon offset.

The following report summarizes the outcomes of the SBF work areas in 2017, including 1) sustainable tourism; 2) market-based mechanisms to invest in nature, including Payment for Ecosystem Service models and carbon offset projects; and 3) concrete actions each member can take to green their business practices.

II. SUSTAINABLE TOURISM

The tourism sector is the core of the economy in Hawai'i and will likely continue to drive economic development for decades to come. According to Hawai'i Tourism Authority (HTA), the industry employed and sustained 165,000 jobs, generated \$14.7 billion in visitor spending and \$1.6 billion in tax revenues. However, communities not only in Hawai'i, but across the world are struggling to find the balance between tourism and development that both meets the needs of local populations and supports environmental stewardship.

That is why the United Nations declared 2017 as the Year of Sustainable Tourism for Development and includes sustainable tourism targets in three of the 2030 Sustainable Development Goals (SDG 8, 12, and 14). Both of these UN initiatives provide a framework for action that identifies common challenges and best practices to support a responsible and thriving tourism economy. Sustainable Tourism is also central to the Hawai'i Tourism Authority's mission "*to strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs*" and is central to implementing their 2016 five-year strategic plan.

In 2017, members focused on providing private-sector input to the development of sustainable tourism metrics, and advancing high-level dialogue on sustainable tourism principles to identify challenges and opportunities for Hawai'i to become a global leader on sustainable tourism. These efforts culminated in the launch of the sustainable tourism target within the *Aloha+ Challenge* Green Workforce & Education goal on the Dashboard.

HTA FIVE-YEAR STRATEGIC PLAN 2016 GOALS:

Goal 1: Improve the Integrity of the Destination

A successful tourism economy balances the needs of the community, visitors and the destination. The HTA must increase community support for tourism and be a better steward of the destination.

Goal 2: Ensure Stable Economic Benefits

To sustain consistent visitor arrivals and expenditures throughout the Hawaiian Islands, regardless of varying economic cycles or unforeseen events, the HTA must focus marketing on cultivating new arrivals and increasing visitor expenditures by attracting high-spending visitors and creating spending opportunities.

Goal 3: Elevate Hawai'i's Value Perception

To remain competitive, Hawai'i must differentiate itself by promoting authentic experiences unique to the Hawaiian Islands as justification of value for travel costs. The HTA must maintain and improve air access to the Hawaiian Islands, protect Hawai'i's brand, and meet traveler expectations for accommodations and infrastructure.

Goal 4: Strengthen HTA's Reputation

To be an effective leader, the HTA must be a forward-thinking, knowledge-based organization that uses information and research to develop programs and policies. The HTA must continually improve its ability to lead the industry and ensure transparency and accountability for its marketing efforts.

VERGE – Asia Pacific Clean Energy Summit

At the June 2017 VERGE Summit, SBF members Alan Oshima (Hawaiian Electric Company), George Szigeti (Hawai'i Tourism Authority), and Mark Dunkerley (Hawaiian Airlines) were interviewed in a panel moderated by Celeste Connors (Hawai'i Green Growth) to discuss sustainable pathways to economic prosperity. The panelists raised the issue of balancing visitor numbers, natural resources, and resident sentiment, as well as honoring Hawaiian culture and maintaining the integrity of the destination. Another major theme was comprehensive planning for Hawai'i's long-term future that preserves Hawai'i's culture and at the same time embraces new technologies. Panelists highlighted how important it is for businesses and civil society to come together and launch initiatives that drive action to address this problem, and that visitors can be part of the solution.

SBF members also engaged in the Sustainable Tourism Summit hosted as part of VERGE, where 85 leaders from across the tourism industry convened to discuss short and long-term goals for making the tourism sector more sustainable, and identify challenges. The half-day summit included focused discussions on sustainable tourism metrics and benchmarks that informed the panel and workshop sessions of the Global Tourism Summit, and the stakeholder meeting on sustainable tourism metrics for the Dashboard.

Key Outcomes:

- Advanced high-level dialogue on sustainable tourism principles
- Engaged members of the tourism sector in articulating goals and challenges
- Informed process of determining sustainable tourism metrics

Global Tourism Summit

HTA hosted a three-day Global Tourism Summit September 19-21 to encourage collaboration on industry trends, strategic alliances, and emerging opportunities in the tourism sector. One keynote speaker at the Summit, Olof Yrr Atladottir, the director general of the Icelandic Tourist Board and vice president of the European Travel Commission, coined the term “responsible tourism” when describing the challenges and goals of Iceland's tourism sector.

1) The SBF engaged in the Global Tourism panel, moderated by Celeste Connors (Hawai'i Green Growth), which explored how global sustainable tourism models can be designed to support environmental stewardship, economic prosperity, and community resilience. One goal of the panel was for tourism leaders to discuss how the tourism sector can help share socially and culturally responsible practices that achieve this triple (economic, environmental and social) bottom line and support the long-term health of the destination. The panel featured Carlos Manuel Rodriguez, (Conservation International and former Minister of Environment and Energy, Costa Rica), Melissa Mendoza Diaz (Office of the Mayor of Cozumel), Dixon Seeto (Hotel and Tourism Association, Fiji), and Geoff Bolan (Sustainable Travel International). SBF members followed up with Mr. Rodriguez in a lunch following the Summit to discuss private sector action on carbon offsets.

2) At the “Transforming Travel” event at the Surfjack Hotel, which SBF members participated in, the key themes were the issue of Hawai’i’s carrying capacity, investing in communities and engaging with them on their own terms, and bringing cultural values to the forefront, including authenticity and respect.

3) SBF members also engaged in the “Sustainable Tourism Workshop” and interactive session on identifying the characteristics of a sustainable tourism industry and which indicators we should pay attention to in order to track our progress. Speakers included Celeste Connors (Hawai’i Green Growth), Carlos Manuel Rodriguez (Conservation International and former Minister of Environment and Energy, Costa Rica), and Geoff Bolan (Sustainable Travel International), moderated by Matt Lynch (System Sustainability Coordinator, University of Hawai’i).

Key Outcomes:

- Advanced local and global dialogue on sustainable tourism principles
- Continued stakeholder engagement in articulating characteristics of sustainable tourism
- Accelerated the sustainable tourism metrics process
- Inspired Payment for Ecosystem Services (PES) and carbon offset initiative

[Sustainable Tourism Metrics on the Aloha+ Challenge Dashboard](#)

The *Aloha+ Challenge* Dashboard is an online open data platform that tracks progress, provide accountability, and ensure transparency on the *Aloha+ Challenge* goals of Clean Energy, Local Food Production, Natural Resource Management, Solid Waste Reduction, Smart Sustainable Communities and Green Workforce & Education. The Dashboard is designed for decision makers, practitioners, and the public to inform policy, data driven decision-making, and inspire action on Hawai’i’s statewide 2030 sustainability goals.

In September 2017, stakeholders from the public, private and civil society sectors came together to discuss how to measure and track progress on the *Aloha+ Challenge* Green Workforce & Education goal. As a result of SBF member engagement in the VERGE Sustainable Tourism Summit and Global Tourism Summit throughout the year, sustainable tourism was a central part of the discussions on how to measure the sustainability and resilience of Hawai’i’s economy and workforce at the meeting. Therefore, Sustainable Tourism became one of the seven targets within this goal. The Green Workforce & Education goal launched in January 2018, and metrics for the Sustainable Tourism target will continually be refined with the input from the Hawai’i Tourism Authority and the SBF. The following metrics are currently featured on the *Aloha+ Challenge* Dashboard to track responsible practices and progress indicators on sustainable tourism.

Key Outcomes – Sustainable Tourism Indicators Tracked on the *Aloha+ Challenge* Dashboard:

Quantitative:

- Number of visitor arrivals
- Visitor spending since 1964
- Number of Energy Star Buildings (State & Non-State) since 2009
- Number of LEED Certified Buildings (tourism and non-tourism) since 2000
- Number and type of business in DBEDT Hawai'i Green Business Program 2012-2017
- Resident sentiment survey data since 1980
- Visitor Trip rating since 2013
- Number of Native Hawaiian owned firms in tourism and overall (2012 snapshot)
- Number of visitors and spending connected to State Parks (2016 snapshot)

Qualitative:

- Community-Based Tourism HTA support for Kukulū Ola Program, Aloha 'Āina Program, Community Enrichment Program
- HTA-DLNR partnership on Malama Hawai'i outdoor messaging signs
- Volunteer opportunities, including interactive map showing volunteerism projects through Travel2Change

The business models and concepts of sustainable tourism also intersect with other work areas of the SBF, including Payment for Ecosystem Services, carbon offsets, and corporate best practices. Ecotourism, voluntourism, carbon offsets for tourists' air travel play a role in setting up viable business models that generate Payment for Ecosystem Services. Cultural values of aloha, aloha 'āina and mālama are important for Hawai'i's brand as a tourist destination, but also for mainstreaming responsible practices in Hawai'i's businesses in general.

III. PAYMENT FOR ECOSYSTEM SERVICES AND CARBON OFFSET MODELS

In 2016, Hawai'i hosted the IUCN World Conservation Congress, which is held every four years and convenes leaders from government, civil society, indigenous peoples, business, and academia to determine international standards for conservation and shape sustainable development trends. The Congress in Hawai'i was committed to being 100% climate neutral, and therefore used third party resources to estimate the amount of carbon emissions associated with the 2016 conference, and purchased the equivalent in carbon credits (10,172 tons from Cordillera Azul National Park Project in Peru; 5,000 tons from the Bundled Grid Connected Wind power project from Tamilnadu, India; 18,328 tons from the Wind Energy Project in Maharashtra by M/s Shah Promoters & Developers). At the time, Hawai'i did not have any carbon offset programs to meet the IUCN's needs, and the two pilot projects that the State (DLNR DOFAW) is developing are not generating credits yet.

PAYMENT FOR ECOSYSTEM SERVICES (PES):

In a PES model, stewards of an ecosystem service (water filtration, reducing erosion, protecting biodiversity, sequestering carbon) get paid by the beneficiaries of that ecosystem service. The study finds that the money invested to secure Hawai'i's natural resources continues to be inadequate, and PES models can make a clear, direct connection between the importance of natural resources and the financial investment that individuals are willing to make to care for those natural resources.

Inspired by Costa Rica's leadership as presented by Carlos Manuel Rodriguez, SBF members recognized PES and carbon offsets in particular as a transformational business model that can create market-based mechanisms to invest in Hawai'i's natural resources and ensure sustainable economic growth. To identify appropriate PES and carbon offset pilot projects, the SBF commissioned a landscape analysis of potential PES models in Hawai'i, and a feasibility analysis of a particular project site (Ka'u).

Phase 1: Legal and Policy Analysis Completed

To inform joint action, the SBF commissioned a legal and policy analysis, provided by Conservation International, for a landscape assessment on a market-based mechanism that will incentivize restoration and conservation of Hawai'i's globally important ecosystems and its environmental services. The report titled "Hawai'i Carbon + Natural Capital: A Policy + Institutional Analysis for Payment for Ecosystem Services (PES) Approaches in Hawai'i" was released in November, and will support Hawai'i's next steps on a carbon offset initiative.

The report's key recommendation is for industry leaders to create a common problem definition, purpose, and agenda that can align and leverage existing resources. It identifies carbon offset schemes as the type of PES model that generally has the greatest potential for economic impact, as they establish structures that can connect Hawai'i with international investment and markets (California's carbon market and potentially CORSIA for international aviation emissions). Forest-type PES projects are identified to have the greatest ecosystem impact, because of their many co-benefits (sediment retention, groundwater recharge,

biodiversity protection, cultural preservation). The report also identifies private agreements between landowners and beneficiaries (such as Hawai'i Conservation Reserve Enhancement Program and Hawai'i Stewardship) as low-hanging fruit, as they require little policy change.

Key Outcomes:

- Prepared the groundwork for the Phase 2 feasibility analysis of forest-based carbon offset pilot sites
- Confirmed the need for private sector leadership in developing PES through the SBF

Phase 2: Preliminary Pilot Site Feasibility Analysis

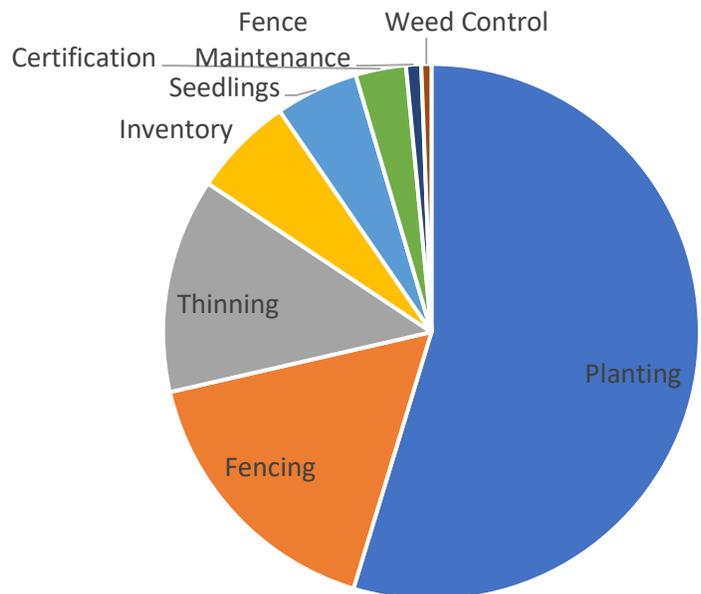
The feasibility study, conducted in partnership with Hawai'i Pacific University through a graduate student with support from faculty, analyzed the parameters of The Nature Conservancy lands in Ka'u to determine the suitability and economic feasibility of the site. The study estimates that the 300 acre land has a carbon sequestration potential of 600 tons of carbon per year, at a cost of \$84 or \$61 per ton of carbon, depending on whether the project has a lifetime of 50 or 100 years respectively. Data and estimates are based on the 2009 Report to the State of Hawai'i Greenhouse Gas Emissions Reduction Task Force, as well as communications with members of the SSC Working Group and others (TNC, DLNR DOFAW, USGS, USFS staff). The analysis identified the initial planting and fencing costs as the two largest items contributing to the overall project cost of roughly \$1.5 million.

Key Outcomes:

- Provided the financial foundation for choosing the Kona Hema improved forest management site over the Ka'u reforestation site as an SBF pilot project

Carbon Offset Project – Steps of Implementation:
 Initially, the land is prepared by loosening the soil (scarification), fencing the perimeter to protect against goats, cattle, and pigs, and planting the koa seedlings. Depending on the certification standard, roughly 2 years after planting, sensors will be installed at sample trees on the property to measure growth and sequestration rates. Carbon credits are generated based on these measurements. Required maintenance activities are minimal – the pre-feasibility study includes weeding once in the early years, thinning twice (after 10 and 20 years), and fence maintenance twice (after 15 and 30 years).

Title Share of Carbon Offset Project (Ka'u Site)



IV. GREEN BUSINESS PRACTICES

The importance of improving business practices and leveraging the corporate buying power of supply chains in achieving sustainability goals is receiving global attention. Through the Global Compact Forum, over 9,000 companies from around the world have pledged to help achieve the United Nations 2030 Sustainable Development Goals (SDGs) by improving their business practices, and the *Aloha+ Challenge* is recognized as a localized framework for implementing the SDGs. As a first step to joint private sector action, the SBF developed a list of potential business practices companies can improve to measurably advance the *Aloha+ Challenge* goals. The process included member consultations, surveys, and input from public sector and civil society experts, and culminated a draft short-list of “Green Your Business” actions in early 2018. The SBF is exploring opportunities to strategically partner with the UN Global Compact Forum.

Key Outcomes:

- Draft list of actions for a Green Your Business Initiative to be launched in 2018
- Aligned business commitments with sustainable tourism principles and the *Aloha+ Challenge*

Aloha+ Goal	
	<ul style="list-style-type: none"> • make all office buildings energy efficient
	<ul style="list-style-type: none"> • source event food locally when possible • donate excess event food
	<ul style="list-style-type: none"> • encourage fresh water conservation through efficient appliances and responsible irrigation • reduce pollution by using only eco-friendly cleaning supplies • manage all company-owned landscapes responsibly
	<ul style="list-style-type: none"> • eliminate all single-use plastic tableware and cutlery in offices • reduce the plastic waste stream from dining and catering
	<ul style="list-style-type: none"> • encourage employees to bike, bus, ride-share • implement or strengthen workplace disaster response plans
	<ul style="list-style-type: none"> • create workplace environments that improve employee health • encourage employee volunteering to steward our natural resources and strengthen communities