



### 2020

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#### **ALEXANDER & BALDWIN**

### MESSAGE TO **OUR STAKEHOLDERS**

### Partners for Hawai'i

Welcome to Alexander & Baldwin's (A&B or Company) 2020 Corporate Responsibility Report, which highlights our environmental, social and governance (ESG) efforts and progress made during the year.

We started the year with plans to continue advancing our ESG program while celebrating our Company's milestone 150th anniversary. We soon learned, along with the rest of the world, that 2020 was going to be a year none of us had anticipated with the arrival of COVID-19. Though our anniversary celebrations were dampened somewhat, the pandemic provided us a unique opportunity to demonstrate our core values. During this unprecedented year, we committed to doing what is right to help make Hawai'i better for all stakeholders.

As reflected in this report, from the onset of the pandemic, A&B responded with swift and strategic actions that focused on our employees, our tenants and the communities with which we are deeply connected. We prioritized the health and safety of our employees, implementing flexible work-from-home plans that allowed us to remain operational. We proactively supported our valued tenants, providing financial relief and assisting in operational and facilities modifications that allowed them to safely remain operational throughout the pandemic. We also pivoted our community giving focus to provide critical COVID-related support.

Our actions were made all the more significant as they occurred in our 150th year as a company. Very few companies are able to remain relevant for a century and a half.

to the principles underlying ESG have been key components to our success. We understand the ways in which our resilience and sustainability as a company are interconnected with our island home and provide advantages for us all.

In the course of 2020, we refreshed our vision, mission and values statements to better reflect our company focus. We added "respect" to our corporate values of integrity, adaptability, collaboration, decisiveness and accountability that guide our decisions. These values, which already are instilled in our company culture, were more important than ever in 2020 as events crystalized important issues of race and inequity. While continuing to embrace diversity, we actively worked in support of social justice issues. These issues are a priority for me—I am a member of Nareit's Dividends Through Diversity, Equity & Inclusion CEO Council and have signed the CEO Action for Diversity & Inclusion pledge.

Amid the impacts of the pandemic, we advanced our sustainability efforts across our commercial real estate (CRE) portfolio. Recognizing the risks posed by climate change, we continue to implement energy efficiency measures and initiated a pilot project for on-site renewable energy generation. We are excited to source clean energy generation within our CRE portfolio, building upon the long legacy of sustainability tracing back to the early years of A&B, with the completion of a hydroelectric facility on Kaua'i over 115 years ago.

Our actions on ESG matters are guided in part by the Sustainability Accounting Standards Board's (SASB) model and the Task Force on Climaterelated Financial Disclosures (TCFD) framework. This report builds upon the initiatives and examples disclosed in our inaugural report. A key focus of this edition is to increase transparency surrounding disclosure of our greenhouse gas (GHG) emissions and provide structured information via a SASB Index. I am proud of the progress we have made as we operate as an environmentally and socially responsible company.

Our longstanding commitment to Hawai'i and At A&B, we are guided by a diverse board of directors that is committed to strong corporate governance and transparency. I am pleased with the recent refresh of our board, which increased its independence and added new perspectives, all while maintaining ethnic and gender diversity. In 2020, we welcomed a new director that adds expertise in environmental and social stewardship, as well as valuable representation from the non-profit community. Together, our Board is positioned to create longterm shareholder value while serving our Hawai'i communities. This continues A&B's longstanding tradition of excellence in corporate governance, which has enabled the Company to evolve with Hawai'i's economy and play a leadership role in the development of many industries over our 150-year history.

> Our various ESG efforts were recognized on a national level in 2020. We won awards for our adaptive reuse of the old Macy's building in Kailua that is now Lau Hala Shops, including the prestigious national Gold Award for renovations and expansions from ICSC North America. Nareit recognized A&B with its annual Silver Award for Diversity, Equity and Inclusion (DEI). We are honored by the recognition of our efforts and seek to continue to advance our ESG commitment.

> In closing, while much of our daily life changed in 2020, our commitment to Hawai'i did not. Our 150th anniversary year provided us the opportunity to live out our core values and to demonstrate that we truly are Partners for Hawai'i. I have every confidence that we will continue on this path despite the challenges of COVID-19. We are proud to present our 2020 Corporate Responsibility Report—reflecting 150 years of environmental stewardship, social impact and corporate leadership.



CHRIS BENIAMIN President & CEO

## ABOUT ALEXANDER & BALDWIN

Alexander & Baldwin, Inc. (NYSE: ALEX) is the only publicly-traded real estate investment trust (REIT) to focus exclusively on Hawai'i commercial real estate and is the state's largest owner of grocery-anchored, neighborhood shopping centers. A&B owns, operates and manages approximately 3.9 million square feet of commercial space in Hawai'i, including 22 retail centers, 10 industrial assets and four office properties, as well as 149 acres of ground leases.

A&B is expanding and strengthening its Hawai'i CRE portfolio and achieving its strategic focus on commercial real estate by monetizing its remaining non-core assets. Over its 150-year history, A&B has evolved with the state's economy and played a leadership role in the development of the agricultural, transportation, tourism, construction, residential and commercial real estate industries.



- High-Quality Portfolio
  Irreplaceable Assets with Embedded Growth
  Opportunities
- Superior Market Fundamentals
  Dynamic, Growing Market with Structural Limitations on New Supply
- Simplification Nearing Completion
  Facilitates Pivot Back to CRE Investments
- Strong Balance Sheet
  Supports Accelerated Investment Activity
- Commitment to Corporate Responsibility
  Significant Progress in ESG Initiatives in Recent Years



### **ABOUT OUR**

### **CORPORATE RESPONSIBILITY REPORT**

We are proud to share our second corporate responsibility report, which provides both quantitative and qualitative information about our commitment and approach to ESG matters. Additional ESG information is included in our Proxy Statement and Annual Report/Form 10-K, both of which are located on our website, www.alexanderbaldwin.com.

This report covers the period from January to December 2020. We have improved upon the Sustainability Accounting Standards Board (SASB) disclosures made in last year's inaugural corporate responsibility report and have provided a SASB Index. We also have provided additional disclosures in alignment with the Task Force on Climate-related Financial Disclosures (TCFD).

Unless otherwise noted, the information in this report does not include our materials and construction subsidiary, Grace Pacific LLC, as we have focused our reporting on the areas of our business that are part of our long-term strategic focus as a commercial real estate company.

For further information on this report, please contact us at sustainability@abhi.com.

# OUR **VISION, MISSION, VALUES**

### Our Guide as Partners for Hawai'i

We are proud of the culture at A&B, where we are committed to being Partners for Hawai'i. In 2020 we celebrated our 150th anniversary, and we honor the reputation that we have developed over a century and a half of doing the right thing for our stakeholders. Several years ago, A&B expanded upon its longstanding principles and formed vision, mission and values statements that guide our daily actions. These statements were recently updated to reflect the continuing evolution of the Company and its focus on commercial real estate.

### **VISION**

As Hawai'i's premier commercial real estate company, we will own and operate a superior portfolio of properties that enhances the lives of Hawai'i's people, enables our tenants to thrive and creates value for our shareholders.

#### **MISSION**

Utilize A&B's extensive assets, expertise, long history and deep relationships to benefit Hawai'i and all our stakeholders. Develop, acquire and manage commercial real estate in a way that fulfills the everyday needs of Hawai'i's residents and promotes the sustainability of our communities. Support our employees in their quest to further their careers, provide for their families, enjoy their work and give back to the community.



### **VALUES**

Our core values, instilled in our company culture, guide our day-today actions and reflect our commitment to making Hawai'i better.

#### **INTEGRITY**

Be guided in all actions by strong moral principles, in keeping with A&B's legacy of honesty and fairness

#### RESPECT

Value and respect the unique qualities, perspectives and contributions of each employee and seek to understand the priorities of the community

### **ADAPTABILITY**

Embrace innovation and seek better approaches

#### **COLLABORATION**

Share information and ideas and work together to find the best solutions

#### **DECISIVENESS**

Make clear and timely decisions and communicate them widely

#### **ACCOUNTABILITY**

Hold ourselves accountable for delivering results and recognizing achievement

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# OUR MILESTONE 150TH ANNIVERSARY

The year 2020 marked the 150th anniversary of the original partnership between two young and optimistic business partners—Samuel Thomas Alexander and Henry Perrine Baldwin—who planted sugar cane on 572 acres of land they had purchased on Maui in 1870. Out of that bold business venture grew a company that would become one of Hawai'i's leaders and innovators in agriculture, land stewardship, real estate management and development.

Through the decades, A&B has consistently evolved, remaining relevant through changing times and changing opportunities. A&B today continues to embrace the values that have defined our businesses and our people for the last 150 years and will continue to be the foundation for our company's success in the years ahead as we expand our commitment to Hawai'i and the communities we serve.

### **150 YEARS OF**

- ENVIRONMENTAL STEWARDSHIP
- CONNECTIONS WITH STAKEHOLDERS
- CORPORATE LEADERSHIP



### The First 100 Years: 1870 - 1970

1870 Partners plant their first crop of sugar. Start of Hamakua Ditch.



# 9

### A Legacy of Friendship, Collaboration

Friends since boyhood, Samuel T. Alexander and Henry P. Baldwin established a sugar-growing partnership on Maui that would diversify and grow to become one of Hawai'i's business and community leaders. The legacy they forged in 1870 continues today through A&B's vicina mission and values

1879 Hawai'i's first locomotive is put into operation by Kahului and Wailuku Railroad Company, which would become Kahului Railroad Company two years later. The company was later acquired by HC&S and changed its name to Kahului Trucking & Storage in 1967, the year after railroad operations ceased.

1889 Hawaiian Sugar Company is established on Kaua'i.

1900 Alexander & Baldwin, Limited forms as a corporation. Its capital stock was 15,000 with a \$100 par value owned by 5 stockholders of record

1901 A&B Insurance Division is started

1907 MA. Co. starts rubber plantation at Nahiku, Maui, as part of diversification program.

1909 A&B acquires a minority interest in Matson Navigation Company. It became a wholly owned subsidiary in 1969.

1929 Alexander & Baldwin Building is completed in downtown Honolulu.



### Diversity Under One Roof

The historic Alexander & Baldwin Building is a study of diversity and ingenuity brought together in a complementary whole. It is distinguished by subtle Chinese motifs as well as Mediterranean, Italian Renaissance, Buddhist, Tibetan, Japanese and Hawaiian elements and ornamentation, and it remains one of the most attractive buildings in Hawai'i. Designed to suit its tropical climate and geography, it was built with some of the finest materials at the time and featured innovative plumbing and ventilation systems. Careful repairs, refurbishment and system upgrades in recent years have transformed the 90-year-old building into a modern and efficient workplace while retaining its timeless grace.

1949 Kahului Development Co., Ltd. is established to develop what became known as the residential development called "Dream City." The company changed its name to A&B Properties, Inc. in 1975.

1951 Kahului Shopping Center opens as the first integrated shopping complex west of the Mississippi.

1958 Matson's historic introduction of containerization in the Pacific launches the development of a container freight system that became a model for carriers worldwide.

1969 A&B gives up interest in Maui Pine; ends pineapple business.



### **Building Communities**

Over the last seven decades A&B has opened doors to home ownership across the Islands, starting in Kahului Maui, where two sons of Henry Baldwir envisioned a modern, master-planned community of homes, businesses schools and recreational facilities so that company employees and others could share in the American dream of owning a house. The first residents moved into this "Dream City" in 1950. Building upon its success, A&B has completed residential projects small and large, from Kaua'i to Hawai'i Island; developed the expansive master-planned communities of Wailea and Kukui'ula; and proven its expertise in building high-rise residential condominiums in Honolulu.

1970 Development of Wailea begins with a nursery in Kihei.



#### Seeds of Growth

Rarely has an industry so shaped and influenced a place as the sugar industry did in Hawai'i for more than 150 years Hawaiian Commercial & Sugar Company (HC&S) was an innovative and integra part of the industry and a significant force in Maui's economy for decades. The company was one of the county's largest employers and the state's last remaining sugar business when its Pu'unene Mit closed in 2016, marking the end of an era.

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1975 A&B acquires potato and vegetable operations of Rogers Brothers Company of Idaho.

1976 A&B builds first warehouse complex at Maui Industrial Park.

1984 A&B enters macadamia nut business with ceremonial planting of two trees at McBryde on Kaua'i.



### Plantation Life: Cultivation of Diversity

The Islands' sugar industry was like no other in cultivating the extraordinary cultural diversity that Hawai'i has enjoyed for generations. As waves of immigrants arrived from such distant lands as China, Japan, Korea, Portugal, Puerto Rico and the Philippines to work on sugar plantations and forge a better life, they contributed to the rich melting pot of foods, traditions and language that make up the fabric of Island life today.

1987 First coffee trees planted as part of A&B's diversification at McBryde Sugar Company. Sugar operations ceased in 1996, with Kaua'i Coffee Co. operations continuing.

1989 Wailea Development Company, Inc. is sold to Shinwa Golf Group. In 2003, A&B repurchases Wailea's remaining 270 acres of entitled, undeveloped land from Shinwa.

1989 A&B purchases five mainland properties as part of a strategic initiative to diversify the Company's commercial real estate portfolio.

1992 Hurricane Iniki slams the island of Kaua'i on September 11, impacting many A&B employees and other residents. Except for the crops in the field, most of A&B's operations were spared or properly insured. Matson and A&B's Kaua'i Commercial Co. trucking subsidiary played a significant role in transporting relief supplies. A&B's 580 acres of macadamia orchards were lost to the high winds.

1993 A&B acquires 72 percent portion of C&H that it did not previously own, making the company a vertically integrated food products company.

1998 A&B purchases its first property for development on the island of O'ahu, a 40-acre industrial-zoned property in Waipahu.

2001 A&B acquires six properties including four on O'ahu (includes Kaneohe Bay Shopping Center-the Company's first retail center on the island).



#### From Stream to Field

Dating back to 1878, East Maui Irrigation Company's 74-mile system of ditches, tunnels, siphons and flumes was an engineering masterpiece that shaped irrigation projects in Hawai'i and the western United States. Water collected from East Maui's watershed sustained HC&S sugarcane fields for decades and continues to supply water to Upcountry Maui residents and farms through deliveries to Maui's Department of Water Supply. EMI's pioneering role was recognized in 2002 when its ingenious system was designated a National Historic Civil Engineering Landmark.

**2006** Matson launches new eastbound service, "China-Long Beach Express," with four fast, efficient new ships.



### Lifeline to the Islands

Beginning with the voyage of its first ship in 1882, Matson Navigation Company has provided a vital lifeline to Hawai'i, carrying cargo between the islands, the U.S. mainland and ports in the Pacific and Asia. The company led the way in maritime innovation, including the introduction of containerization in the Pacific. Through the mid-1900s, Matson played a significant role in Hawai'i's growing tourism industry, building four passenger liners and four Waikiki hotels that catered to well-heeled travelers. Matson vessels were called into military service during World War I and II, carrying thousands of troops across the globe. After owning an interest in the company for nearly six decades, A&B acquired 100% interest in Matson, which remained an A&B subsidiary until the two companies separated in 2012.

2007 A&B partners with The Nature Conservancy to create the state's third largest nature preserve at Wainiha Valley on Kaua'i.

2008 A&B completes sales at the 42-story Keola Lai condominium project in Kaka'ako.

A&B begins trading on the New York Stock Exchange on October 1, 95 years ago to the day when it began trading on the Honolulu Stock and Bond Exchange.

### Transition to the Future: 2010 - Present

2011 A&B makes the long-term strategic decision to refocus its commercial portfolio back to Hawai'i over time.

Kuku'iula debuts its 18-hole, Tom Weiskopfsignature golf course, clubhouse, spa and other amenities.

Massimo Zanetti Beverage, USA, the owner of Hills Bros., acquires the Kaua'i Coffee assets and leases the coffee plantation land.



### A Culture of Sharing

From our founders' humble beginnings in 1870, A&B has forged a lasting legacy of charitable giving that is perpetuated by the successful activities of our businesses and the generosity of our employees. This culture of sharing is rooted in our mission and values as a kama'aina company; we have both a responsibility to sustain and an opportunity to help shape the communities we serve. Nearly five decades ago, A&B's board of directors made a commitment to dedicate a portion of the Company's pretax income for charitable gifts.

2012 On June 29, 2012, separation of A&B and Matson is completed.

2013 A&B acquires the Hawai'i portfolio of the Kaneohe Ranch/Harold K.L. Castle Foundation. The portfolio includes 386,000 square feet of prime retail and light industrial space in the heart of Kailua.

A&B acquires Pearl Highlands Center, Wai'anae Mall and Napili Plaza.

A&B acquires 30 properties located on Kahala Avenue in an off-market transaction.

On October 1, A&B acquires Grace Pacific, Hawai'i's premier natural materials and paving company.

A&B completes construction of Waihonua highrise condominium.

2014 A&B expands renewable energy assets with a \$24 million investment in a 12-megawatt solar facility on Kaua'i, which surpasses the Company's 6-megawatt Port Allen solar farm as the largest solar facility in the state.



2016 A&B announces the cessation of sugar operations at HC&S, the last sugar cane plantation in the state, and the transition to diversified agriculture. Throughout the year, the images and sentiments of the people who brought in this historic crop were captured in Cane: Hawai'i's Last Sugar Harvest. The book was gifted to all HC&S employees.

2017 A&B converts to a real estate investment trust (REIT) and undertakes a comprehensive rebranding effort to provide clarity to its stakeholders. Adopts the new tagline "Partners for Hawai'i" to reflect not only our focus on Hawai'i, but our intent to work with local communities to achieve our mutual goals. We created a new logo inspired by the motifs of A&B's historic building's architecture, representing strength in history and solidarity through change.

2018 A&B completes the migration of its commercial real estate portfolio from the U.S. mainland to Hawai'i, making it the state's largest grocery and drug-store anchored retail operator.



2020 A&B enters 50th year of offering scholarships to children of employees.



#### Partners for Hawai'i

A&B's 150-year history traces an extraordinary evolution, growing from a partnership that cultivated Hawai'i's land into a diversified company that become one of America's leaders in agriculture. ocean transportation, and land stewardship and development. Today, as a real estate investment trust and Partners for Hawai'i, A&B is committed to utilizing its long history, deep relationships and extensive resources to improve Hawai'i's communities and create value for all of our stakeholders. By embracing innovation, like our founders, we will transform our organization and make it more effective in addressing new challenges and opportunities in an ever-changing business environment.



PARTNERS FOR HAWAIT

# OUR RESPONSE **TO COVID-19**

### **Caring for our Community**

The COVID-19 pandemic brought on one of the greatest challenges in our Company's history. We responded to the pandemic with swift and strategic actions that focused on our employees, tenants, communities and shareholders.

### SUPPORT FOR OUR EMPLOYEES

- Implemented a work-from-home plan that allowed us to keep our employees safe and remain operational
- Formed COVID-19 task force to create safety protocols and educational resources
- Offered flexible work arrangements
- Stayed connected with employees through frequent town hall meetings, employee activities and learning events throughout the year

### SUPPORT FOR OUR COMMUNITIES

Anticipating the needs of our community, we pivoted our strategic areas of giving to include emerging COVID-related needs, prioritizing food and housing insecurity.

- Directed \$277,000 in 2020 to pandemic relief efforts
- Donations included meals for impacted families, emergency rental assistance, homeless prevention programs and remote learning support for disenfranchised students
- Provided the use of our properties to distribute food to financially-impacted residents and teamed with the Hawai'i Farm Bureau to distribute local produce and protein food boxes to our affected tenants and employees



### SUPPORT FOR OUR TENANTS

- Worked proactively with our tenants on a case-by-case basis, assisting them as needed
- Supported the operational and facilities changes required for them to remain safely operational, assisted impacted tenants with marketing support, and provided guidance in accessing government relief resources
- Provided lease modifications to over 300 tenants that needed extra assistance during this difficult period
- Collaborated with local and national organizations to advocate for reopening the island economy when circumstances warranted it, providing business resources and reopening information
- Promoted Buy Online, Pickup In Store (BOPIS) programs, take-out and delivery services, and increased safety measures and signage

### SUPPORT FOR OUR SHAREHOLDERS

- Drew strategically on our credit facility to ensure adequate capital in light of the uncertainty created by the pandemic
- Undertook actions to protect our core commercial real estate business while enabling advancement of our simplification strategy
- After suspending our second and third quarter dividends in a measured effort to preserve cash for operations, we reinstated a fourth quarter dividend near the end of the year

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# SUPPORTING OUR STAKEHOLDERS

### SUPPORTING THE COMMUNITY: WAI'ANAE MALL

Prior to the pandemic, as much as 40% of Wai'anae families reported being food insecure; this number soared with the statewide lockdown. We partnered with our tenant, Wai'anae Coast Comprehensive Health Center (WCCHC), to support monthly drive-through food distributions at A&B's Wai'anae Mall to ensure local families in need had access to fresh local produce, meats, eggs, milk, canned goods and pantry staples. We made available an expansive area for the distribution and provided logistical and security services. A&B further offered a 3,500-square-foot retail space to WCCHC for storage and staging of the food boxes and employees volunteered to pack produce boxes at distribution events. Grace Pacific donated traffic management equipment and labor to safely route hundreds of cars at the monthly distributions. By year end, WCCHC distributed over 1.3 million pounds of food to families hard hit by the pandemic.







# SUPPORTING A LOCAL TENANT

A music and arts educational tenant was impacted by COVID-related restrictions, which challenged its normal operations. We worked in partnership with them, allowing a small, local business with deep roots in the community to remain a valued tenant.

- Tenant shared their efforts to pivot customers to online learning
- Tenant/A&B discussed proactive steps to secure available financial assistance through government programs
- Tenant shared steps to reduce expenses
- A&B provided operational support



### **SASB**

A&B has continued to align its ESG efforts and disclosures with the Sustainability Accounting Standards Board (SASB) standards to assist stakeholders in better understanding our ESG initiatives. As a REIT, we have aligned our reporting with the real estate industry topics and, given our community-based focus, also selected several key topics from the service industry. Our specific SASB disclosures are referenced in the SASB Index at the end of this report.

#### **OUR FOCUS AREAS**

- Energy Efficiency
- Water and Waste Management
- Climate Change

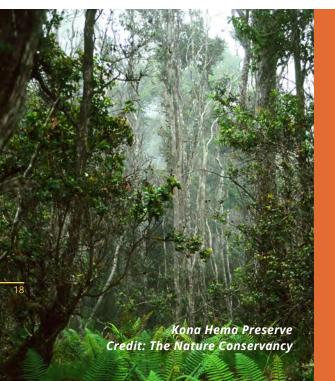
- Tenant Sustainability Management
- Employee Engagement/Culture
- Business Ethics



### TCFD AND CLIMATE CHANGE

A&B recognizes the risk that climate change poses to our business and our communities. As corporate citizens and neighbors, we are dedicated to addressing climate risks and understanding and mitigating potential risks and vulnerabilities associated with our real estate and our island community.

With guidance from the Task Force on Climate-related Financial Disclosures (TCFD), we are taking action to identify and disclose risks and to reduce the impacts of climate change. This report notes one point in time on our sustainability journey and, in the spirit of continuous improvement, we expect to expand and enhance our alignment with the TCFD framework in the future.



### SUSTAINABILITY BUSINESS FORUM CARBON OFFSET INITIATIVE

A&B is a sponsoring member of the Sustainability Business Forum's Carbon Offset Initiative, which is partnering with The Nature Conservancy of Hawai'i to bring a carbon offset pilot project to market. The project is being developed on an 8,000-acre forest located on Hawai'i Island and could generate up to 120,000 carbon credits in the first ten years. In addition to generating carbon offset credits, this initiative supports groundwater recharge and protects native forests. One of the goals of the Carbon Offset Initiative is to create a pipeline of projects and supporting policies to develop a thriving carbon offset market for Hawai'i—bringing both environmental and economic development benefits to our community.

### **ESG AWARDS AND RECOGNITIONS**

### OUR ESG EFFORTS WERE RECOGNIZED BY SEVERAL WELL-REGARDED, INDEPENDENT ORGANIZATIONS IN 2020:

- Lau Hala Shops, an adaptive reuse redevelopment in Kailua, won two awards, including the
  national Gold Award from ICSC (INNOVATING COMMERCE SERVING COMMUNITIES),
  previously International Council of Shopping Centers, in the renovations and expansions
  category as well as NAIOP HAWAI'I'S 2020 Kukulu Hale Award for commercial renovation
- Recognized by **NAREIT** as Silver Award winner for Diversity, Equity and Inclusion
- Recognized by **PACIFIC BUSINESS NEWS** as Corporate Award winner of the Business of Pride Awards
- Received the highest ranked corporate governance quality score from INSTITUTIONAL SHAREHOLDER SERVICES (ISS)

# TCFD AND CLIMATE CHANGE

In accordance with the recommendations of TCFD, the following describes our climate risk assessment and mitigation efforts from governance, business strategy, and risk management perspectives, and describes key metrics and targets by which we measure progress.

### **GOVERNANCE**

Climate change considerations are integrated into our broader ESG governance structure. A&B's Board of Directors provides oversight of the Company's ESG programs and receives regular reports at its board meetings. ESG matters are managed by the Vice President, Governance & Sustainability, who reports directly to the CEO. An ESG Council consisting of functional leaders throughout the organization also meets on a regular basis to review and discuss ESG matters.

Management assesses and manages climate-related risks and opportunities in various ways. Risks are identified in the annual enterprise risk assessment (ERA) process, in the due diligence process for potential acquisitions, and via ongoing evaluations of existing properties. Results of the ERA process are presented to A&B's Audit Committee. We also monitor the regulatory and enforcement environment and establish compliance plans as appropriate.

### STRATEGY & RISK MANAGEMENT

ESG, including climate change, is an important part of A&B's corporate strategy. ESG is one of the four key pillars of our most recent Strategic Plan, which was presented to and reviewed with the Board. Through our annual enterprise risk assessment, due diligence activities, and ongoing property management operations, A&B has identified climate-related risks (both acute and chronic) that include impacts from extreme climate events, such as flooding from rain or high wind from hurricanes, the potential impact of rising stream and ocean levels upon properties in flood zones and increasing environmental regulations.

Once we identify the physical risks posed to our assets, we manage them with an array of short term and long-term initiatives.

In the short term, we are taking preventive measures as we maintain and redevelop our existing properties. We have established emergency preparedness plans and tenant communication systems for all properties that will assist in the event of extreme climate events. We also maintain casualty insurance under policies we believe to be adequate and appropriate.

With regard to identified chronic risks such as the potential impacts of rising stream and ocean levels upon properties in flood zones, we track and monitor our properties that are within the 100-year flood zone. We take preventative measures as appropriate and purchase insurance to cover losses related to such damage. These risks also are identified in the due diligence process for potential acquisitions.

In efforts to address transitional risk—or risks associated with an increase in Federal, State, and local regulations related to carbon and GHG reductions—we monitor existing and proposed policies that may impact our operations.

In the longer term, we are working to reduce carbon emissions via energy efficiency initiatives within the construction/redevelopment process and in property operations and are incorporating renewable energy production at our properties. We are undergoing ESG strategy development and planning activities in 2021, which will include developing more specific climate risk analysis and/or mitigation plans covering multiple scenarios.

### METRICS AND TARGETS

A&B tracks climate-related metrics, including GHG emissions, energy consumption, renewable energy production and properties located within flood zones. With a focus on continuous improvement, we are in the process of developing specific reduction targets after conducting further viability and technical assessments in 2021. Our climate-related metrics are disclosed in the Energy Data and SASB Index sections of this report.

In addition to our company-specific metrics, A&B also supports the targets established by the State of Hawai'i, the City and County of Honolulu and our local utility provider, Hawaiian Electric Company. We are headquartered in Hawai'i and are deeply connected to our local communities. The State of Hawai'i has provided leadership and established significant climate goals, including achieving carbon neutrality and a 100% renewable energy portfolio by 2045, with interim renewable energy goals of 30% by 2020, 40% by 2030 and 70% by 2040. The goal of 30% renewable energy by 2020 has been achieved, and A&B supports our home state of Hawai'i in taking climate action to reach the established goals while mitigating climate change impacts.



# 150 YEARS OF ENVIRONMENTAL STEWARDSHIP

SINCE THE BEGINNING OF ALEXANDER & BALDWIN'S LEGACY IN 1870, THE COMPANY HAS PLAYED A LEADERSHIP ROLE IN ENVIRONMENTAL STEWARDSHIP.

As A&B has evolved with the state's economy, utilization of innovative technologies has been a constant trend, from skimming wells and drip irrigation when the Company focused on agribusiness to the present emphasis on sustainable properties. Along the way, partnerships of land preservation and conservation serve to protect special places for future generations.

### **A&B IS COMMITTED TO ENVIRONMENTAL STEWARDSHIP**

- Reduce energy consumption across our operations through energy efficiency, smart technologies, increased awareness and behavioral changes
- Monitor GHG emissions and waste, while considering innovative solutions for offsetting and mitigating our organizational footprint
- Encourage smart water use and land stewardship within the company and throughout our communities
- Support renewable energy capabilities for our commercial real estate portfolio and the communities we serve
- Partner with our tenants to implement sustainable practices



# ENERGY EFFICIENCY INITIATIVES

#### SUSTAINABLE ELEMENTS

We incorporate a variety of sustainable elements throughout our properties. As the largest owner of grocery-anchored centers in Hawai'i, A&B provides community gathering spaces with an appealing mix of dining, shopping and service options and a focus on sustainability.



### SUSTAINABLE FEATURES THROUGHOUT OUR PROPERTIES INCLUDE:

- Energy efficiency programs
- LED lighting
- Energy efficient HVAC and fixtures
- Adaptive reuse of existing building structures
- Photovoltaic (PV) systems
- Electric vehicle (EV) charging stations
- Pedestrian-friendly open spaces
- BigBelly solar-powered trash compacting bins
- Native Hawaiian plants and environmentally friendly landscaping
- Ride and bike share transportation options



### SUSTAINABLE FEATURE SPOTLIGHT: LED LIGHTING

As part of A&B's commitment to owning and operating sustainable properties, the Company has focused on energy efficient lighting. Since 2017, A&B has performed nine lighting retrofit projects, including two projects in 2020. These lighting improvement efforts throughout our portfolio impact common area, occupied area, exterior and parking lighting fixtures by replacing existing lighting with energy-efficient LED lighting, resulting in material energy and maintenance savings.

LED LIGHTING PROJECTS



PROJECTS
IMPLEMENTED
IN 2020

2



A&B's partnership with Carbon Lighthouse, to increase energy efficiency and reduce GHG emissions within our CRE portfolio, produced enhanced results in 2020 compared to the prior year. During the year, another grocery-anchored retail center incorporated efficiency measures. To date through our collaboration, approximately 22% of our portfolio based on gross leasable area (GLA) have undergone various performance upgrades to lighting, heating and cooling systems. The total projected 10-year impact is conservation of approximately 23,000 barrels of oil, equivalent to reducing GHG emissions by 10,000 metric tons of CO<sub>2</sub>.

SAVINGS (2020) \$253K

KWH REDUCTION (2020) 983K

2020 IMPACT EQUIVALENT TO REDUCTION OF

**697**METRIC TONS OF CO<sub>2</sub>

ENVIRONMENTAL

# ENERGY **DATA**

At year-end 2020, A&B's portfolio comprised of 36 properties totaling nearly 3.9 million square feet (SQ. FT.) of total GLA. Total energy consumed, by property subsector, for 2020 and 2019 is as follows:

### TOTAL WHOLE BUILDING<sup>1</sup> ENERGY CONSUMED BY PROPERTY SUBSECTOR

		2020		2019	YoY
	TOTAL ENERGY CONSUMED (MWH)	TOTAL ENERGY INTENSITY (KWH/SQ. FT.)	TOTAL ENERGY CONSUMED (MWH)	TOTAL ENERGY INTENSITY (KWH/SQ. FT.)	TOTAL ENERGY CONSUMED % CHANGE
RETAIL	75,615	30.2	79,197	31.7	-4.5%
INDUSTRIAL	6,045	5.0	6,294	5.2	-4.0%
OFFICE <sup>2</sup>	2,781	19.4	3,167	22.1	-12.2%
TOTAL	84,441	21.9	88,658 <sup>3</sup>	23.0	-4.8%

- 1: Whole building information includes A&B common area and tenant energy consumption.
- 2: Office metrics include A&B's corporate headquarters' energy consumption, though its GLA is not incorporated into the Office GLA figure.
- 3: 2019 Total Energy Consumed has been updated since initial publication in our inaugural report due to minor adjustments of tenant-consumed data.

# 2020 VERSUS 2019 LIKE-FOR-LIKE ENERGY CONSUMPTION

RETAIL	-12.1%
INDUSTRIAL	<b>-7.4</b> %
OFFICE	-12.2%
TOTAL	-11.7%

The year-over-year, like-for-like energy consumption shows sharp reductions compared to other years. These reductions do not represent energy efficiency initiatives alone, but also incorporate COVID-related impacts at our properties during the year, including mandatory operating restrictions and other factors. Thus, the reductions in 2020 should not be viewed as a going-forward run-rate.

### TOTAL GREENHOUSE GAS (GHG) EMISSIONS BY SCOPE BY PROPERTY SUBSECTOR

		2020			2019	YoY
	TOTAL GHG EMISSIONS (MTONS CO <sub>2</sub> e)	TOTAL GHG SCOPE 1 EMISSIONS	TOTAL GHG SCOPE 2 EMISSIONS	TOTAL GHG SCOPE 3 EMISSIONS	TOTAL GHG EMISSIONS (MTONS CO <sub>2</sub> e)	TOTAL GHG EMISSIONS % CHANGE
RETAIL	53,587		3,238	50,349	56,126	-4.5%
INDUSTRIAL	4,284		136	4,148	4,461	-4.0%
OFFICE <sup>1</sup>	1,971		554	1,417	2,244	-12.2%
TOTAL	59,842		3,928	55,914	62,831	-4.8%

- 1: Office metrics include A&B's corporate headquarters' GHG emissions, though its GLA is not incorporated into the Office GLA figure.
- 2: Total GHG Scope 1 emissions, direct emissions that physically occur in assets we own or control, were immateria



OUR LIKE-FOR-LIKE CLEAN ENERGY REDUCTION IS EQUIVALENT TO:

733K

Gallons of gasoline saved



6.5K

Metric tons of GHG emissions reduced

Energy reduction
equivalencies based on
EPA's Greenhouse Gas

mproving upon the level of disclosure we provided in our inaugural report, this report contains GHG emissions information of our CRE portfolio associated solely at this time on whole building energy consumption. Based on guidance from the GHG Protocol Corporate Standard, we utilize the operational control boundaries since this approach pest reflects the day-to-day practices of our business and are most relevant to retail

GHG Scope 1 emissions, direct emissions that physically occur in assets we own or control, were immaterial. GHG Scope 2 emissions reflect indirect emissions from purchased electricity consumed by A&B but generated elsewhere. Reported GHG Scope 3 emissions, other indirect emissions that occur as a consequence of the operations of A&B but are not directly controlled by us, reflect tenant-purchased building electricity consumption emissions only





### **HYDROELECTRIC**

A&B's long history of clean energy production traces back to 1906, with the Company's first hydroelectric facility on Kaua'i. Hydroelectric has been a significant contributor to A&B's legacy of renewable energy production and, notwithstanding the intent to focus upon our core commercial real estate operations, is an important part of providing clean energy for our island communities.

### SOLAR

In 2020, A&B produced renewable energy at its solar production facility at Port Allen, Kaua'i, which at the time of its completion in 2012 was the largest solar PV generation facility in Hawai'i. As part of our strategic transformation into a pure commercial real estate company, the Port Allen facility was sold in the third quarter of 2020 to a buyer committed to renewable energy generation.

Indirect solar investments include facilities on Kaua'i and O'ahu.

# TOTAL RENEWABLE ENERGY PRODUCTION BY SOURCE TYPE (2020)

PRODUCED (MWH)

SOLAR - DIRECT	9,215
HYDRO - DIRECT	26,832
TOTAL - DIRECT	36,047
SOLAR - INDIRECT	76,977
TOTAL	112 024

The power generated from these renewable energy assets is sold back to the grid and not consumed by A&B's commercial real estate portfolio.

### WATER DATA

water is an important natural resource, particularly for an island state like Hawai'i. A&B continues to monitor water consumption across its portfolio, and seeks to promote water conservation efforts. Total A&B direct-billed water consumed, by property subsector, for 2020 is as follows:

### TOTAL A&B DIRECT-BILLED¹ WATER CONSUMED BY PROPERTY SUBSECTOR

			TOTAI WATER % CHANGE
RETAIL	166,249	175,559	-5.3%
INDUSTRIAL	8,679	10,224	-15.1%
OFFICE	20,620	17,754	+16.1%
TOTAL	195,548	203,537 <sup>2</sup>	-3.9%

<sup>1:</sup> Direct-billed information includes A&B common area and significant tenant water consumption.

### 2020 VERSUS 2019

## LIKE-FOR-LIKE WATER CONSUMPTION

RETAIL -13.2%

INDUSTRIAL -13.8%

OFFICE +16.1%

TOTAL -10.2%

The year-over-year, like-for-like water consumption shows sharp reductions compared to other years. These reductions do not represent water efficiency initiatives alone, but also incorporate COVID-related impacts at our properties during the year, including mandatory operating restrictions and other factors. Thus, the reductions in 2020 should not be viewed as a going-forward run-rate.

<sup>2:</sup> Total Usage in 2019 has been updated since initial publication in our inaugural report due to adjustments for tenant-billed usage.

# RESPONSIBLE DEVELOPMENT

The development and redevelopment process within our CRE portfolio reflects A&B's environmental commitment to build and maintain sustainable properties. Our efforts incorporate energy and water conservation, waste reduction and alternative transportation initiatives.

### WHERE FEASIBLE AND APPROPRIATE, WE:

- Use energy efficient (LED) lighting and related equipment, such as occupancy sensors or automatic lighting controls
- Use energy efficient air conditioning/chiller equipment
- Use energy efficient roofing materials
- Use water efficiently, including use of droughttolerant foliage and smart irrigation systems
- Choose eco-friendly products and materials associated with paints, carpet, flooring, wood and other building elements
- Recycle salvaged materials from deconstruction projects, and implement recycling programs
- Incorporate eco-friendly transportation options, such as EV charging stations and bike racks



# LAU HALA SHOPS

We're proud to have received the National Gold Award from ICSC in the Renovations and Expansions Category and NAIOP Hawai'i's 2020 Kukulu Hale Award for Commercial Renovation."

Lau Hala Shops is a prime example of our focus on sustainability. Utilizing adaptive reuse of the original 1950s mid-century modern structure, the Company has created an open, walkable, community-focused dining, retail and services hub for the Windward O'ahu community. Various sustainable features were incorporated into this award-winning redevelopment.

- Adaptive reuse
- Art display made of plastic waste gathered during
   A&B beach clean-up event
- Walkable design with limited vehicular access and a large pedestrian plaza
- Native Hawaiian plantings, including Hala and Coconut Palms Trees
- Use of bioswale landscaping elements
- Utilization of window glazing insulation systems
- Energy efficient lighting and air conditioning
- Water efficient bathroom facilities
- Use of recycled, durable and easily maintained aluminum exterior elements
- Innovative solar-powered trash-compacting bin "Bigbelly"
- EV charging stations







# OTHER **SUSTAINABILITY EFFORTS**

### **TENANT SUSTAINABILITY**

During the year, A&B formalized a tenant sustainability management system to share sustainability stories, tips and resources. The focus for 2020 was promotion of tenant energy conservation efforts. Resulting from our tenant outreach, a number of tenants implemented significant equipment upgrades to utilize energy or water efficient models as well as other adjustments.

To align our sustainability priorities with tenant activity, our leases contain terms that encourage sustainable behavior. Our standard lease contains a cost recovery clause that allows for shared bearing of costs for energy efficiency-related capital improvements.

Further, a significant majority of A&B's leases are triple net, which pass on utility expenses and savings directly to tenants and incentivizes them to reduce electricity and water usage.





### RESPONSIBLE LAND STEWARDSHIP

A&B has a legacy of caring for Hawai'i's land and natural resources and understands the importance of responsible land stewardship. We were a founding member of the East Maui Watershed Partnership and established important conservation areas on both Maui and Kaua'i.

Celebrating A&B's 150th anniversary, nearly 80 A&B employees and their families joined together at Hamakua Marsh in Kailua. We cleared invasive plants, removed trash and planted native trees. Our efforts reflect A&B's heritage of supporting Hawai'i's communities and responsible land stewardship.

### LEADER IN RECYCLING

Recycling as a means to help preserve Hawai'i's limited natural resources and reduce deposits in community landfills is another long-standing emphasis for A&B.

Grace Pacific, A&B's materials and construction subsidiary, is a leading recycler by volume for the construction & demolition industry. In 2020, it recycled approximately 81,000 tons of concrete and asphalt. We continue to seek new and innovative ways to further increase recycling and reduce waste.

### SUSTAINABILITY INITIATIVE: GREEN TEAM

A&B's Green Team, an employee-led initiative, maintained a busy year amid the virtual work environment. The team pivoted to host virtual events including an interactive Earth Day celebration, healthy cooking demonstrations, "green" themed trivia and an energy efficiency workshop.

They also spearheaded the use of bottle-less water stations throughout corporate headquarters, significantly reducing the usage of plastic water bottles and cups. Planned future initiatives include reducing computer paper/printing consumption, community volunteer service events and educational opportunities.

# 150 YEARS OF **SOCIAL INITIATIVES**

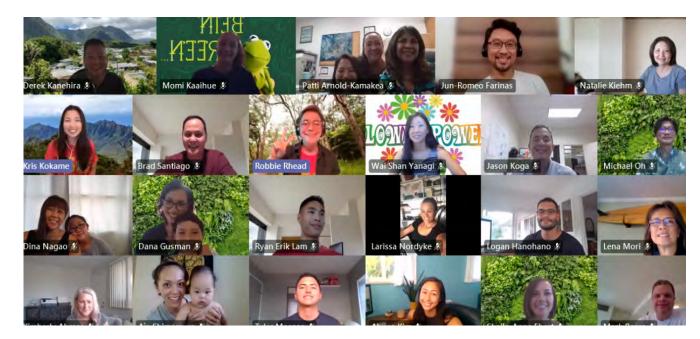
CONNECTIONS WITH STAKEHOLDERS

A&B'S 150-YEAR PRESENCE IN HAWAI'I HAS FOSTERED LONGSTANDING RELATIONSHIPS THROUGHOUT OUR COMMUNITIES.

Coupled with the Company's steadfast commitment to this unique and special place, the strength of our connections sets us apart from other companies.



# CONNECTED TO OUR EMPLOYEES



A&B is dedicated to supporting its employees, who are critical in achieving its mission to serve the community and create value for all stakeholders. A&B's longevity is a testament to the thousands of employees who have carried on the pioneering spirit of our founders.

We seek to attract, develop and retain experienced employees by supporting them in the pursuit of their personal and professional goals. The Company offers a competitive compensation and benefits program; provides learning and development opportunities that support the advancement of its employees; keeps employees engaged while fostering a diverse and inclusive environment; and helps employees give back to their communities.

In 2020, after COVID limited our in-person interactions, the Company made it a priority to stay connected. We kept in touch remotely through forums that included: monthly town halls, informational speakers and small group collaboration opportunities, virtual social events and frequent employee communications.



### **ANNUAL EMPLOYEE SURVEY**

EMPLOYEE PARTICIPATION IN 2020 SURVEY 80%

We understand the importance employees. For the past four years, we have conducted a confidential annual employee survey to better understand perspectives on topics including employee experience, workplace culture, engagement and the direction and leadership of the Company. In 2020, we added specific questions relating to diversity, equity and inclusion. Eighty percent of our employees participated in the 2020 survey. We were encouraged by the favorable results, which exceeded national benchmarks.

I SEE STRONG LEADERSHIP SUPPORT OF THE COMPANY'S VALUE OF DIVERSITY, EQUITY AND INCLUSION

1 FEEL THAT I CAN BE MYSELF AT WORK

84%

OVERALL THIS IS A GOOD COMPANY TO WORK FOR 88%

I HAVE A GOOD WORKING RELATIONSHIP WITH MY SUPERVISOR

Survey results are shared with employees and the Board of Directors and have resulted in specific actions, including increased recognition programs and the development of the Company's vision, mission and values statements.

36



### EMPLOYEE **BENEFITS**

We value our employees and provide them with a comprehensive benefits package. We want our employees to live healthy and productive lives." EMPLOYEE
PARTICIPATION IN
HEALTH AND
WELLNESS PROGRAM
(EXCEEDS NATIONAL
MEDIAN OF 40%)

Insurance	Medical, dental and vision
Flexible spending	Health, dependent care and transportation
Life and long-term insurance	Long-term care, long-term disability, life, accidental death & dismemberment
Paid time off	Vacation, sick leave, birthday holiday, community service day and company observed holidays
Retirement	401k plan with matching and non-elective company contributions
Gain sharing	Investing options including company stock
Health and wellness program	Free and confidential assistance on life, health, family and work matters
Memberships	Gym discounts
Classes	Weekly virtual yoga
Recognition	Peer-to-peer recognition program
Scholarships	Opportunities for children of employees



### **SAFETY**

Safety issues are particularly relevant at our materials and construction subsidiary, Grace Pacific. They have demonstrated continued improvements in safety through policy development, staff audits, inspections, and safety and environmental training. These efforts have resulted in a Recordable Incident Rate (RIR) of 3.5 for 2020, in line with the target RIR rate of 3.5.

### **EMPLOYEE LEARNING AND DEVELOPMENT**

A&B continually invests in meaningful learning and development opportunities for its employees, including:

- A variety of formal and informal training programs
- Professional development stipends for qualified workshops, conferences, forums and classes
- Tuition reimbursement of up to \$40,000 to eligible employees wishing to obtain a qualified higher education degree
- Establishment of annual career development goals and annual evaluations that track progress against those goals

In 2020, our approach to employee learning and development shifted to web-based learning featuring instructor-led workshops, lunch-and-learn events and online training through LinkedIn Learning.

# COMMITMENT TO LIVING OUR VALUES

### **SOCIAL JUSTICE**

2020 was a year of great unrest, where our country recognized the call to action for social justice and acknowledged issues of race and inequity that have existed for centuries. Building on the foundation of our longstanding support of the community, A&B committed itself to working towards an end to systemic racism and inequity. We worked hand in hand with our employee affinity groups, organized small group forums to provide a safe space for discussion and brainstorming, held talk story sessions with experts in diversity, equity, inclusion and implicit bias, reviewed and enhanced our HR policies and practices, shared our diversity data publicly, and continued our charitable support for underrepresented, marginalized groups in our local communities.

Employees also had the opportunity to learn from experts on social justice and diversity, equity and inclusion, including:

Dr. Kristin Pauker, Associate Professor of Psychology and Director of the Intergroup Social Perception Lab, University of Hawai'i, who discussed implicit bias and provided insights into actions individuals and A&B can take to counteract implicit bias.

Professor Camille Nelson, Dean of the University of Hawai'i William S. Richardson School of Law, who shared her expertise on social justice, cultural studies and the unique aspects of those issues in Hawai'i.





Dr. Kristin Pauker Associate Professor of Psychology and Director of the Intergroup Social Perception Lab University of Hawai'i



Professor Camille Nelson Dean of the University of Hawai'i William S. Richardson School of Law



### **DIVERSITY, EQUITY AND INCLUSION (DEI)**

A&B believes that an equitable and inclusive environment with diverse teams fosters more creativity, produces greater opportunities to create value through its assets, people and relationships, increases financial performance and is crucial to its efforts to attract and retain key talent. The Company is focused on building and maintaining an inclusive culture through a variety of diversity and inclusion initiatives.

#### **CHARITABLE SUPPORT OF DEI:**

We provided charitable support for numerous DEI-related causes, including:

Closing the learning gap among the community's most vulnerable youth:

**Palama Settlement**, which provides programs for underserved youth on O'ahu, found that many students were struggling to attend their online classes due to barriers such as lack of access to a computer or WiFi, not having a quiet space at home or inadequate parental support to succeed in virtual learning. A grant from A&B enabled Palama Settlement to purchase computers and furnishings to create a safe space for students to learn and receive in-person tutoring. Beneficiaries were identified as highly unlikely to engage in any classes without this additional support.

### Second chances for formerly incarcerated women:

The YWCA has a history of social activism founded on its motto, "Eliminating racism, empowering women." Partners with YWCA O'ahu since 1986, A&B provided support for the Ka Hale Ho'āla Hou No Nā Wāhine (The Home of Reawakening for Women) work furlough program, and the Dress for Success program that provides a network of support, development tools and professional attire to help disadvantaged women find long-term employment and break the cycle of poverty.



WE ARE COMMITTED TO A
DIVERSE COMMUNITY OF
EMPLOYEES AND UNDERSTAND
THE IMPORTANCE OF
INCLUSION."

# DIVERSITY AND WORKFORCE DATA



Source: State of Hawai'i data is from the 2019 American Community Survey via U.S. Census Bureau

### **EMPLOYEE RESOURCE GROUPS**

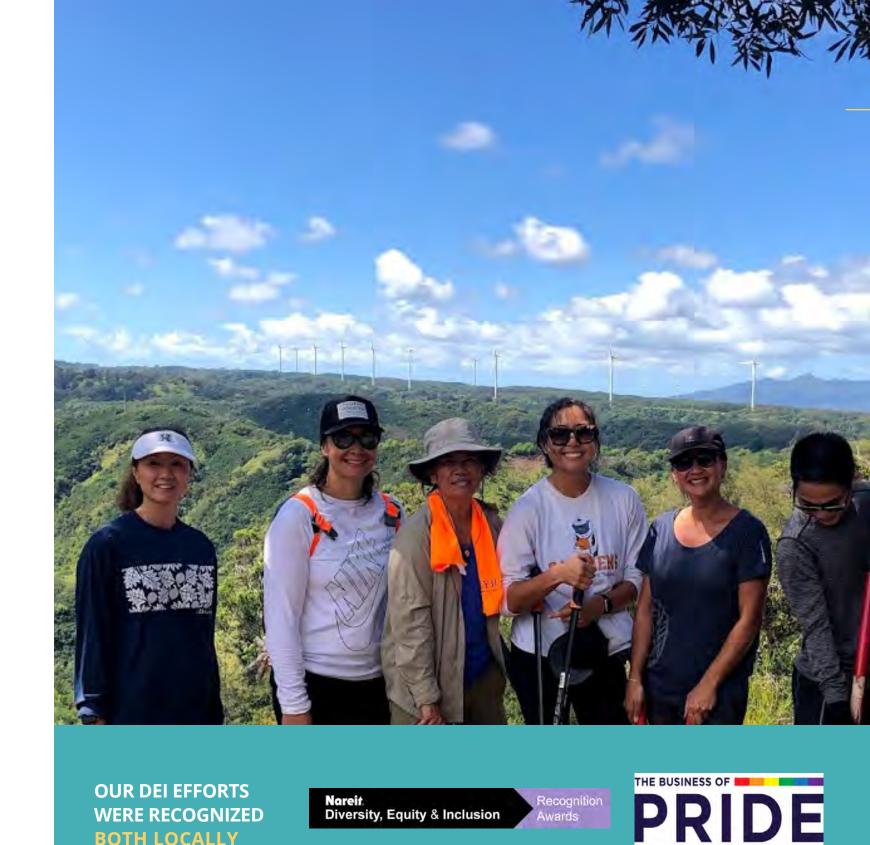
A&B has established three employee-led resource groups: A&B Pride, Women's Leadership (detailed below), and the Green Team (mentioned previously in the Environmental section). These employee-led groups are an important part of A&B's commitment to empowering employees and fostering a workplace and culture that focuses on employee well-being and inclusion.



**A&B Pride** provides a safe space for LGBTQ+ employees and their allies to connect and find solidarity; it is also a space of affirmation for individuals of all identities. It organizes educational, engagement and social activities during the year with the aim of fostering an open and collaborative company culture. The group also reaches out to the local LGBTQ+ community for partnership opportunities. A&B Pride also has sponsored Honolulu Pride and represented A&B for the first time in Honolulu Pride's flagship parade.



The Women's Leadership initiative was established to empower women through professional networking, education, community involvement and recognition. The group encourages collaboration and celebrating success, and provides access to professional development opportunities. Women's Leadership has continued to be active through the pandemic, coordinating events, speaker presentations and educational activities like financial wellness workshops. It spearheaded a successful mentorship program and celebrated International Women's Day with an educational session on biases women face.



**OUR DEI EFFORTS WERE RECOGNIZED BOTH LOCALLY AND NATIONALLY** IN 2020

Diversity, Equity & Inclusion

**NAREIT** SILVER AWARD WINNER





### CONNECTED TO OUR COMMUNITIES

In a year full of challenges, we continued our commitment to supporting the needs of our communities.

We began 2020 celebrating our 150th Anniversary with an A&B Day of Service, with nearly 80 A&B employees and their families working together to help restore Hamakua Marsh, located in the Kailua, O'ahu neighborhood.

When COVID-19 hit in the first quarter, we quickly pivoted to support our communities' needs, as described in the Our Response to COVID-19 section of this report, providing \$277,000 to COVID relief efforts, with an emphasis on feeding and sheltering families and those at greatest risk.





to honor our Company's receive a \$150 grant in their percent of grants were in support

### In 2020, A&B's Kokua Giving contributions totaled \$950,000 in cash and in-kind donations to 230 nonprofit organizations across Hawai'i.

Year in and year out, our Kokua Giving program creates opportunities to build vibrant communities and helps the people of Hawai'i live healthy and fulfilling lives.

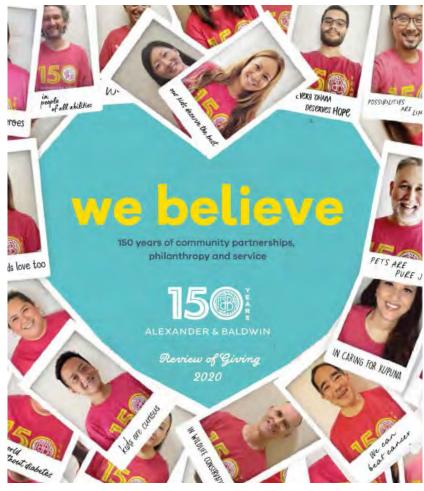
### We further supported our employees' charitable efforts by providing:

- An employee contribution match to cultural and
- A \$250 cash contribution employees volunteered at





For more information about A&B's Charitable Giving, please view our annual Review of Giving publication on our website.





### AFFORDABLE **HOUSING AND HOMELESSNESS**

A&B devoted \$134,000 to homelessness and affordable **housing initiatives**. We provided \$15,000 in continued support to the houseless community at Pu'uhonua O Wai'anae (POW), 200+ houseless individuals. A&B's contributions to POW totaled \$45,000 over three years.

# EXCELLENCE IN GOVERNANCE

150 YEARS OF CORPORATE LEADERSHIP

A&B'S TRADITION OF EXCELLENCE IN CORPORATE GOVERNANCE, GUIDED BY A DIVERSE AND SKILLED BOARD OF DIRECTORS, ENABLES CREATION OF LONG-TERM SHAREHOLDER VALUE AS PARTNERS FOR HAWAI'I.

At A&B we stand for strong and responsible corporate governance that carries on the 150-year legacy of our founders. In 2020, under the direction of our Board of Directors, we navigated the challenges of COVID-19 and conducted our business in ways that honored the reputation that we have built over a century and a half of doing the right thing for our stakeholders.



### BOARD

### **OF DIRECTORS**

Strong leadership starts at the top. Our Board is comprised of seven individuals that believe that the Company benefits from having directors with a diversity of viewpoints, backgrounds and experiences."

AREAS OF BOARD EXPERTISE INCLUDE:

- Commercial Real Estate/REIT
- Executive Leadership

independence and gaining new perspectives with the addition of a board member with significant different age demographic, while maintaining gender In addition to diversity of skills, the Board also embraces gender and ethnic diversity. Of our seven directors:

**FEMALE** 

**ETHNICALLY DIVERSE** 

**INDEPENDENT** 



### **CORPORATE GOVERNANCE HIGHLIGHTS**

A&B is committed to sound principles of corporate governance. We have been recognized with a "1" ranking (the highest score available) in governance by Institutional Shareholder Services.

#### **GOVERNANCE HIGHLIGHTS INCLUDE:**

- · Independent leadership, consisting of an independent non-executive chair, a chief executive officer, and a lead independent director
- Annual election of directors
- A majority voting standard in uncontested director elections
- · Ability of shareholders to amend the bylaws with a majority vote and call special meetings with 10% vote
- No poison pill
- Meaningful director and executive share ownership guidelines
- Annual board and committee evaluations
- An Audit Committee composed of a majority of Audit Committee Financial Experts
- Average tenure of six years
- Mandatory retirement age of 72
- Robust shareholder engagement program
- Strong meeting attendance: In 2020, current directors attended 100% of meetings of the Board and of the Committees on which they serve

### BOARD

### **OF DIRECTORS**

#### **BOARD AND COMMITTEE SELF-EVALUATION PROCESS**

A&B's Board conducts annual Board and Committee evaluations to assess its performance and effectiveness. As part of this process, each Board member responds to a questionnaire that includes areas for comment. Responses are discussed and both Board and Committee performance are evaluated at a subsequent Board meeting.

#### **ESG OVERSIGHT**

Our leadership team and the Board of Directors are committed to ESG issues. ESG considerations are integrated into our operations and inform how we pursue opportunities and manage risks. It is a meaningful component of our operating and strategic plans. The Board of Directors receives regular reports and provides oversight on ESG matters.

A&B's Code of Conduct, which applies to directors as well as employees, establishes the importance of ethical behavior and All directors and employees sign and reaffirm their understanding of the Code of Conduct on an annual basis. In 2020, 100% of A&B employees completed Code of Conduct training.

employees and have strict policies to protect against unlawful discrimination and harassment. We have an ethics hotline that



#### **CYBERSECURITY**

Cybersecurity is an important part of our operations. We work to enhance our overall security and protect our data and network infrastructure on an ongoing basis. A&B recently completed a comprehensive, multi-year effort to improve and expand security practices. A national security firm rated the organization as excellent in independent audits conducted in 2020 and 2021. Additionally, the Board is kept informed on cybersecurity via regular reports made to the Audit Committee that are shared with the Board.

Training is an important part of our cybersecurity program. Cybersecurity training is required annually, and monthly phishing tests are conducted. Annual assessments of employee security awareness are performed. We also have insurance that covers information security risks.

In March 2020, as the global pandemic hit, we were able to move quickly and seamlessly to a remote workforce which helped to keep our employees safe and healthy. We were able to accomplish this without the need to add or change any of our collaboration tools or security measures, due to the strategic measures implemented previously as part of our disaster continuity planning.

# EXECUTIVE **COMPENSATION**

A&B's overall executive compensation philosophy is to align compensation with long-term shareholder interests. Our compensation program includes the following risk management factors:

- Robust stock ownership guidelines
- Multi-year vesting periods of equity awards
- Capped incentive payments
- Use of multiple performance metrics
- Pay philosophy for all elements of pay targeted at the 50th percentile
- 50% of executive equity awards granted are performance-based
- Review of goal-setting by the Compensation Committee to ensure that goals are appropriate
- Mix of pay that is consistent with competitive practices for organizations similar in size and complexity
- Insider trading and hedging prohibitions
- A compensation clawback policy
- Oversight by a Compensation Committee composed of independent directors

At both the 2020 and 2021 Annual Meeting of Shareholders, approximately **97% of shareholders voted in favor of A&B's executive compensation**.

ESG issues, including favorable employee survey results and DEI advancements, were considered in determining annual incentive compensation for executives.



ENERGY MANAGEMENT

WATER MANAGEMENT

### SASB INDEX

Accounting Metric	Code	Total	Retail	Industrial	Office	Unit of Measure	Notes
Energy consumption data coverage as a percentage of total floor area, by property subsector	IF-RE-130a.1	100%	100%	100%	100%	Percentage (%) by floor area	Data coverage includes A&B common area and tenant energy consumption.
Total energy consumed by portfolio area with data coverage, by property subsector	IF-RE-130a.2	303,988	272,215	21,761	10,012	Gigajoules (GJ)	See page 26 for energy data details.
Percentage grid electricity, by property subsector	IF-RE-130a.2	100%	100%	100%	100%	Percentage (%)	
Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	IF-RE-130a.3	-11.7%	-12.1%	-7.4%	-12.2%	Percentage (%)	See page 26 for energy data details.
Percentage of eligible portfolio that is certified to ENERGY STAR, by property subsector	IF-RE-130a.4	0%	0%	0%	0%	Percentage (%) by floor area	In the process of migrating data to ENERGY STAR Portfolio Manager.
Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5	A&B aims to ovincorporate a properties incluoperational cospaces are bey tenant sustainal identify measure	variety of sus uding energy ntrol is limite ond our direc bility program)	tainable energ efficient HVAC, d to common it control (thou I. Our propertie	y features t , lighting an area space: gh we have es undergo e	hroughout our d fixtures. Our s, while tenant implemented a	See pages 25, 30 and 31 for additional energy details.
Water withdrawal data coverage as a percentage of total floor area, by property subsector	IF-RE-140a.1	77%	77%	75%	100%	Percentage (%) by floor area	Includes direct-billed information including common area and significant tenant wate consumption.
Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.1	N/A	N/A	N/A	N/A	Percentage (%) by floor area	A&B does not have any properties in such regions as defined by the World Resources Institute.
Total water withdrawn by portfolio area with data coverage, by property subsector	IF-RE-140a.2	740,230	629,321	32,854	78,055	Thousand cubic meters (m³)	See page 29 for water data details.
Percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.2	N/A	N/A	N/A	N/A	Percentage (%)	A&B does not have any properties in such regions as defined by the World Resources Institute.
Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	IF-RE-140a.3	-10.2%	-13.2%	-13.8%	16.1%	Percentage (%)	See page 29 for water data details.
Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4	We recognize water and have strategic control is limited to incorporate water of smart irrigation	es and practic o common are efficient featur	es to mitigate : a spaces, includ es throughout o	such risks. C ling landscap our propertie	Our operational e irrigation. We	See pages 29 and 30 for water data details.

		Accounting Metric	Code	Total	Retail	   Industrial	Office	Unit of Measure	Notes _
MANAGEMENT OF TENANT SUSTAINABILITY IMPACTS	(1) % of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	IF-RE-410a.1	1) 74% by count 2) 84% by floor area; 776K SF	1) 47% 2) 56%; 514K SF	1) 22% 2) 25%; 236K SF	1) 5% 2) 3%; 26K SF	Percentage (%) by floor area, Square feet (ft²)		
	LITY IME	% of tenants that are separately metered or submetered for grid electricity consumption, by property subsector	IF-RE-410a.2	N/A	N/A	N/A	N/A	Percentage (%) by floor area	Most properties are metered/submetered; in process of determining percentages.
	TAINABI	% of tenants that are separately metered or submetered for water withdrawals, by property subsector	IF-RE-410a.2	N/A	N/A	N/A	N/A	Percentage (%) by floor area	Most properties are metered/submetered; in process of determining percentages.
	sns.	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	IF-RE-410a.3	bearing of costs	Our standard lease contains a cost recovery clause that allows for shared bearing of costs for efficiency-related capital improvements. We share sustainability resources via our tenant sustainability management program.				See page 32 for tenar sustainability details.
CLIMATE CHANGE ADAPTATION	Area of properties located in 100-year flood zones, by property subsector	IF-RE-450a.1	676,100	501,000	) 115,700	59,400	Square feet (ft²)	Based on 100-year flood zone data per the State of Hawai'i DLNR flood hazard assessment tool.	
	ADAPTA	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	A&B assesses and ways. Through our and ongoing pro climate-related in measures in place	r annual enter perty manag isks (both a	prise risk assess ement operati cute and chro	sment, due di ons, A&B ha	ligence activities, s identified	See pages 19-21 for Climate Change details.
щ	۶ ۲ -	% of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	SV-PS-330a.1	1) 73% Male/27% or More Races 2) White/17% Two or	56% Male/44%	6 Female; 44% <i>F</i>		Percentage (%)	See page 43 for Gender and Racial/ Ethnic details.
WORKFORCE	DIVERSITY & INGAGEMENT	(1) Voluntary and (2) involuntary turnover rate for employees	SV-PS-330a.2		1) 92 <sup>9</sup> 2) 89			Percentage (%)	
WORK	DIVERSITY & ENGAGEMENT	Employee engagement as a percentage	SV-PS-330a.3		80%			Percentage (%)	Based on employee participation in 2020 survey, results on page 37. See pages 36-44 for additional information.
SIONAL	Description of approach to ensuring professional integrity	SV-PS-510a.1	A&B's Code of Conduct, which applies to directors and employees, establishes the importance of ethical behavior and compliance with all federal, state and local laws and regulations. An ethics hotline for anonymous reporting is available 24 hours a day, seven days a week.					See page 54 for Business Ethics details.	
PROFESSIONAL	INTEGRITY	Total amount of monetary losses as a result of legal proceedings with professional integrity	SV-PS-510a.2		\$0			Reporting currency	

Activity Metric (RE)	Code	Total	Retail	Industrial	Office	Unit of Measure
Number of assets, by property subsector	IF-RE-000.A	36	22	10	4	Number
Leasable floor area, by property subsector	IF-RE-000.B	3.86M	2.50M	1.22M	143.6K	Square feet (ft²)
Average occupancy rate, by property subsector	IF-RE-000.D	93.5%	91.2%	98.6%	91.6%	Percentage (%) by floor area
Activity Metric (PCS)	Code	Total	Full-Time	Part-Time	Unit of I	Measure
Number of employees by full-time and part-time	SV-PS-000.A	187	187	0	Number	