



SUSTAINABLE HAWAII

A decorative horizontal line with a wavy, water-like pattern in a light green color, spanning the width of the page.

2019 Environmental | Social | Governance Report

Contents

Message from Our President and CEO	4
Hawaiian Electric Industries	
Our Companies at a Glance	8
Sustainability Governance	12
Climate Risk Management	14
COVID-19 Response	16
Hawaiian Electric	
Introduction	19
Our Environment	28
Reliability & Resilience	32
Our Customers	36
Our Community	43
Our Employees	48
American Savings Bank	
Introduction	55
Our Community	57
Our Environment	59
Our Customers	63
Our Employees	65
Business Ethics	68
HEI Foundation	
Introduction	71
COVID-19 Response	73
Project Footprint	78
Quantitative	
SASB Index – Hawaiian Electric	82
SASB Index – American Savings Bank	98

Note: The majority of the photographs in this report were taken prior to the COVID-19 pandemic.

About this Report

This is HEI's first Environmental, Social and Governance (ESG) Report. This report is designed to help investors, customers, employees, and other stakeholders understand how our strategies and operations advance ESG objectives and contribute to long-term value creation.

This report encompasses ESG policies, principles and results reported from January–December 2019 across our two primary operating subsidiaries, Hawaiian Electric and American Savings Bank, which together represent nearly 100% of subsidiary contributions to net income. While Pacific Current, our third and newest subsidiary, is a key part of our mission to be a catalyst for a better Hawai'i, this report does not include ESG-related metrics for that subsidiary because at this stage it is still very small relative to our total enterprise.

This report was prepared in accordance with Sustainability Accounting Standards Board (SASB) guidance — using the electric utilities standard for Hawaiian Electric, and the commercial banks, commercial finance, and mortgage finance standards for American Savings Bank. In future reports, we intend to incorporate disclosures relating to climate change based on recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

Inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of such information. For additional information regarding HEI, please see our filings with the Securities and Exchange Commission (SEC). Our SEC filings as well as direct links to certain presentations, documents and other information that may be of interest to investors are available at www.hei.com.



A Message from Our President and CEO



Constance H. Lau

Living on an island means sharing and embracing certain values for the good of our community. We care for our land, environment, and people as a way of life. We work together because it enables us to accomplish more with fewer resources. We see innovation and community collaboration as playing essential roles in addressing existential threats caused by climate change. At Hawaiian Electric Industries (HEI), these values shape the decisions we make on a daily basis.

We've long been committed to strong principles in sustainability and environmental, social and governance (ESG) considerations. With all of our operations here in the middle of the Pacific Ocean, at HEI we know that the long-term health of our businesses is inextricably linked with the strength of the economy, community, and environment of the islands we call home. This is why our mission is to be a catalyst for a better Hawai'i.

We know today's stakeholders care more than ever about making a positive impact, and support companies that do the same. And we know investors understand that the companies whose strategies address important environmental and social challenges are the ones that are best positioned to create long-term value for all stakeholders, including shareholders.

We're committed to transparency and providing information to allow investors and other stakeholders to see the value of our efforts and gauge the progress we're making on these fronts. That's why we're proud to present our first ESG Report, which is based on Sustainable Accounting Standards Board (SASB) guidelines. We see this as an interim step on our reporting journey, and are committed to deepening our reporting in the future; this includes incorporating our enterprise ESG materiality assessment and disclosures aligned with Task Force on Climate-related Financial Disclosures (TCFD) guidance.

The COVID-19 pandemic presents unprecedented challenges for us all. Here in Hawai'i and around the world, individuals, families and businesses are struggling. At HEI our hearts are with those who are ill, with families worried about their loved ones, and with the many who have lost their jobs due to economic impacts of the pandemic. COVID-19 brings into sharp relief the importance of collective action — to protect public health, support those impacted, and build resilience so we can better address future challenges. Our companies have been working hard to support our customers, employees and communities during the pandemic, and to help our economy recover. For more about our efforts with respect to COVID-19 see [pages 16-17](#).

Many have compared the challenge of combating COVID-19 with the collective action needed to address climate change. Here in Hawai'i we're already seeing the effects of climate change, including longer periods of warmer temperatures and greater frequency of high tide flooding. And we expect further impacts in the future, including an estimated 3.2-foot rise in sea level in Honolulu by the end of the century.

This is one of the reasons why our state has led the nation in setting ambitious climate goals — 100% renewable energy and a carbon neutral economy by 2045. It's also why our utility, Hawaiian Electric, is playing a central role in helping our entire community decarbonize and develop greater resilience. Hawai'i



has a unique set of challenges in transitioning to renewable energy and a carbon neutral economy — from disconnected island grids in the middle of the Pacific Ocean, to scarcity of land for siting large-scale projects, to limited natural sources for firm generation to ensure reliability. This means that the way we achieve our renewable energy and carbon reduction goals will be unique.

And it means that achieving our goals must involve our entire community working together — in Hawaiian, *kākou*. We need to deliver cost-effective renewable energy and storage projects, and continue to engage with our communities on challenges and benefits of the renewable transition. With land at a premium, especially on our most populous island, O'ahu, we need solar panels on as many rooftops as possible. To achieve carbon neutrality for our economy, we'll need many more people in our state to adopt electric vehicles to reduce transportation emissions. We're providing programs and infrastructure and working with stakeholders to achieve these goals.

In a social context, sustainability involves everything we do to ensure safety, build resilience and advance equity for our customers, employees, and communities so they can continue to grow, thrive, and contribute to our island home. Across our companies, we're working to ensure employee safety, advance a culture of inclusion and help our employees learn and develop. Our bank is helping strengthen and diversify our economy by

providing loans to help Hawai'i families and small businesses achieve their goals, by promoting entrepreneurship, innovation and financial literacy, and by investing in affordable housing. And our utility is focused on ensuring all customers have access to clean, reliable, affordable energy.

We see ESG and sustainability as integral to our strategies and risk management, and to how we create value for all of our stakeholders. At the Board level and throughout our companies, we're working to ensure material ESG and sustainability considerations are fully integrated into our governance oversight and management processes.

Our focus on advancing material ESG issues underscores our commitment to create a more resilient, more sustainable Hawai'i.

Constance H. Lau
HEI President and Chief Executive Officer

About HEI

For generations, Native Hawaiians have stewarded Hawai‘i’s lands responsibly, developing a culture of sustainability that serves as an example for us today.

At Hawaiian Electric Industries, our family of Hawai‘i-based companies provides energy and financial services while advancing our state’s clean energy and sustainability goals.

As a company with a strategy focused on Hawai‘i, and with all of our operations in the state, our ability to deliver long-term value for our stakeholders is tied to the strength and sustainability of Hawai‘i’s communities.



Our Companies at a Glance

HEI is the parent company of three subsidiaries delivering essential services and advancing a more sustainable Hawai'i.



Hawaiian Electric



Serves
95% of Hawai'i's population

Provides the energy that has fueled our islands' growth and prosperity for

129 YRS

66% of subsidiaries' contribution to net income*



Operates five separate electric systems on the islands of O'ahu, Hawai'i Island, Maui, Moloka'i and Lāna'i



AMERICAN Savings Bank



3RD largest financial institution in Hawai'i

Provides the capital that has helped Hawai'i grow for

95+ YRS

34% of subsidiaries' contribution to net income*



Branches on five islands — O'ahu, Hawai'i Island, Kaua'i, Maui and Moloka'i

PACIFIC CURRENT



Established in
2017

to advance Hawai'i's sustainability goals through infrastructure investment



Projects on three islands, including Hamakua Energy on Hawai'i Island and University of Hawai'i Maui College

Highlights

HAWAIIAN ELECTRIC



28%

RENEWABLE PORTFOLIO STANDARD
IN 2019

On track to meet or exceed year-end 2020 goal of 30%



99.98%

RELIABILITY

Average service availability on O'ahu



#1

RESIDENTIAL ROOFTOP
SOLAR PENETRATION IN THE U.S.
Increased by 4.6% in 2019



13.2%

INCREASE IN
ELECTRIC VEHICLES IN HAWAII
Since 2018



21%

INCREASE IN
SOLAR GENERATION
In 2019



700MW+

IN RENEWABLE PROCUREMENTS
Since 2018, including ~4GW of storage



\$2.4M

CHARITABLE
CONTRIBUTIONS
In 2019



27,214

EMPLOYEE
VOLUNTEER HOURS
In 2019



\$1.8B

INVESTED IN
OUR COMMUNITY
In 2019



11 YRS

BEST PLACES TO WORK
American Savings Bank
Hawaii Business Magazine List



\$370M

IN PAYCHECK PROTECTION
PROGRAM LOANS AS OF JULY 2020
To businesses representing 40,000+ jobs



\$1M

DONATED FOR
COVID-19 RELIEF
In 2020

HEI

*Based on LTM 6/30/2020 earnings to common shareholders and excludes other companies' net loss.



Our Mission: To be a Catalyst for a Better Hawai‘i

Our Success is Tied to Hawai‘i’s Success

Our companies provide the energy and financial infrastructure that empowers much of the economic and community activity of our state. We have long understood that our long-term success, and our ability to deliver sustainable value for our stakeholders — including our shareholders — is inextricably linked to the well-being of our employees, communities, economy, and environment. That is why we see our mission of being a catalyst for a better Hawai‘i as advancing our long-term financial sustainability. Our subsidiaries all contribute to this mission.

“...reaching our goals must be done in a way that is *kākou*, meaning it will take our whole community working together...”

Hawaiian Electric — Leading a Community-Wide Energy Transition

Our utility is at the center of the efforts to help Hawai‘i achieve its clean energy and carbon reduction goals. Safety, affordability, reliability and resilience are key elements of our plans and actions.

Working with stakeholders and community members, Hawaiian Electric invests in programs and infrastructure to help drive a renewable energy transition that benefits everyone. That work includes creating the largest renewable energy procurement effort ever undertaken in the state; integrating the nation’s highest percentage of rooftop solar per capita; expanding community-based renewable energy programs to enable those without their own rooftop to benefit from renewable energy; advancing electrification of transportation, modernizing the grid and promoting customer participation in conservation programs, such as our Project Footprint program. The Hawai‘i Public Utilities Commission (PUC) provides a regulatory framework that supports the state’s renewable energy policies while ensuring the financial integrity of the utility.

To achieve our goals in the right way for our island state, we must balance important community needs such as affordability, resilience, social equity and cultural considerations, with key challenges such as limited land and competing needs for that land, such as affordable housing and agriculture, and the impact on neighborhoods as well as protected species.

This is why we say reaching our goals must be done in a way that is *kākou*, meaning it will take our whole community working together, and *pono*, ensuring it is done in a way that is right and just for our communities. Only together can we find the solutions that strike the right balance for our island home.



American Savings Bank — Advancing Economic Sustainability for Hawai‘i

As a bank focused on Hawai‘i, American Savings Bank’s (ASB) success relies upon the economic health of businesses and families in our state. That’s why ASB is actively engaged in building a sustainable local economy. We do this through our core banking operations by financing small businesses that help diversify our economy and create new jobs; lending for clean energy projects to support our state’s move to a renewable energy, carbon neutral future; and providing funding for community development and low-income housing that strengthens our communities and provides a more stable foundation for Hawai‘i families.

We also work to build a more sustainable local economy by fostering innovation and entrepreneurship and by working to further financial literacy, both among our own customers and in the broader community.

Pacific Current — Investing in Sustainable Infrastructure

Our newest subsidiary, Pacific Current, was created in 2017 with the specific mission to advance Hawai‘i’s sustainability goals through infrastructure investment. We see the need for sustainable infrastructure — to advance clean transportation, local agriculture and robust systems for managing water and wastewater — as an opportunity to help solve important challenges for our state, create local jobs and support our economy while also earning a return for investors.

Pacific Current has made several investments that are contributing to greater sustainability. This includes acquiring the Hamakua Energy generating facility, which is beginning its transition to renewable energy by incorporating locally produced biodiesel; partnering with the University of Hawai‘i (UH) and Johnson Controls to develop solar plus storage systems to help five UH campuses achieve their net-zero goals (Pacific Current is the long-term owner of the systems); and establishing a joint venture with EverCharge to accelerate electric vehicle adoption by providing affordable, scalable charging infrastructure for everyone, especially in multi-unit dwellings, which represent 45% of housing units on O‘ahu.

This is just the beginning for Pacific Current. While today it is small in size relative to our overall enterprise, it is a central part of our strategy and has sustainability — including financial sustainability — at its core.

Sustainability Governance

We see ESG-related strategies and risks as having the same potential as other strategies and risks to impact long-term value creation. As such, we’ve integrated material ESG factors into company governance structures and management activities. Just like other strategies and risks, we’re identifying, measuring, managing and assigning accountability for material ESG issues.

Company strategies are overseen by the Board as a whole and are managed through our strategic planning and oversight process. The Board provides guidance on strategic priorities and plans, including at its annual strategic retreat, and approves the budget to allocate resources for agreed upon strategies.

Our full Board reviews and provides input on major risks for our companies and determines our risk appetite. This includes risks relating to safety and potential physical risk to utility infrastructure or to bank loan collateral from climate change impacts. The HEI Audit & Risk Committee assists the Board in its risk oversight role by overseeing our Enterprise Risk Management (ERM) program, which is designed to identify and assess key risks across the HEI enterprise and report such risks to the Board, along with strategies for mitigating such risks. The Hawaiian Electric Audit & Risk Committee and the ASB Audit Committee and Risk Committee assist in risk oversight of those subsidiaries.

The HEI Nominating & Corporate Governance Committee (NCG Committee) reviews strategies and risks involving governance and assesses leadership development and succession planning to ensure we have the right leadership to execute our strategies. The role of the NCG Committee has recently expanded to include review of human capital management and ensuring ESG oversight.

The HEI Compensation Committee oversees strategies and risks relating to compensation programs and benefits. This includes establishing incentive goals to drive execution of strategy. Several ESG goals are included in executive incentive compensation for HEI and utility executives.

HEI and Utility Performance Incentives Incorporate ESG

The Compensation Committee approves annual and long-term (3-year periods) incentive awards based on achievement of financial, strategic and operational goals. For some time, HEI and utility executives' annual incentive goals have included important ESG areas, including renewable transition, safety, reliability and customer satisfaction. To further align executive incentives with our strategic goals, beginning in 2020 the Compensation Committee added RPS to HEI and utility executives' long-term incentive goals. Our bank executive goals focus predominantly on bank financial performance. See our [2020 proxy statement](#) for more information on executive performance goals.



2019 Annual Performance Incentive	
HEI	
Consolidated net income Core earnings goal	60%
Utility operations Includes utility metrics except net income	20%
ASB return on assets Focuses on efficient deployment of bank assets	10%
Personal goal Leadership development & succession planning	10%
UTILITY	
Utility net income Core earnings goal	30%
Utility O&M expense Focuses on improving cost efficiency	15%
Utility customer satisfaction Seeks to improve customer experience	15%
Utility reliability Promotes reliable power for customers	5%
Utility safety Focuses on employee safety	5%
Utility transformation metrics Includes goals related to renewable energy transition, EoT, grid modernization, community engagement, resilience, leadership & workforce development	30%

2020-22 Long-term Performance Incentive (HEI and Utility)			
20% of HEI and utility executive long-term incentive opportunity for the 2020-22 period will be based on renewable portfolio standard (RPS) achievement. While Hawai'i law requires us to achieve 40% RPS by 2030, we seek to achieve that well ahead of that time. We're incentivizing executives to reach 40-50% RPS by 2022:			
	Min.	Target	Max.
RPS by 2022	32%	40%	50%

Board Sustainability Expertise

Our board has the right expertise to oversee our HEI enterprise and strategies. Below we’ve highlighted the ESG expertise of seven of our independent directors who have direct experience related to ESG topics, including renewable energy, climate change strategy, environmental management, and sustainable investing.



Celeste Connors is a climate risk expert and has advised U.S. presidents and other officials on clean energy and sustainable development. She served as Director for Climate Change & Environment at the National Security Council and National Economic Council. She is Executive Director of Hawai'i Green Growth Local2030 Hub, one of the world's first U.N.-recognized local sustainability hubs.



Richard Dahl oversaw the development of sustainability strategies as President & COO of Dole Food Company. Under his leadership, Dole invested in a number of sustainability initiatives. Dole was named one of the World's Most Ethical Companies by Ethisphere Magazine and undertook a carbon offset program to secure a carbon neutral operating footprint.



Peggy Fowler was CEO for Portland General Electric (PGE) when PGE made the strategic decision to reduce its use of oil and coal. Under her leadership, wind and solar projects were constructed and integrated into the PGE grid. PGE has been ranked #1 on multiple occasions for selling more renewable power to residential customers than any other U.S. utility.



Micah Kane leads the Hawai'i Community Foundation, Hawai'i's largest foundation. A Native Hawaiian community leader, he brings invaluable experience in understanding Hawai'i's complex cultural and land use history. He has worked to bring the community together to address important issues facing Hawai'i, including sustainability, homelessness and affordable housing.



Mary Powell served as President & CEO of Green Mountain Power from 2008 to 2020. Under her leadership, the company became the world's first utility to become a Certified B Corporation (a business that balances purpose and profit). Ms. Powell led an ambitious energy vision to dramatically ramp up local renewable resources in Vermont.

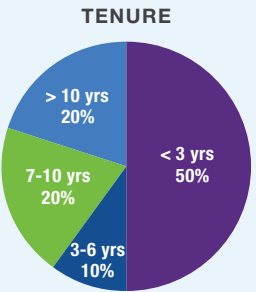


Jim Scilacci has extensive experience overseeing the financial aspects of utility clean energy transitions and managing risks, including ESG-related risks such as climate change impacts. His career includes serving as CFO of Edison International and its subsidiary Southern California Edison, a leading utility with respect to grid modernization, transportation electrification and renewable energy.

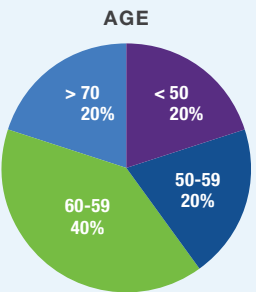


Eva Zlotnicka has a background in utilizing markets, policy, and partnerships to motivate the private sector to simultaneously improve sustainability, profitability and competitiveness. She is a co-founder of Inclusive Capital Partners, an investor in HEI and previously served as the U.S. lead ESG equity research analyst at Morgan Stanley.

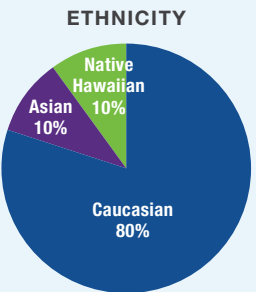
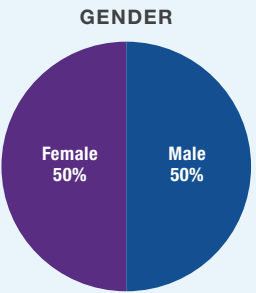
BOARD OF DIRECTORS
COMPOSITION
(9 of 10 are independent)



Average tenure: 5.6 Years



Average age: 60.6 Years





Climate Risk Management – Physical Risk

We evaluate and address issues and activities that we believe pose potential risks to our business, our employees, customers, stakeholders, and the community at large on an ongoing basis. This includes taking precautionary actions to anticipate, identify, and mitigate or avoid risks related to our operations and services.

Climate change has the potential to increase the severity and frequency of hurricanes, flooding, and droughts, and is expected to lead to increasing sea level rise. These climate change impacts could cause damage to our physical facilities at Hawaiian Electric and to the properties that secure American Savings Bank’s residential and commercial loans. Our companies are focused on managing and mitigating such physical risks from climate change.

As part of our utility’s efforts to deepen its resilience strategies, it is conducting a resilience review of critical assets and infrastructure to determine whether further actions are needed to reduce the risk of a sustained, long-term interruption of service resulting from critical loss events. We have partnered with Jupiter Intelligence, a leading provider of predictive data and analytics for climate risk, to provide climate risk analytics services for generation, transmission and distribution

infrastructure across our electric system. We are building climate risk analytics into our long-range planning — Integrated Grid Planning — to enhance our ability to make better decisions about the need, location, and timing of investment to provide the level of electric system resilience our customers expect.

Read more about our work with
Jupiter Intelligence ↗

In parallel, we continue to focus on strengthening emergency response capabilities through management training and development, as well as by engaging with community leaders and stakeholders to strengthen community resilience.

At our bank we regularly monitor our credit exposure in areas at risk of future sea level rise. Our appraisal team performs property research to confirm flood zones, and our underwriting decisions consider factors that may be related to sea level rise, including the location of property, site topography, elevation, and evidence of seawalls or structures constructed to mitigate flooding.

We require all homeowners who live in a Special Flood Hazard Area, as defined by the Federal Emergency Management Agency, to maintain sufficient flood insurance throughout the life of the loan. Should the Special Flood Hazard Area change due to sea level rise, we would require all affected homeowners to obtain flood insurance.



Island Perspective Drives Sustainability Focus

On an island, the finite nature of resources is tangible. A defining example of this in Hawai’i is land. Available land is limited and there are many important uses for it that impact the sustainability — and livability — of our home, whether that’s space to grow food; provide affordable housing; enable recreation; provide for sustainable tourism, a key economic contributor; preserve cultural traditions and heritage; or site clean energy projects, such as solar and wind generation.

The impacts of climate change, such as sea level rise and increased frequency and severity of storms, are also top of mind here in Hawai’i.

It makes sense that Hawai’i as a state is a sustainability leader and has led the nation in setting ambitious climate goals. Hawai’i was the first state in the nation to set a 100% renewable portfolio standard (RPS) for electricity generation, targeting that goal by 2045. Hawai’i was again first in the nation to set a carbon neutral goal for the entire state economy, also by 2045.

Hawai’i Designated as a Model by United Nations

On a world map, Hawai’i appears as a small green dot surrounded by a vast, blue ocean. But on a global stage, Hawai’i is a sustainability giant. The Aloha+ Challenge, our culturally driven, locally relevant sustainability commitment, led by the Hawai’i Green Growth network, has been recognized by the United Nations and held up as a model for other island economies as they tackle challenges like energy and food security, waste management, and economic growth.

Hawai’i Green Growth is a public-private partnership, bringing together people and organizations at the intersection of civil society, business, and government. Scott Seu, Hawaiian Electric president and CEO, is an inaugural board member. More than 150 members, including HEI and its subsidiaries, play an active role in addressing the initiative’s priorities.

The organization worked with stakeholders across the islands to develop the Aloha+ Challenge, a statewide sustainability framework that is recognized as a model for the local implementation of the 17 United Nations Sustainable Development Goals (SDGs). Progress on the Aloha+ Challenge is tracked through an online open-data Dashboard and measured through community co-developed metrics and indicators.

“In Hawai’i, sustainability is done through a cultural lens. So many of our projects require engagement, connection and communication at the community level,” said Celeste Connors, executive director of Hawai’i Green Growth and an HEI board member.

COVID-19 Response

As we publish this report, our communities are struggling with the harsh realities of the COVID-19 pandemic — from health concerns, job losses and financial strain for households to economic hardship for businesses and organizations to the complexities of remote education.

Delivering Essential Services

The essential roles our businesses play have never been more important. Through our utility, we provide reliable electricity to keep our hospitals, essential businesses, and homes — which have now become offices and schools — running. Through our bank, we help ensure money keeps flowing through our economy and that federal aid reaches small businesses and families.

Our companies maintain robust emergency plans and incident management processes. We were well prepared as COVID-19 began to affect our state and are well positioned to continue providing our vital services as the pandemic continues. Hawaiian Electric activated its Incident Management Command in early March, and before month end activated its enhanced Pandemic Incident Management Command, even as positive cases in Hawai'i remained very low relative to other states. American Savings Bank has robust business continuity plans so we can be there for our customers when they need us. Our business continuity efforts positioned us well for uninterrupted operations during COVID-19.

Protecting Health and Safety

We've taken a number of actions across our companies to protect the health and safety of our employees and customers. Across our enterprise we instituted mandatory work from home policies for employees whose jobs can be done remotely, have implemented intensive sanitation, and require masks in all facilities and social distancing wherever possible.

At Hawaiian Electric, for those who must be physically present to ensure the power stays on, such as our linemen and power plant operators, we instituted discrete work teams to increase physical distancing and limit exposure to others. We also closed our in-person payment centers to help keep customers and employees safe.



“Our business continuity efforts positioned us well for uninterrupted operations during COVID-19.”



At American Savings Bank we scaled back our open branches and implemented comprehensive physical safety measures including safety shields, intensive disinfection and social distancing in branches that remained open.

Our bank has seen strong increases in online account enrollments and mobile usage during the COVID-19 period, and is continuing to enhance self-service and remote service options for customers. The bank recently rolled out a new contactless card for all debit card holders and has started implementing a planned replacement of its ATM fleet with SMART ATMs to give customers even more capabilities outside the branch.

Assisting Customers Facing Financial Strain

The strength of our companies — both operational and financial — has enabled us to support our customers in this uncertain time.

At Hawaiian Electric we voluntarily suspended disconnections for nonpayment beginning in mid-March. Consistent with requirements instituted thereafter by our regulators, we and all other utilities in our state have now suspended disconnections through the end of 2020. We're offering a range of payment options to help customers manage their bills and are encouraging customers experiencing hardship to contact us so we can assist them with payment arrangements and connect them to services to help them.

Ensuring our services are affordable is a key focus, now even more than ever. In recognition of financial challenges our customers face in the COVID-19 period, Hawaiian Electric and the Consumer Advocate filed a settlement with our regulators to hold base rates flat in Hawaiian Electric's 2020 rate case. We're tightening our belts to offset the lack of a base rate increase. We're also focused on becoming a highly efficient utility and continuing our renewable energy transition, both of which are intended to promote affordability and customer bill stability over time.

American Savings Bank made a huge push, with teammates working round-the-clock shifts to secure loans under the Paycheck Protection Program (PPP) to help small businesses pay employees and other essential bills like utilities. We're proud that American secured over \$370 million in PPP loans for nearly 4,100 local businesses representing an estimated 40,000+ local jobs.

Our bank has also helped customers weather the financial challenges of COVID-19 by providing loan deferral and forbearance options and waiving a number of fees. The bank is focused on assisting customers while prudently managing our risk. Our bank team has been working closely with commercial customers to understand their financial condition and ensure we provision for potential losses at the right levels.

Helping Our Communities in this Time of Need

We continue to seek ways to help our communities manage through the impacts of COVID-19, from donating funds to supporting local commerce by using local suppliers where possible. As of September 2020, the HEI Charitable Foundation, our companies and our employees had donated more than \$1 million for COVID-related relief to assist our communities. Please see [pages 72-75](#) for more on our community support efforts during the pandemic.

Supporting Hawai'i's Economic Recovery

We're collectively working to support and advance our state's recovery. At our bank we're focused on building the innovation economy to diversify and expand job opportunities. At our utility, we continue to partner with stakeholders to progress clean energy projects and identify opportunities to rebuild with Hawai'i's green economy goals in mind.



Hawaiian Electric

Inspired by an enlightened king more than a century ago, Hawai‘i was an early adopter of electricity to light homes and power industry. The ingenuity of creating and delivering power on these isolated islands is a unique story of innovation, connectivity, and progressive thinking that continues today.

Since 1891, Hawaiian Electric has been dedicated to serving Hawai‘i’s energy needs and caring for our environment with purpose, compassion, empathy, and aloha. Our role is to empower Hawai‘i, our communities, our customers, and our employees to thrive, together.

Providing power to 95% of the population across five separate islands in one of the most remote locations in the world has changed dramatically over the past 100 years. For decades, we relied on imported carbon-emitting fuels to meet the energy needs of our state. Today we’re transitioning rapidly to renewable energy in what is the most significant technological transformation in our history.

In 2008, together with the state of Hawai‘i and the U.S. Department of Energy, we embarked on what was then viewed as an extraordinary journey to use renewable resources to power 40% of our electricity needs.

Since then, Hawai‘i has embarked on an even bolder expedition, seeking to power the islands with 100% renewable energy and achieve a carbon neutral economy, all by 2045. These goals aim not only to reduce carbon emissions, but to increase our energy independence, resilience and economic strength.

Hawaiian Electric has been one of the most aggressive utilities in the nation in transitioning to renewable energy and working through complex technical issues and social equity considerations to keep our system stable, reliable, and affordable for all our customers.



Partnering with Hawai‘i to Lead on Renewable Energy

Hawaiian Electric and the state of Hawai‘i are recognized as leaders in the renewable energy transition.

In February 2020, Public Utilities Fortnightly highlighted the collective effort underway in our state to advance our groundbreaking goals, stating “Unquestionably, Hawai‘i is blazing the trail to a renewable-based electricity supply system...The state wants all electricity supply — all, as in a hundred percent — to be renewable by the year 2045. So Hawaiian Electric, the PUC and literally everybody else involved in the state’s electric industry is working toward this unprecedented and challenging goal.”

In December 2019, Utility Dive, a leading industry publication, named [Hawaiian Electric its Utility of the Year](#), writing “Hawaiian Electric is advancing across a range of issues transforming the power sector, from renewables to electric vehicles (EVs) to new business models.” Patty Cook, senior vice president with the ICF commercial energy practice, told Utility Dive that among U.S. utilities today, “Hawaiian Electric stands out; they’re beyond the bleeding edge.”

Utility Dive went on to say, “They have it all happening at the same time — integrated grid planning, stakeholder outreach dominated by distributed energy resources (DER) providers, transportation electrification, plus a 100% renewable energy goal.”

Other utilities seek to learn from our experiences. For example, in November 2019, more than two dozen utility executives from across the U.S. spent two days in Hawai‘i with our utility to learn about the financial, regulatory and technical challenges of operating standalone utilities with high penetrations of distributed, variable, renewable energy.

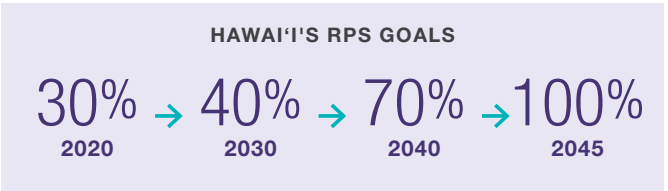


Read our
2019-2020
Sustainability Report



Committed to 100% Renewable Portfolio Standard (RPS)

At Hawaiian Electric we are fully aligned with and committed to achieving our state’s goals — 30% RPS by 2020, 40% by 2030, 70% by 2040 and 100% by 2045. In fact, we’re aiming to exceed our state’s statutory RPS goals.



In 2019 we achieved an RPS of 28% for the year. This was despite the lava flows from Kilauea volcano that took the Puna Geothermal Venture (PGV) plant out of service beginning in 2018. Had PGV been online and operated normally in 2019, it would have added 3.7% to our RPS and we would have exceeded the state goal of 30% RPS by 2020 a year early.

We are on track to meet or exceed the 30% goal in 2020, with several solar projects that came online in late 2019 or early 2020 expected to increase contributions to RPS compared to 2019.

Going forward, we have a robust pipeline of additional utility-scale projects under development as a result of running the two largest renewable energy procurement efforts ever undertaken in Hawai‘i. Our online [Renewable Project Status Board](#) lists all pending renewable energy projects, how much they are anticipated to contribute to RPS and the year they are expected to come online. We update the status board regularly to reflect changes. We expect to surpass the next statutory RPS goal of 40% well before 2030.

In addition to bringing new utility-scale renewable energy projects online, there are a number of other variables that can affect the RPS goal. See “What is RPS? And what affects it?”

“Unquestionably, Hawai‘i is blazing the trail to a renewable-based electricity supply system...”

—“What Hawaii Tells Us: Status Quo to Status Whoa,” *Public Utilities Fortnightly*, February 1, 2020

What is RPS? And What Affects It?

Renewable Portfolio Standard (RPS) represents the percentage of electricity sales that are satisfied with renewable energy:

$$\text{RPS} = \frac{\text{kWh of renewable energy generated}}{\text{kWh electricity sold}}$$

Both the amount of renewable energy on the system and the amount of electricity sold affect the RPS result.

Factors that increase renewable generation or reduce electricity sales will cause RPS to rise. Conversely, factors that reduce renewable generation or increase electricity sales will cause RPS to decrease, or will at least affect the timing in which we achieve our RPS goals. These factors include:

- Customer investments in rooftop solar and battery storage increase renewable generation and decrease sales, leading to higher RPS
- Energy efficiency measures reduce sales and thus increase RPS
- Greater adoption of electric vehicles (EVs) increases sales and thus may increase the renewable generation needed to reach RPS goals; EVs have many other benefits for customers, the electric system and decarbonization efforts
- Economic conditions can affect electricity sales; for example, COVID-19’s economic impacts have reduced sales, which could cause a short-term RPS increase
- Continuation of existing utility-scale projects; for example, the outage of the geothermal plant on Hawai‘i Island since 2018 has reduced renewable generation

In addition, several factors can affect when new utility-scale renewable energy projects are brought online, including:

- Availability of cost-effective projects, which can be affected by many factors, including cost of financing, materials and construction
- Availability of land
- Community acceptance

As discussed under “[Sustainability Governance](#),” executive incentives encourage executives to work to achieve higher levels of RPS ahead of state targets.

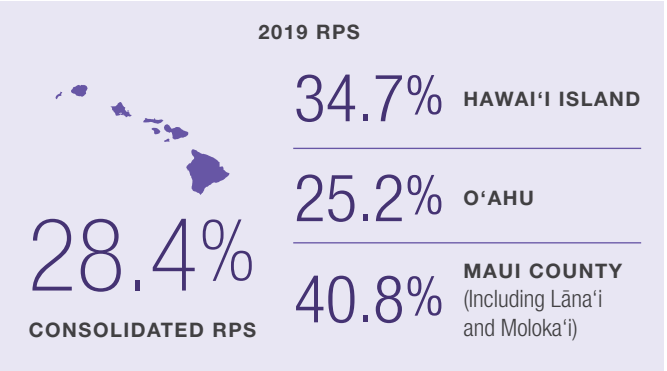
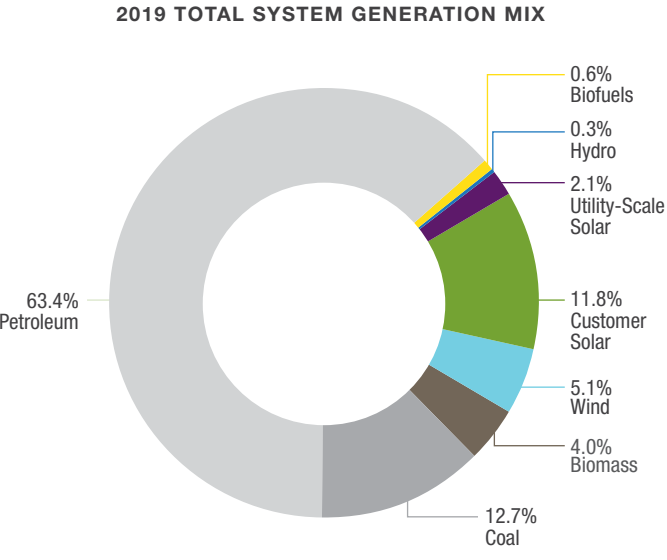
We fully expect to meet state RPS goals. However, should the company not meet statutory RPS requirements, it may incur a penalty of up to \$20/MWh for each megawatt-hour of renewable energy it falls short. The Hawai‘i PUC has the discretion to waive any applicable penalty for events or circumstances outside the utility’s control.

As we continue our renewable energy transition, factors such as affordability, reliability, social equity, indigenous and cultural considerations, limited land and competing needs for that resource will play a role in how and when we reach our goals. These important factors mean the utility alone will not set the pace of our transition. This is why we are working with our community and our stakeholders to ensure we achieve our state’s ambitious renewable energy goals in a way that is right for Hawai‘i.

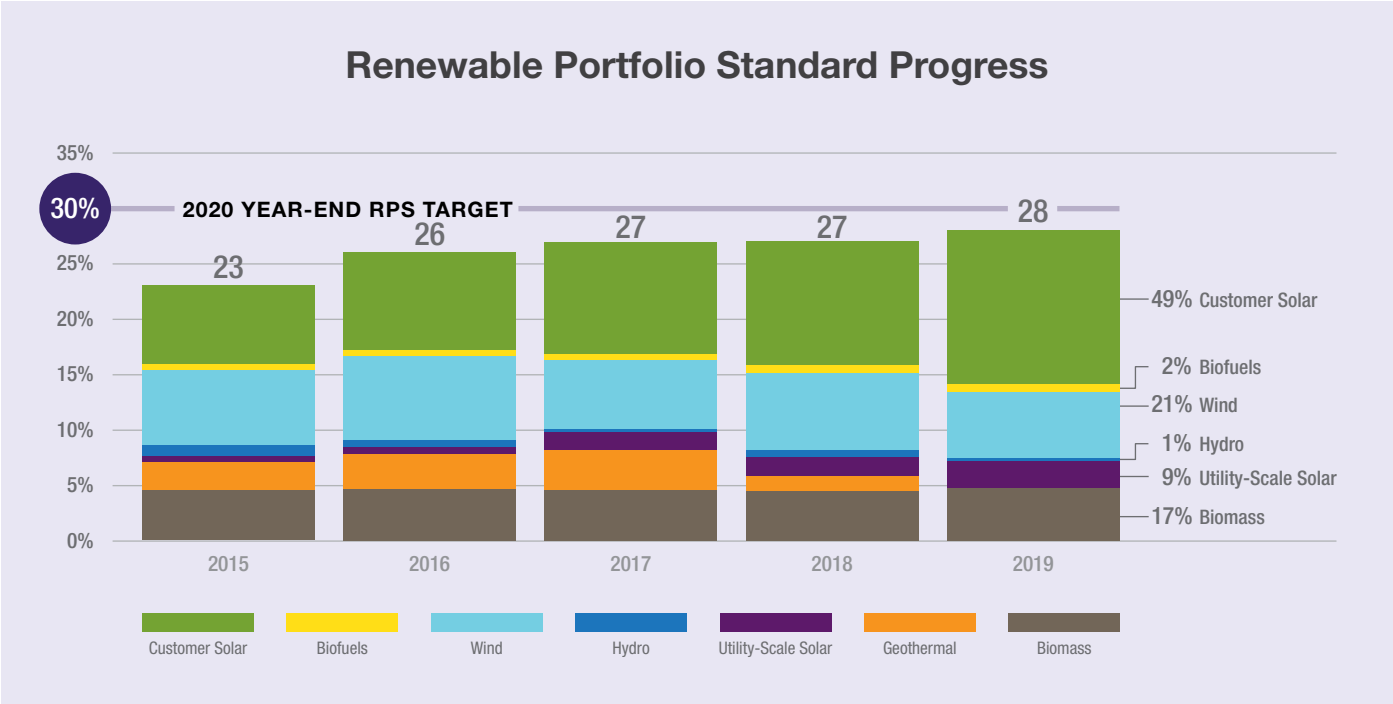
Our Generation Mix

Our renewable generation portfolio includes a diverse range of resources, including biomass, biofuels, wind, solar, hydro, geothermal¹ and customer-sited solar. While grid-scale renewable energy projects are important contributors to our renewable generation portfolio, our largest source of renewable generation in 2019 was customer-sited solar.

Our current generation mix reflects our progress toward increasing renewable energy, as well as the resources available to serve as our “bridge fuel” during this transition. As batteries increase in capability and decline in price, we expect to add more to our system, enabling use of solar power at night or on cloudy days. For now we need “firm” generation to provide enough electricity to meet demand and to balance fluctuations in intermittent solar and wind energy to ensure reliability. “Firm”



sources are limited in Hawai‘i. Geothermal, an excellent firm generation source, is only available on Hawai‘i Island. We have few and relatively small rivers to supply hydroelectric power. Biofuel is not currently available at scale or at prices sustainable for our customers. By state policy, nuclear generation is not allowed and the significant investment in and timeframe needed to import liquified natural gas is discouraged since it is a fossil fuel. Thus, as we work to advance and integrate more renewables, oil is our current “bridge fuel” to provide reliability. This impacts our generation mix as well as our GHG emissions.



Our Path to Our 100% Renewable Energy Future

Adding Utility-Scale Renewable Energy and Storage

We are working aggressively to add more renewable energy to our system.

Some of the new renewable energy facilities are owned by Hawaiian Electric, while many others are currently and are expected to continue to be developed and owned by third-party independent power producers (IPPs). Our state’s policy is for the utility to create competitive procurements for the best technologies and pricing to compete to provide energy options for our customers. This is why we’ve run Hawai‘i’s largest-ever procurements for renewable energy. The utility offers self-build alternatives that compete with IPP proposals.

Today the peak load for our entire five-island system is just over 1600 MW. Together, the two large renewable energy procurements we’ve run since 2018 have the potential to add more than 700 MW of renewable energy and ~4 GWh of storage to our system. This includes:

- Seven grid-scale solar plus storage projects with contracts approved by our regulators in 2019 and one project pending

regulatory approval; together, these eight projects could produce a total of about 275 MW and about 1 GWh of storage across our service territories²

- Fourteen grid-scale solar plus storage or storage-only projects that are progressing through contract negotiation and community engagement phases. Two of those are Hawaiian Electric self-build battery energy storage projects. If approved by our regulators, the 14 projects could produce a combined total of about 450 MW of solar energy and nearly 3 GWh of energy storage

We’re also procuring additional renewable energy for Moloka‘i and Lāna‘i.

Deactivating Carbon-Based Generation

In 2014, we deactivated our 113-MW Honolulu Power Plant on O‘ahu and in 2015 we deactivated the 15.2-MW Shipman Plant on Hawai‘i Island. In 2022, our power purchase agreement for the 180-MW coal-fired AES power plant on O‘ahu will expire, ending coal use in Hawai‘i. And we are also deactivating our Kahului Power Plant on Maui by 2024.

“Hawai‘i’s utilities are leading on the implementation of innovative electric planning and procurement processes, customer solar and demand management programs, and advanced rate designs that will allow the state to achieve that 100% target...”

—“**Powering Paradise: How Hawai‘i is Leaving Fossil Fuels and Forging a Path to a 100% Clean Energy Economy**,” *Rocky Mountain Institute*

1 The PGV plant is currently out of service due to lava flows that occurred in 2018 but is expected to return to service soon.

2 The seven approved projects could produce a total of about 260 MW and about 1 GWh of storage.



Integrating the Highest Percentage of Rooftop Solar in the Nation — and Seeking to Add More

Hawai‘i has abundant sun and wind resources that can be harnessed for renewable energy. Other resources, however, particularly land, are scarce, and shape how we’ll achieve our renewable energy goals.

To reach our goals, we need as many homeowners as possible to adopt rooftop solar and community-based renewable energy (CBRE) by 2045, and we are transforming our grid to enable this to happen.

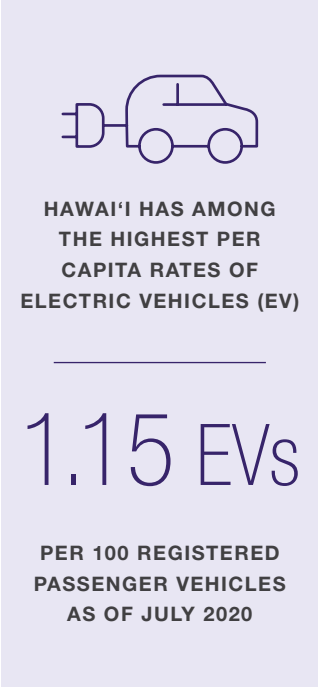
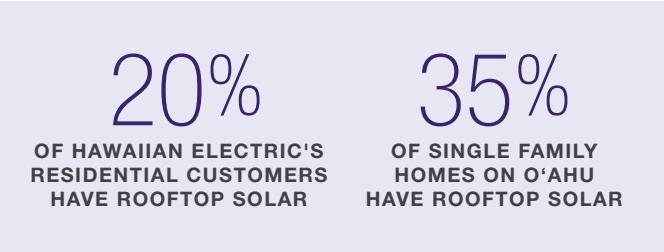
Today we have the nation’s highest percentage of rooftop solar per capita (20% of residential customers, roughly 35% of single family homes on O’ahu). We’ve invested heavily in our grid and in programs to integrate all of this intermittent, distributed generation while maintaining the reliability our customers expect. We’ve also launched grid services procurements to seek aggregations of customer rooftop solar, storage and other customer-sited resources to provide a range of services to the broader system.

In addition to residential rooftops, we’ll need many other smaller sites for projects. We’re gathering information on parcels as small as one acre and rooftops of at least 3,200 square feet for future solar and wind projects and community solar projects.

To reach our goals, we need as many homeowners as possible to adopt rooftop solar and community-based renewable energy (CBRE) by 2045, and we are transforming our grid to enable this to happen.

Enabling Everyone to Benefit from the Renewable Transition

One way in which we’re promoting equity is by developing programs for all customers to benefit from renewable energy, not just those who own their home and can afford to purchase their own rooftop solar system. We’re working with stakeholders to expand CBRE programs and develop options for low- and moderate-income customers to participate and receive credits to lower their bills. The first phase of CBRE sought solar projects totaling 8 MW of capacity statewide, equivalent to a small grid-scale project. In 2019, we approved the first-ever community solar project for construction on O’ahu, a 270-kilowatt facility, and a second small project on Maui. In 2020, with commission approval, we will launch a second phase, open to 235 MW of renewable generation in larger projects across our service territory. The second phase places special emphasis on opportunities for moderate income residential customers to participate. In addition to private companies, Hawaiian Electric will be able to develop projects and recruit subscribers.



Accelerating Electrification of Transportation (EoT)

As we make our electric system more green, we’re able to help decarbonize other sectors of our state’s economy. This is particularly true for ground transportation, which is responsible for well over half the state’s GHG emissions.

Electrifying transportation is expected to create benefits for all customers, whether or not they own an electric vehicle (EV). EV usage helps spread the cost of needed grid investment over more kilowatt-hours, reducing the per unit cost of that investment for everyone. EVs can also provide grid services, such as helping store excess solar, as our renewable energy transition continues.

Hawai‘i has among the highest per capita rates of EVs at 1.15 EVs per 100 passenger vehicles.³ To help make Hawai‘i a leader in eMobility, in 2016 we helped found Drive Electric Hawai‘i, a coalition of public, private and nonprofit partners to promote transportation electrification. The mayors of all counties in the state joined the effort in 2018, committing to eliminate fossil fuels from ground transportation by 2045.

[Hawaiian Electric's EoT Strategic Roadmap](#) sets forth a strategy for electrification that addresses the needs of customers and other stakeholders. Core elements are the buildout of public charging infrastructure (we have installed 20 direct current fast chargers as of August 2020), electrifying buses (we’ve advised government agencies and private companies on electric bus conversions), facilitating electric bus and commercial charging infrastructure through a tool to identify a “critical backbone” of infrastructure needs, company fleet electrification, and EV rate design. We’ve proposed a “make-ready” infrastructure pilot program to accelerate eBus adoption.

Accessibility and equity are important in our EoT plans. As EV prices decrease, EV adoption offers benefits to a broader range of customers. We’ve partnered with auto dealers to offer rebates to lower EV costs for customers. And we’ve shared the benefits of electrification with the community by donating EVs to local nonprofits.

Hawaiian Electric is leading by example, with approximately 20% of our nearly 400 light duty vehicles (including sedans, passenger vans, SUVs, and light trucks) already electric. We recently committed to electrify 100% of our light duty vehicles by 2035. We expect this will help us manage our operating costs, as EVs currently offer maintenance and fuel savings over the life of each vehicle, offsetting any additional costs at the time of purchase. For example, an electric SUV available today costs 25% less to own and operate over a ten-year lifecycle compared to a gas-powered SUV, truck, or van.⁴

OVERALL EV ADOPTION AND BENEFITS ESTIMATES (Estimated in 2017 Dollars)		
Area	Estimated EV adoption by 2045	Total “Energy Wallet” ⁴ (net benefits over 27 years)
O’ahu	54%	\$291M
Maui County	59%	\$263M
Hawai’i Island	40%	\$161M

³ As of July 2020.

⁴ Source: Historical average based on Hawaiian Electric fleet data.

⁴ Total “energy wallet” represents a household’s energy expenditures for powering the home as well as for powering vehicles.



Modernizing Our Grid

As more renewable energy, customer-sited resources, and EVs come onto our system, we need a high-tech grid to collect and deliver information on a real-time basis and get energy where it is needed and when it is needed. A modernized grid is particularly important now that energy on our grid is flowing in two directions — from large centralized generators out to homes and businesses, and from customers who are producing energy from their own rooftop systems and sending that energy back across the grid.

Our [Grid Modernization Strategy](#) is designed to provide benefits for customers and for overall system management. The upgrades are expected to enable us to provide customers with more information about their energy use, empowering them to better manage their usage and take advantage of different rates and programs to fit their needs. Modernizing our grid is also expected to reduce the number of customers impacted by outages when they occur, as smart devices will be able to section off parts of the grid as needed; give system operators more visibility and control so they can ensure greater reliability; and allow us to incorporate even more rooftop solar while ensuring the reliability our customers expect.

We’re currently implementing Phase 1, which includes advanced meters to provide more insight into the grid; a system to collect and store advanced meter data; and a telecommunications network for advanced meters and field devices. When implemented, Phase 2 will include deployment of field devices such as remote intelligent switches and line sensors to automatically respond to grid conditions, and an advanced distribution management system to enable grid operators to better manage the grid.

Ensuring Holistic Long-Range Planning

Our December 2016 Power Supply Improvement Plan Update outlined potential scenarios to meet or exceed the state’s renewable energy milestones. This report laid the groundwork for the renewable energy RFPs we’ve implemented since that time.



For our next phase of long-range planning we’re pursuing a fully integrated planning and procurement process called Integrated Grid Planning (IGP). This approach appraises the total needs of the system — including generation, transmission, distribution and resilience needs — and considers alternatives for meeting those needs (from customer-sited resources, independent providers, and the utility), and then selects the lowest cost/best fit solution(s) to more reliably and affordably operate the grid.

Our IGP process includes in-depth customer and other stakeholder feedback. We anticipate filing the first IGP review status report in 2020 to present planning work and stakeholder contributions thus far. Future resource needs assessments and solution evaluations are scheduled to begin in the latter part of 2020.

Working with Stakeholders to Evolve Our Regulatory Framework

Historically, utilities have been allowed to recover the costs required to provide service, plus a return based on invested capital. However, today we’re investing in new customer programs and services, running large-scale renewable energy procurements, designing new rate structures and taking other actions to advance renewable energy that do not involve investing capital.

The performance-based regulation (PBR) framework we’re developing with our regulators and stakeholders seeks to incentivize the utility for achieving environmental and social outcomes relating to energy affordability, reliability, customer equity, GHG emissions reduction, EoT and resilience. In doing so, PBR offers the utility the opportunity to earn additional revenue if it achieves performance targets.

There is broad recognition among the parties to the PBR process that the utility’s financial integrity is critical to Hawai‘i’s ability to achieve its climate goals in a way that is affordable for customers. That’s because when renewable energy developers or grid services aggregators seek financing for their projects on our system, their lenders base their pricing in large part on our utility’s credit strength. The PBR process is designed to promote a thoughtful, gradual approach to PBR that minimizes unintended consequences.

A PUC decision on the PBR mechanisms is scheduled for December 2020.

Empowering Hawai‘i to Thrive, Together



Hawaiian Electric’s strategic priorities are centered on building a stronger Hawai‘i, creating customer value, and strengthening the foundation of the company. In serving its customers and communities, Hawaiian Electric aims to build long-term value for all stakeholders. The company intends to:

- Drive Hawai‘i’s efforts to diversify the economy, create local job and investment opportunities, and reimagine a sustainable and equitable future
- Build a modern and resilient portfolio of clean energy assets, including firm and variable generation
- Develop a workforce recognized as high-performing, safety-oriented, flexible, diverse, and inclusive
- Serve as a trusted energy partner by collaborating with customers to provide solutions that are sustainable, affordable, reliable, and tailored to create value
- Improve financial performance by maximizing efficiency and streamlining operations

The company’s ability to thrive through evolution and disruption is ultimately determined by the value it can deliver to its customers. Operating the company as efficiently as possible improves the company’s overall capabilities while driving customer and community support. Stakeholder support facilitates the company’s ability to develop new solutions and invest in renewable energy transformation. These areas positively reinforce one another and build a sustainable source of shared value for years to come.



Our Environment

Mālama ‘Āina, to care for the land, is the traditional Hawaiian value and concept of sustainability, a way of life that respects, conserves, and protects our natural resources for future generations. In Hawaiian culture, *‘āina* (land) evokes more than the land, it represents all things in nature and all living things. For Hawaiian Electric, we prioritize protecting Hawai‘i’s environment and culture as they are inherent in what makes Hawai‘i special and unique.

Environmental Commitment and Management

Our customers and communities expect that through our daily operations we will protect our air and water, reduce waste, and conserve natural resources. More than 30 environmental professionals, including scientists, engineers, chemists, and a wildlife biologist work full-time at our company to ensure that employees and external contractors understand and comply with all applicable environmental laws, regulations, permitting requirements and procedures regarding air and water quality, noise control, hazardous materials, and protected species.

Our Environmental Division's mission is to ensure that the company fulfills its *kuleana*, responsibility, to protect Hawai‘i’s unique environment through environmental compliance and stewardship and timely, innovative, cost-effective Environmental Management Programs and Standard Operating Procedures, which are comprehensive and formalized.

“...we prioritize protecting Hawai‘i’s environment and culture as they are inherent in what makes Hawai‘i special and unique.”

Critical elements of the programs and procedures include year-round risk and opportunities assessment, continuous improvement, compliance management and tracking, air and water quality monitoring, and extensive environmental compliance training in air quality requirements, spill prevention control and countermeasures, storm water runoff, proper handling and disposal of hazardous materials, and protected species awareness and protection. All contractors and sub-contractors working at Hawaiian Electric sites are required to attend Contractor Environmental Orientation training, conducted by our environmental staff.

Internal audits are conducted to verify compliance with environmental permits, regulations and policies, and fulfill corporate risk management requirements. Our internal Corporate Audit Team audits the Environmental Division at least once every three years. Audit reports are used to create Management Action Plans, ensuring that highest risk items are given priority and addressed in a timely manner. The Environmental Division also performs periodic environmental compliance audits of our company facilities to identify areas for improvement.

Our Environmental Commitment

Our Corporate Code of Conduct instructs all employees and contractors to adhere to our environmental commitment:

- Maintaining a robust environmental management system, including assigned roles and responsibilities for environmental management
- Monitoring of our environmental performance and regular reporting on our environmental management
- Ensuring environmental training for all relevant employees
- Consulting with stakeholders on environmental issues
- Preparing for and responding to any emergency that might impact the environment

We are continually working to improve our processes and procedures to achieve environmental excellence.

Greenhouse Gas (GHG) Emissions

Our strategy for achieving GHG emissions reductions is one and the same as our strategy for achieving our RPS goals, described earlier in “Our path to our 100% renewable energy future.” As we add renewable generation and storage to our system, we’ll reduce usage of and deactivate carbon-emitting sources.

As we make this transition, several factors continue to impact our GHG emissions:

- **It’s important to look at our generation mix and our GHG emissions on a whole of system basis to understand all we are doing to facilitate our renewable energy transition, which, by design, includes integrating customer- and third-party owned renewable resources.** While more renewable generation and storage resources are being developed, older legacy fossil-based generation, some owned by the company and some owned by IPPs, continues to provide power to meet customer needs and provide backup power when the sun isn’t shining and the wind isn’t blowing.
- Responding to fluctuations in solar and wind power means we must operate our older generation fleet differently than it was designed, making it less efficient. This increases the intensity of GHG emissions from those units in the near term.

In addition to our state RPS goals, Hawai‘i regulations required power generators to reduce their GHG emissions by at least 16% below 2010 levels by January 1, 2020 and to maintain GHG emissions below that level thereafter. For our owned generation facilities we achieved a 16% reduction in 2014 and have remained at or below that level since then. In 2019, our GHG emissions from our owned generation facilities were 18% lower than our 2010 emissions levels.

In addition to achieving these reductions in our own right, Hawaiian Electric has partnered with three independent power producers to collectively reduce GHG emissions by 16% below 2010 levels. Since each island's electric grid is isolated and power generation facilities are thus highly interdependent, state regulation allows the facilities to partner to reduce their combined emissions. The partnership achieved the 2020 GHG reduction goal in 2017 and 2018. In 2019, its reduction was 15% below 2010 due to the outage of PGV renewable generation from lava flows in 2018.

Any project that requires Hawai'i PUC approval — whether for generation or otherwise — must include a GHG emissions analysis with the project application. Our environmental team manages these analyses for all project applications.

Air Quality

Hawai'i has some of the cleanest air in the nation due in part to a lack of heavy industry, relatively low population density, and a year-round temperate climate that brings abundant wind and rain to the islands.

According to the American Lung Association's (ALA) 2020 State of the Air Report, Honolulu is ranked #1 on the list of Top Cleanest Cities for Year-Round Particle Pollution, with Kahului-Wailuku-Lahaina in Maui coming in at #2. Year over year, Urban Honolulu is among the top four cleanest U.S. cities with zero high ozone or particle pollution days, and is the lowest for year-round particle pollution.



West O’ahu Air Monitoring Network

As part of a commitment to the West O’ahu community for the development of the Campbell Industrial Park (CIP) Generating Station, Hawaiian Electric voluntarily installed a network of air quality monitoring stations at Wai’anae, Lualualei and Makakilo to measure the daily Air Quality Index in the area. Current real-time data for several air quality parameters, including SO₂, O₃, CO, PM₁₀, PM_{2.5} and NO₂, are available on www.westoahuar.com.

Under the Clean Air Act, we're focused on maintaining compliance with key regulations including the National Ambient Air Quality Standards (NAAQS), State Ambient Air Quality Standards (SAAQS), New Source Review/Prevention of Significant Deterioration, Mercury and Air Toxics (MATS) Rule, and many more.

Water Management

At Hawaiian Electric, water plays a critical role in the generation of reliable, affordable power. We understand the vital need to conserve and protect our water resources, and for the most part use non-potable sources at our facilities. We work to minimize our environmental footprint while optimizing operational and financial performance.

Waste Management

At Hawaiian Electric, we focus on managing waste streams in accordance with local, state and federal regulations. Hawaiian Electric does not have any nuclear facilities and does not have any nuclear waste.

Hawaiian Electric has implemented a Hazardous Waste Minimization Plan to reduce the volume of hazardous waste generated, thus reducing the amount that must be treated or disposed. Our operations generate fairly low amounts of hazardous waste. In 2019, a total of 21,117 pounds of hazardous waste was generated, mainly from maintenance and repair projects. If hazardous waste is generated, it is placed in designated accumulation areas where it is safely stored, inventoried, and inspected for leaks while awaiting timely disposal. We hire qualified hazardous waste shipping contractors to transport the waste to EPA-permitted treatment, storage, and disposal facilities in compliance with regulations.

A prime example of the company’s waste minimization strategy is the recycling of used oil for energy recovery. Used oil is one of the highest volume industrial wastes produced by Hawaiian Electric’s facilities. Since the used oil has appreciable heat content, a number of our facilities are permitted to burn the used oil for energy recovery.

Used Oil Burned for Energy Recovery				
Measure	2016	2017	2018	2019
Gallons	125,316	154,317	170,792	187,353
Pounds	952,402	1,172,809	1,298,019	1,423,883
Metric Tons	432	532	589	646

Protecting Hawai’i’s Unique Biodiversity

Hawai'i is home to many rare and unique species of plants and animals found nowhere else in the world. For centuries, these species evolved and thrived without fear of predators, invasive species, habitat loss, or climate change. Today, many of Hawai'i’s native, endemic species are threatened.

Our environmental stewardship efforts serve both to protect such species and minimize company risk. Our Protected Species Program, under the guidance of a full-time wildlife biologist, voluntarily and proactively works to minimize potential impacts company operations may have on protected species. Program elements include awareness and training, design standards and guidelines for bird-friendly lighting and utility structures for all construction projects, protocols for protected species interactions, and partnerships with agencies in support of predator control programs, native habitat conservation and restoration, species recovery and rehabilitation, and public education and awareness.

We use a Geographic Information System (GIS) mapping system to show where known populations and historic distributions of key protected species are located. This system guides our engineers in identifying risks when planning a project, and triggers the involvement of an environmental representative if a proposed project falls within any known biological or culturally sensitive area.

Avian protection

Our avian protection efforts include installing bird-friendly lighting or shielded fixtures at our power plants and substations to minimize onshore lighting that could distract seabirds during their nocturnal feeding. Operations employees who may come in contact with downed birds at our facilities or job sites receive training and bird recovery kits to transport birds to a rehabilitation facility.

Hawaiian Hoary Bat

To protect the endangered Hawaiian Hoary Bat, or ‘ōpe‘ape‘a, we developed bat detection protocols, including the use of thermal imaging devices, to minimize impact on bats during the critical pupping season, June 1-September 15. No bats were detected in the species of trees trimmed during five years of data collection. We also collect acoustic monitoring data at known bat roosting locations to identify risks near existing or planned infrastructure sites.



Sustained Fish Monitoring

Since the 1970s we’ve conducted fish monitoring along the Leeward shores of O’ahu to study the effects of warm water discharge from our Kahe power plant on fish communities. Earlier studies demonstrated that storm events in 1980, Hurricane Iwa in November 1982, and Hurricane Iniki in September 1992 were the major sources of impact to marine communities rather than our Kahe plant operations. In the 2019 study, researchers found no significant changes in fish community factors that can be attributed to the Kahe plant or our newer CIP generating station.

Reliability and Resilience

We know the important role electricity plays in the lives of our customers and communities. From ensuring businesses and essential services can operate effectively, to providing comfort at home during the hottest of days, we work to provide power when it’s needed. We are constantly looking for ways to improve and strengthen our grid to deliver the reliability our customers expect, prepare for severe weather and other events, and minimize any impact to our customers.

Managing Reliability and Resilience

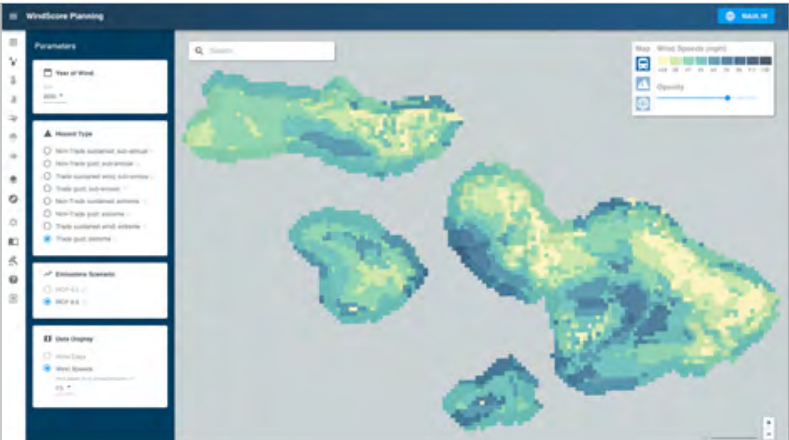
As an island utility, we’re not connected to a large system of interconnected generation facilities like U.S. mainland utilities, nor are our individual islands interconnected to one another. This means each island must independently provide high levels of reliability, and we must plan carefully to ensure resilience.

We are continually maintaining and upgrading our transmission and distribution system to ensure seamless delivery of power to our customers.

Day-to-day maintenance is a key part of keeping the grid resilient. We regularly inspect our poles, lines, and other equipment, and work to replace and upgrade aging and faulty equipment before failures happen. We also regularly trim the vegetation around our equipment, as many power outages during storms and other high wind occasions are due to tree branches or other vegetation falling onto power lines.

We’re working to reduce the impact of outages by adding sectionalizing devices such as line reclosers, fuses, and switches to reduce the number of customers affected by an outage. We have also completed distribution protection studies for each of the five islands we serve.

We measure and report reliability performance using metrics commonly used in the electric utility industry regarding the duration and frequency of power interruptions for customers. While U.S. mainland utilities typically do not have generation-related interruptions in their System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) statistics, Hawaiian Electric is more vulnerable to generation-related interruptions due to our multiple and disconnected island grids, and this can have a meaningful impact on reliability statistics.



A Jupiter WindScore™ Planning model of a 1% trade gust event for 2030 impacting the islands of (clockwise from top) Molokaʻi, Maui, Kahoʻolawe, and Lānaʻi. WindScore uses best-in-science climate models and machine learning to deliver quantifiable analyses of changes in wind at very high spatial and temporal resolution—down to the asset level.

“**Hawaiian Electric is a pioneer in planning for climate resilience.**”

— **Rich Sorkin**
CEO and Co-founder of
Jupiter Intelligence

We’ve partnered with Jupiter Intelligence to use advanced climate risk analytics to inform decisions about the need, location, and timing of investment to provide the level of electric system resilience our customers expect. See [page 14](#) for more about our work with Jupiter Intelligence.



Ensuring Grid Stability

As we work to build a more resilient grid and add more variable generation such as solar and wind, it’s critical that we maintain grid stability. The displacement of “firm” thermal generation as we transition toward a clean energy future could potentially lead to system instability. To combat this — through our Grid Services RFP — we are procuring 29 MW on O’ahu, 7 MW on Maui and 6 MW on Hawaiʻi Island of services such as limited duration capacity and fast frequency response. These resources are expected to be available as early as the first quarter of 2021.

Our proposed 12-MW battery energy storage system (BESS) at Keāhole on Hawaiʻi Island was among several stand-alone projects selected under the renewable RFP procurement process that can provide fast frequency response to an unexpected event such as a sudden drop in energy production from wind, solar, or a thermal power plant. This quick response capability improves grid reliability and reduces the likelihood of customer outages. On O’ahu, a proposed 185-MW BESS project by an IPP will provide 50 MW of fast frequency response, while on Maui, our proposed Waena BESS project will add 40 MW of capacity. If approved by the PUC, these projects could be operational between 2022 and 2023.

“**Through our Grid Services RFP we are procuring 29 MW on O’ahu, 7 MW on Maui and 6 MW on Hawaiʻi Island of services such as limited duration capacity and fast frequency response.**”

Hardening our grid

We are focused on building a more resilient grid for future generations. Our efforts include:

- Using advanced climate risk modeling to assess risks and inform our planning process
- Deploying advanced meters and other technologies that allow us to respond more quickly to system interruptions
- Exploring the use of damage prediction modeling to estimate damage from severe natural event scenarios in order to support planning and response
- Evaluating new construction standards for new or replaced wood distribution poles
- Exploring use of community microgrids and/or critical customer clusters to be able to quickly restore power to critical customers
- Building more modern and efficient power plants inland, away from the coastline. An example is the Schofield Generating Station, which was completed and brought online in 2018. The biofuel-capable generating facility is located on military property inland at a higher elevation. It can be isolated to serve the military base and other critical facilities in the event of an emergency, and feeds electricity to the grid that serves all O’ahu customers the rest of the time
- Collaborating with key partners, such as the military, to supply energy to customers during an emergency
- Engaging with stakeholders to incorporate resilience needs and priorities through the company’s Integrated Grid Planning process

Emergency Preparedness

Our location in the middle of the Pacific Ocean with no neighboring states to rely on means being prepared for disasters is crucial to limit damage and hasten recovery.

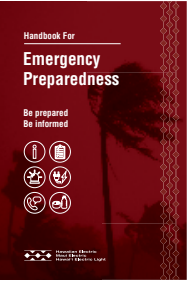
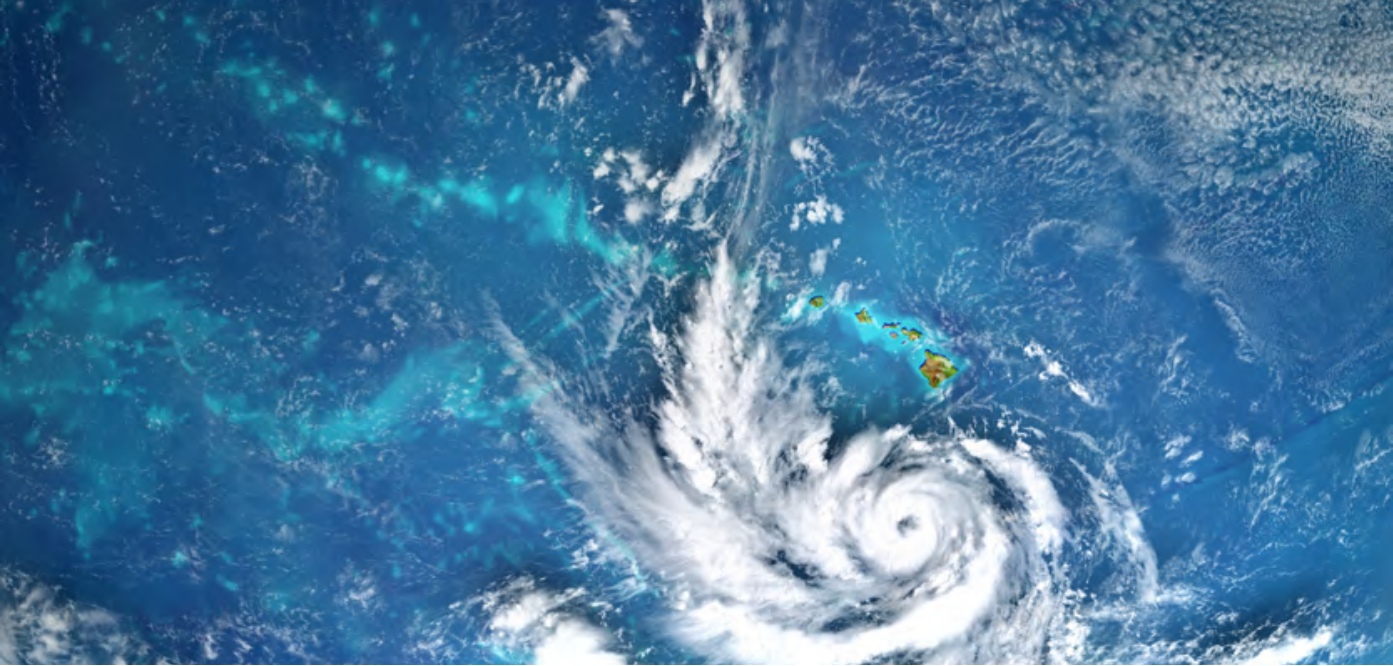
We work closely with state emergency management officials and county agencies to develop disaster plans and practice disaster response. Our employees are trained to utilize FEMA's Incident Command System as a structure for disaster response and recovery. Our Electrical Service Restoration, Cyber & Physical Security and COVID-19 Pandemic Emergency Management plans detail recovery activities for specific situations.

We have strong relationships with other utilities, transportation companies, and contractors — both locally and nationally — to help speed recovery. We're also a member of the Western Region Mutual Aid Group, which enables us to gain insight into best practices. These partnerships help our company secure labor and/or material resources in event of a disaster.

Our Electrical Service Restoration Plan (ESRP) outlines the organizational structure and processes to prepare for and respond to emergencies, such as earthquakes, flooding, hurricanes and volcanic eruptions, so we can restore service to customers safely and efficiently. We conduct ESRP training annually, including practicing emergency scenarios through drills and tabletop exercises.

Where a potential outage incident is identifiable ahead of time, we inform employees, customers, mutual aid partners, and other stakeholders in advance, advise them on our preparations, and share ways customers can prepare. We use many communication tools, from media outreach to social media, website updates, on-hold messaging, and conference calls and/or meetings with public officials.

We have publicly disclosed [our daily emergency outage and response times](#) since 2015. Our emergency response time metric measures the average time it takes to respond to an emergency event. These events may include: energized lines down, downed poles, motor vehicle accidents involving utility equipment that result in lane closures or possible contact with energized utility lines.



**Read our
Handbook for
Emergency
Preparedness**

Our [Handbook for Emergency Preparedness](#) is designed to help customers plan for emergencies. It is available in several languages and provides information on emergency supplies and evacuation plans, why power outages occur and how to minimize inconveniences and dangers in emergency events.

Additionally, we have led a series of community resilience-based workshops for the Ko'olaupoko region of O'ahu, a community that receives all of its electricity from transmission lines that cross the Ko'olau mountain range and is thus vulnerable to outages in the event of a major disaster. The workshops drew community and government leaders together in a collaborative process to identify actions to strengthen the region's resilience. For more details on the Ko'olaupoko Community Resilience Initiative, see [page 45](#).

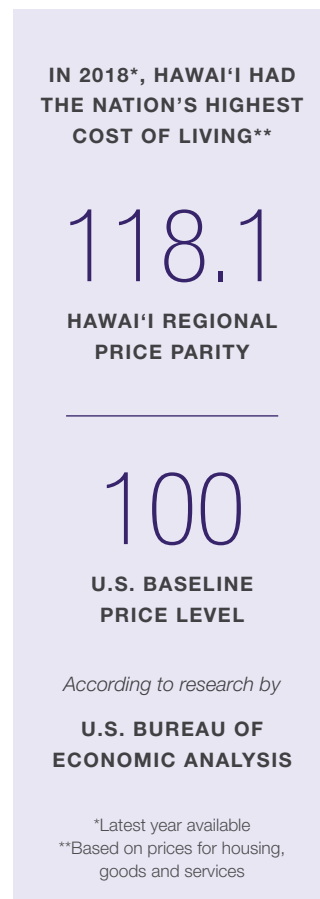
Cybersecurity

Cybersecurity is consistently recognized as one of the top risks facing the electric utility industry. To address the rapidly evolving landscape, we apply a disciplined risk management approach based on industry standards and best practices, prioritizing our investments and resources to protect our most critical assets and sensitive data.

We regularly engage with local, state, and federal agencies, utility peers and subject matter experts to share threat information and best practices, perform tests and assessments, and conduct cybersecurity exercises. We also participate in mutual assistance programs including the Cyber Mutual Assistance Program, the Cybersecurity Risk Information Sharing Program, and the Electricity Information Sharing and Analysis Center. Our customer and community outreach efforts include awareness campaigns via television, radio, and social media. Internally, we promote a strong cybersecurity culture through periodic email phishing tests, cyber awareness campaigns, and annual training.

We continue to strengthen our protection and detection capabilities across people, processes, and technology to defend our networks, our customers, and our grid. The enterprise cybersecurity program prescribes a comprehensive set of management, operational, and technical controls aligned to an industry-standard framework and tailored to address the company's unique risk profile. Controls are continuously monitored for effectiveness, with statistical measurements tracked for key performance indicators. These metrics are compiled and presented to the Board of Directors and the Audit and Risk Committee of the Board on a quarterly basis.

5 However, Hawai'i's average residential electricity bills are helped by lower-than-average electricity usage.



- T**reat you as a member of our 'ohana
- R**espond promptly with respect and empathy
- U**nderstand and listen to your needs and perspectives
- S**hare information clearly and concisely
- T**ake ownership and keep our commitments

Our renewable energy transformation is intended to provide customers with a greater degree of cost stability. Substituting fixed-price, lower-cost renewable energy resources for

6 Making solar dispatchable: Hawaiian Electric's new renewables contract is one of 2017's game-changers.

fossil fuel-fired generation is the best opportunity to provide customers with lower and more stable electric rates and bills. This renewable energy transition can also drive savings in other sectors (e.g., lowering costs of operating electric vehicles).

We continue to innovate new contracting mechanisms that reduce costs for developers, which also results in lower costs for customers and facilitates attainment of our RPS goals. We developed a new model power purchase agreement, the Renewable Dispatchable Generation Power Purchase Agreement (“RDG PPA”), which enables the utility to dispatch variable renewable projects to match the needs of the grid. In exchange for making the facility dispatchable, project owners receive a fixed monthly payment. This predictable income stream reduces financing costs for developers and results in lower prices for our customers. Our 2018 Stage 1 renewable procurement yielded project pricing with an average price of 9.38 cents per kWh for solar plus storage projects, below the cost of utility oil-fired generation.

The Smart Electric Power Alliance called the RDG PPA a “game changer” and one of the most impactful developments of 2017. It was cited for providing “an innovative, holistic solution to the problem of solar overproduction and curtailment,” which is experienced increasingly where solar is plentiful, such as Hawai‘i and California.⁶ Public Utilities Fortnightly cited the RDG PPA in its 2018 Top Innovator recognition for Hawaiian Electric.



Helping Customers Manage Their Usage and Bills

The company offers a range of programs to assist customers in managing their energy use and bills:

- **LIHEAP (Low Income Home Energy Assistance Program)** is a federal program that provides qualifying low-income households a one-time credit to offset household energy costs. As part of this program, in 2019 we helped more than 8,000 families receive \$3.8 million in energy assistance.
- **The Hawai'i Green Infrastructure Authority (HGIA) Green Energy Money Saver (GEMS) On-Bill Program** helps eligible customers reduce electricity costs by installing approved energy improvements such as private rooftop solar systems, solar hot water systems and/or commercial energy efficiency retrofits, which are repaid through the customer's electric bill.
- **The Special Medical Needs program** is designed to help assist with the costs of customers who may have unique medical needs for electricity. Customers that are dependent on life-support equipment used in their homes and/or have increased heating and cooling needs due to their medical conditions may qualify for reduced electricity rates.
- We also partner with nonprofits who provide utility payment assistance and connect our customers with these nonprofits for help.
- In light of the economic impact COVID-19 has had on our customers, we voluntarily suspended disconnections for nonpayment beginning in March. The PUC has extended disconnection suspensions for all utilities in Hawai'i through year end 2020. We have expanded our outreach process to ensure customers have ample notice regarding their outstanding balance and to encourage customers to call us if they need payment assistance. We are also offering flexible payment arrangements to work with a customer's budget, as well as helping them with necessary documentation to apply for available public assistance to help reduce their outstanding balance.
- Each county in Hawai'i and the state's LIHEAP were granted Coronavirus Aid, Relief, and Economic Security Act funds to administer for utility payment assistance, in addition to other pressing needs. Hawaiian Electric has partnered with local government agencies and non-profits to ensure awareness and connect customers in need with assistance through our website, press releases, local media appearances, ads, bill inserts, social media and direct referrals to the administering agencies.

Enabling Distributed Energy Resources (DER)

Together with our customers and our communities, we are defining what it means to provide affordable, reliable, resilient, renewable energy for Hawai'i.

In the past, electricity generation took place only at large-scale, centralized power plants. Distributed energy resources, or DER, refers to smaller generators and storage devices located throughout the energy grid, such as rooftop solar on customers' homes and businesses, customer-sited energy storage, electric vehicles that store and use electricity, and demand response devices like grid-interactive water heaters, which are controllable and able to be turned off during system peak usage.

DER is core to our strategy to achieve 100% renewable energy
To reach our goals, we need as many homeowners as possible to adopt rooftop solar and other customer energy resources, and we are transforming our grid to enable this to happen.

Our Customer First DER Strategy is anchored by 3 principles:

- **Need.** Customer-sited distributed energy resources are essential to achieving our 100% renewable energy goal.
- **Opportunity.** The utility must expand opportunities for cost-effective distributed energy resources.
- **Equity.** The expansion of distributed energy resources must benefit all customers.

Affordability and equity are core principles of our DER strategies. We are committed to integrating distributed generation with fair pricing for all customers. Having reached the highest rate of rooftop solar adoption in the U.S., we have identified two key opportunities to ensure that prices remain fair as we push for further DER adoption:

- Ensuring that customers without DER are not subsidizing customers with DER. While we want to encourage DER adoption, there are valid reasons why some customers might not be able to access DER (e.g., renters, properties without appropriate roofs, upfront cost structure), and we are determined to make sure those customers are not paying more than their fair share.
- Ensuring that customers with DER are fairly contributing to the fixed costs of operating the electric grid on which they depend, often daily, for electricity when their system is not producing.



To promote fair pricing we have implemented several programs for customers who want to offset their energy bill by investing in clean energy generation, including Customer Grid-Supply Plus and Smart Export (these programs compensate customers for exporting energy to the grid at prices that place less burden on non-DER customers). Net Energy Metering, which compensated customers at the full retail rate, was closed to new participants in 2015.

In addition, with already high penetrations of DER on our electric grids, we plan to develop new DER tariffs and programs going forward that not only benefit the individuals investing in solar, but all customers. For example, we are expanding access to the benefits of DER through our Community-Based Renewable Energy program and have proposed a rooftop rental program in which customers get paid by the utility to rent their roof for DER systems that can provide operational benefits to the entire system. We have procured aggregated grid services from customer DERs which provide additional economic benefits to DER customers while providing cost effective ancillary services that benefit all customers.

More than ever, equity is of importance to us. It is our obligation to provide solutions that work for all, so that everyone has access to affordable, reliable, clean energy. Solutions that work for “most” are not sufficient if they do not address the needs of those who face the biggest challenges. Whether considering issues of project siting, rate design, or community resilience, we’re committed to leveraging Hawai'i's renewable transition to address societal inequities.

Advanced Rate Design

We are also developing advanced rate options, including cost-based price signals that are designed to reward customers for efficient use of electricity and deployment of DERs. Our Advanced Rate Design Strategy (ARDS) focuses on pricing and programs that enable customers to better manage their electricity use, and also provides a roadmap to guide development of rate designs and proposals to serve multiple important objectives. Well-designed rates should do one or more of the following:

- Promote customer engagement
- Promote affordable customer bills aligned with system costs
- Support low-income customer options
- Advance and sustain progress on clean energy, including acquisition, integration, and utilization of distributed energy resources
- Support electrification of transportation
- Fairly allocate costs
- Reflect fair value of grid services

Our ARDS, submitted to the PUC in September 2019, is available [here](#).



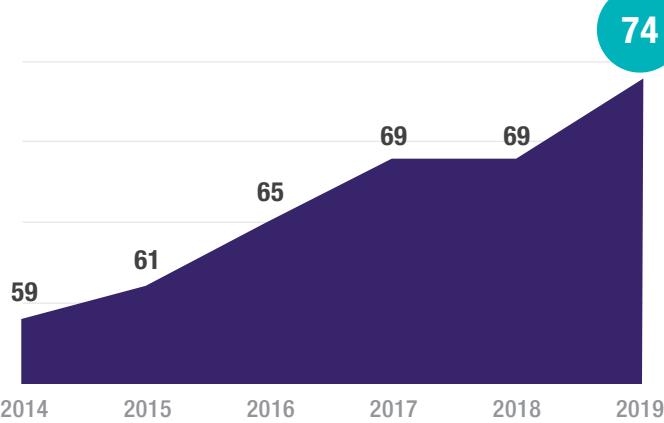
Promoting Customer Satisfaction

Hawaiian Electric is striving to improve customer satisfaction and address customer expectations by focusing on increasing service accessibility and improving customer service quality through investment in employees, new technologies, and new processes. We continue to make investments in the customer service infrastructure to help improve the customer service experience at all points of engagement.

For example, over the past five years we have improved customer service by creating online and mobile options, and offering paperless billing. Our Online Customer Service Center enables customers to view and pay bills, start/stop or move service, and update their account. By the end of 2019, more than 21% of our customers signed on for paperless billing. Our Hawaiian Electric mobile app allows O’ahu customers to view/ pay bills, start/stop/move electric service, get updates on power outages, report power outages, and receive news and alerts through push notifications. And, with our interactive EV charger map, customers can find detailed information on our electric vehicle fast charging stations.

To stay in touch with our customers and their needs, we conduct a quarterly residential customer satisfaction survey with a random selection of 600 respondents from our general customer base.

CONSOLIDATED SATISFACTION SCORE



Participants are asked questions relating to overall satisfaction, which is driven by a number of factors, including service reputation, rates, and reliability and restoration. The survey is benchmarked against 99 other utilities across the nation.

We have made significant strides in improving customer satisfaction. Our 2019 consolidated overall satisfaction score of 74 represents a 25% increase from five years earlier. Key drivers of the overall satisfaction score include factors such as company image and service reputation. The company takes pride in this improvement as a reflection of our customer-centered strategies over the years.

End-Use Efficiency & Demand

Energy efficiency helps customers save money, reduces overall demand on the electric grid, may reduce the need for more generation facilities, and helps preserve our environment.

In Hawai’i, all electric utility customers pay a public benefits fee (PBF) surcharge that funds the development and availability of demand side reduction and energy efficiency initiatives. Under current Hawai’i law, a public utility cannot administer energy efficiency incentive programs or use PBF surcharge funds. The PUC contracts a third party known as Hawai’i Energy to administer programs that support energy efficiency, clean energy technology, demand side management (DSM), and energy conservation services and products.

We encourage the efficient use of energy through online customer education tools. In addition, where permitted by law, Hawaiian Electric and Hawai’i Energy work in partnership on projects and customer education. Recently Hawaiian Electric and Hawai’i Energy collaborated on DSM projects at a new apartment complex and at a retirement housing development. Both projects allowed direct load control of customer water heater units to test the DSM technology’s ability to provide support services to the electric grid. Additionally, Hawaiian Electric provides energy efficiency and ENERGY STAR® information in our customer education resources and refers customers to Hawai’i Energy for programs and services whenever possible.

At Hawaiian Electric we participate in a range of activities to educate customers on energy efficiency, energy conservation, demand response, and technologies such as advanced meters and electric vehicles. These activities help customers manage their bills and make informed decisions that maximize their electric bill savings.

These educational initiatives are implemented through workshops, community events and informational material. In 2019, we participated in 20 community-sponsored events to share information and provide in-person opportunities for customers to ask questions and engage with the company. We provide educational material online, via social media, and in printed versions to educate customers about [opportunities to save energy and reduce their bills](#); options to participate in [demand response programs and services](#) that provide incentives to reduce energy use during peak periods; the [benefits of advanced meters](#); [electric vehicle rates](#); and [customer renewable energy programs](#). We provide our materials in multiple languages so the information is accessible to our diverse customer base.

We also help educate students by providing educators free material on basic electricity, energy conservation and efficiency, renewable energy, and electrical safety. In 2019, Hawaiian Electric provided free educational resources and presentations to more than 22,000 students and teachers on O’ahu.

“In 2019, Hawaiian Electric provided free educational resources and presentations to more than 22,000 students and teachers on O’ahu.”





Our Community

In the Hawaiian language, the word *‘ohana* can be used to describe family, close friends, or a tightknit community. At Hawaiian Electric, we are an *‘ohana* that cares for one another, our communities, and for Hawai‘i and its future. Our workforce reflects the diversity of the people and communities we serve.

Serving our customers and communities in a fair and non-discriminatory manner is not just a regulatory responsibility for Hawaiian Electric. It is *pono*, the moral, just and equitable way we strive to conduct our business. Here in Hawai‘i where the melting pot of cultures creates ethnic diversity, we have long supported nonprofits and organizations that advance the economies, well-being and health of vulnerable populations, including keiki, *kūpuna* (elderly) and Asset Limited, Income Constrained, Employed (ALICE®) individuals in underserved communities. As we move forward, a key objective will be to ensure equity and opportunity are at the forefront and foundational to everything we do, from advanced rate design to siting of projects.

Our culture of aloha is a foundational company value, expressed in our ongoing efforts to engage with our communities, our extended *‘ohana*. Every community is connected to the grid and it can serve as a platform for incremental and sometimes dramatic improvement in the way that public services, data, and information are delivered.

As we work to achieve Hawai‘i’s clean energy goals, the Hawaiian concept of *kākou* is top of mind. Our company plays a key role in facilitating our community-wide clean energy and carbon neutral transition; thus, it will take the actions of our whole community, *kākou*, to reach our renewable energy milestones and a decarbonized economy.

We value the strength of our relationship with our communities and the people we serve and continue our efforts to partner with them as we move toward energy independence and a stronger, more resilient Hawai‘i.



Strengthening Communities Concept



Community Engagement

Hawaiian Electric is committed to ensuring transparency and effective dialogue in every aspect that affects our communities, from our core business of delivering electricity to our long-range, energy infrastructure projects. We know that engagement and collaboration can only be successful when we demonstrate a willingness to work with our communities through careful listening, thoughtful responsiveness, and a commitment to embracing the environmental and cultural values of Hawai‘i. We recognize the importance of being flexible and iterative during the process of engaging with stakeholders and strive to continually learn and adapt according to the needs of the community. We work closely alongside community, grassroots and civic leaders; government; and private sector businesses and organizations to foster our shared goal of strengthening communities to build a stronger Hawai‘i.

For every major capital project, repair and maintenance project, and emergency project of ours, we conduct a risk assessment to identify relevant community, government and business stakeholders for engagement.

To build and sustain trusting relations with the communities we serve, our community relations outreach efforts focus on early and meaningful engagement and communications on projects and initiatives that impact our communities, throughout the islands we serve. Community outreach is performed at numerous stages. We have developed an adaptable framework utilizing successful engagement tools that incorporates critical project characteristics designed to better enable our communities to envision the scope, goals, plans, benefits, and outcomes of our projects and programs.



Promoting Early Engagement

In our recent Request for Proposals for renewable energy and storage projects, we required comprehensive community engagement plans by third-party developers and evaluated the strength of those plans in selecting projects with which to negotiate a power purchase agreement. The developers’ community outreach had to include hosting a public meeting and collecting public comments for submittal to the Hawai‘i Public Utilities Commission prior to signing an agreement with Hawaiian Electric. We instituted this new requirement due to community feedback through our own engagement efforts. We heard from the community that they wanted us and developers we work with to improve transparency and community engagement from the start of the energy project development process. We also believe this earlier engagement will help improve the success of renewable projects, and thus improve our ability to collectively achieve our state’s renewable energy and carbon neutrality goals.

Strengthening Ko‘olaupoko: A Community Resilience Initiative

Ko‘olaupoko, a region on O‘ahu stretching along the southeast to northeast shores of the island, was identified as one of the island’s most vulnerable communities and particularly prone to disruptions affecting electricity, communications, transportation, and other life-sustaining services in the event of a major hurricane.

We convened a series of collaborative, dynamic, and transparent exchanges with Ko‘olaupoko community and government leaders, emergency management agencies, and critical infrastructure owners to raise awareness of and develop a holistic set of actions to build resilience throughout Ko‘olaupoko.

The initial forum and four subsequent workshops, held between October 2018 and October 2019, sought to stimulate community dialogue and involve participants in the process of identifying community strengths and vulnerabilities and identifying and prioritizing potential community actions to increase resilience. The electric grid, emergency shelters, telecommunications network, drinking water, disaster response network, food distribution and the *ahupua‘a* (watershed) were identified as priority areas for building resilience. Among the action items for the utility were educating the community about the electric system and the full array of generation and non-generation options for the region.

We continue to engage with the Ko‘olaupoko region through an Energy Working Group and are helping to serve as a connector between community and agencies for the development and implementation of related resilience actions.

“Community outreach is performed at numerous stages.”



Cultural Sensitivity

Taking care of the *‘āina* is a top priority and responsibility for all areas of our company. This includes protecting Hawai‘i’s treasured cultural and archaeological resources. We provide cultural sensitivity training to operations employees and contractors to ensure they are aware of the importance of cultural and historic site protection in Hawai‘i. By training employees and contractors to recognize potential archaeological sites and what to do upon encountering these sites, we strive to respect the native Hawaiian culture and reduce the risk of potential issues when working in culturally sensitive areas.

With respect for Hawai‘i’s traditions and the knowledge of how to recognize potential Hawaiian archaeological sites, we seek to play a part in preserving and protecting Hawai‘i’s cultural and archaeological landscape.

Community Investment

In parallel with community engagement, we strive to strengthen the well-being of communities by supporting nonprofit partners and their programs, employee giving, and civic projects, as well as through service projects where our employees can support community initiatives.

We work side by side with nonprofit organizations, community and environmental groups, and educational institutions to protect the environment, advocate for equity and societal issues (e.g., homelessness, hunger), promote sustainable, healthy lifestyles, and advance economic and educational opportunities.

Our executive leadership is involved on the boards of key service and business organizations, including American Red Cross, Chamber of Commerce of Hawaii, Hawaii Employers Council, the Economic Development Boards for Maui County and Hawai‘i Island, University of Hawai‘i College of Engineering Advisory Council, and YMCA Honolulu, among many others.

Volunteerism

Our connection to our communities and our commitment to build a better Hawai‘i are at the heart of our community service initiatives, many of which are led by employee volunteers. We identify opportunities for collaboration through community engagement and our employees. The company convenes a Community Advisory Group that reviews, approves, and in some cases provides funding for service projects.

Among our volunteer service projects are environmental cleanups; *‘āina* restoration to clear invasive vegetation and



replant native Hawaiian species such as *kalo* (taro); clearing vegetation and reinforcing structures to protect rehabilitating wildlife; rebuilding traditional Hawaiian fishponds on O‘ahu and Hawai‘i Island to improve food sustainability; constructing affordable homes for local families; and preparing living quarters for the homeless, among many other initiatives.

Sustained Employee Giving

One of our long-standing company traditions is the employee-led fundraising campaigns for United Way agencies to support Asset Limited, Income Constrained, Employed (ALICE®) — hardworking people with 2-3 jobs who struggle every month to pay for basic expenses like rent, food, child care, transportation, and utilities. They represent 33% of Hawai‘i’s households, with another 9% living below the poverty line. Funds raised through activities such as sales of cookbooks featuring employee-donated recipes; golf tournaments; online auctions; bake sales; and other creative efforts support more than 300 health and human services agencies.

Other areas of sustained employee giving include the annual Toys for Tots program administered for more than 20 years by our Hawai‘i Island employees, who collect, store and wrap about 8,000 toys annually; a Keiki Tilapia Fishing Tournament that raises funds for Maui United Way, now surpassing its 10th year; and the annual month-long food drives across all of our service territories, which collect food and monetary donations to combat hunger in Hawai‘i and provide food for families in need. In 2019, our employees collected 3,826 pounds of food and contributed \$13,390 to local food banks.

Land Use

As we partner with our customers, communities and stakeholders to secure a clean energy future for Hawai‘i, a key challenge is limited land and the competing needs for it, from affordable housing and food security to habitat protection and energy security. All of these must be considered in alignment with land-use policies, economic development plans, and renewable energy mandates.

Especially on O‘ahu, with the least amount of available land, highest potential for sea level rise,¹ and where most of the state’s population resides, we envision more rooftops with solar panels and modern, inland, grid-scale projects.

On all the islands we serve, battery storage technology affords opportunities to make use of limited land to develop smaller footprint, cost-effective, efficient and more aesthetically integrated energy projects for our customers, while reducing overall impacts on the environment.



Key Impact Community: Wai‘anae/West O‘ahu

On densely populated islands like O‘ahu, utility-scale infrastructure and renewable projects are often sited in close proximity to homes and communities. And some communities shoulder more of the infrastructure than others.

We recognize each community has a distinct character and its resources are exceptionally valued to support island sustainability. We utilize processes that involve opportunities for impacted communities to share their views on projects and participate in effective community dialogue.

As an example, Hawaiian Electric has long supported the needs and interests of the West O‘ahu/ Wai‘anae community, a region where two generation facilities — Kahe Power Plant

and Campbell Industrial Park (CIP) Generation Station — are located. In approving our application to build CIP, the PUC also approved a community benefits program for the West O‘ahu communities, based on community feedback.

Elements of the program include air quality monitoring; fish monitoring to track changes in fish communities and population; substitution of reverse osmosis water in place of potable water for industrial purposes at Kahe Power Plant; long-term commitment to support conservation education; an annual report card on renewable energy activities; and a commitment to support charitable activities in the community.

¹ Hawai‘i Sea Level Rise Vulnerability and Adaptation Report, January 2018. Prepared by Tetra Tech, Inc. and the State of Hawai‘i Department of Land and Natural Resources, Office of Conservation and Coastal Lands.



Our Employees

Our employees are our greatest asset in transitioning to 100% renewable energy and remaining competitive in a rapidly evolving business landscape.

Safety

Safety is our number one priority at Hawaiian Electric. Our goal is to provide a safe and healthy work environment, where every employee makes safety a central part of his or her job.

Our safety commitment is to provide and support:

- Managerial responsibility for health and safety issues
- Procedures for hazard identification and safety risk assessment
- Operating health and safety guidelines, procedures, and policies
- Emergency planning and preparedness procedures
- Safety performance monitoring, measurement, and reporting
- Internal and external health and safety audits

“Our employees are our greatest asset in transitioning to 100% renewable energy...”



Oversight

Our entire senior management team is committed to maintaining a strong safety culture and is responsible for:

- Providing visible leadership and strategic direction for the health and safety management system and programs in their area of responsibility, helping to build and maintain a strong safety culture and drive safety improvement
- Allocating adequate resources to enable implementation of safety programs
- Holding leaders accountable for the implementation of safety programs and resulting health and safety performance

Executive compensation is tied to achievement of quantified severity and total case incident rate targets. These targets reward improvements in workplace safety, promote employee well-being, and reduce expenses. More information is available in our annual proxy statement.

Operating guidelines and training

Our Safety and Health Manual provides detailed safety guidelines, including procedures relating to transmission and distribution, overhead, underground, substation, and generation activities. The guidelines include training commitments to ensure employees receive training and are familiar with all safety-related work practices and procedures that pertain to their job. All new employees are required to attend new employee safety training.

Contractors must comply with our Safety and Health Manual, and compliance with safety guidelines is included in contractual agreements. We require all contractors to undertake contractor orientations, including safety training, at least every two years.

Our internal Corporate Audit team conducts an audit focused on safety every year.

Safety initiatives

We seek to build a safety culture that aims for zero incidents through all employees taking ownership of safety for themselves, their co-workers, contractors, and the public. In 2019, specific efforts included:

- Investment in training programs such as SafeStart®, which is aimed at making safety personal and offers practical techniques to keep employees aware and alert to risk. To ensure employees learn from any safety incidents, SafeStart alerts are emailed to employees after an incident with a summary of the errors that contributed to the accident and error reduction techniques that may have prevented it.
- Investment in on-site first aid services to provide early care and treatment to our employees. Early care ensures prompt reporting of injuries and avoids delay in treatment and potential further aggravation to an injury.
- Implementation of procedures in the field to improve safety behaviors. The Safety Observation Program targets better safety communication to mitigate risks and improve safety engagement. Safety observations provide the opportunity for employees to analyze their work hazards, identify and correct hazards and communicate the problems they can't fix. Safety observations and associated corrective actions are captured and addressed using safety management software.
- Our Safety Incidents Investigation Program and Executive Incident Review Board ensure consistent procedures for investigating safety incidents. We use root cause analysis to determine where work processes need to be improved and identify appropriate solutions to address breakdowns and gaps.

Performance

We evaluate our safety performance by monitoring the total case incident rate (TCIR) and lost time rate (LTR). TCIR measures how many work-related injuries and illnesses occur per 100 employees; a recordable injury or illness is defined as a work-related incident, which results in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. LTR measures any occupational injuries or illnesses per 100 employees that result in an employee being unable to perform a full assigned work shift.



Culture

We’re committed to building a strong culture to support the long-term success and sustainability of our company and workforce by:

- Focusing on excellence in performance; committing to high-quality service to customers and a clear path to employees for achieving personal and professional growth
- Emphasizing courtesy and friendliness in satisfying our customers, encouraging their support in the community, and strengthening employee morale
- Motivating employees to be productive and efficient in a high-energy, fast-paced environment
- Aligning our workforce with the business goal of providing excellent service
- Maximizing performance by utilizing the synergy of teams; encouraging camaraderie and looking out for one another to drive team performance
- Building on a style of interaction, communication, and family orientation that is unique to Hawai’i; acting with humility, protecting Hawai’i’s environment and cultural practices, and contributing to the community

Our “WeConnect” program seeks to instill five behavioral dimensions throughout the organization: 1) Customer-focused, 2) Adaptable, 3) Accountable, 4) Empowered, and 5) Collaborative. Each year, WeConnect champions and their leaders prepare action plans to strengthen company culture based on these dimensions. This also helps nurture and develop an inclusive and change-ready workforce.

Diversity and inclusion

Hawaiian Electric is rooted in a culture of *‘ohana*, where inclusion and belonging are part of our social fabric. We see diversity — of people, backgrounds, experiences, thoughts, and perspectives — as giving us an advantage that helps us meet our customers’ needs and achieve our goals.

Hawaiian Electric’s workforce is highly racially diverse. As reflected in our 2019 EEO-1 data, 89% of our total workforce is racially diverse, as are roughly 85% of our leaders and almost 69% of our executives. 29% of our total workforce is female, as are nearly 26% of leaders and nearly 38% of our executives.

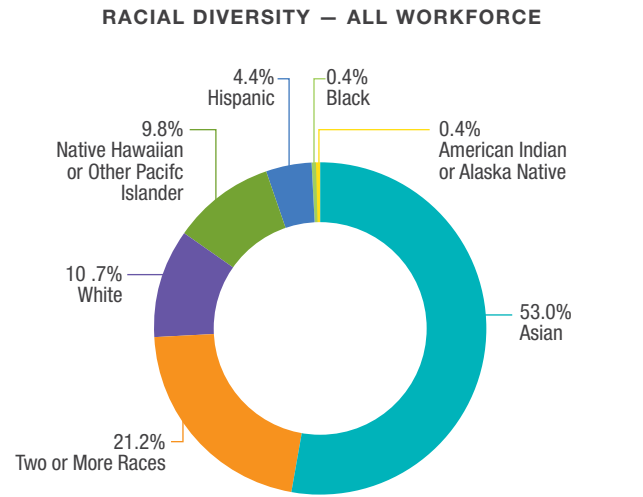
Diverse Representation		
	Female	Racially Diverse ¹
Executives ²	37.5%	68.8%
Leaders ³	25.8%	84.9%
All Workforce ⁴	29.0%	89.3%

¹ Racially diverse defined as all races/ethnicities that are not ‘White.’

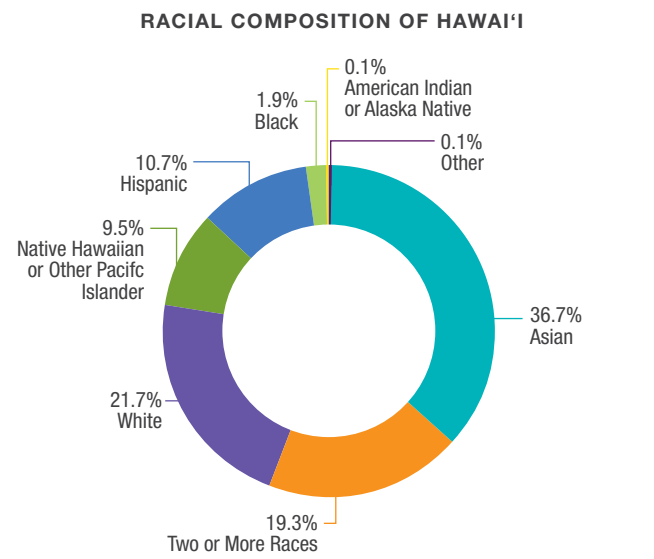
² Executives includes EEO-1 category 1.1 - Executive/Sr. Level Officials

³ Leaders includes EEO-1 category 1.2 - First/Mid-Level Officials

⁴ All Workforce includes EEO-1 categories 1.1 - Executive/Sr. Level Officials, 1.2 - First/Mid-Level Officials, 2 - Professionals, 3 - Technicians, 5 - Administrative Support Workers, 6 - Craft Workers, 7 - Operatives, 8 - Laborers and Helpers, 9 - Service Workers



Our highly diverse workforce is a reflection of the unique diversity of Hawai’i. While we strive to have hiring practices that promote a diverse workforce, our high diversity numbers naturally reflect the community in which we operate. The following chart shows the racial composition of our state. This may differ from labor market availability, as the following data reflects our entire community and thus includes individuals who are not part of the labor market, for example, those who have not yet reached working age or are retired.



Source: 2018 U.S. Census Bureau American Community Survey — Data Profile

Hiring and promoting individuals from diverse backgrounds is very important to us. We are committed to providing equal employment opportunity in all operations and all areas of employment practices. We strive to provide for employment opportunities in a manner that does not discriminate on the basis of race, ancestral origin, color, religion, gender, national origin,

age, marital status, arrest and court record, sexual orientation, disability, military service or other protected grounds.

Our affirmative action efforts include initiatives relating to women, minorities, individuals with disabilities, and veterans, and partnering with organizations that promote opportunity and inclusion. For example, as part of our Affirmative Action Plan, we conduct outreach to agencies that serve veterans and individuals with disabilities, including National Guard Employment Support Program, Wounded Warriors Program, Alu Like, Inc., and the State of Hawai’i Vocational Rehabilitation Division.

Employee engagement and satisfaction

Employee engagement is key to creating a desirable, inclusive, rewarding place to work. Our CEO and executive team hold regular “talk story” sessions with employees to encourage continuous dialogue and better understand the experiences and needs of employees.

We conduct employee engagement surveys on a two- to three-year cycle, and, more recently, change management surveys. Transitioning our business to 100% renewable energy means a lot of change for our employees, and we are committed to helping them feel confident with change.

With operations on five different islands, we began a One Company initiative a few years ago to improve efficiencies by standardizing and streamlining best practice processes across our islands. This also helped create a mindset among employees that we operate as a single entity to provide the best value to our customers. At the end of 2019, we conducted a pulse survey to measure employee views about leadership’s efforts to manage the changes that resulted from One Company, and also obtain feedback on how employees were adapting. The results indicated that employees understood the need for One Company and acknowledged that leaders were working to address employee concerns with the changes.

Workforce Stability

We seek to provide compensation that is comprehensive, market-competitive, and internally equitable to attract, engage, and retain highly skilled employees to advance our commitment to provide customers and communities with affordable, reliable, and clean energy.

Physical well-being. Our health and welfare benefits include medical, dental, vision, prescription drug, group life insurance, accidental death & dismemberment insurance, long-term disability insurance, worker’s compensation, long-term care, and flexible spending accounts. Wellness and preventive programs include sick leave, an employee assistance program, and other wellness education programs as available.



Financial well-being. We also offer pension and welfare benefits to help employees develop greater financial security. This includes our HEI Retirement Plan, HEI Retirement Savings Plan, and other post-retirement benefit plans.

We also have agreements with vendors to offer our employees discounts for a variety of products and services, such as computers, computer products, business software, advanced electronics, and cellular equipment.

Emotional well-being. We recognize the importance of achieving work-life balance for our employees and company. To help employees manage their needs, we offer opportunities for part-time (less than 20 hours) work schedules, flextime schedules, teleworking, and various leave programs.

We also provide other employee benefits such as vacation, bonus vacation for taking minimum sick leave, paid holidays, family and medical leave, adoption expense reimbursement, voluntary educational assistance program, bus pass reimbursement, and bereavement leave.

Workforce Development

Recruitment

We work hard to recruit talented employees. Our efforts include partnering with local universities to recruit and prepare students for careers in energy, and with other organizations to identify potential candidates. We also provide opportunities for internships and externships, and support Science, Technology, Engineering & Math (STEM) and mentoring programs. Employees Alan Ing and Enrique Che have been mentors for the McKinley High School robotics program on O’ahu for almost 20 years, while Riley Ceria has served as a robotics mentor on Hawai’i Island. Today, several of Alan’s and Riley’s former students are employed at Hawaiian Electric as engineers.

High-performing workforce

To build a high-performing workforce, we offer leadership, specific skills and professional training programs through classroom learning from our automated Learning Management System (LMS). In 2019, 50 unique leadership development

courses, which support leadership and professional development, were offered through LMS. Other courses offered include technical training, apprenticeship programs, operational, environmental compliance, and required safety training. We also offer leadership development programs, including supervisor training to transition new supervisors to critical operational, administrative, and leadership roles.

Our annual performance review process includes assessment of performance on culture dimensions and individual achievements. Learning and development initiatives are integrated with annual performance evaluations to reinforce development as integral parts of individual performance goals.

Succession planning

Our succession planning strategy is designed to ensure we have the right talent and leadership to fill critical positions. This includes leadership assessments that result in individual comprehensive development plans. Part of the strategy is a 360-degree feedback assessment program based on defined leadership competencies. To date, all executives, directors,

and approximately one-third of managers have completed 360-degree feedback assessments. We also encourage and support developing leaders in applying to community leadership programs such as [Omidyar Fellows](#), [Patsy T. Mink Leadership Alliance](#), and [Pacific Century Fellows](#).

Labor relations

Approximately 47% of our workforce is represented by the International Brotherhood of Electrical Workers (IBEW) Local 1260. Our Collective Bargaining Agreement (CBA) with IBEW Local 1260 is in effect through October 31, 2021. In 2019, members of IBEW Local 1260 and management together developed Hawaiian Electric’s Code of Excellence (COE), which aims to create trust and a collaborative partnership between the company and union.



American Savings Bank

American Savings Bank is focused on making banking easy for our customers, delivering high performance, creating a great place to work, and bringing real impact to our community. Our team cares deeply about the economic, environmental, and social future of Hawai'i. As a bank, we know that our success is closely tied to the financial health of our customers, local businesses, and our island economy, so our business strategies have sought to support our community as a whole.

In 2020, Hawai'i's economy was shaken to its core when the COVID-19 pandemic temporarily shuttered local businesses and put our state's tourism industry on lockdown. As an essential service provider, our bank worked tirelessly to safely provide service in branches statewide, keep our online banking platforms up and running, and provide constant service to our customers and community. We are proud of and grateful for our teammates' dedication.



During this difficult time, we focused on making banking easy while keeping our teammates and customers healthy and safe. The pandemic brought to light the importance of building a resilient economy — one that recognizes small businesses as the lifeblood of our state, prioritizes innovation and self-sufficiency, and promotes sustainable environmental and business practices.

We are committed to doing our part to drive forward Hawai‘i’s economic recovery. We are steadily expanding solutions for Hawai‘i businesses and increasing the amount of financing for commercial and commercial real estate projects. These loans have higher risk profiles than residential loans, but we believe that supporting local businesses is an important driver for rebuilding. For years, fostering innovation and entrepreneurship has been one of ASB’s key impact areas. We continue to support our state’s Startup Paradise community and the entrepreneurial endeavors of Hawai‘i’s people.

As one of the largest financial institutions in Hawai‘i, ASB has long recognized that when more people have the financial security to save portions of their income, make investments, and borrow money to make their dreams possible, the local economy thrives. As Hawai‘i residents and businesses deal with the unprecedented challenges the pandemic has presented, we continue to invest in social and environmental sustainability measures to ensure our recovery efforts meet the needs of all residents, promote greater financial equity, and result in strong economic growth.



Read our
2019 Corporate Social
Responsibility Report

Our Community

Financial Inclusion and Capacity Building

ASB is committed to strengthening communities. Some of the ways we help Hawai‘i residents include community development loans, affordable housing investments, small business development programs, donating to charitable organizations, community service projects, and pro bono services.

As a way to help customers impacted by the COVID-19 pandemic, ASB created a financial hardship program complete with a number of solutions to help customers, including loan forbearance, deferment, or extension. We also set up a website for both personal and business customers to submit requests for assistance, in addition to dedicated phone lines.

Investing in Our Community

From 2017 to 2019, ASB lent more than \$456 million for community development projects in Hawai‘i. These loans benefited affordable housing, community services, economic development, and revitalization and stabilization efforts for low- and moderate-income communities.

During the same period, ASB also committed over \$48 million in new investments to develop, acquire, or rehabilitate affordable rental housing for low-income families in Hawai‘i. These included the following ongoing investments:

- \$2.1 million to rehabilitate Kekuilani Gardens, a 55-unit apartment complex in Kapolei, O‘ahu, for families meeting the qualifications of the USDA’s Rural Development Program
- \$3.04 million to rehabilitate River Pauahi, a 49-unit apartment for low-income residents, and upgrade fire safety, security, and ADA features
- \$7.61 million to construct Koa’e Workforce Housing Development Project, a 134-unit townhouse complex in Koloa, Kaua‘i
- \$8.7 million to construct Keahumoa Place, a 320-unit affordable housing townhouse complex in East Kapolei
- \$4.3 million to construct Hale Makana O Maili, a 51-unit apartment complex in Mā‘ili, O‘ahu.

As a result of our efforts, we received a 2017 Honorable Mention in the Affordable Housing category by the American Banker Association Foundation.

Supporting Small Businesses

According to the U.S. Small Business Administration, 99.3% of Hawai‘i companies are considered small businesses. These small businesses employ roughly half of the Hawai‘i workforce.

At ASB, our business relationship managers work closely with small businesses to understand their goals and unique needs, and to find customized solutions. We strongly believe there is no one-size-fits-all approach when it comes to banking for small businesses.

We are one of the largest providers of small business and community development loans in Hawai‘i. In 2019, ASB lent \$230 million to promote small business and community development.

As a participating lender of the Small Business Administration’s Paycheck Protection Program (PPP) to assist small businesses during the COVID-19 pandemic, as of July 14, 2020 ASB had funded more than \$370 million in loans for nearly 4,100 local businesses, representing an estimated 40,000+ local jobs. Furthermore, in an effort to support local businesses during the pandemic while also keeping our teammates working on the front lines healthy and fed, we purchased more than 26,600 meals at a cost of more than \$360,000, supporting 110 local restaurants in the process. Meals were also provided to first responders, *kūpuna* (seniors), and community members.

Helping Low- and Moderate-Income Families

As a financial institution, ASB is proud to participate in the Community Reinvestment Act (CRA). The CRA is a federal law that encourages financial institutions to help meet the credit needs of the communities in which we operate, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The law also prohibits redlining, which is the practice of denying or increasing the cost of banking to residents of racially defined neighborhoods.

ASB offers solutions to low-and moderate-income families. For instance, we participate in the Fannie Mae HomeReady® and Freddie Mac Home Possible® programs, which help make homeownership a possibility for credit-qualified low-and moderate-income families. Additionally, low-income families seeking to live in rural communities, which include West O‘ahu and most areas on the neighbor islands, may qualify for a USDA Rural Development loan.



ASB is also a participating lender in the Mortgage Credit Certificate Program, which reduces the amount of federal taxes that low- and moderate-income borrowers pay, thereby freeing up their income for mortgage qualification purposes. Furthermore, ASB helps Hawai‘i’s teachers purchase homes by participating in the Landed down-payment assistance and homebuyer education program.

For deposit accounts, we offer a checking account with no minimum balance requirement and no monthly service fees.

Empowering the Community with Financial Literacy

At ASB, we believe that improving access to financial services goes hand in hand with educating members of our community on personal finances.

Our knowledgeable teammates regularly hold seminars on financial topics, such as purchasing a home, saving and investing money, managing credit, planning for retirement, insuring against losses, and applying for VA loans.

Our teammates donate their time in the community, providing financial literacy programs to nonprofits that include Family Promise Hawai‘i and Kupu Hawai‘i. Our teammates also volunteer in schools through our Bank for Education program and commitment to Junior Achievement. Teammates teach students about personal financial responsibility and entrepreneurship — knowledge designed to help the students later in life.

Fostering Entrepreneurship

We believe it’s important to empower and support our local entrepreneurs and innovators. We are proud supporters of several local incubator and accelerator programs. These include Mana Up, a 12-week accelerator program for consumer packaged goods made in Hawai‘i, and Elemental Excelerator, a nonprofit created in collaboration with Emerson Collective, an investment and philanthropic platform.

We have also been longtime supporters of the Pacific Asian Center for Entrepreneurship (PACE) at the University of Hawai‘i at Mānoa, Shidler College of Business, and the Hogan Entrepreneurial Program at Chaminade University of Honolulu. In fact, ASB has been the title sponsor for both programs’ business plan competitions.

We recognize that innovation and entrepreneurship begin from the earliest days in the classroom. In 2015, ASB created its own business plan competition for youth called the KeikiCo Contest. KeikiCo, which is held every other year, challenges students in grades 3 to 12 to come up with their brightest business ideas for a chance to win substantial monetary awards for their school. Students submit a written business plan and a two-minute long video pitch. To guide students through the process, ASB developed a written curriculum and a series of “how-to” videos. Branch teammates are paired with schools to serve as mentors and provide guidance throughout the 10-week long program. To date, KeikiCo has engaged more than 2,000 aspiring entrepreneurs who have developed more than 680 innovative business plans. In 2019 alone, ASB donated \$190,000 in funding to 33 local schools through the contest. In addition to KeikiCo, ASB supports other K-12 financial literacy efforts, such as Lemonade Alley, a program that teaches children about entrepreneurship.



Our Environment

Financing Green Causes

We see the direct and societal benefits of enabling our customers to save money on energy costs and reduce their impact on the environment.

From 2017 to 2019, ASB originated more than \$10 million in residential clean energy loans. These loans allowed homeowners to purchase and install their own photovoltaic systems, solar water heaters, solar air conditioning, and battery backup and storage.

ASB also financed more than \$64.3 million in commercial clean energy projects from 2010-2019, generating a total of 19.8 MW in renewable energy. These projects include:

- **Forest City Hawai‘i project at Kapolei Sustainable Energy Park** — transforming a brownfield waste site into a productive greenfield development with more than 4,200 solar panels.
- **Hilo Hawaiian Hotel** — ensuring the long-term viability of Hilo’s visitor industry by retrofitting and enabling the installation of photovoltaic panels for improved energy efficiency.
- **Lalamilo Wind Farm project** — providing renewable energy to eight water wells operated by Hawai‘i County’s Department of Water Supply — the biggest power consumer on Hawai‘i Island. The project was recognized for reducing greenhouse gas emissions at no cost to taxpayers.

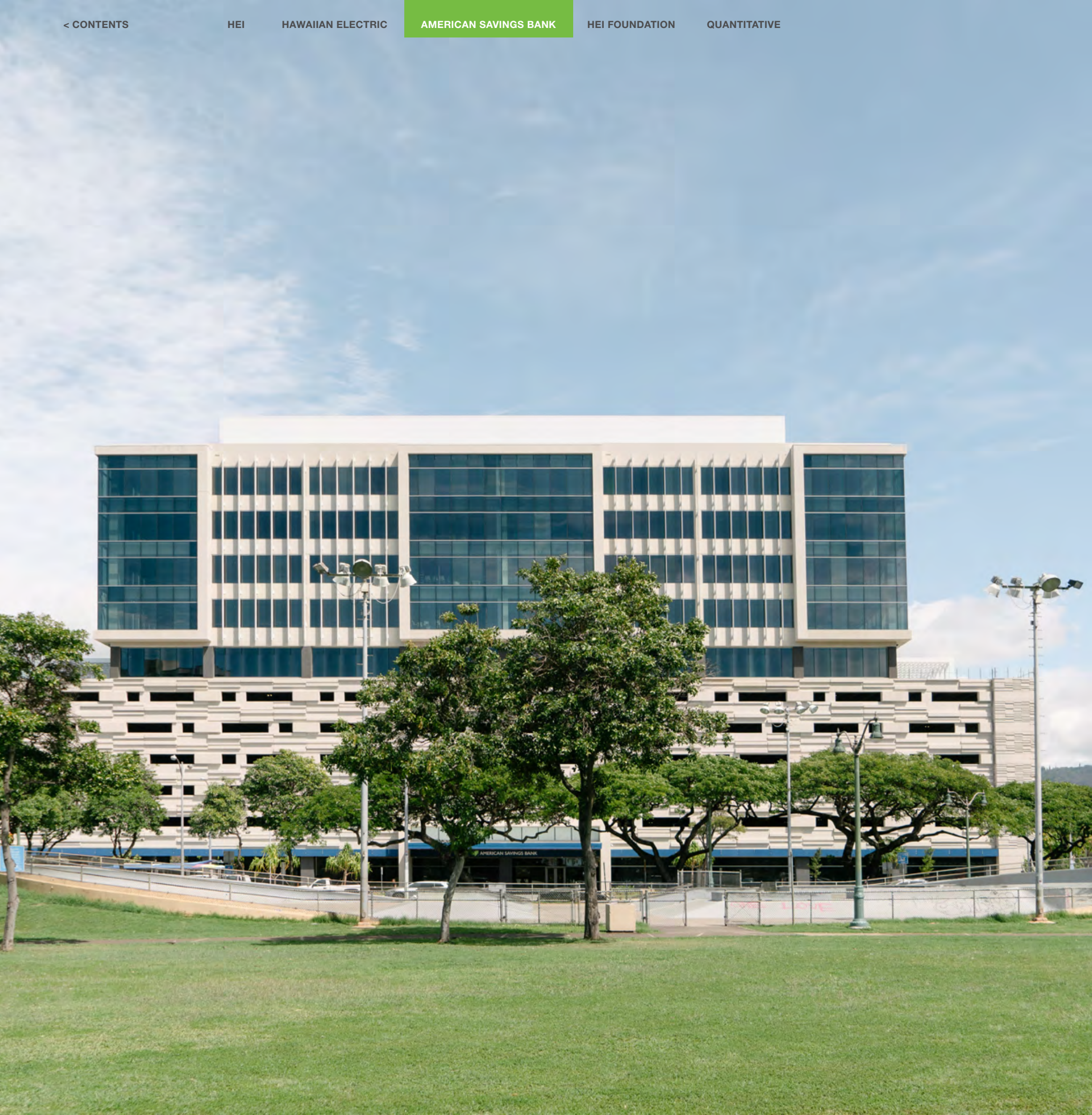
Addressing Climate Change Risk

Operating on an island chain, we know that we must prepare to adapt to the impacts of climate change and take steps to prudently mitigate related risk. One of the key potential risks from climate change is the potential for sea level rise to affect properties that secure our loans.

We require all homeowners who live in a Special Flood Hazard Area, as defined by the Federal Emergency Management Agency, to maintain sufficient flood insurance throughout the life of the loan. Should the Special Flood Hazard Area change due to sea level rise, we would require all affected homeowners to obtain flood insurance.

We regularly monitor our credit exposure in areas at risk of future sea level rise. Our appraisal team performs property research to confirm flood zones, and our underwriting decisions consider factors that may be related to sea level rise, including the location of property, site topography, elevation, and evidence of seawalls or structures constructed to mitigate flooding.





Sustainable Buildings

Operating a sustainable headquarters

Our new campus is now home to more than 650 teammates. Once spread out across five different office locations, they are now able to collaborate within the same building. This consolidation enhances operational efficiency and also reduces emissions by significantly cutting down on the amount of time and energy commuting for meetings across town during the day.

In designing the new campus, we wanted a building that was reflective of our commitment to our customers, our teammates, and the community. We saw the construction of our new headquarters as an opportunity to analyze how we do business and what efforts we could implement to reduce our impact on the environment. We are proud that our campus features some of the latest green technologies, including photovoltaic panels, electric vehicle charging stations, self-tinting View Smart Windows, responsive LED lighting, water bottle filling stations, and reclaimed wood furniture. We also used this opportunity to evaluate our work habits and made the decision to operate as paperless as possible.

Additionally, we encourage our teammates to commute to work by carpool, mass transit, bike, or other means — and reward those who do for their commitment to the environment. Teammates who participate in a carpool receive one free parking stall per group, plus a monthly carpool stipend. Teammates who find other means of getting to work receive a larger green stipend, which can be used to cover expenses for alternate transportation or whatever else they choose.

Building new and retrofitting existing branches

In 2019, we celebrated the opening of our newest branch at the ASB Campus. This branch includes many of the sustainable features found at our campus building, including LED light fixtures and signage, View Smart Windows, and low-flow water fixtures. We also incorporated these features into our new Kalihi Branch, which is scheduled to open in September 2020.

For our existing branches, we rolled out green initiatives and are retrofitting the facilities with sustainable features. These include installing LED light fixtures, recycling paper, cardboard, and other materials, and installing low-flow water fixtures. In addition to having a positive impact on the environment, these features also reduce our energy and water use and positively impact our bottom line as well.





Revitalizing ‘A‘ala Park

Directly across from ASB’s new campus, ‘A‘ala Park offers one of the few rare stretches of green space in Honolulu’s urban core. The park was once a popular gathering place for families, sports teams and *kūpuna*. However, in recent years, trash, damaged facilities, and unsafe conditions had driven many residents to avoid the community space.

From the outset, we made it a priority to play an active role in the community. As early as 2015, ASB began organizing biannual cleanups, drawing as many as 300 bank employees, students, Chinatown community group members, nonprofits, and nearby residents to pick up trash, rake leaves and beautify the park. ASB partnered with the City & County of Honolulu to renovate the bathrooms, install security cameras, resurface the basketball court, replace the aging play structure, and fund a security presence to make the park safer and more accessible for residents of all ages. And, ASB helped fund the community’s first dog park, spearheaded by neighborhood residents.

Still, ASB realized that to truly revitalize ‘A‘ala Park and turn it into a gathering place for all, even deeper community engagement and listening would be essential to the process. “We asked ourselves, ‘How could we use our influence to activate the park and make it a true community asset?’ That was our main goal,” said Michelle Bartell, director of community advancement at ASB.

In addition to the park upgrades and community cleanups, ASB started hosting even more community events in the park, encouraging the public to attend by making the events free and

publicizing them in the neighborhood. Events includes a series of youth sports clinics, an ASB Family Fun Day in partnership with the National Football League featuring the Los Angeles Rams, league basketball practices, and other activities. Three times a week, ASB holds free fitness classes for its employees at the park, and community members are invited to join.

ASB also created a partnership with the Trust for Public Land (TPL), a nonprofit dedicated to creating parks and preserving public land for future generations to enjoy. ASB partnered with TPL to launch Parks for People, a three-year pilot program to transform ‘A‘ala Park into a crown jewel for the community — a place for all residents, from keiki to *kūpuna*, to enjoy the open, green space.

TPL will work with stakeholders, facilitate guided listening sessions and gather feedback from community members on what they want to see in ‘A‘ala Park. TPL will help the community and the city’s Parks & Recreation Department create a master plan for the park, making it a true community asset.

Today, the skate park is filled with skateboarders, and residents feel safe bringing their dogs to the dog park.

“The park has never looked better,” said Bartell. “It’s open and green. When people bring their kids for sports clinics, or come to the park for whatever reason, they look around and say, ‘This is a really beautiful place.’”

Our Customers

Our customers are primarily residents and businesses in the state of Hawai‘i. We have branches on five islands — O‘ahu, Maui, Hawai‘i Island, Kaua‘i, and Moloka‘i. Additionally, our online banking platforms and Customer Banking Center (a 24-hour telephone banking center) enable us to serve customers throughout the state.

Some of our customers are former Hawai‘i residents who have moved away or have property or projects in Hawai‘i. We are proud to retain their trust and business, and we strive to continually provide the same high-quality customer service.

Solutions for Our Customers

We offer a variety of solutions to fit the diverse needs of our customers:

- **Consumer banking.** Customers can save their money by opening a checking or savings account, or certificate of deposit account. ASB offers numerous options for deposit accounts, including Kalo Simple Checking with no monthly service fee or minimum balance requirement. Additionally, we help make our customers’ dreams possible by offering home equity lines of credit, clean energy loans, credit cards, overdraft protection on checking accounts, and other personal loans.
- **Business banking.** ASB continues to look for ways to serve the unique needs of Hawai‘i’s businesses, in particular small businesses and start-ups. At any ASB branch, businesses can open specialized accounts and obtain business loans. Business customers can also work one-on-one with their Business Relationship Manager to receive non-banking services such as cash management, payroll, and merchant services from ASB’s preferred providers.
- **Home loans.** For many Hawai‘i residents, owning their home is an important goal. The ASB Home Loans team helps customers construct or purchase the home of their dreams by offering mortgages at competitive rates.
- **American Savings Investment Services.** Our investment services team helps our customers meet their financial goals through careful planning and investing. Whether our customers wish to save for education, retirement, or plan for the unexpected, our financial consultants are there for them.

Making Banking Easy

Our core focus is to make banking easy for customers. This includes providing excellent service and banking solutions for existing customers and engaging underserved and disadvantaged members of our community.

In our 2018 Benchmark Survey, 92.7% of customers responded that it was extremely easy or very easy to accomplish what they wanted to do, and 94.7% said it was extremely easy or very easy to interact with our bank.

While our customers generally believe it’s easy to interact with ASB and to do their banking with us, we know there is always room for improvement. We continue to assess our branch locations, maintain a helpful Customer Banking Center, and empower customers with access to online tools. We also recognize that improving access requires us to continuously scrutinize our efforts to ensure that no population is denied access to financial services.

Expanding Digital Banking

With computers and smartphones, customers now have the ability to manage their ASB accounts, view account statements and balances, pay bills, and perform transactions at home, work, or on-the-go through their secure online account at asbhawaii.com. We’ve designed easy-to-use online and mobile banking platforms that give more customers access to our financial services than ever before. Expanding the ways in which customers can conduct self-service transactions provides more convenience for them as well as cost savings for the bank.

ASB also has a mobile app available for Apple and Android users. Customers can access many of the same online banking features through their smartphone. Additionally, in 2012, we were the first financial institution in Hawai‘i to accept mobile check deposits.

The COVID-19 pandemic has shown how much our customers value being able to bank with us anytime, anywhere. Our online banking platforms continue to allow customers to bank from the comfort and safety of their homes. We continue to expand our online features to best serve our customers’ needs.

Rolling Out New Banking Features

To better serve our customers, in the summer of 2020 we began the roll out of our new SMART ATMs, which will soon replace our entire ATM fleet in the state. Our SMART ATMs are the newest in Hawai‘i and will help us make banking even easier



for customers with features such as multiple check and cash deposits, and green options such as paperless receipts.

In addition, we introduced our new ASB Visa Debit Cards, which feature contactless payment. This is just one of the many ways we are keeping our customers safe and secure. With the new debit card, customers can simply tap to pay without having to touch any buttons at checkout.

Engaging Our Customers

To ensure that we are serving our customers as well as possible and making banking easy for them, we regularly seek feedback through customer surveys, comment forms, and focus groups.

In our 2018 Benchmark Survey, 92.9% of customers responded that they were either extremely or very satisfied with ASB, and 90.6% indicated that they would recommend ASB to others.

Resolving Customer Complaints

In addition to surveys and focus groups, we invite customers to provide feedback directly to branch or Customer Banking Center teammates. Teammates who receive complaints are required to notify the customer experience team, which works to respond to the customer.

We also monitor ASB social media and other online message boards, such as Yelp and Google Reviews, for customer feedback. Our customer experience and communications teams frequently reach out to customers to address issues they've raised.

On a quarterly basis, our leadership team and customer experience, legal, and compliance teams review trends in customer feedback to identify any accessibility issues and to assess whether we should make any changes to our policies or procedures.

“...92.9% of customers responded that they were either extremely or very satisfied with ASB...”

Our Employees

At ASB, we strive to create a great place to work. We value the more than 1,100 members of our ASB Dream Team, who are committed to turning our customers' dreams into reality. We are proud of the range of diverse backgrounds and experiences our team members offer.

Two-Way Communication

At ASB, we believe that feedback should be both given and received. So, while managers provide feedback to teammates through annual performance evaluations and regular one-on-one meetings, we also expect that managers actively solicit feedback from their teammates.

We participate in quarterly employee surveys to check in regularly with our teammates about what we're doing well and what can improve. Of the four surveys we participate in annually, Your Voice Matters is a bank-wide survey that identifies engagement drivers, which become our road map for how to improve the employee experience in the year ahead.

Our talent and organizational development team meets individually with team managers to discuss their individual results and create an action plan to improve in specific areas. Again, these goals are entered into our survey action planning system and revisited throughout the year. To keep engagement top of mind, managers hold team meetings to share team survey results and plans.

Hiring and Recruiting

We are proactive in our efforts to identify and connect with talented individuals. Through our partnerships with Hawai'i high schools, colleges, professional networks, and community organizations, we have recruited hundreds of new teammates — many of whom are residents of the communities we serve.

We make extra effort to recruit veterans and individuals with disabilities. In the past, our recruitment team has attended job fairs hosted on military bases, posted open positions on veteran-focused job boards, and worked with agencies such as Goodwill, Job Corps, and Hawai'i Workforce Development Division to attract veteran and disabled candidates.

With the COVID-19 pandemic resulting in the loss of employment for many — more than 100,000 residents in Hawai'i — it was important to us to support the return of local jobseekers to the workforce. ASB is a proud sponsor of Hawaii is Hiring, a new one-stop resource from the Chamber



of Commerce Hawaii that connects Hawai'i residents to job opportunities, training programs, and career navigation.

Since we expect our teammates to work cohesively as a team, we assess candidates on their skills and experience, as well as whether their values align with the ASB culture. If the fit is right, we are willing to provide training and will even consider candidates for other available positions.

Compensation, Benefits and Wellness

To ensure that our teammates are fairly compensated, we annually review wages to detect disparities among teammates and any gaps between our average pay and the market's average pay rate. Our starting wage at ASB is \$16/hour, which is significantly higher than Hawai'i's minimum wage of \$10.10/hour.

We provide some of the best benefits in the state, which are available from the first day of employment. In addition to great health care coverage, we offer a Keiki Paid Time Off (PTO) benefit (two additional weeks of PTO for teammates on leave of absence for the birth or adoption of a child), 'Ohana PTO (four additional weeks of PTO to care for self or a family member), Life and AD&D Insurance with a rate of 1.5x the teammate's salary, fully paid Long Term Disability and Long Term Care insurance, Business Travel Accident Insurance with 24-hour Identity Theft Assistance, a 529 College Savings Plan and discounted pet insurance. We also offer coverage for alternative care (acupuncture, chiropractic and massage therapy), a casual dress code, a wellness holiday and a birthday holiday.

We care about our teammates’ overall health and wellbeing. When designing our campus, we listened to the concerns and suggestions of teammates on our campus council, which was comprised of representatives from most departments. Many of their ideas were incorporated into the building, such as the Fitness Center and height-adjustable desks.

At our new campus, teammates can unwind by escaping to one of our Malama relaxation rooms, pause for a breath of fresh air on one of two large lanai, play their favorite game in the arcade room, celebrate life’s big (and small) moments in the teammate break room, take a fitness class in ‘A’ala Park, or exercise in the Fitness Center.

Every workstation includes a height-adjustable desk, which allows teammates to work in a seated or standing position. Desks are also outfitted with an ergonomic keyboard, a wireless headset, and comfortable chair. Teammates can choose to work anywhere in the building since the campus has wireless Internet throughout, including on the lanai.

LifeBalance program

In 2009, we created a wellness program called LifeBalance. Our award-winning program focuses on improving our teammates’ overall health and well-being. We offer fun activities and challenges to help teammates reach their wellness goals. From annual bank-wide step challenges to participating in community charity walks, teammates have various opportunities to get active, get engaged, and have fun.

We also offer outdoor fitness classes, including high intensity interval training and yoga classes. Onsite chair massages are offered throughout the year for \$1/minute, and we host informational workshops on topics such as social security, 401(k) savings, elder care, 529 college savings plans, and long term care.

Active & Fit program

We participate in the Active & Fit program, which allows our teammates to enjoy national fitness center chains, including 24-Hour Fitness, YMCA, YWCA, and Curves. Teammates who prefer to exercise at home can elect to receive an exercise kit for only \$10.

Employee assistance program

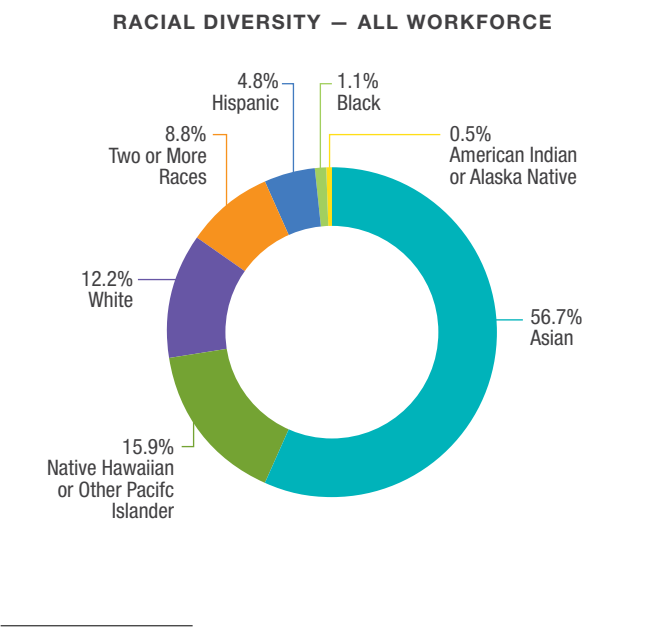
For teammates and their families who need support through life’s challenges, we offer an employee assistance program that provides counseling for marital, parental, or financial challenges, as well as assistance for specific issues such as substance abuse, smoking, or gambling. All services are free and confidential.

Diversity and Inclusion

Our company is comprised of teammates from all walks of life. This diversity provides an advantage as it provides us with a wealth of experiences and perspectives, which informs our decision-making. It also allows us to connect better with our customers, who are diverse themselves. We celebrate diversity in ideas, experiences, race, ethnicity, gender, age, disability, religion, and sexual orientation and do not tolerate racism, discrimination, or harassment of any kind.

ASB’s teammates are highly diverse, both in terms of racial and gender diversity. As reflected in our EEO-1 data, in 2019 nearly 88% of all teammates were racially diverse, as were 80% of our leaders and 70% of our executives. Almost 70% of all teammates were female, as were 61% of leaders and 40% of our executives.

Diverse Representation		
	Female	Racially Diverse ¹
Executives ²	40.0%	70.0%
Leaders ³	61.1%	80.2%
All Workforce ⁴	69.5%	87.8%



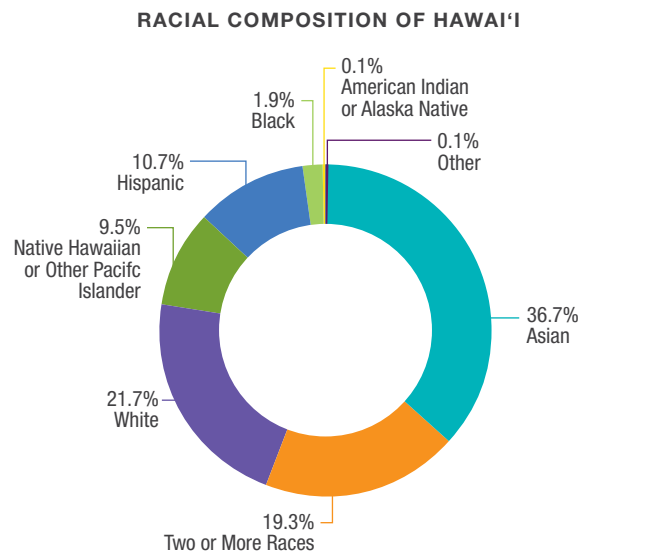
1 Racially diverse defined as all races/ethnicities that are not ‘White.’

2 Executives includes EEO-1 category 1.1 - Executive/Sr. Level Officials

3 Leaders includes EEO-1 category 1.2 - First/Mid-Level Officials

4 All Workforce includes EEO-1 categories 1.1 - Executive/Sr. Level Officials, 1.2 - First/Mid-Level Officials, 2 - Professionals, 3 - Technicians, 4 - Sales Workers, 5 - Administrative Support Workers, 6 - Craft Workers, 7 - Operatives, 8 - Laborers and Helpers, 9 - Service Workers

Our teammates’ diversity is a reflection of the unique diversity of Hawai’i. We work hard to have hiring practices that promote this diversity, and our high diversity numbers also benefit from the diverse community in which we operate. The following chart shows the racial composition of our state. This may differ from labor market availability, as the following data reflects our entire community and thus includes individuals who are not part of the labor market, for example, those who have not yet reached working age or are retired.



Source: 2018 U.S. Census Bureau American Community Survey — Data Profile

Diversity Council

Creating a great place to work means having a safe and inclusive environment where everyone can work and thrive. We celebrate differences and know that a diversity of ideas, experiences and backgrounds makes us better and stronger in all ways. Our ASB Diversity Council was founded in 2020. This group of highly engaged teammates discusses topics related to enhancing diversity and inclusivity at ASB, develops ideas on how we can continue to ensure respect in the workplace, and shares important information throughout the company.

Women’s Network

Our Women’s Network brings ASB’s female teammates together quarterly to discuss issues unique to women in the workplace. Recently, the Women’s Network hosted a guest speaker to talk about mindfulness and how to effectively handle stress at work — a topic that is both timely and more relevant than ever for many women and working mothers during the pandemic. The Women’s Network also provides networking opportunities, skills and leadership training, and provides executive-level support for women leaders.



Training and Development

We offer regular training for branch teammates on banking laws, company procedures, software applications, and best practices. The courses are tailored to each teammate’s position and skill level.

To be a leader at ASB, teammates must complete a training course called Leading the ASB Way, which covers expectations for all leaders. After that, leaders are required to complete a biennial leadership certification refresher course.

We also hold two leadership forums a year in which we gather 200-plus ASB managers for a full day of leadership training workshops and provide updates on business objectives and goals. These forums are part inspirational, part skills building, part networking, and an opportunity for us to recalibrate, stay on track, and have fun as a leadership team.

Leadership labs are one-hour training sessions that are offered to all managers on a monthly basis. They are held to ensure that our leaders continue to build new skills and keep their current skills sharp. Again, these trainings reinforce key business messages and make sure our managers are aligned and well-equipped to lead their teams.

Leadership Academy

Teammates can also take part in ASB’s Leadership Academy, a robust cohort-based leadership program designed to help leaders grow professionally and personally, enhance their leadership skills, and broaden their understanding of the banking industry. Teammates selected for Leadership Academy participate in a variety of engaging coursework, team building exercises, collaborative problem-solving, interactive executive sessions, and group and individual assignments. To date, ASB has graduated four cohorts of the Leadership Academy program.



Business Ethics

All teammates are expected to comply with all laws and regulations, including fair dealing, antitrust, and anti-tying laws intended to provide customers with a variety of products and services at competitive prices. In addition, ASB demands ethical business practices, including not engaging in agreements that restrict trade or competition, such as price fixing, bid rigging and similar unfair practices, bribery, or corruption.

ASB has a number of departments responsible for ensuring that the bank complies with all laws and regulations. These include the legal, bank regulatory compliance, enterprise risk, and internal audit departments. In addition, the audit committee of the ASB Board of Directors assists with overseeing ASB's compliance with legal and regulatory requirements.

We do not tolerate retaliation against teammates who report suspected violations of the law or our code of conduct. Teammates who engage in retaliation are subject to discipline up to and including termination of employment.

Our Commitment to Human Rights

Preventing discrimination and harassment

At ASB, we do not tolerate discrimination or harassment against our teammates by anyone, including fellow teammates, customers, or suppliers. We expect our teammates and suppliers to comply with federal and state anti-discrimination laws and our code of conduct.

We encourage any teammate who believes he or she is being subjected to discrimination or harassment to report the conduct to a supervisor, or anyone in the legal or human resources departments, or through EthicsPoint. We take all reports of discrimination or harassment seriously. Incidents are promptly investigated and action is taken as appropriate.

Protecting our teammates against domestic violence

We do our best to help teammates who are victims of domestic violence. When we suspect that a teammate may be subject to domestic violence or threats of violence, we make reasonable accommodations to remove the teammate from harm's way by relocating the teammate, changing the teammate's contact information, or other means.

Stopping child labor

We will not engage with any suppliers who are known to violate child labor laws.

Thwarting terrorism, organized crime, and human trafficking

As a financial institution, we must comply with the Bank Secrecy Act, which requires us to identify and report suspicious transactions and potential money laundering to law enforcement authorities. We have developed a program to screen new customers, monitor transactions, and prevent unlawful activity.

We also must comply with U.S. economic and trade sanctions against foreign countries, terrorists, and other individuals and entities. Our policies and practices are designed to comply with Office of Foreign Asset Control's regulations against engaging in transactions with governments, individuals, or entities on the Specially Designated Nationals and Blocked Persons List.

Risk Management

On an ongoing basis, we evaluate and address issues and activities that may pose potential risks to ASB, our teammates, customers, stakeholders, and the community at large. This includes taking precautionary actions to anticipate, identify, and avoid risks related to our services.

The risk committee of ASB's Board of Directors assists with governance of ASB's enterprise risk management program and provides a forum for detailed discussion and analysis of key issues and decisions designed to identify the significant risks potentially affecting ASB and to manage these risks. The enterprise risk management program focuses on various risk categories, including:

- Credit (for loan and investment portfolios)
- Market (environmental, interest rate sensitivity, liquidity)
- Operations (including regulatory compliance, reporting, legal, insurance)
- Strategic
- Reputational

Protecting Our Customers' Privacy and Assets

We recognize the trust that our customers place in us when they deposit their hard earned money, store their prized valuables, or take out a loan with us.

Protecting our customers begins with ASB providing the information customers need to make informed decisions about opening an account, taking out a loan, or making an investment. We believe it's important to be open and honest with the solutions we provide to customers. We provide customers with disclosures as required of financial institutions.

Customers who open accounts should know that we have their best interests in mind. We train our tellers, personal bankers, and operations staff to recognize counterfeit, forged, or altered checks, as well as signs of identity theft and elder abuse.

Our enterprise risk and fraud departments monitor transactions to identify potential fraud and other unlawful activity. If we detect suspicious activity, our experienced fraud investigators will conduct a prompt investigation and provide any appropriate redress to the customer.

If customers detect any fraudulent or suspicious activity on their ASB accounts, they are encouraged to immediately contact our Customer Banking Center.

Safeguarding customer information

We are serious about safeguarding our customers' confidential information. We devote significant resources to regularly maintain and update our systems and processes to protect the security of the computer systems, software, networks, and other technology assets that store and access our customers' information.

ASB is keenly aware of the constant security threats that affect financial institutions. As we continue to expand online access and tools for customers, we will face increased threats of data loss due to cyber attack.

To safeguard ASB's assets and customer accounts, ASB has adopted a robust information security program to monitor, detect, and mitigate cyber attacks. ASB has implemented administrative, physical, and technical controls, including layers of firewalls and data security software, regular risk and security assessments, access control, monitoring, penetration testing, vendor engagement reviews, and training.

The ASB Information Security Program is based, in part, on section 501(b) of the Gramm-Leach-Bliley Act, the associated Interagency Guidelines Establishing Standards for Safeguarding Customer Information, and guidance provided by the Federal Financial Institutions Examination Council, National Institute of Standards and Technology's Framework for Improving Critical Infrastructure Cyber Security (version 1.1), and the Center for Internet Security's 20 Critical Security Controls.

Phishing continues to be a primary method of attack for unauthorized access to systems and information. Our teammates receive regular training on how to protect information and avoid social engineering attacks. Our information security team routinely tests our teammates' knowledge by sending out fake e-mails and attempts at phone-based social engineering.

HEI Foundation

The HEI Charitable Foundation has been a longstanding part of our presence in Hawai'i. During the COVID-19 pandemic it has become even more important.

The HEI Charitable Foundation focuses on community programs that promote environmental sustainability, community resilience, economic strength, and educational excellence. We take pride in giving back to the community through volunteerism, grants, donations, scholarships, and our employee matching gift program.

Financial Highlights







2010 – 2020



MORE THAN

\$20M

CONTRIBUTED TO THE COMMUNITY

FOCUS AREAS		PROGRAMS & INITIATIVES	
 <div>\$4.8M</div> <div>EDUCATIONAL EXCELLENCE</div>	 <div>\$2.1M</div> <div>ENVIRONMENTAL SUSTAINABILITY</div>	 <div>\$10M</div> <div>TO UNITED WAY IN CORPORATE AND EMPLOYEE GIVING</div>	 <div>200K</div> <div>VOLUNTEER HOURS</div>
 <div>\$2.0M</div> <div>ECONOMIC STRENGTH</div>	 <div>\$4.4M</div> <div>COMMUNITY RESILIENCE</div>	 <div>\$1M</div> <div>IN EMPLOYEE MATCHING PROGRAMS</div>	 <div>\$500K</div> <div>SCHOLARSHIPS</div>

Since 2010, the HEI Foundation has contributed more than \$20 million to local charities and other nonprofit organizations. Moreover, our employees have donated or fundraised over \$5 million, served on over 200 nonprofit boards, and volunteered more than 200,000 hours.

The HEI Foundation established the Kokua Community Champion Service Award to honor individual employees who have demonstrated exemplary volunteer service in our communities. Each year, the Foundation also awards college scholarships to children of employees through the HEI Scholars program. HEI Scholars are chosen based on various factors, including academic achievement, community service and career goals.

We are proud of the contributions our companies continue to make to our Hawai'i communities — from preserving our environment, to improving the economic well-being of our state, to working with individuals and families experiencing financial hardship due to COVID-19. Together, we share a vision of a stronger, thriving Hawai'i.

To learn more about the HEI Foundation, please see the HEI Foundation Report.



Read our latest
Charitable Foundation
Report



HEI's COVID-19 Response

2020 is a year unlike any other in our collective lifetime. It has required HEI — and all of Hawai'i — to confront a global pandemic, a challenge the likes of which we've never faced before.

The HEI Foundation responded by directing its charitable activities to areas where they would do the most good. We donated more than \$1 million for COVID-related relief, including

more than \$200,000 to local United Way chapters and the Hawai'i Community Foundation.

Significant donations also were made to Hawaii Foodbank, Hawai'i Meals on Wheels, and other organizations dedicated to delivering food and serving meals to families, including Salvation Army, YMCA, Boys and Girls Club, and Helping Hands Hawai'i.

Our utility and bank also adapted to play important roles in assisting our communities as the impact of COVID-19 spread across the islands.

Supporting Our Customers, Employees and Communities through the COVID-19 Pandemic



Hawaiian Electric — Addressing Financial Hardship

Hawai'i State Department of Labor and Industrial Relations data tell us about 139,000 people were made jobless by the COVID-19 pandemic as of April 2020. For many, it became difficult if not impossible to pay for essential services, including electricity.

To assist customers suffering financial hardship, Hawaiian Electric established a moratorium on disconnections for nonpayment. The moratorium, which began in March, currently remains in effect for customers on O'ahu, Hawai'i Island, Maui, Moloka'i and Lāna'i.

Hawaiian Electric is also offering customers payment options to manage their bills. Customer options include 4-month, 6-month, and 12-month interest-free payment programs with late fees waived.

Hawaiian Electric also donated \$30,000 to three nonprofits to enable them to assist their clients in paying their utility bills. The nonprofits collaborated with Hawaiian Electric to administer the 'Ohana Emergency Gift Program, which provided a one-time emergency assistance gift to eligible households.

Hawaiian Electric employees also launched an online giving program with proceeds donated to United Way chapters across Hawai'i. Most of the funds helped provide financial relief to those at risk of losing their home or utility services through the Aloha United Way's COVID-19 Rent & Utility Assistance Program. With a dollar-for-dollar match by the HEI Foundation, this employee-driven initiative raised an additional \$75,000 for Hawai'i families.

American Savings Bank — Caring for the Community

When the first cases of COVID-19 hit Hawai'i in March 2020, prompting a statewide stay-at-home order, ASB sprang into action to help employees and residents through an unprecedented time.

As an essential business, ASB focused on safely serving its customers throughout the pandemic. The bank immediately set to work implementing rigorous safety and cleaning protocols at its branches and campus to prevent the virus from spreading, including installing safety shields, social distancing floor stickers, and fans to increase air circulation. ASB also established Kupuna Hour during the first hour of each day to accommodate senior customers and those at higher risk of contracting COVID-19.

Even with enhanced health and safety procedures, ASB recognized that its branch teammates were taking on risks of exposure in order to serve customers. For more than two months, the bank provided breakfast, lunch and dinner — a total of 20,000 meals — to show appreciation to teammates working on the front lines, and to support local restaurants in the process.

The economic effects of the pandemic have taken a financial toll on many households and businesses. Staying true to its commitment to bring positive impact to our island community, ASB launched a financial hardship program to help customers in

need apply for loan forbearance, deferment, or extension. ASB also created the Malama Program for employees to apply for no-interest loans. As a participating lender of the Small Business Association Paycheck Protection Program, ASB also funded more than \$370 million in loans for nearly 4,100 local businesses, representing an estimated 40,000+ local jobs.

Finally, ASB partnered with public and private sector organizations to keep the community healthy — joining a hui (group) to manufacture and distribute hand sanitizer to homeless individuals, schools and nonprofit organizations, and packaging masks for community distribution.

Pacific Current — Putting Food on the Table

An inability to meet financial obligations is just one problem facing families in a time of pandemic. For many, there is also the uncertainty of whether they could continue to put food on the table.

Pacific Current stepped up to help make sure no family goes hungry while lending assistance to small businesses in Honoka'a, home to Pacific Current's Hamakua Energy facility. Pacific Current started an initiative to provide meals purchased from locally owned eateries to health care workers and first responders in Honoka'a. More than 30 meals were provided every day to members of Honoka'a's fire department, police department, and Hale Ho'ola Hamakua Hospital.

Pacific Current also supported local farms and residents of the Hāmākua Coast by enabling them to purchase food from Farm Link Hawai'i. Farm Link connects local growers and buyers via an online marketplace, making it easy for households to purchase local food for delivery or pickup.

Through Kupu — an organization that provides training in conservation, sustainability, and environmental education for young adults — Pacific Current supported the expanded distribution of thousands of free meals and pantry items to youth and families in Kahalu'u and Wai'anāe on O'ahu.





“HEI shares in our hopes, our dreams, and our vision for a better Hawai‘i and its relationship to the world.”

—Nainoa Thompson
Master Navigator and President of Polynesian Voyaging Society

Hōkūle‘a — Symbol of Sustainability

The Hōkūle‘a is a re-creation of the voyaging canoes that brought the first Polynesians to Hawai‘i. It revitalized the lost art of Polynesian canoe building and navigation. Its creation and voyages marked a cultural revitalization for native Hawaiians and an affirmation of the natural balance and interconnectedness we share with the earth and all its people.

Mālama Honua, Hōkūle‘a’s worldwide voyage, represented much more than a trip around the Earth. Spanning five years, 150 ports, 18 nations and eight UNESCO Marine World Heritage sites, Mālama Honua engaged 245 crew members and more than 100,000 people in a lesson on living sustainably.

Mālama Honua was supported in part by a five-year, \$250,000 grant from the HEI Charitable Foundation. The grant helped document the voyage and fund the collection of scientific data to be shared with global audiences. After the voyage, HEI and its subsidiaries donated an additional \$50,000 to Polynesian Voyaging Society to help continue promoting their message of environmental sustainability.

“HEI, Hawaiian Electric, and American Savings Bank were one of the first to support the worldwide voyage and have been our family throughout our journey,” said Nainoa Thompson, master navigator and president of the Polynesian Voyaging Society. “HEI shares in our hopes, our dreams, and our vision for a better Hawai‘i and its relationship to the world.”

By necessity, Hōkūle‘a crewmembers had to incorporate sustainable living into their lives at sea, learning to use the resources available to them while sailing the open ocean on a boat measuring 62 by 20 feet. As crew members traveled from port to port, they connected with communities throughout the Pacific, South America, Africa and many other regions to share a broader message of sustainability — *mālama honua*, to “care for our island Earth.”

“The mission of the worldwide voyage was to share and learn about how people all around the world *mālama honua*,” Thompson said. “What we found is that everywhere, people are working toward a better future for our collective community, and in many places this work is grounded in the traditions and values of our indigenous people and ancestors.”

Around the world, Hōkūle‘a’s worldwide voyage became a symbol of sustainability, and a platform for communicating the importance of taking action to care for the environment.

MĀLAMA HONUA HIGHLIGHTS

5 YR \$250K HEI FOUNDATION GRANT	23 COUNTRIES AND TERRITORIES	9 MĀLAMA HONUA DECLARATIONS
	245+ CREW MEMBERS	150 PORTS



Project Footprint — Working Together Towards a Sustainable Future

Project Footprint provides customers the knowledge and energy options they need to reduce their carbon footprint, helping Hawai'i achieve its 100% clean energy goals, and transitioning our islands towards a bright, sustainable future.

Launched in 2019, Project Footprint engaged customers and rewarded them for making smart decisions about their energy use. These eco-friendly rewards included reusable grocery bags, solar-powered flashlights, T-shirts made from 100% recycled materials, stainless steel water bottles, organic seed packets, portable solar-powered chargers, and free electric vehicle charging at Hawaiian Electric charging stations.

More than 10,000 customers have joined the Project Footprint movement. Customers were rewarded with prizes for taking steps — big and small — that reduced their carbon footprint. These actions included enrolling in Hawaiian Electric's paperless billing, automatic bill payment, residential solar, and electric vehicle programs.

Project Footprint gained national recognition and gained numerous awards for its innovative approach to customer engagement, creative messaging, and a deep commitment to promoting environmental sustainability.



PROJECT FOOTPRINT RECOGNITION AND AWARDS

HERMES CREATIVE AWARDS International Competition Platinum Award	E-SOURCE Best Brand Campaign First Place	SMART ENERGY CONSUMER COLLABORATIVE Best Practices Award National Runner-Up	CHARTWELL People's Choice Award Top 3 Finalist	PELE AWARDS American Advertising Federation Hawai'i Bronze Award
---	--	---	--	--

“Project Footprint provides customers the knowledge and energy options they need to reduce their carbon footprint...”

One of the most effective ways to combat climate change is to plant a tree. In 2020, the HEI Foundation will enable Project Footprint participants to have an endemic Hawaiian tree planted in their name or in the name of a loved one. Each tree is tagged with a RFID chip and GPS technology, which will enable customers to monitor and watch the tree grow online. All trees will be planted at the Project Footprint Legacy Forest by the Hawaiian Legacy Reforestation Initiative, a nonprofit that has already planted more than half a million trees.

Project Footprint also continues to encourage customers to support, donate and volunteer at other nonprofits aligned with their mission. These community partners include The Nature Conservancy of Hawai'i, The Trust for Public Land, Hawaiian Islands Land Trust, Polynesian Voyaging Society, Kupu, Mālama Learning Center, Bikeshare Hawai'i, and Institute for Climate and Peace.

The products of human ingenuity have caused carbon emissions to skyrocket over the last century. We believe human ingenuity also holds the key to curbing emissions, preserving our environment, and protecting our island home.

SASB Index

Hawaiian Electric
American Savings Bank

Hawaiian Electric

SASB Index: Electric Utilities and Power Generators Standard

Activity Metrics

Number of: (1) residential, (2) commercial, and (3) industrial customers served					IF-EU-000.A
NUMBER OF ACCOUNTS AT YEAR END					
Accounts	2015	2016	2017	2018	2019
Residential	400,655	402,818	406,241	407,505	409,689
Commercial	56,486	56,674	55,328	54,888	55,077
Industrial	659	670	656	696	700
Total	457,800	460,162	462,225	463,089	465,466

Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers¹					IF-EU-000.B
ANNUAL NET ENERGY PROVIDED (KWH)					
Accounts	2015	2016	2017	2018	2019
Residential	2,396,500	2,332,700	2,334,500	2,410,800	2,439,300
Commercial	3,027,100	2,957,500	2,912,600	2,852,900	2,833,500
Industrial	3,532,900	3,555,100	3,443,300	3,425,100	3,467,200
Total	8,956,500	8,845,300	8,690,400	8,688,800	8,740,000

Length of transmission and distribution lines				IF-EU-000.C
Service Territory	Line Classification	Total (miles)	Total (kilometers)	
O’ahu	Transmission	779	1,254	
	Distribution	2,477	3,986	
Maui County	Transmission	242	389	
	Distribution	1,157	1,862	
Hawai’i Island	Transmission	582	936	
	Distribution	1,718	2,765	
Total	Transmission	1,603	2,579	
	Distribution	5,352	8,613	

1 All customer categories are covered by (1), (2) and (3).

Total electricity generated, percentage by major energy source, percentage in regulated markets						IF-EU-000.D
TOTAL SYSTEM GENERATION – BY SOURCE						
	2017		2018		2019¹	
	MWh	%	MWh	%	MWh	%
CONVENTIONAL						
Coal	1,390,942	13.9%	1,324,912	13.2%	1,316,032	12.7%
Petroleum²	6,279,471	62.8%	6,405,779	63.7%	6,569,453	63.4%
RENEWABLE						
Biodiesel	55,982	0.6%	62,034	0.6%	59,996	0.6%
Geothermal²	322,609	3.2%	110,089	1.1%	-	0.0%
Hydroelectric	30,284	0.3%	62,734	0.6%	35,414	0.3%
Solar (Utility-Scale)	142,868	1.4%	149,148	1.5%	218,058	2.1%
Solar (Customer-sited)	862,638	8.6%	948,484	9.4%	1,224,579	11.8%
Wind³	532,875	5.3%	602,007	6.0%	527,887	5.1%
Waste-to-energy (biomass)	381,138	3.8%	389,730	3.9%	414,357	4.0%
TOTAL MWh GENERATED	9,998,807		10,054,917		10,365,775	
All of the electricity generation listed above is in a regulated market						

Total wholesale electricity purchased	IF-EU-000.E
This metric is not applicable to Hawai’i, as Hawai’i does not have a wholesale electricity market. Hawaiian Electric purchases energy directly from independent power producers (IPPs). The information regarding the amount of MWh purchased from IPPs can be found in footnote 1 to table IF-EU-000.D (see below).	

1	2019 MWh GENERATED BY SOURCE AND OWNER			
	COMPANY-OWNED	IPP-OWNED	CUSTOMER-SITED	
Coal		1,316,032		
Petroleum	4,901,400	1,668,052		
Biodiesel	52,910	7,087		
Geothermal		-		
Hydroelectric	11,470	23,944		
Solar (Utility-Scale)	4,592	213,465		
Wind		527,887		
Waste-to-Energy (biomass)		414,357		
Solar (Customer-sited)			1,224,579	

2 Higher generation from petroleum and lower generation from geothermal in 2018 and 2019 reflects the fact that the Puna Geothermal Venture (PGV) plant has been out of service since lava flows affected the plant in May 2018. The loss of firm power from PGV generation was offset by firm generation from petroleum. PGV is expected to begin delivering power to the Hawai’i Island grid again beginning in late 2020, gradually ramping up to full operation.

3 Lower wind generation in 2019 primarily reflects a year to year wind variation, along with self-curtailments by the IPPs for maintenance and compliance with habitat conservation plans, and company curtailment for system maintenance and upgrades.

Greenhouse Gas Emissions & Energy Resource Planning

Key:
AES = AES Hawai‘i
CIP = Campbell Industrial Park Generating Station
DOH = State of Hawai‘i Department of Health
Hamakua Energy = owned by Pacific Current
HAR = Hawai‘i Administrative Rules
KPLP = Kalaeloa Partners
PGV = Puna Geothermal Venture

Gross global Scope 1 emissions

IF-EU-110a.1

Hawaiian Electric’s greenhouse gas (“GHG”) emissions are calculated using fuel consumption data (collected by fuel meters, fuel purchase receipts, tank gauging), carbon content in fuel (determined by laboratory analysis), and default emission factors from 40 CFR Part 98 Subpart C. Three (HFCs, PFCs and NF₃) of seven GHGs under the Kyoto Protocol are not generated by Hawaiian Electric. The GHG emissions presented below exclude biodiesel CO₂ emissions and include biodiesel CH₄ and N₂O, which is consistent with the State of Hawai‘i’s GHG Emissions regulations (HAR, Title 11, Chapter 60.1, Subchapter 11), in which biodiesel is assumed to be 100% plant-based and to not include any fossil fuels. Disclosures are aligned with regulatory reporting, and excludes emissions from units and emergency generators not under covered source permits, which represent 0.04% of total GHGs.

SCOPE 1 GREENHOUSE GAS EMISSIONS (IN METRIC TONS CO ₂ e) AND INTENSITY						
Entity	2010 Baseline	2015	2016	2017	2018	Preliminary 2019 ¹
Total Scope 1 ² (metric tons CO ₂ e)	7,755,282	6,719,545	6,693,083	6,535,000	6,593,921	6,698,055
Intensity ³ (g/kWh)	763	667	665	654	656	646

1 2019 emissions data for IPPs are estimated from average emission factors from 2015-2018. Final data for 2019 not yet available at EPA FLIGHT.

2 Includes CO₂e emissions from Hawaiian Electric covered source facilities on O‘ahu, Maui County and Hawa‘i Island and its transmission and distribution sulfur hexafluoride (SF₆) emissions from gas insulated equipment; IPPs; and customer-sited solar. Excludes CO₂ biodiesel emissions from Schofield Generating Station and Honolulu Airport.

3 Intensities in g/kWh are calculated by dividing Scope 1 emissions by Scope 1 generation.

Percentage of gross global Scope 1 emissions covered under emissions-limiting regulations

IF-EU-110a.1

Under the State of Hawai‘i Act 234 and HAR Title 11 Chapter 60.1, Subchapter 11 — Greenhouse gas (GHG) emission regulations, Hawaiian Electric and GHG Emission Reduction Plan (ERP) partners (AES, KPLP, and Hamakua Energy) are required to reduce GHG emissions 16% below the partnership’s cumulative 2010 emission levels by 2020.

Under the covered source permit for the Schofield Generating Station, emissions of CO₂ generated from the facility are limited to 1,700 lb/MWhe, gross, on a 12-month rolling average basis. In 2019, Hawaiian Electric reported 1,369 lb/MWhe of CO₂ emissions on a 12-month rolling average basis, or equivalent to 81% of the permit limit. The CSP allows use of diesel, biodiesel, and natural gas as fuels. The CO₂ limit applies to emissions from burning any of these fuels, including biogenic and non-biogenic emissions.

Percentages in the table below represent the GHG emissions affected by the GHG ERP limitations divided by the total GHG emissions reported under the DOH emissions fees program in accordance with HAR, Title 11, Chapter 60.1.

PERCENTAGE OF SCOPE 1 EMISSIONS COVERED UNDER EMISSIONS-LIMITING REGULATIONS 2010, 2015 THROUGH 2019						
	2010 Baseline	2015	2016	2017	2018	Preliminary 2019 ¹
Percentage of Scope 1 emissions covered under emissions-limiting Regulations ² (%)	97.3	95.6	95.6	96.2	95.6	95.4

1 2019 emissions data for IPPs are estimated from average emission factors from 2015-2018. Final data for 2019 not yet available at EPA FLIGHT.

2 Calculated as the total amount of gross global Scope 1 GHG emissions (CO₂e) that are covered under emissions limiting-based regulations divided by the total amount of gross global Scope 1 GHG emissions (CO₂e).

Percentage of gross global Scope 1 emissions covered under emissions-reporting regulations

IF-EU-110a.1

Under the EPA GHG Mandatory Reporting Program, an emissions-reporting based regulation that requires disclosure of GHG emissions data, Hawaiian Electric has provided its data annually since 2011, starting with reporting year 2010 data, for facilities that emit 25,000 metric tons or more of CO₂e, not including biogenic CO₂. Total Scope 1 emissions reported to e-GGRT exclude Schofield Generating Station, which does not trigger the reporting requirement.

The State of Hawai‘i DOH requires all covered source facilities to report GHG emissions annually for the purpose of emissions fees in accordance with HAR, Title 11, Chapter 60.1, Subchapter 6. The emissions fees are assessed following the fee schedule set forth by the DOH.

Percentages in the table below represent the GHG emissions reported under the EPA GHG Mandatory Reporting Program divided by the total GHG emissions (i.e., biogenic N₂O and CH₄ and non-biogenic) reported under the DOH emissions fees program in accordance with HAR, Title 11, Chapter 60.1.

PERCENTAGE OF SCOPE 1 EMISSIONS COVERED UNDER EMISSIONS-REPORTING REGULATIONS 2010, 2015 THROUGH 2019.						
	2010 Baseline	2015	2016	2017	2018	Preliminary 2019 ¹
Percentage of Scope 1 emissions covered under emissions-reporting Regulations ² (%)	99.6	99.7	99.6	99.7	99.6	99.6

Greenhouse gas (GHG) emissions associated with power deliveries

IF-EU-110a.2

The GHG emissions presented below are total GHG emissions reported from Hawaiian Electric generation, transmission, distribution, and IPPs. Hawaiian Electric transmission and distribution operations do not generate HFC, PFC and NF₃ emissions, three of the seven GHGs under the Kyoto Protocol. Disclosures are aligned with regulatory reporting.

GHG EMISSIONS ASSOCIATED WITH POWER DELIVERIES IN METRIC TONS CO ₂ e						
Emissions Source	2010 Baseline	2015	2016	2017	2018	2019
Hawaiian Electric Generation (metric tons)	4,917,559	4,085,915	3,957,619	3,940,437	3,998,288	4,043,311
Hawaiian Electric Transmission and Distribution (metric tons)	N/A	5,677	1,943	3,003	3,550	7,066
IPP (metric tons)	2,837,723	2,627,953	2,733,521	2,591,560	2,592,083	2,647,679
Total GHG Emissions in metric tons	7,755,282	6,719,545	6,693,083	6,535,000	6,593,921	6,698,055

1 2019 emissions data for IPPs are estimated from average emission factors for 2015-2018. Final data for 2019 not yet available at EPA FLIGHT.

2 Calculated as the total amount of gross global Scope 1 GHG emissions (CO₂e) that are covered under emissions reporting-based regulations divided by the total amount of gross global Scope 1 GHG emissions (CO₂e).

Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

IF-EU-110a.3

Please see discussion on [pages 21-30](#) of report.

(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market

IF-EU-110a.4

Hawaiian Electric provides electricity to 95% of the population of the State of Hawai‘i. Our service territory includes the islands of O‘ahu, Maui, Moloka‘i, Lāna‘i and Hawai‘i Island. Across our service territories, we have a total of 465,466 customers as of 12/31/19. As our entire service territory is in Hawai‘i, 100% of our customers are served in markets subject to our state’s renewable portfolio standard (RPS) law. (Note: Kaua‘i is served by the Kaua‘i Island Utility Cooperative)

The State of Hawai‘i’s RPS law is one of the most aggressive in the nation, targeting 100% RPS by 2045, with interim goals of 30% by 2020, 40% by 2030, and 70% by 2040. In 2019 we achieved a consolidated RPS of 28.4%.

For more discussion on RPS, please refer to [pages 21-30](#) of this report.

Air Quality

The Environmental Division monitors and reports emissions in accordance with applicable environmental regulations,which include certain emissions from stationary sources covered under Hawaiian Electric's Covered Source Permits. The Environmental Division is not required by any environmental regulations to monitor or record emissions data for mobile sources, office buildings, and transportation fleets. The following air quality data does not include emissions from IPPs.

Air emissions from NO _x , excluding N ₂ O						IF-EU-120a.1
TOTAL NO _x EMISSIONS FOR HAWAIIAN ELECTRIC GENERATING FACILITIES FOR 2015 - 2019						
NO _x	2015	2016	2017	2018	2019	
Metric tons	13,780	12,191	11,983	11,820	12,808	
Short tons	15,190	13,438	13,209	13,030	14,118	

Air emissions from SO _x		IF-EU-120a.1
------------------------------------	--	--------------

The emissions of SO_x from conventional combustion systems are predominantly in the form of sulfur dioxide (SO₂). According to EPA, SO₂ is the component of greatest concern and is used as the indicator for the larger group of gaseous sulfur oxides (SO_x).

Rather than monitoring SO_x, Hawaiian Electric monitors and reports SO₂ as required by the company's covered source permits and applicable regulations. We conservatively calculate SO₂ emissions with the assumption that 100% of sulfur in fuel converts into SO₂ using mass balance. Consistent with EPA's statement, SO₂ emissions alone are sufficient to demonstrate the level of SO_x emissions from company-wide facilities.

SO₂ emissions are calculated based on fuel consumption and sulfur content in fuel. SO₂ emissions generated from the company's covered source facilities are calculated and reported to the DOH to meet the annual emissions fees requirement.

TOTAL SO ₂ EMISSIONS FROM HAWAIIAN ELECTRIC GENERATING FACILITIES FOR 2015 - 2019					
SO ₂	2015	2016	2017	2018	2019
Metric tons	12,149	12,575	11,767	9,860	12,739
Short tons	13,392	13,861	12,971	10,869	14,042

Air emissions from Particulate Matter (PM ₁₀)						IF-EU 120a.1
TOTAL PM ₁₀ EMISSIONS FROM HAWAIIAN ELECTRIC GENERATING FACILITIES FOR 2015 - 2019						
PM ₁₀	2015	2016	2017	2018	2019	
Metric tons	1,005	776	795	746	717	
Short tons	1,108	855	876	822	790	

The PM₁₀ emissions presented above are consolidated PM₁₀ emissions for all the company's covered source facilities. Historically, more than half of the company's PM₁₀ emissions come from Kahe and Waiau generating stations on O'ahu. Emissions from Kahe and Waiau are measured using a combination of source testing and PM Continuous Emissions Monitoring System ("CEMS"). In 2018 and 2019, the PM₁₀ emission rates recorded from Kahe and Waiau were lower than prior years due to better quality fuel, containing lower carbon residue. The two plants are the only facilities subject to a PM limit (MATS) and the company has been demonstrating compliance with the MATS PM limit. PM₁₀ emissions generated from other facilities are calculated and reported to the DOH to comply with the annual emissions fees requirement.

Air emissions from Lead (Pb)						IF-EU-120a.1
TOTAL LEAD EMISSIONS FROM HAWAIIAN ELECTRIC GENERATING FACILITIES						
Lead	2015	2016	2017	2018	2019	
Metric tons	0.29	0.28	0.29	0.30	0.31	
Short tons	0.32	0.31	0.32	0.33	0.34	

The lead emissions presented above are consolidated for all the company's covered source facilities. Lead emissions trend in proportion to fuel consumption and electric generation. 2019 generation was higher than previous years (2015-2018) mainly due to exceptionally warm weather and the loss of PGV as a result of the Kilauea volcano eruption in 2018. Lead emissions are calculated and reported to the DOH to comply with the annual emissions fees requirement.

Air emissions from Mercury (Hg)						IF-EU-120a.1
TOTAL MERCURY EMISSIONS FROM HAWAIIAN ELECTRIC GENERATING FACILITIES						
Measure	2015	2016	2017	2018	2019	
TRI (lbs) ¹	15.74	15.6	15.7	15.3	14.3	
DOH CAB (lbs) ²	45.04	43.80	43.78	44.63	46.14	
DOH CAB (Metric tons) ³	0.0204	0.0199	0.0199	0.0202	0.0209	

Percentage of each pollutant (NO _x , SO _x , PM ₁₀ , Pb, Hg) in or near areas of dense population		IF-EU-120a.1
---	--	--------------

SASB defines an "area of dense population" as "an area with a densely settled core and contiguous territory that together have a minimum population of 50,000." It considers a facility to be "near" such an area if it is within 49 km of the area of dense population. Hawaiian Electric's facilities on O'ahu, Maui, and Lāna'i meet the criteria of facilities that are within 49 km of an area with a minimum population of 50,000 persons. The assessment of population follows the list of urbanized areas based on U.S. Census results from 2010, available in Federal Register, Vol. 77, No. 59, Part IV.

PERCENTAGE OF POLLUTANTS IN OR NEAR DENSE POPULATION					
Pollutant	2015	2016	2017	2018	2019
NO _x	93	91	92	92	92
SO ₂	83	78	81	80	79
PM ₁₀	91	87	89	87	83
Pb (Lead)	87	85	84	87	85
Hg (Mercury)	87	85	86	85	86

The data in this table represents the percentage of pollutants generated from Hawaiian Electric facilities on O'ahu, Maui County and Hawai'i Island that were released in or near densely populated areas.

Hawaiian Electric operates in compliance with the requirements of multiple federal and state environmental regulations including numerous rules under the Clean Air Act.

1 As reported to the EPA in the Toxics Release Inventory (TRI) report, and only includes facilities that exceed the TRI reporting threshold. In the past five years, only Kahe triggered the reporting threshold.

2 As reported in the annual emission fees report to the DOH Clean Air Branch (CAB) for the purpose of assessing emission fees. Mercury is not used in the fees assessment, but the mercury emissions are reported to the DOH as part of the emissions fees report.

3 The mercury emissions presented above are consolidated for all of the company's covered source facilities. Mercury emissions are proportional to fuel consumption and electric generation. Electric generation in 2019 was higher than previous years (2015-2018) mainly due to exceptionally warm weather and volcanic activity on Hawai'i Island that resulted in the loss of electric generation from PGV. Mercury emissions are calculated and reported to the DOH annually as required to meet the emissions reporting requirement.

Water Management

Total water withdrawn from all sourcesIF-EU-140a.1			
HAWAIIAN ELECTRIC WATER WITHDRAWAL IN THOUSAND CUBIC METERS (M³ X 10³)			
	2017	2018	2019
Fresh Water	123,290	148,648	109,878
Brackish Water	63,120	64,415	62,586
Sea Water	1,254,983	1,307,647	1,886,275
Reclaimed Water	268	333	328

Total water consumedIF-EU-140a.1			
HAWAIIAN ELECTRIC WATER CONSUMPTION IN THOUSAND CUBIC METERS (M³ X 10³)			
	2017	2018	2019
Brackish Water Consumption	124	143	160
Fresh Water Consumption	0	0	0
Sea Water Consumption	0	0	0

Percentage of (i) water withdrawn and (ii) water consumed in regions with high or extremely high baseline water stressIF-EU-140a.1
Degree of water stress is defined using " World Resources Institute Water Risk Atlas Tool , Aqueduct ."
Hawaiian Electric does not operate any facilities in regions with high or extremely high baseline water risk according to the " World Resources Institute Water Risk Atlas Tool , Aqueduct ." Thus, the percentage of water withdrawn and water consumed in regions with high or extremely high baseline water stress is zero.

Number of incidents of non-compliance associated with water quantity and / or quality permits, standards and regulationsIF-EU-140a.2
The company did not have any incidents of non-compliance that resulted in a formal enforcement action by the Hawai'i Department of Health, the U.S. EPA, or other regulatory agency.
The company operates five facilities with Clean Water Act, National Pollutant Discharge Elimination System (NPDES) permits (Kahe, Waiau, Honolulu, Kahului, Maʻalaea).
The company operates five facilities with Safe Drinking Water Act, Underground Injection Control (UIC) Permits for industrial discharges (CIP, Maʻalaea, Keāhole, Hill, Puna).
The company maintains a Compliance Task Manager (CTM) to manage and track compliance with permit requirements and associated compliance activities.

Description of water management risks and discussion of strategies and practices to mitigate those risksIF-EU-140a.3
--

For Hawaiian Electric, we use mainly non-potable water sources in our generation operations and comply with regulations to manage water withdrawals and discharges through applicable permits, such as the National Pollutant Discharge Elimination System (NPDES) and Underground Injection Controls (UIC).

In 2019, approximately 95% of the water we used came from non-potable sources such as the ocean and brackish water wells. At our Kahe and CIP facilities in West Oʻahu, we use reclaimed water from sewage treatment plants. The use of these non-potable water sources offsets the demand for higher-quality water and reduces water supply risk.

Over 99% of the water we use at our facilities (in our once through cooling systems) is later returned to groundwater or surface water. The less than 1% of the water consumed during power generation is primarily used in air emissions control systems and is not from fresh water or sea water sources.

One way we are mitigating water management risk while also replacing fossil fuel generation is by seeking renewable energy projects, such as solar-plus-storage and stand-alone storage, that do not need water resources to operate.

Coal Ash Management

Amount of coal combustion residuals (CCR) generated, percentage recycledIF-EU-150a.1
Hawaiian Electric does not operate any coal-fired power plants and therefore we do not generate any hazardous coal ash. The only generation facility in our service territory that uses coal is owned and operated by a third-party independent power producer (IPP) that generates and sells power to Hawaiian Electric under a power purchase agreement (PPA). The PPA for that plant is scheduled to expire in September 2022, at which time there will be no more coal generation on our system. In 2019, the IPP’s coal plant provided 13% of our total electricity generated and 15% of electricity sales.

Energy Affordability

Average electric rate for residential, (i) commercial and (ii) industrial customersIF-EU-240a.1					
2019 AVERAGE RATES IN CENTS / PER KWH FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CUSTOMERS					
Customer	Oʻahu	Hawaiʻi Island	Maui	Molokaʻi	Lānaʻi
Residential	31.04	36.53	33.65	40.52	42.02
Commercial					
"Small Power Use" Business	32.29	41.67	37.96	47.60	45.87
"Medium Power Use" Business	27.19	33.19	32.60	39.14	43.77
Industrial	24.73	29.60	30.28	32.67	40.58

Typical monthly electric bill for residential customers for the first 500 kWh of electricity delivered / month						IF-EU-240a.2
2018 AND 2019 SCHEDULE R, 500 kWh						
Avg. 500 kWh	O’ahu	Hawai’i Island	Maui	Moloka’i	Lāna’i	
2018	\$151.27	\$184.01	\$167.30	\$197.01	\$198.58	
2019	\$161.16	\$185.66	\$176.69	\$202.30	\$209.40	
Rates shown are average of data reported to EEI in January and July 2018 and 2019, respectively.						

Typical monthly electric bill for residential customers for the first 1000 kWh of electricity delivered / month						IF-EU-240a.2
2018 AND 2019 SCHEDULE R, 1000 kWh						
Avg. 1000 kWh	O’ahu	Hawai’i Island	Maui	Moloka’i	Lāna’i	
2018	\$296.13	\$366.29	\$332.74	\$393.76	\$395.38	
2019	\$313.58	\$368.62	\$349.99	\$402.89	\$415.53	
Rates shown are average of data reported to EEI in January and July 2018 and 2019, respectively.						

Number of residential customer electric disconnections for non-payment and percentage reconnected within 30 days									IF-EU-240a.3
2019 RESIDENTIAL NON-PAY RECONNECTS									
Days To Reconnect	O’ahu	% of Total	Hawai’i Island	% of Total	Maui County	% of Total	Grand Total	% of Total by Days to Reconnect	
Less Than 30 Days	2,901	80%	1,004	82%	169	71%	4,074	80%	
More Than 30 Days	491	14%	120	10%	31	13%	642	13%	
Not Reconnected	220	6%	106	9%	38	16%	364	7%	
Grand Total	3,612	100%	1,230	100%	238	100%	5,080	100%	

The company’s guiding principle is to help customers through difficult financial times, such as the coronavirus pandemic. In March 2020, Hawaiian Electric suspended service disconnections due to nonpayment and, for a limited time, is offering interest-free payment plan options to customers financially challenged by COVID-19. In addition to extending the moratorium on service disconnections several times, we also provided resource information to customers who may qualify for assistance from government programs and nonprofit agencies (including some nonprofits funded by our COVID-19 donations) offering help to pay electric bills, as well as energy saving tips for customers working from home during the pandemic. A dedicated webpage provides details: <https://www.hawaiianelectric.com/billing-and-payment/payment-assistance/payment-arrangement-options>, and the payment option form is available in several languages (e.g., Japanese, Chinese, Chuukese, Marshallese) to assist our diverse ethnic population.

In order to ensure customers who potentially may be at risk for disconnection are aware early of their situation, the company has a system based on internal credit risk assessment, past due dollar amount and age to send reminder notices, automated courtesy phone calls, and disconnection notices to residential customers who have not responded to a past due bill. If there is no response to the disconnection notice, a customer becomes “eligible” for disconnection, i.e., has received a disconnection notice and has not paid by five business days required by the PUC Rules. Those “actually” disconnected, are determined by another threshold based on the past due dollar amount and age. The duration of a disconnection depends again on the customer’s response (if the customer does not respond, the account is not reconnected) and on the customer’s ability to pay the amount due to reconnect service. The amount required is based on PUC Rules and company policy, which includes taking into account a customer’s financial situation. At all points of the collection process, company personnel provides information to customers on third party bill payment assistance, such as the LIHEAP energy crisis intervention program or other charitable programs. Such assistance information is also available on the company’s website and periodically through bill print messages, the company’s newsletter and social media.

Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	IF-EU-240a.4
The affordability of energy is critical to Hawai’i’s sustainable, clean energy future. We’re committed to providing affordable electricity for all of our customers. See discussion beginning on page 36 regarding factors that impact cost of delivering electricity in Hawai’i and ways that we are working to reduce costs.	

Workforce Health & Safety

(1)Total recordable incident rate (TRIR), (2) fatality rate and (3) near miss frequency rate (NMFR)	IF-EU-320a.1		
	2017	2018	2019
Total Case Incident Rate ¹	1.84	1.45	1.83
Fatalities	0	1	0
Near miss frequency rate ²	N/A	N/A	N/A
See pages 48-49 for additional discussion related to safety.			

1 Work-related injuries and illnesses per 100 employees

2 Hawaiian Electric does not track “near miss” data

End-Use Efficiency & Demand

Percentage of electric utility revenues from rate structures that are decoupledIF-EU-420a.1

Total Electric Utility Revenues include revenue items that are not included in Target Revenues and are collected through other recovery mechanisms, such as fuel and purchased power expenses (recovered through the Energy Cost Recovery Clause and the Purchased Power Adjustment Clause), demand side management and demand response programs (recovered through the IRP Cost Recovery and Renewable Energy Infrastructure Program surcharges), and revenue taxes. A small portion of Total Electric Utility Revenues consists of “other operating revenues” that are not directly from electricity sales and that represent Customer Service establishment fees, field collection charges, returned payment charges, late payment charges, rental income from utility property, including land, pole attachments and parking fees. On a consolidated basis for Hawaiian Electric, Hawaii Electric Light and Maui Electric, such “other operating revenues” were \$29.5 million in 2019 and \$18.5 million in 2018.

	2018			2019		
	O’ahu	Hawai’i Island	Maui County	O’ahu	Hawai’i Island	Maui County
Total Annual Target Revenues (\$ in thousands)	615,475	153,324	138,373	633,917	152,490	148,030
Total Electric Utility Revenues (\$ in thousands)	1,802,550	375,493	368,700	1,803,698	364,590	378,202
%	34%	41%	38%	35%	42%	39%

Percentage of electric utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)IF-EU-420a.1

The company technically does not have a lost revenue adjustment mechanism. However, revenue losses that result from customer participation in the company’s distributed generation rate tariffs (net energy metering, customer grid supply, customer self-supply, smart export) are recovered through the decoupling mechanism (because participation in these tariffs can lower actual revenues versus the target revenue).

Percentage of electric load served by smart grid technologyIF-EU-420a.2

In 2019, we launched Phase 1 of our grid modernization effort, which included a critical implementation piece — the installation of advanced meters at homes and businesses. Advanced meters will aid in allowing more renewables to be added to the grid and enable customers to participate in energy programs such as private rooftop solar, demand response, and time-of-use rates. Additional technical upgrades will help a build a more reliable and resilient grid.

See [pages 26-27](#) for additional discussion on grid modernization.

Customer electricity savings from efficiency measures, by marketIF-EU-420a.3

By Hawai’i law, since 2009, the energy efficiency programs for the state are managed by a third-party administrator known as Hawai’i Energy and selected by the Hawai’i Public Utilities Commission. In its 2018 Annual Report, Hawai’i Energy reported that for the 2018 program year (July 1, 2018 to June 30, 2019), its programs helped reduce customer energy consumption by roughly 147,000 Megawatt hours across O’ahu, Hawai’i Island, Maui, Moloka’i and Lāna’i.¹ For more information about Hawai’i Energy, visit www.hawaiienergy.com.

Nuclear Safety and Emergency Management

Hawaiian Electric does not have any nuclear facilities.

1 Details found under the Program Overview on pages 9-15 of 2018 Hawai’i Energy annual report.

Grid Resilience

Number of incidents of non-compliance with physical and/or cybersecurity standards or regulationsIF-EU-550a.1

To date, there have been no material incidents, violations, or fines due to non-compliance with cybersecurity and privacy standards or regulations. See [page 35](#) for additional discussion on cybersecurity.

System Average Interruption Duration Index (SAIDI)IF-EU-550a.2				
SAIDI – GENERATION, TRANSMISSION, AND DISTRIBUTION OUTAGES (MINUTES)				
Operating Area	Normalized/Non-Normalized	2017	2018	2019
O’ahu	Normalized	96.58	111.94	104.13
	Unnormalized	138.65	123.41	174.90
Hawai’i Island	Normalized	135.05	230.71	164.86
	Unnormalized	186.14	230.71	252.52
Maui County	Normalized	150.62	228.04	158.42
	Unnormalized	831.18	476.53	289.08
See pages 32-33 for additional discussion on grid reliability and resiliency.				

System Average Interruption Frequency Index (SAIFI)IF-EU-550a.2				
SAIFI – GENERATION, TRANSMISSION, AND DISTRIBUTION OUTAGES (INTERRUPTIONS)				
Operating Area	Normalized/Non-Normalized	2017	2018	2019
O’ahu	Normalized	1.150	1.253	1.105
	Unnormalized	1.400	1.326	1.470
Hawai’i Island	Normalized	1.515	2.539	1.864
	Unnormalized	1.784	2.539	3.060
Maui County	Normalized	1.653	2.526	2.051
	Unnormalized	3.495	3.366	2.706
See pages 32-33 for additional discussion on grid reliability and resiliency.				

Customer Average Interruption Duration Index (CAIDI)IF-EU-550a.2				
CAIDI – GENERATION, TRANSMISSION, AND DISTRIBUTION OUTAGES (MINUTES)				
Operating Area	Normalized/Non-Normalized	2017	2018	2019
O’ahu	Normalized	83.97	89.34	94.21
	Unnormalized	99.05	93.04	118.96
Hawai’i Island	Normalized	89.13	90.87	88.42
	Unnormalized	104.36	90.87	82.51
Maui County	Normalized	91.13	90.28	77.25
	Unnormalized	237.84	141.59	106.82
See pages 32-33 for additional discussion on grid reliability and resiliency.				

Discuss notable service interruptions such as those that affected a significant number of customers or disruptions of extended duration

IF-EU-550a.2

Below is a summary of major event days (MEDs) in 2019 and events that significantly impacted normalized 2019 SAIDI or SAIFI results for each of O’ahu, Hawai’i Island and Maui County. Events that significantly impacted SAIDI or SAIFI results are listed in order of their impact to SAIDI or SAIFI.

The following were determined to be MEDs on O’ahu in 2019:

1. February 10 — Due to effects of winter storm/high winds, vegetation, equipment deterioration, and flashover.
2. October 30 — Mainly due to vegetation and company personnel error.
3. December 25 — Mainly due to high winds and vegetation.

Events that significantly impacted normalized 2019 SAIDI or SAIFI results for O’ahu

1. January 26 — A wood pole broke due to a motor vehicle accident. Sustained interruption of service to 5,951 customers for up to 17 hours and 36 minutes. Contributed 2.24 minutes to the annual SAIDI and 0.019 to the annual SAIFI.
2. October 11 — A lightning storm affected various parts of O’ahu. Sustained interruption of service to 4,451 customers for up to 99 hours and 59 minutes. Contributed 1.87 minutes to the annual SAIDI.
3. October 10 — A lightning storm affected various parts of O’ahu. Sustained interruption of service to 11,184 customers for up to 7 hours and 9 minutes. Contributed 1.85 minutes to the annual SAIDI and 0.037 to the annual SAIFI.
4. April 26 — A defective air switch flashed over at a substation. Sustained interruption of service to 5,517 customers for up to 17 minutes. Contributed 0.018 to the annual SAIFI.

The following were determined to be MEDs on Hawai’i Island in 2019:

1. February 10 — Due to effects of winter storm/high winds.
2. July 8 — Due to remnants of Tropical Storm Barbara.

Events that significantly impacted normalized 2019 SAIDI or SAIFI results for Hawai’i Island:

1. March 19 — A jumper failed/melted on a distribution circuit that is normally fed through equipment destroyed due to the 2018 volcanic eruptions. Sustained interruption of service to 4,257 customers for up to 5 hours and 14 minutes. Contributed 15.05 minutes to the annual SAIDI.
2. October 24 — A scheduled outage to perform maintenance and upgrade transmission poles. Sustained interruption of service to 2,133 customers for up to 8 hours and 19 minutes. Contributed 12.19 minutes to the annual SAIDI.
3. August 17 — Previously unknown equipment deterioration and vegetation issues, in an area difficult to access, resulted in multiple outages. Sustained interruption of service to 5,970 customers for up to 5 hours and 53 minutes. Contributed 6.64 minutes to the annual SAIDI.
4. November 19 — Under-frequency load shed when an IPP Wind Farm tripped off-line due to a defective current transformer. Sustained interruption of service to 11,293 customers for up to 10 minutes. Contributed 0.131 to the annual SAIFI.
5. October 8 — Under-frequency load shed when Keāhole CT5 tripped off-line. Sustained outage to 7,968 customers for up to 11 minutes. Contributed 0.093 to the annual SAIFI.
6. February 16 — Under-frequency load shed due to lost steam unit at an IPP combined-cycle generating station. Sustained interruption of service to 7,713 customers for up to 28 minutes. Contributed 0.090 to the annual SAIFI.

The following were determined to be MEDs in Maui County in 2019:

1. February 10 — Due to effects of winter storm/high winds, vegetation, and flashover (Maui only).
2. February 12 — Due to effects of winter storm/high winds (Maui only).
3. November 11 — Due to high winds (Maui only).

Events that significantly impacted normalized 2019 SAIDI or SAIFI results for Maui County:

1. December 25 — Various weather-related outages affected Maui and Moloka’i. Sustained interruption of service to 6,346 customers for up to 19 hours and 54 minutes. Contributed 12.16 minutes to the annual SAIDI.
2. February 27 — A large tree fell and contacted conductors. Sustained interruption of service to 6,080 customers for up to 18 hours and 56 minutes. Contributed 8.15 minutes to the annual SAIDI.
3. August 31 — Under-frequency load shed due to cable fault at Kaonoulu Substation. Sustained interruption of service to 10,950 customers for up to 40 minutes. Contributed 5.79 minutes to the annual SAIDI and 0.152 to the annual SAIFI.
4. October 2 — Under-frequency load shed due to smoke and debris from brushfire on Maui. Sustained interruption of service to 16,814 customers for up to 20 minutes. Contributed 0.233 to the annual SAIFI.
5. March 9 — A tree branch fell onto conductors. Sustained interruption of service to 6,549 customers for up to 2 hours and 9 minutes. Contributed 0.091 to the annual SAIFI.

For Hawaiian Electric, the most recent three main causes of outages are the following:

- “Vegetation” which includes downed trees, tree branches in power lines, and overgrown vegetation, some of which falls outside of the Companies' scope of clearance;
- “Equipment Deterioration” which is mainly attributed to overhead equipment deterioration; and
- “Cable Faults” which are due to underground cable system failures.



SASB Index

American Savings Bank

American Savings Bank

SASB Index: Commercial Banks, Mortgage Finance and Consumer Finance Standards

For ASB we have selected the Commercial Banks, Mortgage Finance and Consumer Finance Standards based on the products ASB offers and its loan portfolio.

*While we have endeavored to provide fulsome responses to the SASB metrics, there are certain metrics for which we are not providing information due to the confidential nature of such information.

Commercial Banks Standard

Activity Metrics

In the two charts that follow, "Consumer" refers to deposits and loans "primarily for personal, family, or household purposes." Within its general population of deposit accounts and loans, ASB does not currently separately categorize accounts as "small business" accounts. However, according to the U.S. Small Business Administration, 99.3% of Hawai'i companies are considered small businesses. As such, we believe a significant proportion of companies that are our customers would be considered "small businesses."

(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business						FN-CB-000.A
CORE DEPOSIT ACCOUNTS BY SEGMENT						
December 31	2017		2018		2019	
(Dollars in thousands)	Qty.	Total (\$000)	Qty.	Total (\$000)	Qty.	Total (\$000)
Consumer	408,575	3,949,463	406,953	4,031,671	402,462	4,138,163
Business	29,349	786,188	29,617	819,046	28,855	841,335
Commercial	1,183	223,533	1,178	282,907	1,100	258,767
Corporate	523	157,636	573	190,535	589	255,155
Total	439,630	\$5,116,820	438,321	\$5,324,159	433,006	\$5,493,420

(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate						FN-CB-000.B
NON-REAL ESTATE LOANS						
December 31	2017		2018		2019	
(Dollars in thousands)	Qty.	Total (\$000)	Qty.	Total (\$000)	Qty.	Total (\$000)
Consumer	58,241	223,564	62,275	266,002	62,379	257,921
Commercial	4,348	544,828	4,149	587,891	3,810	670,674
Total	62,589	768,392	66,424	853,893	66,189	928,595

Data Security

(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1
*See comment on page 99 . ASB is in compliance with applicable requirements.	

Description of approach to identifying and addressing data security risks	FN-CB-230a.2
Two of the most significant cyberattack risks that ASB faces are e-fraud and loss of sensitive customer data. Please see page 20 of HEI's 2019 Annual Report (10-K) .	

Financial Inclusion & Capacity Building

(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development						FN-CB-240a.1
LOAN PORTFOLIO DESIGNED TO PROMOTE SMALL BUSINESS AND COMMUNITY DEVELOPMENT						
December 31	2017		2018		2019	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)
Small business	2,225	151,989	2,691	143,965	2,462	133,437
Small farm	1	500	-	-	21	850
Community development	39	102,475	44	257,852	14	96,062
Total	2,265	\$ 254,964	2,735	\$ 401,817	2,497	\$ 230,349
Based on data we submitted for the CRA examination in 2019, we received “High Satisfactory” scores for the Lending, Investment, and Service Tests.						

(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2
The total amount of past due and nonaccrual loans is minimal. For our entire commercial real estate and commercial loan portfolio, the total balance of past due loans exceeding 30 days was \$1.37 million, as of December 31, 2019, and the total balance of nonaccrual loans was \$6.1 million. There were no past due or nonaccrual balances for multifamily residential properties (5 or more).	

Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3
ASB does not collect data on customers' unbanked or underbanked status.	

Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4
In early 2019 we launched an online financial checkup where individuals can answer a series of questions and get a basic financial health score. Based on their results, we make a recommendation of what area they could explore. To date, there have been 7,048 checkups completed. The most common recommendation made is help with budgeting (3,702) followed by using credit wisely (1,626). In addition, we connect these individuals to bankers via an online appointment tool which launched at the same time. To date, 4,748 appointments have been scheduled to talk to our knowledgeable bankers.	
In 2019 our teammates volunteered 409 hours in schools and the community for causes related to financial literacy.	

Incorporation of Environmental, Social, and Governance Factors in Credit Analysis

Commercial and industrial credit by industry (June 30, 2020)			FN-CB-410a.1
#	Industry	Percentage of Total Exposure	
1	Real Estate Rental and Leasing	37.2%	
2	Construction	11.7%	
3	Health Care and Social Assistance	7.9%	
4	Accommodation and Food Services	7.7%	
5	Manufacturing	4.9%	
	Other	30.7%	

Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2
See the section on “ Financing Green Causes ” on page 59 for more information on how we take advantage of environmental opportunities in our lending.	
While we seek to increase access to financial services and support those businesses that make a positive impact in the community, we primarily evaluate our borrowers' creditworthiness based on the business's commitment to honor the obligations to ASB. During our due diligence process, if we learn of any negative environmental, social, and governance factors, which do not align with our values, we may decline financing the business.	
Our Retail Credit Policy and Commercial Credit Policy teams analyze the potential impacts that sea level rise and natural disasters can have on properties that secure our loans. Additionally, we monitor other known ESG risks that can affect the quality of collateral or our customers' ability to pay. These credit risks are regularly reported to senior leadership and the board.	
Based on these potential environmental impacts, we continuously analyze our underwriting policies, credit policy, and risk mitigation efforts.	

Business Ethics

Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1
Please see pages 21 and 28 of HEI's 2019 Annual Report (10-K).	
Description of whistleblower policies and procedures	FN-CB-510a.2
Our ethical principles and expectations are summarized in the company's Code of Conduct. Each teammate has a duty to understand and live by our Code and to meet our high standard of ethics. The Code applies to all board members, executive officers, and employees, including part-time, contract, and temporary employees, as well as vendors, suppliers, and independent contractors to the extent that they are carrying out their duties with respect to the company.	
The Code is a statement of the fundamental principles and key policies that govern our conduct; it is not intended to cover every applicable law or provide answers to every question that might arise. In many instances, the policies referenced in the Code go beyond the requirements of the law.	
Teammates who wish to report violations of ASB's Code of Conduct may notify their managers, Human Resources, or anyone in the Legal Department. Teammates may also submit their concerns to EthicsPoint, a third-party reporting administrator. EthicsPoint permits teammates to make reports anonymously, through its website or hotline, and provides the content of the report to the appropriate individuals within the company to investigate. Teammates who make EthicsPoint reports also have the opportunity to answer questions anonymously and track the progress of their report through EthicsPoint's website.	
Speaking up can be extremely difficult for a number of reasons — one of which is a fear of retaliation. We believe that our teammates should feel comfortable raising their concerns. We do not tolerate retaliation against people who report suspected illegal conduct or violations of the Code of Conduct. Teammates who engage in retaliation are subject to discipline up to and including termination of employment.	
All teammates receive regular in-person and computer-based training and certification relating to identifying and reporting Code violations and inappropriate conduct. Additionally, teammates must undergo annual training on compliance issues relevant to their job duties.	

Systemic Risk Management

Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1
ASB is not on the Financial Stability Board's 2019 list of Global Systemically Important Banks, so it does not have a G-SIB score.	
Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2
On an ongoing basis, we evaluate and address issues and activities that may pose potential risks to ASB, our teammates, customers, stakeholders, and the community at large. This includes taking precautionary actions to anticipate, identify, and avoid risks related to our services and conducting regular stress tests.	
With regard to stress testing, we analyze our finances based on multiple types of systemic risk, including liquidity, interest rate risk, and credit risk. Our finance team, in collaboration with our enterprise risk and credit teams, perform this analysis at least on an annual basis. Additionally, we monitor risk indicators on a daily basis.	
The Risk Committee of ASB's Board of Directors assists with governance of ASB's enterprise risk management program and provides a forum for detailed discussion and analysis of key issues and decisions designed to identify the significant risks potentially affecting ASB and to manage these risks. The enterprise risk management program focuses on various risk categories, including: Credit (for loan and investment portfolios); Market (environmental, interest rate sensitivity, liquidity); Operations (including regulatory compliance, reporting, legal, insurance); Strategic; and Reputational.	

Mortgage Finance Standard

Activity Metrics

(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial						FN-MF-000.A
REAL ESTATE LOANS						
December 31	2017		2018		2019	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)
Residential 1-4 family	7,948	2,118,047	7,616	2,143,397	7,311	2,178,135
Home equity line of credit	17,797	913,052	18,542	978,237	19,245	1,092,125
Residential land	69	15,797	55	13,138	61	14,704
Residential construction	38	14,910	36	14,307	27	11,670
Commercial real estate	267	733,106	266	748,398	271	824,830
Commercial construction	14	108,273	16	92,264	21	70,605
Total	26,133	\$3,903,185	26,531	\$3,989,741	26,936	\$4,192,069

(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial			FN-MF-000.B
PURCHASED RESIDENTIAL MORTGAGE PORTFOLIO			
December 31	Qty.	Balance (\$000)	
2017	32	8,539	
2018	15	5,932	
2019	11	4,183	

ASB does not have a portfolio of purchased commercial mortgage loans.

Lending Practices

(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660								FN-MF-270a.1
RESIDENTIAL LOANS BY FEATURES AND FICO SCORE								
	2017				2018			
	≤ 660		> 660		≤ 660		> 660	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)
Hybrid or option ARM	64	11,942	453	129,864	51	9,517	424	125,606
Higher rate	-	-	-	-	-	-	-	-
Prepayment penalty	-	-	-	-	-	-	-	-
Total residential mortgages	685	135,455	7,227	1,973,901	600	115,485	6,997	2,021,843
Total home equity lines of credit	614	40,824	17,183	872,229	676	44,946	17,866	933,292

	2019			
	≤ 660		> 660	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)
Hybrid or option ARM	49	5,786	418	134,088
Higher rate	-	-	-	-
Prepayment period	-	-	-	-
Total residential mortgages	573	109,648	6,725	2,064,193
Total home equity lines of credit	739	47,942	18,506	1,044,183

(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660								FN-MF-270a.2
RESIDENTIAL MORTGAGE MODIFICATIONS								
	2017				2018			
	≤ 660		> 660		≤ 660		> 660	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)
Modifications of residential mortgages	28	6,365	32	8,127	32	6,907	24	6,270
Modifications of home equity lines of credit	38	2,216	71	4,811	56	4,634	100	7,893
Total modifications	66	\$8,581	103	\$12,937	88	\$11,541	124	\$14,163

	2019			
	≤ 660		> 660	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)
Modifications of residential mortgages	38	6,694	24	6,611
Modifications of home equity lines of credit	42	2,911	96	7,863
Total modifications	80	\$9,605	120	\$14,474

FORECLOSURES ON RESIDENTIAL MORTGAGES						
	2017		2018		2019	
(Dollars in thousands)	Qty.	Balance (\$)	Qty.	Balance (\$)	Qty.	Balance (\$)
Foreclosures on residential mortgages	26	4,250	15	1,846	17	2,361
Foreclosures on home equity lines of credit	20	1,225	24	2,782	13	1,030
Total foreclosures	46	\$5,475	39	\$4,629	30	3,391

Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	FN-MF-270a.3
Please see pages 21 and 28 of HEI's 2019 Annual Report (10-K).	

Description of remuneration structure of loan originators	FN-MF-270a.4
Our residential loan officers receive a base wage, plus commissions of 40-90 basis points on originated residential mortgages. The actual rate of incentive compensation depends on whether the mortgages were externally sourced and the total monthly production of the loan officer.	
Residential loan officers must comply with all regulations and ethical rules to be eligible for incentive compensation. We may refuse to pay back commissions to loan officers who violate the law or ASB's policies.	

Discriminatory Lending

(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660							FN-MF-270b.1
TOTAL ORIGINATED RESIDENTIAL LOANS AND HOME EQUITY LINES OF CREDIT BY MINORITY AND CREDIT SCORE							
	2018			2019			
(Dollars in thousands)	Qty.	Total (\$)	LTV	Qty.	Total	LTV	
Minority	2,287	559,063	57.59	2,508	731,343	57.99	
Credit score ≤ 660	52	9,680	59.11	46	10,163	60.32	
Credit score > 660	2,231	547,838	57.60	2,459	720,770	57.99	
Non-minority	469	115,605	57.18	546	186,957	60.77	
Credit score ≤ 660	10	2,850	65.49	7	913	70.66	
Credit score > 660	459	112,755	57.00	539	186,044	60.64	
Total	2,756	\$674,668	67.75	3,054	\$918,300	68.05	

Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	FN-MF-270b.2
--	--------------

Please see pages 21 and 28 of [HEI's 2019 Annual Report \(10-K\)](#).

Description of policies and procedures for ensuring nondiscriminatory mortgage origination	FN-MF-270b.3
--	--------------

As a financial institution, we comply with the Fair Housing Act and Equal Credit Opportunity Act, which prohibit discrimination in residential real estate-related transactions and credit transactions based on certain protected classes, such as race, color, national origin, religion, sex, and marital or familial status.

We also comply with fair lending laws. To prevent discriminatory lending practices, we regularly review our application requirements, sales practices, policies, and marketing material to ensure that they do not disadvantage any protected class. We also periodically review lending data to identify any policies or practices that result in a disparate impact.

Environmental Risk to Mortgaged Properties

(1) Number and (2) value of mortgage loans in 100-year flood zones			FN-MF-450a.1
RESIDENTIAL MORTGAGE LOANS IN 100-YEAR FLOOD ZONES ¹			
(Dollars in thousands)	Qty.	Unpaid Principal Balance (\$)	
Investor	257	66,161	
Residential Portfolio	734	233,526	
Home equity lines of credit	672	117,131	
Total	1,663	\$416,818	

(1) Total expected loss (EL) and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather related natural catastrophes, by geographic region							FN-MF-450a.2
TOTAL EXPECTED LOSS AND LOSS GIVEN DEFAULT ATTRIBUTED TO WEATHER-RELATED NATURAL CATASTROPHES							
	2017		2018		2019		
(Dollars in thousands)	EL	LGD	EL	LGD	EL	LGD	
Residential mortgages	\$3,922	0.18%	\$1,663	0.09%	\$1,507	0.08%	
Home equity lines of credit	1,918	0.26%	2,138	0.20%	2,029	0.19%	

Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	FN-MF-450a.3
---	--------------

Please see discussion on [page 59](#) of report regarding how we incorporate climate change and other environmental risk into loan origination and underwriting.

¹ As of June 30, 2020.

Consumer Finance Standard

Activity Metrics

Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	FN-CF-000.A
--	--------------------

ASB does not issue any consumer credit cards or pre-paid debit cards. ASB’s branded credit cards are issued by First Bankcard, a division of First National Bank of Omaha. As of December 2019, there were 25,884 active credit card accounts. ASB does not offer pre-paid debit cards.

ASB does offer a Secured Visa Credit Card through First Bankcard. 62% of Secured Credit Card holders obtain a traditional credit card within 12 months and 69% within 18 months.

ASB BRANDED CREDIT CARDS (2019)		
	All Credit Card Products	Secured Credit Card Product
Total applications	16,731	2,342
Approval rate	55%	84%
Open accounts*	33,890	2,007
Active accounts*	25,884	1,745
*Number of accounts as of December 31, 2019		

Number of (1) credit card accounts and (2) pre-paid debit card accounts	FN-CF-000.B
--	--------------------

ASB does not issue any consumer credit cards or pre-paid debit cards. ASB’s branded credit cards are issued by First Bankcard, a division of First National Bank of Omaha. As of December 2019, there were 33,890 open credit card accounts.

Customer Privacy

Number of account holders whose information is used for secondary purposes	FN-CF-220a.1
---	---------------------

Similar to other financial institutions, we collect and maintain data, primarily to allow us to originate and maintain deposit accounts, loans, investment accounts, and other products and services that we provide. We may also use our customers’ data to provide us insight into products and services that would be beneficial for our customers, protect against fraud, security breaches, and other wrongful conduct, and support the general operation of our business. We do not sell our customers’ data, nor do we plan to do so.

As a financial institution, we comply with the Gramm-Leach-Bliley Act, as implemented by Regulation P, and other federal, state, and local laws and regulations. Our Privacy Notice can be found on our website at www.asbhawaii.com/security-fraud-privacy.

Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2
--	---------------------

Please see pages 21 and 28 of HEI’s 2019 Annual Report (10-K).

Data Security (see also FN-CB-230a.1 and FN-CB-230a.2 on [page 100](#))

Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	FN-CF-230a.2
---	---------------------

*See comment on [page 99](#). ASB is in compliance with applicable requirements.

Selling Practices

Percentage of total remuneration for covered teammates that is variable and linked to the amount of products and services sold	FN-CF-270a.1
---	---------------------

Eligible Branch Managers, Assistant Branch Managers, and Personal Bankers who sell consumer loan products may receive incentive compensation of 5-15 basis points on their production of consumer loans, provided they meet both individual and branch goals. These bankers must comply with all regulations and ethical rules to be eligible for incentive compensation. We may refuse to pay back commissions to loan officers who violate the law or ASB’s policies.

In, 2018, only 7% of these teammates’ total compensation was variable and linked to the amount of products and services sold. The percentage decreased to 6% in 2019.

Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	FN-CF-270a.2
---	---------------------

APPROVAL RATE FOR CONSUMER LOANS BY CREDIT SCORE						
	2017		2018		2019	
	< 660	≥ 660	< 660	≥ 660	< 660	≥ 660
Approved applications	692	9,418	699	9,610	441	8,166
Total applications received	8,213	12,539	7,937	12,721	6,145	11,069
Approval rate	8.43%	75.11%	8.81%	75.54%	7.18%	73.77%

ASB does not sell pre-paid products.

(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	FN-CF-270a.3
--	---------------------

We offer various consumer loan products with a range of interest rates. As of July 17, 2020, the average interest rate for all of our consumer loan accounts is 15.87% and the average age is 8.01 years.

(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	FN-CF-270a.4
--	---------------------

*See comment on [page 99](#). ASB is in compliance with applicable requirements.

Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5
---	---------------------

Please see pages 21 and 28 of HEI’s 2019 Annual Report (10-K).

Forward-Looking Statements

Certain statements contained in this report are forward-looking statements, including statements regarding our ESG targets, goals, commitments and programs and other business plans, initiatives and objectives, and other statements that are not purely historical. These statements are typically accompanied by words such as “aim,” “anticipate,” “hope,” “believe,” “could,” “expect,” “estimate,” “plan,” “will,” “would,” or similar expressions. All such statements are intended to be protected by the safe harbor for forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries, the performance of the industries in which they do business and economic, political and market factors, among other things. These forward-looking statements are not guarantees of future performance. Our actual future results, including the achievement of our targets, goals or commitments, could differ materially from those reflected or implied in the forward-looking statements, which involve risks, uncertainties and other important factors. Such risks, uncertainties and factors include the risk factors discussed in our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q and other reports filed with the SEC. With respect to our ESG targets, goals, and commitments outlined in this report or elsewhere, certain challenges, assumptions, risks, uncertainties and factors are identified in this report. We urge you to carefully consider all of the risks, uncertainties and factors discussed in such reports in evaluating the forward-looking statements in this report. We cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements in this report are made as of the date of this report, unless otherwise indicated, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

PHOTO CREDITS

Page 8 (right), 11: Courtesy of Johnson Controls
Page 73: Ashley Smith
Page 76: Jake Marote



