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June 25, 2009
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ULUPONO INITIATIVE SEEKS TO IMPROVE QUALITY OF LIFE FOR HAWAI‘I RESIDENTS BY CATALYZING CHANGE TOWARD GREATER SUSTAINABILITY

Investments in Sustainability Generate a Thriving Environment AND a Thriving Economy

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General Partners
The Ulupono Initiative

The people of Hawai‘i are well-known for their tradition and respect for the connectivity between the health of our economy, the health of our land and the health of our people. This understanding has provided a strong foundation for Hawai‘i’s many sustainability and environmental efforts.

Thanks to these efforts, Hawai‘i’s businesses, communities, and families are more aware than ever before of the impact our work and play has on our island home. Across the islands and with increased urgency, people and companies are working in innovative ways to change how we power our homes, how we feed our families, and how much we throw away. True sustainability means thriving today without compromising the future for others.

Since making Hawai‘i their home two years ago, Pierre and Pam Omidyar have been thinking about how they could contribute to efforts related to sustaining the land and energizing the economy. After meeting and working with many of the people and organizations leading these efforts across the islands, the Omidyars narrowed their focus to the areas of waste reduction, local food production and renewable energy. Pam and Pierre believe these are areas where they can bring their diverse business and philanthropic experiences to bear in a way that will affect positive, sustainable change for Hawai‘i. They have asked us to co-lead this initiative, bringing our diverse skills together to build the local partnerships and relationships that will make this effort a success.

In this spirit, the Omidyars founded and are sole sponsors of the Ulupono Initiative, a Hawai‘i-based, Hawai‘i-led and Hawai‘i-focused social investment organization. Ulupono — meaning to prosper through the right, or *pono*, path — is rooted in the local wisdom that a healthy environment and a healthy economy go hand in hand. The Ulupono Initiative will invest in

Hawai‘i-based organizations and companies that have innovative ideas about growing more food locally, minimizing waste, and tapping renewable energy sources.

By supporting local efforts to improve our economy and our environment, the Ulupono Initiative ultimately aims to further improve the quality of life for Hawai‘i’s people.

WHY NOW? THE TIME IS RIGHT

The time is right for the Ulupono Initiative. The momentum toward a sustainable 21st century economy has been building for decades thanks to the hard work and creative energy of many across the islands. National and global trends are also moving in that direction. We feel that Hawai‘i is at a tipping point, and through Ulupono, we want to partner together to help that change.

From the corner office to the Oval Office, Wall Street to Beretania Street, leaders at all levels are demanding — and making — real, measurable progress toward a sustainable culture. Hawai‘i is part of a global movement. Corporations are greening their business models. The federal government is investing billions of dollars now to create a clean energy economy that will provide a foundation for future prosperity. Hawai‘i’s political and business leaders are already pursuing a vision of a cleaner, greener future for our islands. Working together, we have a unique and urgent opportunity today to tap Federal resources in ways that will help sustain our island home and energize our local economy. No matter individual political preferences, Hawai‘i’s residents would all likely agree that a healthy environment and a booming economy benefit everyone. Done efficiently and effectively, Hawai‘i can proudly serve as a model for other island environments facing similar challenges.

WHERE ARE WE NOW?

We are pragmatic businessmen, with more than 50 years of combined experience. We recognize both the challenges and opportunities that lie ahead. At first glance, the realities of Hawai‘i’s current situation are daunting:

- Hawai‘i gets only six percent of its primary energy from indigenous, renewable sources like solar, wind, geothermal, or ocean energy.
- We produce less than 15 percent of the total food we eat, with the greatest deficit in proteins, dairy products, and staple grains.
- We are generating 1.8 million tons of waste each year that isn’t being recycled and rapidly using up the capacity of the state’s landfills.

There are some that believe that if this is all we have to show after decades of effort, what hope can we have to accomplish a fundamental shift going forward?

We think otherwise, and here’s why. When you get closer to the ground, a more nuanced reality emerges. Hawai‘i is part of a global and national shift where businesses are now embracing sustainability as a blueprint for the 21st century economy. Hawai‘i has momentum in every sector, and in some instances, we are leaders.

Linking farms to consumers through mainstream channels is fundamental to building the scale of local agriculture. Hawai‘i’s KTA Super Stores provides an example of local leadership. Concerned by the demise of the local sugar industry, the Big Island grocery chain created the

Mountain Apple Brand® to showcase locally grown, processed or manufactured food products in its stores. Today, KTA works with more than 50 vendors to supply customers with milk, eggs, meat, breads, coffee, produce, poi, pickled cabbage, and many other foods that represent and promote the agricultural and ethnic diversity of the island. Fresh, local produce has moved beyond the boutique and entered the mainstream.

In reality, for the food we can be reasonably expected to produce, local agriculture is more vibrant than most realize. Hawai‘i locally produces 50 percent of its fruit, 41 percent of its vegetables, and 35 percent of its seafood. Can we expand local agriculture production in a way that increases Hawai‘i’s self-reliance and profitability? Almost certainly, and therein lies the social impact as well as the business opportunity.

Renewable energy has also become a popular topic, widely discussed and debated among Hawai‘i’s industry and political leaders. All involved now generally agree that the State needs to wean itself off fossil fuels - all of which are currently imported and supply more than 90 percent of Hawai‘i’s energy. The Hawai‘i Clean Energy Initiative (a multi-pronged effort to achieve 70 percent renewable energy penetration by 2030) represents this desire to find alternative energy sources. A signatory to the agreement, Hawaiian Electric Company (HECO) is fundamentally shifting its business model from making money by selling more fossil based kilowatt-hours to making money by conserving energy and selling more renewable power. On the Big Island, the company produces renewable energy from wind, solar, hydropower, geothermal, and ocean energy to supply 31 percent of the county’s power needs. This makes the HECO subsidiary one of the world’s leading power systems in terms of renewable power penetration and diversity.

From a waste perspective, we should be proud that we are now recycling 34 percent of our post consumer waste - slightly higher than the national average. Residential curbside recycling is expanding significantly. There are creative projects underway in the commercial, industrial and military sectors to reuse and recycle waste, and conserve resources.

Efforts across the islands represent great momentum and potential for Hawai‘i’s transformation to sustainability. As the world becomes more sophisticated in its approach to sustainability, Hawai‘i can both learn from others and help lead the way. At the Ulupono Initiative, we are especially excited by market-based solutions and the opportunity to invest in and scale creative ideas and models from local businesses and organizations.

WHAT NEXT? CATALYSING SUSTAINABLE CHANGE

The Ulupono Initiative believes that the combination of for-profit investments and non-profit grants can bring about measurable change. Therefore, Ulupono is made up of both a for-profit entity and a non-profit philanthropy. We believe that business can be a positive force for change. We also believe that the non-profit sector and small-scale enterprises are critical enablers of change. We invest across boundaries—for-profit or non-profit, big or small, on O‘ahu or neighbor islands. All Ulupono Initiative investments demonstrate innovation and local leadership. Investments must also be in a position to grow and succeed due to our involvement – we are not looking to support established efforts with large-scale support. We also look for technologies and business models that are scalable and applicable globally. Our vision extends across this century and we are making at least a decade-long commitment to significantly create change in the areas of indigenous renewable energy, local food production and waste reduction.

The Omidyar family's approach to philanthropy is somewhat unique given their belief that both for profit and nonprofit entities can bring about social change.

The Ulupono Initiative brings together several existing investments in leading organizations whose innovative thinking and desire to achieve sustainability reflect our values:

- Sopogy is a solar energy solutions provider dedicated to inventing, manufacturing and selling the world's most innovative and affordable solar collectors. The Honolulu firm started as an Energy Laboratory incubator initiative. The Omidyars recognized creative leadership with an innovative product that was scalable to a global level. Sopogy demonstrated the qualities of an ideal Ulupono investment. It's a local firm with a better business model that is ripe for expansion. With catalytic investment, Sopogy has expanded to supply a global marketplace with its trademarked concentrated solar power technology.
- Hawai'i BioEnergy LLC is a corporation established by three of Hawai'i's largest landowners (Kamehameha Schools, Grove Farm Company, and Maui Land & Pineapple Company), in partnership with global leaders in the venture capital community with an emphasis in sustainability (Khosla Ventures, Finistere Ventures, and ourselves). Hawai'i BioEnergy's mission is to reduce Hawai'i's energy costs, greenhouse gas emissions, and dependence on fossil fuels and improve local agriculture through research and development of local renewable bioenergy projects. Among Hawaii BioEnergy's initiatives are projects conducting research and development on various sites in Hawaii to lead to the commercialization of producing biofuels from micro-algae in Hawaii.
- MA'O Organic Farms is a certified organic farm run by the Wai'anae Community Redevelopment Corporation (WCRC), a non-profit organization established by area residents, traditional practitioners, teachers, and business experts to address important needs of the Wai'anae community: youth empowerment, sustainable economic development, agriculture, health, and Hawaiian culture. Young people are engaged through a pathway of educational opportunities while they work to operate an organic farm that grows premium quality fruits and vegetables. With Omidyar family matching funds of the Legacy Lands Act and with support from Hawai'i Community Foundation, MA'O purchased land to triple its acreage. Because high growth creates new management challenges, strategic assistance has also been provided in formulating the plans to scale the farm to its new size, with the end goal of helping the program increase the number of students served and meet growing demand for its local, organic produce.
- The Hawai'i Island School Gardens Network is managed by The Kohala Center on the Island of Hawai'i. By supporting dedicated staff and offering small matching grants, the program is expanding the number of school gardens and is sparking excitement within the community. Children are growing food locally, selling and marketing their product, and tracking production. The program hopes to inspire a new generation of Hawai'i farmers while it increases the production and consumption of locally produced, nutritious food.
- Kanu Hawai'i is an innovative social movement supported in part by a matching grant from the Omidyar family that was seeded by Hawaii Community Foundation. It utilizes the power of web 2.0 tools to catalyze individual commitments into community action in harmony with island values. Kanu is pioneering new methods of

engaging the unengaged in the effort to build more compassionate, self-reliant, and sustainable communities. It is a model for civic engagement and social change with incredible potential, here and in other communities.

In the examples above and others both planned and underway, the ideas and inspiration are born in Hawai‘i to meet the needs of Hawai‘i. The Hawaiian word *ulupono* means to prosper in the *pono* way, and the Ulupono Initiative has been formed to help increase the resources dedicated to and focus on these and new efforts. By providing the right catalyst, we help them prosper so that they can help Hawai‘i prosper. We believe that sustainability is essential to our future prosperity, and we know that working together is the key to achieving this success. Together, we can grow a 21st century economy where economic progress and environmental stewardship go hand in hand.

ABOUT THE AUTHORS

Robin Campaniano is president and CEO of AIG Hawai‘i Insurance Company and Hawai‘i Insurance Consultants. Prior to joining AIG Hawai‘i, Campaniano was insurance commissioner for the state of Hawai‘i, and district director and district counsel for the U.S. Small Business Administration’s Honolulu District Office. He also practiced law in the private and public sectors. Campaniano received his Bachelor of Arts and Master of Business Administration degrees from the University of Hawai‘i and earned his law degree from the University of San Francisco. He has received many accolades for his business leadership and his extensive involvement in Hawai‘i’s business community and numerous charitable endeavors.

*Kyle Datta was recently the CEO of U.S. Biodiesel Group, a national biodiesel firm funded by private equity. Prior to this role, Datta was Managing Director of Research and Consulting at the Rocky Mountain Institute (RMI). He is co-author of RMI’s last two major books on energy *Winning the Oil End Game* and *Small is Profitable*. Datta was formerly a vice president at Booz Allen Hamilton and served as managing partner of the firm’s energy practice in Singapore, and as leader of the U.S. Utility practice. During his twelve years at Booz Allen, Datta worked with Fortune 100 energy companies on strategy, operations, and environmental sustainability in the U.S., Europe, Japan, Asia and Latin America. Datta received a master’s degree in public and private management from the Yale School of Organization and Management and a master’s degree in environmental science in resource economics from the Yale School of Forestry and Environmental Studies.*

Datta and Campaniano co-lead the Ulupono Initiative as its General Partners.

ABOUT PIERRE AND PAM OMIDYAR

Pierre and Pam Omidyar are active philanthropists engaged in numerous efforts to make the world a better place. Pierre and Pam are guided by their beliefs in the potential of individuals and the power of markets. These beliefs inspired Pierre to found eBay in 1995. By enabling people to connect over shared interests, develop trust through transparent trading practices, and ultimately build individual businesses, eBay demonstrated that a successful business can also be an effective tool for improving people’s lives. As a result, Pierre and Pam use an expanded toolset in their philanthropy, making for-profit investments as well as traditional grants. To date, the Omidyars have committed more than \$900 million to their philanthropic efforts, including more than \$150 million to for-profit companies and more than \$750 million to nonprofit organizations.