

# KULEANA

**Rooted in Responsibility**

For our people, our community, our island home





# Aloha,

**2020 was a year like no other.**

The scale of loss due to the COVID-19 pandemic continues to be staggering: first, with the number of people who lost their lives or their loved ones, and then with the dramatic impact to the global economy. It presented both challenges and opportunities as it brought to the forefront the complex interconnectedness of our health, our economic success, and the environment, and highlighted the importance of building economic resilience to ride out good times and bad.

We are grateful that Hawaii was able to minimize the loss of life, but it came at a high cost to the economic security of many who live here. The loss of tourism created record unemployment, three times the level prior to the pandemic.

Bank of Hawaii was well-positioned to implement changes to our products and services to minimize risk to customers and employees, and to help customers accelerate their transition to mobile and online services. We were also glad to partner with others to assist with the broader community needs for food security and other essential services.

I'm grateful for the environmental, social and governance (ESG) recognition from D.A. Davidson in their *ESG Research Report* because it acknowledges the tremendous work of our board and senior leadership team in guiding us in a disciplined and purposeful way that positioned us well to respond.

As I write this, Hawaii has reopened for visitors using its Safe Travels program of pre-travel testing for the coronavirus combined with options for mandatory quarantine protocols and, soon, proof of vaccination. However, we know that recovery will be a long process. The availability of vaccines will help us move forward, but there is still much to do together. Coming through this crisis requires the very best in us as individuals, as leaders, and as part of our community.

While focus on the health and safety of our employees, customers and community took precedence in 2020, our focus on environmental, social and governance principles is rooted in our core values so they are incorporated into all we do as a company. As we address immediate needs, we also continue to move forward with long-term commitments to support education; affordable housing; sustainability; and diversity, equity and inclusion both within our company and in our interactions in the community.

We've always known that businesses are more successful when they take into account broader community needs. I know that some of our greatest impact comes from our core business activities, including financing affordable housing, financing

environmental projects, small business lending, and making banking services and products available to more people in more ways.

Responsibility—*kuleana*—is in our DNA at Bank of Hawaii. As part of our cultural heritage, we recognize our colleagues, our customers and our community as part of our *'ohana*, our family. Generations of Native Hawaiians have taken care of these islands and one another in sustainable ways that still inspire us today. Our commitment to creating positive change for the long term in environmental and social arenas remains unchanged.

The pandemic brought a disproportionate impact on the most vulnerable in our communities, and we remain steadfast to providing resources where they will do the most good. The work ahead requires more innovation, dedication and partnership than ever before. At Bank of Hawaii, we remain committed to philanthropy through grants, sponsorships and fundraising activities, and other partnerships with nonprofits to improve the quality of life for people in our communities. And, while they have found ways to give back during the pandemic, once it's safe for us to gather together again, you'll see our Bankoh Blue Crew out in the community building on their thousands of hours of volunteerism.

Reaching aspirational goals that meet the needs of all our people for adequate shelter, nourishment and a good livelihood in a sustainable way is worth working for. But it requires innovation and vision, the courage to invest in what's new, and a commitment from all of us.

It's time to make positive and meaningful changes that will address long-term concerns and bring long-term benefits to our communities. We are honored to pull together for the greater good with other businesses, government, nonprofits and individuals here in our island home.

Mahalo,

**Peter S. Ho**  
Chairman, President and CEO



## FOCUS ON

# Strong Core Values Steer ESG

The people of our island home understand the importance of looking out for one another as individuals and as part of the community over the long term. Taking responsibility—*kuleana*—in our environmental, social and governance (ESG) practices has always been a part of Bank of Hawaii's focus. It includes adhering to sound, ethical principles while nurturing relationships with individuals, government and business leaders, plus the broader community, to meet evolving needs and create conditions for people to flourish over time. These principles are reflected in how we manage and develop our people, the products and services we offer, and the investments we make in creating a sustainable and resilient economy. We know that our success as a company is intertwined with the success of the individuals, families and businesses we have served for generations.

Bank of Hawaii is a leader in Hawaii's financial industry and among the state's leading corporate citizens. Our strong board leadership and senior management teams develop the company's ESG strategic direction and oversee its execution. Support for education; affordable housing; sustainability; and diversity, equity and inclusion have been recurring points of focus both within the bank and in its community outreach.

We are honored that Bank of Hawaii received the following ESG recognitions: BOH was ranked 4th among U.S. publicly traded financial institutions and 40th overall on Barron's 100 Most Sustainable Companies in 2019<sup>1</sup>, and was the only company in Hawaii to be recognized. In addition, Bank of Hawaii was named No. 1 for ESG among financial institutions in the U.S. in D. A. Davidson's inaugural ESG Research Report.<sup>2</sup>

In 2020, out of necessity, our response to the unprecedented challenges of COVID-19 took most of our focus. Protecting the health and safety of our employees, customers, business partners and our community became our top priority and will continue to be an important focus for some time to come.

The pandemic brought changes in customer banking preferences, and we were well-positioned to respond to them. It also brought dramatic changes to our local economy and business climate that, while temporary, will take time and visionary leadership to restore. We look forward to being part of these changes, and to working together to create new ways for people to succeed.

OUR RESPONSE TO

# COVID-19



*For the health and safety of our employees, customers and community, everyone entering a BOH branch or facility during the pandemic was required to complete a contactless temperature scan.*

Because our relationships with people are at the heart of our business, the health and safety of our employees, our customers and our community are our top priority. In order to provide a safe working environment, we implemented strict safety protocols at the beginning of the pandemic and have continued to follow evolving government regulations and CDC guidelines throughout our branch network and facilities.

In addition, we utilized our ongoing investment in digital enhancements to enable office employees to pivot to a remote work environment, while continuing to provide customers with safe and secure ways to bank. A digital workspace platform that was designed from the ground up to be mobile and secure allowed over 70% of Bank of Hawaii's workforce to work from their homes since mid-March 2020. This greatly minimized the impact of the pandemic on our operations.

**\$3**  
MILLION

**Bank of Hawaii Foundation made an unprecedented donation to Hawai'i Community Foundation's (HCF) Hawai'i Resilience Fund to help address the growing social and economic impacts of COVID-19 in Hawaii.<sup>3</sup>**

Through the fund, Bank of Hawaii Foundation contributed \$1 million each in support of these community needs:



**Health and Safety**  
by providing necessary community health services and obtaining medical equipment to help protect frontline healthcare professionals across the state;



**Feed and Nourish**  
the community by distributing millions of pounds of food through support of local feeding programs, farmers and statewide food banks;



**Economic Revitalization**  
by creating access to affordable capital for small businesses and nonprofits, and low-cost loans for ALICE families—the population in our community who are **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. The contribution has helped to support thousands of vulnerable individuals, as well as businesses and nonprofits through their economic challenges.

The digital wallet in our mobile app allows customers to link their debit and credit cards for contactless transactions.



## Responding to Impacts of Covid-19 Across Hawaii

At Bank of Hawaii, we recognize our interconnectedness across our island home. Our company culture is to relate to our customers, our community and one another as members of one *‘ohana*.

As part of our response efforts, we implemented programs to support individuals, families and businesses, and made donations to organizations assisting those in our communities who need the most help.

### Increased Customer Response

We responded to record call volumes and online inquiries from customers, and retrained staff to meet these inquiries with increased communications on options that would allow customers to bank safely from home. From online banking, to direct deposit, to the many capabilities offered through our mobile banking app, we helped our customers as they embraced the various innovative alternatives available to banking in-person.

### SBA's Paycheck Protection Program (PPP)

In order to expedite PPP loans and help local business owners, we created a dedicated PPP team of more than 400 employees from every major area of the company. At the peak of the program, these employees worked countless hours to process applications. Their efforts continued as they worked on loan forgiveness. Bank of Hawaii processed more than 4,500 PPP loans totaling over \$560 million by the end of June.

### Supporting Small Businesses with SBA 504 Loan Program

Bank of Hawaii continued to guide small businesses through the SBA 504 Loan Program during the pandemic, and was recognized by the Small Business Administration as Hawaii's #1 SBA 504 Program lender for the fiscal year ending September 30, 2020. The loan is a commercial real estate financing program for owner-occupied properties that allows small business borrowers to preserve working capital by requiring only a 10% down payment on purchase transactions.

### Emergency Relief and Financial Assistance

To help lessen the financial impact of COVID-19 on the communities we serve, Bank of Hawaii offered a number of programs to help affected individual and business customers. The company deferred loan payments far beyond the requirements of the CARES Act and also waived ATM surcharge fees and early withdrawal penalty fees on tax-deferred annuities (TDAs). Rather than the 90 days typically offered, Bank of Hawaii offered six months of forbearance and loan extensions. We reached out proactively to inform people that help was available to clients with loans of all sizes, from large commercial clients to consumers with small installment loans. In lieu of in-person visits, the company made it possible for customers to complete their necessary documentation online.

For those needing emergency funding, an online small-dollar loan program was set up to offer loans of up to \$3,000, with no payments required for the first four months, a low fixed interest rate, and a loan term of 40 months. During the program period from April 22 to June 30, we assisted 1,500 consumers to secure these emergency loans.





Throughout 2020, Bank of Hawaii employees volunteered to support the community through a variety of events, including Edna Co (pictured above), who helped Hawaii Foodbank distribute food to those in need.



Lynna Bautista-Duldulao hands a packaged meal for a family of four to a BOH employee during Bankoh Meals-To-Go pick-up and drive-thru on Merchant Street in Honolulu.

## Here are some of the ways our teammates made an impact in 2020:

### Catholic Charities Hawaii (CCH), Rent Relief

Twenty Bank of Hawaii volunteers helped support CCH in processing grant requests under the State of Hawaii Rent Relief and Housing Assistance Program. Funded by \$100 million in CARES Act funding, CCH and Aloha United Way were tasked with underwriting housing relief grant requests and then submitting the requests to the State of Hawaii for payment to the landlord/mortgage holder. CCH received over 18,000 requests, and by mid-October, started turning away applicants. Bank of Hawaii volunteers were trained to make calls to landlords to collect data to update electronic spreadsheets, which enabled them to complete about 300 grant applications, helping families avoid eviction.

### Institute for Human Services (IHS) Bags of Hope Drive

On April 29, Bank of Hawaii teamed up with community partners to support IHS with its first-ever Bags of Hope Drive, a contactless community-outreach effort to collect donations and essential supplies for our unsheltered houseless population. In just two hours, Bags of Hope brought in more than \$5,000 in monetary donations, nearly 1,000 pounds of food, and enough essentials to fill IHS' flatbed one and a half times over. Bank of Hawaii Foundation also donated \$20,000 to support all of IHS' initiatives during COVID-19.

### Assistance to West Pacific Communities

To help address the expanding food insecurity and need for rental assistance and personal protective equipment in West Pacific communities affected by COVID-19, Bank of Hawaii Foundation donated \$100,000 to food banks, distribution services and a hospital. The donations included \$40,000 to the Salvation Army Guam Corps (food distribution), \$10,000 to Catholic Social Service Food Bank in Guam (food distribution), \$10,000 to the Salvation Army Saipan Corps (food distribution), \$25,000 to Guam Memorial Hospital Volunteers Association for personal protective equipment for healthcare professionals, and \$15,000 to Karidat in Saipan for food distribution and rental assistance.

### Food for Hawaii's 'Ohana

On May 27, Bank of Hawaii volunteers partnered with Hawai'i Community Foundation (HCF) and the Hawaii Foodbank's Food for Hawaii's Ohana distribution event at Aloha Stadium. Four food partners—the Hawaii Farm Bureau, Hawaii Foodservice Alliance, Sysco Hawaii and an organization of Hawaii ranchers—supported the effort, which distributed nearly 60 pounds of quality food to each of the 4,000 households who drove through to receive necessary food support. In response to COVID-19 and its widespread effects, Bank of Hawaii Foundation made a \$1 million donation to help address food insecurity issues (as part of its \$3 million donation to the Hawai'i Resilience Fund)<sup>4</sup>, which helped provide the food at the Aloha Stadium distribution events. The much-needed funds allowed Hawaii Foodbank to dispense food to unemployed households and provide critical resources to those in need during the eight twice-weekly food distribution drives it held throughout the month of May.

### Volunteerism and Financial Assistance Programs

Every year, Bank of Hawaii and its exceptional people demonstrate their generosity and kuleana by supporting many different causes. During the unprecedented challenges of 2020, Bank of Hawaii, its employees, and Bank of Hawaii Foundation contributed more than \$5.2 million to community and philanthropic causes.

Coming together to provide hands-on service in the community is popular with Bank of Hawaii employees. Despite the challenges of the pandemic, our Bankoh Blue Crew found a number of ways to safely volunteer and follow health protocols while making a difference. Community service projects included distributing food and other necessary supplies to those in need, supporting regular blood drives, supporting small businesses, helping care for our 'aina, and more.



Bank of Hawaii employees, including Jean Eltagonde here with an IHS volunteer, helped collect donations and essential supplies during IHS' Bags of Hope Drive to support our community's unsheltered population, which was co-hosted by Bank of Hawaii.



Bank of Hawaii volunteers, including Kristin Yama (foreground) and Kristine Sato (background) supported local small businesses participating in Pop-Up Mākeke by helping to organize and pack merchandise for shipment.

### Goodwill Goes Glam! 2020 Special Home Edition

Bank of Hawaii Foundation continued its presenting sponsorship of Goodwill Goes Glam! with its 2020 Special Home Edition in July with a \$25,000 donation to Goodwill Hawaii. In addition, Bank of Hawaii leveraged its marketing channels to support the organization's largest fundraiser by helping to promote the newly virtual event via a customer newsletter, social media, a blog post to boh.com, an intranet article to reach employees, video production, as well as coordination of a radio interview of featured designer Anne Namba. Goodwill Goes Glam! exceeded its fundraising goal, allowing the nonprofit to expand its COVID-19 support services to people in our community experiencing economic hardship.

### Pop-Up Mākeke Supporting Hawaii Small Businesses

During the holiday season, our Bankoh Blue Crew volunteers came together to organize and help pack locally-made products for shipment in support of over 400 of Hawaii's small businesses which participated in Pop-Up Mākeke, an online marketplace created by the Council for Native Hawaiian Advancement. More than 20,000 orders of locally-made products were delivered worldwide from this pop-up.

### Supporting Our Employees

Our *kuleana* for our employees is always a priority. During the COVID-19 pandemic we found new and creative ways to support their physical, financial, and emotional well-being.

Beginning in May 2020, Bank of Hawaii began offering its employees weekly family-style meals, free of charge. The pre-packaged meals are prepared by two Café Blue kitchen facilities on Oahu, and each served four people. Meals on the neighbor islands and in the West Pacific Region were prepared by local restaurants, which further supported people, businesses and the economy in those areas. Employees not in need were encouraged to "share it forward," by donating their meals to extended family members, neighbors, *kūpuna* or friends experiencing food insecurity. Any meals not utilized by employees were donated to Aloha Harvest. As of the anniversary of the program on May 4, 2021, nearly 225,000 meals had been distributed

and over 8,600 pounds of food were donated to Aloha Harvest. The program is scheduled to continue through June 2021.

Prior to COVID-19, Bank of Hawaii provided employees with laptops or tablets to enable them to be mobile for meetings or to work on-site throughout the bank network. Once the majority of our employees began working from home, the bank provided additional tools and resources such as monitors, headsets, ergonomic office chairs, servicing solutions and enhanced team communications to support employees and their families in this shift to working remotely. In addition, from August 27 through October 22, while pandemic restrictions were in place and only essential businesses were allowed to operate, employees who continued to work on-site received a special *mahalo* bonus of \$300 per month for full-time employees and \$150 per month for part-time employees.



## COMMUNITY

MORE THAN

**\$5.2 MILLION**

contributed to community and philanthropic causes by Bank of Hawaii, its employees, and Bank of Hawaii Foundation in 2020

**\$3 MILLION**

donated for COVID-19 relief in 2020



## HOUSING

**No. 1**

residential lender in Hawaii for the 8th consecutive year<sup>5</sup>

**450 affordable housing units**

started or completed construction in 2020, thanks in part to Bank of Hawaii. Over 850 are in the pipeline

# ENVIRONMENTAL

ENVIRONMENTAL

Headquartered on the most isolated landmass on Earth in the middle of the Pacific Ocean, Bank of Hawaii's focus on environmental sustainability is part of its measures for long-term success. We understand that true sustainability needs environmental action, including shifting to a low-carbon future, investing in sustainable services, and innovations in infrastructure. We are continually improving operations to proactively find more efficient and more effective ways to use natural resources, reduce waste, and create a more sustainable workplace to help offset the negative impacts of climate change.

## Comprehensive Solutions

With one of Hawaii's largest branch networks, we actively monitor and manage the environmental impacts of our buildings and branches, including energy use, greenhouse gas emissions, water use, and waste. To do this, we have incorporated Building Automation Systems (BAS) and Energy Management Systems (EMS) into our facilities.

BMS allows for centralized control of building systems, such as air conditioning and lighting, which enable the company to conserve energy and optimize efficiency. EMS facilitates real-time monitoring of a facility's energy usage to help identify and prevent waste. In 2020, significant BMS upgrades for Financial Plaza of the Pacific were installed and are providing increased energy efficiency for over 310,000 square feet.

Bank of Hawaii also participates in Hawaiian Electric Company's Demand Response Program at our two largest facilities, Financial Plaza of the Pacific (FPP) and Hale O Kapolei (HOK) on Oahu. Through this participation, Bank of Hawaii helps to preserve the reliability of the electrical grid by reducing our usage during times of peak demand.

Not only have we invested in installing photovoltaic systems in new branches as well as our larger facilities, but Bank of Hawaii actively participated in financing of photovoltaic projects across the state. The company currently is a lender in a variety of renewable energy projects with over \$100 million committed to these initiatives. Bank of Hawaii is a leader in these financing initiatives, and continues to seek other opportunities in this sector.

## Conserving for the Future

Over the past decade, Bank of Hawaii has been able to reduce its energy consumption by over 50%. In 2020, the company completed significant energy efficiency and renewable energy measures at two of its largest facilities, Hale O Kapolei and Central Processing Facility. These initiatives nearly doubled our solar production bringing the enterprise generation capacity up to 1.4 mega-watts.

Along with BMS, the company's renovated branches and buildings incorporate other conservation measures, including high-performance window tinting, LED lighting with occupancy and daylight sensing controls, water conservation plumbing, and high-efficiency air conditioning systems.

A combination of more efficient use of space plus innovative technology in our "Branch of Tomorrow" network allow us to work more effectively every day. Increased customer support comes through cash recycling machines at the teller stations, portable computing platforms to allow tellers to reach out



*With the installation of the photovoltaic solar panels at its Hale O Kapolei and Central Processing Facility (pictured above), Bank of Hawaii doubled its solar energy production in 2020.*

directly to customers and reduce long waiting lines, and upgraded ATMs that allow direct deposit of cash and checks along with simplified transaction handling. Staff lunchrooms have been outfitted with point-of-use hot water dispensers to replace water heaters, as well as large-screen LED monitors that allow for remote, online meetings and training sessions, which reduce energy usage and staff travel.

## Progressing Toward Environmental Sustainability

Along with its conservation efforts, Bank of Hawaii has made renewable energy an integral part of the modernization of its branches and other facilities. In the past few years, branches on Oahu, Maui and Hawaii Island have been upgraded with roof-mounted photovoltaic solar panels as a clean, cost-effective energy source to reduce energy provided by utilities. At the end of 2020, there were 13 branches with photovoltaic systems, in addition to the company's main facilities. The addition of future PV systems are planned within the branch network over time. Our goal is to achieve as close to net-zero energy buildings as possible in the future by maximizing our photovoltaic energy production and incorporating energy storage systems (ESS).

We have set ambitious short-term goals to meet the challenge of operating more sustainably. Within the next few years, our goal is to meet 100% of our electrical needs from renewable resources, including investment matches.

Bank of Hawaii greatly improved its ability to respond to natural disasters by relocating our Disaster Recovery Data Center to the Continental U.S., enabling greater data protection while reducing our carbon footprint. Our partner has been running on 100% renewable energy since January 2016, and is the only major data center provider to receive an "A" grade by Greenpeace in all five of their data center grading categories.

In recent years, we have completed many impactful conservation initiatives throughout the Bank of Hawaii network. As we strive to align with Hawaii's Clean Energy Initiative of 100% renewable energy by 2045 and create continued savings, we are enhancing our building designs, modernizing our properties with data acquisition controls, and planning future projects to achieve our ambitious sustainability goals.



**ENERGY**

**CUT ENERGY  
USE BY OVER**

**50%**

since 2012

**\$100**

**MILLION**  
committed to financing  
of photovoltaic projects

47%

DECREASE

in paper acquisition and destruction activity in 2020

### Reducing Waste

Reducing the amount of paper used in the workplace is a key initiative at Bank of Hawaii, as we strive for optimal operations in the 21st-century electronic and digital-based environment. As part of an overall office transformation initiative, we anticipate this sustainability effort will have environmental, efficiency and cost-reduction benefits. Past records are being imaged, reducing costly storage expenses, and we are moving toward contemporaneously imaging today's records, reducing the amount of paper required. Bank of Hawaii has also implemented several enterprise-wide digital and cloud-based solutions to help facilitate this goal. In addition, working digitally has enabled less paper consumption, and in 2020, paper acquisition and destruction activity decreased by 47%.

### Supporting Clean Transportation

Bank of Hawaii offers a Bus Pass Benefit Program for its employees on Oahu, reducing the cost of a monthly bus pass from \$70 to \$30 (on a pre-tax basis) for participating employees 64 years and younger. Employees 65 and older receive \$30 towards the purchase of a \$35 senior annual bus pass. All active full-time and part-time employees who ride the bus as a primary source of transportation to and from work are eligible for the benefit. More than 450 employees take advantage of this benefit, resulting in an annual commitment by the company of close to \$200,000 towards reducing greenhouse gas emissions.

Bank of Hawaii also offers employees up to \$20 per month as reimbursement for reasonable expenses if an employee uses a bicycle regularly for commuting to work. Reasonable expenses include the purchase of a bicycle as well as continuing maintenance, repair and storage.

### Helping to Protect and Preserve the Environment

As part of our commitment to sustaining our natural environment, Bank of Hawaii and Bank of Hawaii Foundation supported the production of *Pilikia: A Climate for Change*, a three-part series of one-hour documentaries about the effects of climate change in our islands. The project aims to show people why and how to take action, as part of a grassroots movement to engage residents and encourage elected officials to act with much greater urgency.

Participation in community service projects that help the environment is widely supported and attended by our employees. On Saturday, July 18, our college interns spent the morning safely volunteering with Mālama Maunalua, an organization committed to the long-term conservation and restoration of Maunalua Bay on Oahu. During the socially distanced project, our interns removed an impressive 460 pounds of invasive algae from Paiko Bay, which was sent to local farms to be used as compost.

*In July, our college interns volunteered with Mālama Maunalua and removed an impressive 460 pounds of invasive algae from Paiko Bay, which was sent to local farms to be used as compost.*



A photograph of two children, a girl and a boy, crouching on asphalt and drawing a large, vibrant rainbow with chalk. The girl is in the foreground, wearing a light blue tank top, and the boy is to her right, wearing a pink shirt. The rainbow is drawn in bright colors: red, orange, yellow, green, blue, and purple. The background is a dark, textured asphalt surface. The word 'SOCIAL' is overlaid in large, white, outlined letters across the middle of the image. Below it, the word 'SOCIAL' is written in a smaller, solid white font.

# SOCIAL

SOCIAL

Our commitment to investing in our people and strengthening our island community is part of our intrinsic *kuleana*. It's not just the right thing to do; it's part of who we are. Because we know our success is interconnected with one another, we are committed to strengthening our island communities through sponsorships, volunteerism, charitable support, board participation, financial education, employee giving and more.



*BOH employees Cheyenne Martinez-Boyette (left) and Quiana Wesley discuss the important topic of intersectionality during Bank of Hawaii's "Coming to Work with Pride" virtual event in June.*

## Focus on Diversity, Equity and Inclusion

**At Bank of Hawaii, our people, and the quality, engagement and diversity of our workforce is reflective of the communities we serve. We invest in recruiting, developing and retaining our people, and have always promoted a workplace culture that is welcoming to people of all backgrounds and experiences where everyone can thrive and be successful.**

The composition of Bank of Hawaii's workforce is a testament to its ongoing commitment to diversity. In 2020, our workforce was comprised of 64% women and 86% minorities (non-Caucasian). To ensure continued focus on an appreciation for diversity, equity and inclusion in our workplace, Bank of Hawaii implemented a comprehensive internal training program and initiatives.

Since 2018, Bank of Hawaii has been a sponsor of Hawaii's largest and most colorful LGBTQ+ event, the Honolulu Pride Parade & Festival in Waikiki, and Bank of Hawaii volunteers and their friends and families have turned out to march in enthusiastic numbers. In 2020, the parade went virtual and the company continued its support as gold sponsor. In addition, the Honolulu Rainbow Film Festival named Bank of Hawaii Foundation one of its top sponsors, and we are proud to support the organization.

Bank of Hawaii hosted its third-annual "Coming to Work with Pride" event in June 2020, which explored the important topic of intersectionality—the concept that people may experience a combination of injustices/oppression based on a variety of identities, including gender, sexual orientation, ethnicity, nationality, socioeconomic standing and/or religion. Our LGBTQ+ RainBOH Employee Resource Group helped coordinate the virtual program, which featured four employees who provided testimonials and held a discussion with special guest Jen Jenkins, J.D., the State Department of Health's Sex and Gender Minority Group's Community Co-Chair who shared their perspective on issues in Hawaii.

In October, we launched *Women Inspired*, our latest employee resource group (ERG) with a virtual special event, "Phenomenal Women in Extraordinary Times." Nearly 300 employees attended the event, which was hosted by veteran television journalist Yunji de Nies. The event featured three employees and focused on the challenges of working women, including those with parental and elder caregiving responsibilities,

and acknowledged the importance of self-care. Fiona Hayashi, licensed mental health counselor and marriage family therapist from Honolulu Counseling, helped facilitate conversation and provided support and resources for attendees.

## Supporting the Military

Bank of Hawaii is proud of its longstanding commitment to supporting our military service members and their families. In April 2020, the company introduced its Military ERG to recognize, honor and support our active duty military, our veterans and their families.

In honor of Veterans Day, our Military ERG planned a special lunch for veterans at the Barber's Point location of U.S. VETS, an organization dedicated to ending veteran homelessness. Our Military ERG volunteers provided more than 70 bentos and had the opportunity to share stories and thank veterans in a safe, socially distanced way. The Barber's Point location of U.S. VETS offers on-site long-term and permanent housing to help veterans gain housing stability, increase their skill levels and income, and reach greater self-determination through employment.

Bank of Hawaii is also a founding and leading sponsor of Sounds of Freedom, a division of the Great Aloha Run for active-duty men and women in all branches of service who run in formation. In addition to our Bankoh Blue Crew volunteering each year at the community event, the company also presents the Sound of Freedom awards at the conclusion of the race to the top male and female military race finishers.

## Employee Learning

One of Bank of Hawaii's biggest continuing investments is in our employee training and career advancement programs that provide strong foundations for professional development and personal growth to enable people to reach their highest potential. In 2020, more than 25,600 training hours or career advancement programs were provided to over 14,600 participants. This included times when a significant number of our employees were working remotely.

Training programs offered included Fostering Workplace Excellence, a new digital-learning curriculum that supports our new Customer Experience (CX) initiative within the bank. Using self-paced modalities including video, group discussions and other activities in a collaborative environment, this training gives employees actionable skills to deliver exceptional experiences for bank colleagues and customers.

## Investing in Our People

In 2016, Bank of Hawaii launched its College Assistance Program (CAP), which provides access to college education and tuition reimbursement for employees who want to obtain their first four-year bachelor's degree. This unique program started with an opportunity for employees to earn their bachelor's degree online through Chaminade University of Honolulu, and gives employees the convenience and flexibility to study where, when and what they desire. They can choose from a variety of select majors, and their choice does not need to relate to their current job position.

When the program began in 2016, there were three participants. Proof of the program's success and popularity was borne out in registration for the fall 2020 term. A record-high of 73 unique participants signed up, and received more than \$407,000 in reimbursements for the cost of their education.



BOH's Fred Alvarado (second from right) and Great Aloha Run representatives congratulate first-place individual female military finisher Imani Heath (center).

With additional enhancements made to CAP, employees have even greater flexibility and choice and have the option to pursue an online associate of arts degree through the University of Hawaii's Community Colleges (UHCC). This accelerated program allows participants to earn their degree in approximately 2.5 years. The company's Tuition Assistance Program (TAP) had 19 participants and more than \$70,000 was reimbursed to student employees in 2020.

The company's other educational assistance programs include its Professional Certification Program (PCERT) and new Advanced Leaders Program.

## Financial Advantages for Employees

Attracting, retaining and engaging the best talent in our markets is critical to our current and future success. Bank of Hawaii was the first local financial institution to increase our minimum wage level to \$15 per hour in 2018. In 2020, we continued to conceptualize and develop ways to enhance our employees' well-being, which includes three programs designed to support the full financial needs of our employees.

Our special savings product known as the *GROW Account* encourages our employees in the habit of building an emergency savings nest egg. We offer a \$50 bonus to employees when they reach \$500 in savings in their *GROW Account*, and offer an additional \$100 bonus to those who save an additional \$500. An alarming number of Americans do not have money saved and available to meet unforeseen expenses, and our hope is that this new program helps our team build healthy and important savings habits for the long term.



Sarah Hunt (pictured here with her family) a representative in our People Service Center, received her bachelor of science in psychology by participating in the bank's College Assistance Program.

We also offer a *Student Loan Assistance Program* for our employees. Student loan debt is a significant impediment to a key demographic sector of our national community. This program provides \$100 per month, up to a lifetime maximum of \$10,000, for an individual employee's student debt. At year-end 2020, we had more than 150 employees enrolled in this program.

Our *Employee Mortgage Program* provides our employees with a discount of up to 1% off of prevailing market rates for their primary residences. This is an attractive retention tool for Bank of Hawaii given the high cost of housing on our islands.

## Supporting Small Businesses in the Western Pacific

Bank of Hawaii continued its support for small businesses in Saipan through its I Kinometi Para I Kumunidat I Islâ-ta Small Business Revitalization and Development Grant Program by awarding five \$5,000 grants to small businesses for projects that stimulate business development and economic activity in the region. Our Saipan Branch received a record 89 grant applications in 2020. This year's awardees received funding for local vegetable farming, designing affordable homes specific to Saipan, and a youth leadership program to instill civic engagement, among others. Bank of Hawaii Foundation established the grant program in 2012 to promote new businesses and to encourage existing small businesses to expand. To date, \$225,000 has been granted to Saipan small businesses.

## FINANCIAL Education

Bank of Hawaii continues to build long-term relationships throughout the communities we serve through financial education outreach efforts. For the past 11 years, the company has been offering our SmartMoney financial education seminars, which cover a variety of financial topics, such as how to save and invest, and what steps to take to purchase a first home. In 2020, employee volunteers led nine seminars for more than 215 participants at high schools and The Salvation Army in Guam.

Our employee volunteers also provide financial guidance on Honolulu television stations KGMB and KHNL in weekly "SmartMoney Monday" segments during morning and evening news programming, which is also shared via social media.

Each year, Bank of Hawaii employee volunteers visit elementary, middle and high schools to teach students important financial literacy lessons. While the COVID-19 pandemic prevented in-person learning through most of 2020, the company continues to support social programs requiring financial education throughout the state of Hawaii and the Western Pacific. In the past year, 84 employee volunteers provided 471 hours of instruction to Junior Achievement, which included nine volunteers who taught JA's virtual program to four classes on Kauai and Oahu.



2020 Bank of Hawaii Foundation Scholars.

### Investing in Our Future

- **College scholarships for children and grandchildren of employees**  
For the 2020-2021 academic year, Bank of Hawaii Foundation supported 27 college scholarships totaling \$94,500 for children and grandchildren of Bank of Hawaii employees. Bank of Hawaii Foundation provides an annual grant to the Hawai'i Community Foundation, which administers our scholarship program.

Since 2014, Bank of Hawaii Foundation has provided \$700,000 to fund 200 college scholarships. These scholarships reflect our commitment to help our employees and their families reduce the financial burdens of post-high school education. We believe this investment will enable a better future and the next generation of our world's and Hawaii's leaders.

- **Continuing sponsorship of PBS Hawaii's HIKI NŌ**  
Bank of Hawaii Foundation continued its ongoing sponsorship of PBS Hawaii's HIKI NŌ, the groundbreaking statewide student news program and digital media learning initiative. Bank of Hawaii Foundation's sponsorship started with the launch of HIKI NŌ in 2011 and supports its programming, which this year was transformed to meet social distancing requirements. Hawaii's HIKI NŌ students have gained a lot from their participation, and have the reputation of being formidable competitors at rigorous national journalism contests, including the prestigious Student Television Network Convention in Seattle, Washington.

### Financial Empowerment for Foster Youth

For the past 11 years, Bank of Hawaii has been partnering with nonprofit EPIC 'Ohana's Hawaii Youth Opportunities Initiative to offer financial education and services to foster teens. Foster youth have a high propensity for pregnancy, incarceration, homelessness and low college graduation rates due primarily to a lack of a social network.

Through the Opportunity Passport Program, teens from foster families are able to open matched Individual Development Account (IDA) savings accounts, where every dollar saved is matched by donors up to \$1,000 annually (up to a maximum of \$3,000). The funds may be withdrawn between the ages of 14 to 26 and have enabled young people to help pay for college education, housing and transportation.

Since 2010, the Opportunity Passport Program has opened 854 IDA savings accounts. Qualified withdrawals exceeded \$1.3 million during 2020. This year, 11 Bankoh Blue Crew volunteers participated in this initiative.

## Supporting Hawaii Students through ClimbHI Hawaii

As a partner with ClimbHI Hawaii, Bank of Hawaii is a member of the ClimbHI Bridge that seeks to provide Hawaii's students with career exploration opportunities and connect them with companies and organizations to serve as resources and points of insight into those explorations, including financial education and career advice. In 2019, as part of the founding group of supporters, Bank of Hawaii Foundation helped fund the effort, which aided the organization's launch in 2020 during the COVID-19 pandemic.

## Laumaka Work Furlough Program (LWFP)

Bank of Hawaii's Commercial Banking Division, our Waiakamilo Branch on Oahu, and our in-store Maui Lani Branch on Maui have all been important participants in the LWFP. The company's role is to maintain savings accounts for those in the community correctional system who are nearing their release date and have received permission to live outside of the correctional facility. The company opens up savings accounts, assists with automatic deposits and payments, and coordinates with the Department of Public Safety staff in monitoring what payments can be made from these accounts.

In 2020, Bank of Hawaii provided over 95 hours to support the program that has an important role in reducing recidivism from 50% for those inmates who are released directly from the correctional system (paroled) to 5% under the LWFP.

## Volunteer Income Tax Assistance

During tax season, a dozen Bank of Hawaii volunteers on Oahu partnered with Goodwill Hawaii and Honolulu Community Action Program to provide free tax preparation services for eligible taxpayers as part of the Volunteer Income Tax Assistance (VITA) program. Bank of Hawaii employees donated approximately 161 hours to train other volunteers and prepare tax returns that returned \$260,701 back to the community. VITA offers free

tax help to people in our communities who can benefit the most from tax refunds, including people with disabilities, the elderly, those with limited understanding of English, and those who make approximately \$60,000 or less.

## Housing for Our Community

Honolulu continues to be one of the most expensive cities in the U.S. The shortage of affordable rental homes across Hawaii combined with the adverse impacts of the COVID-19 pandemic make the availability of affordable and workforce housing more important than ever.

Bank of Hawaii remains committed to finding solutions to the affordable housing shortage, and works closely with private developers and government housing authorities to meet the housing needs of lower-income households. More than 450 affordable housing units started or completed construction in 2020, thanks in part to Bank of Hawaii, and over 850 more are in the pipeline.

To help meet the growing need, Bank of Hawaii helped finance the recent renovation of the Queen Emma Apartments, an adaptive reuse of an abandoned office building in downtown Honolulu, which was converted to affordable housing by the Āhē Group. Construction was completed in 2020, and all 71 units were occupied by the end of the year.

Bank of Hawaii is also leading the funding of the construction loan for Hale Kalele, as well as providing the permanent loan to support the project's operations. A new high-rise development in urban Honolulu, Hale Kalele is leased from the state and sponsored by the Kobayashi Group. The first two floors will serve as a juvenile facility operated by the State Judiciary, and the other floors will include 200 low-income rental housing units for families with incomes between 30% and 60% of the area's median income. Construction began in October 2020 and is scheduled for completion in 2022.



PHOTO COURTESY OF KOBAYASHI GROUP

*Hale Kalele will include 200 low-income rental housing units in downtown Honolulu.*

Bank of Hawaii also supports additional affordable housing through equity investment in Low-Income Housing Tax Credit projects across the state as well as in the Commonwealth of the Northern Mariana Islands/Saipan.

## Support for Culture and Creativity

Bank of Hawaii Foundation builds long-term relationships in the communities it serves by providing cultural and creative opportunities for everyone. Since 2004, Bank of Hawaii has sponsored a free, once-a-month program of art activities, entertainment and films for the whole family at the Honolulu Museum of Art (HOMA). These Family Sundays presented by Bank of Hawaii Foundation have enabled free public access to quality art and programming, and are now one of Honolulu's most popular family programs. In 2020, Bank of Hawaii Foundation continued its longstanding support of HOMA, and the monthly Family Sunday events pivoted to virtual programming in July to comply with COVID-19 pandemic protocols.

Bank of Hawaii has sponsored the Hawai'i Book and Music Festival for the past 15 years. This free, family-friendly festival honors cultural arts and promotes literacy through a variety of literary and entertainment activities. In 2020, the festival went virtual in response to the COVID-19 pandemic. With the additional partnership of the University of Hawai'i this year, the Hawai'i Book and Music Festival was again a success, and featured an informative speaker series, including 45 panel discussions that focused on an innovative and sustainable future for Hawaii.



# GOVERNANCE

GOVERNANCE

Sound governance and effective management are integral to our success. Our Board of Directors directs new initiatives, and our leadership team helps oversee and put them into action both in the workplace and in the communities we serve. Our board and senior management set the tone by providing effective leadership and rigorous oversight.

## Oversight of Risk

The company's governance has been developed with the goal of ensuring that business decisions and activities are in compliance with legal and regulatory requirements.

Authority for accepting risk exposures on behalf of the company originates from the board. In turn, that authority is delegated through the board-appointed Executive Committee, chaired by the CEO and comprised of executive management, and its subcommittees, including the Risk Council. The Risk Council, chaired by the chief risk officer, provides the Executive Committee with a forum for the review and communication of both specific and company-wide risk issues, and serves to enhance collaboration among all areas of the company that create and manage risk, while reinforcing executive management's responsibility for ensuring risk is managed within established tolerances.

Risk management at Bank of Hawaii is the process for identifying, measuring, controlling and monitoring risk across the enterprise given its business as a financial institution and financial intermediary. Risk management crosses all functions and employees, and is embedded in all aspects of planning and performance measurement. The company's systems, information and timely reporting are designed to enable the organization to quickly adapt to early warning signs.

**The board is responsible for oversight of the company's enterprise risk framework. The board implements its risk oversight function both as a whole and through delegation to various committees. These delegated responsibilities include:**

- Audit & Risk Committee, with primary responsibility for overseeing financial, credit, investment and operational risk exposures including regulatory and legal risk;
- Fiduciary & Investment Management Committee (comprised of six board members), with primary responsibility for oversight of fiduciary and investment risk of client accounts; and
- Human Resources & Compensation Committee, with primary responsibility for oversight of risk related to management and staff.

These committees report to the full board to ensure the company's overall risk exposures are understood, including risk interrelationships. The board also oversees reputational risk.

Risk reports are provided and discussed at every committee and board meeting. In addition to detailed reports, the board reviews an enterprise risk position report that reflects key risk measures and trends across the company. Key managers responsible for risk management (the chief risk officer, the treasurer, the chief compliance officer, the general counsel, and the chief fiduciary officer) regularly provide updates at the respective committee and board meetings. In support of the board's risk oversight role and to ensure that potential problems are surfaced, the Audit & Risk Committee directly oversees the company's internal audit and credit review functions.



### Compensation Policies and Risk

The board's risk oversight responsibility includes the implementation of compensation programs that do not encourage or incentivize excessive risk taking or inappropriate conduct and promote, among other things, gender pay equality. The Human Resources & Compensation Committee is responsible for establishing and reviewing the company's executive compensation programs—as well as the compensation programs for employees generally—and ensuring that the programs do not encourage unnecessary or excessive risk taking or create risks that are reasonably likely to have a material adverse effect on Bank of Hawaii and its customers.

Bank of Hawaii, in addition to its annual comprehensive review, receives ongoing reporting relating to the company's incentive plans' design, performance, payouts and customer impact, with oversight by and reporting to the board, Audit & Risk Committee and Human Resources & Compensation Committee. This reporting includes an analysis of potential "red flag" indicators, including the existence, nature and extent of any customer complaints, regulatory complaints, legal actions, employee feedback and payout results to determine if the incentive plan design or implementation resulted in employee wrongdoing or customer abuse.

## Diversity, Equity and Inclusion

The wide range of Hawaii's people and perspectives are reflected in the depth of experience and background diversity of our board members, who bring valuable insights from a variety of business sectors as well as familiarity with the nuances of some of the varied cultural backgrounds of people who call Hawaii home. Five out of our 13 board members (38%) are women, compared to the current average of 20% women members on public company boards in the U.S.<sup>7</sup>

As noted in other sections, our board and senior management also remain committed to fostering an effective and efficient risk and control environment that includes an emphasis on an ethically driven, inclusive culture where people know they are valued, and an ongoing investment in our employees and our community.

**86%**  
of our workforce are minorities (non-whites)

**64%**  
of our workforce are women

**43%**  
of our senior leaders are women

**60%**  
of our managers are women

**38%**  
of our board members are women<sup>8</sup>

### Business Ethics

Bank of Hawaii's Code of Business Conduct and Ethics guides a workplace and workforce that embraces the highest ethical and moral standards. We maintain strong and confidential reporting processes and procedures that support an open and honest environment in an effort to ensure that the highest principles of integrity and inclusion are maintained.

### Customer Practices

Our customers entrust Bank of Hawaii with their financial well-being, and we consider it our privilege as well as our responsibility to provide exceptional service in everything we do. We continue to develop innovative products and services to enable our customers to bank however they choose—from their mobile phone, on their computer, at an ATM or in one of our branches.

The foundation of our relationships with customers is trust, fairness and transparency. Bank of Hawaii implements policies and procedures to simplify our disclosures, products and services, and align our sales practices with our customers' interests. In addition, we take rigorous precautions to safeguard the privacy of customer information, and continually invest in enhanced data privacy and security solutions.

Hawaii has a large elderly population, and we promote regular employee training to increase awareness and to prevent potential financial abuse affecting our *kūpuna* and other vulnerable customers.

### Cybersecurity and Information Security Risk Oversight

Cybersecurity is one of the top concerns in our increasingly digitized world, and management of Bank of Hawaii's cybersecurity risks is the responsibility of the full board. In 2020, the company, the board, and the Audit & Risk Committee continued to strengthen the management and oversight of cybersecurity risk through new security system enhancements, policies, testing, identification and reporting. Bank of Hawaii continued its program of third-party penetration testing and ongoing analysis to identify potential vulnerabilities and need for system enhancements.

The board devotes significant time and attention to oversight of cybersecurity and information security risk, and benefits from the technical expertise of certain of its members. In particular, the board and Audit & Risk Committee each receive regular reporting on cybersecurity and information security risk. At least quarterly, the Audit & Risk Committee receives an operational risk update that includes a review of cybersecurity and information security risks. Our Audit & Risk Committee also annually reviews and approves our Information Security Policy. The board frequently receives presentations on and discusses cybersecurity and information security risks, industry trends, and best practices.

## Board of Directors

Bank of Hawaii Corporation / Bank of Hawaii (As of Dec. 31, 2020)



**Peter S. Ho**  
Chairman, President  
& Chief Executive  
Officer, Bank of  
Hawaii Corporation  
& Bank of Hawaii



**Raymond P. Vara**  
President & Chief  
Executive Officer,  
Hawai'i Pacific  
Health



**S. Haunani Apoliona**  
Former Trustee,  
Office of Hawaiian  
Affairs



**Mark A. Burak**  
Retired Executive  
Vice President,  
Bank of America



**John C. Erickson**  
Former Vice Chairman,  
Union Bank



**Joshua D. Feldman**  
President & Chief  
Executive Officer,  
Tori Richard, Ltd.



**Michelle E. Hulst**  
Executive  
Vice President,  
Global Data &  
Strategy, The Trade  
Desk



**Kent T. Lucien**  
Retired Vice Chair  
& Chief Strategy  
Officer, Bank of  
Hawaii Corporation  
& Bank of Hawaii



**Alicia E. Moy**  
President &  
Chief Executive  
Officer, Hawai'i Gas



**Victor K. Nichols**  
Former Chairman,  
Harland Clarke  
Holdings



**Barbara J. Tanabe**  
Owner, Ho'akea  
Communications, LLC



**Dana M. Tokioka**  
Vice President,  
Atlas Insurance  
Agency, Inc.



**Robert W. Wo**  
Owner & Director,  
C.S. Wo & Sons, Ltd.



**Mary G.F.  
Bitterman**  
Director Emerita  
President & Director,  
The Bernard Osher  
Foundation



**Robert A. Huret**  
Director Emeritus  
Founding Partner,  
FTV Capital



Bank of Hawaii is proud of its adherence to strong core values and sound environmental, social and governance (ESG) principles to build long-term value for all its stakeholders—customers, employees, shareholders and the community.

Today Bank of Hawaii is the largest independent financial institution in Hawaii, and is proud of its tradition of community support. Through grants, sponsorships, fundraising activities and important partnerships with nonprofit organizations, the bank is committed to improve the quality of life, health and well-being of the people throughout the communities it serves in Hawaii and the West Pacific. Additional support comes from the direct involvement of Bank of Hawaii employees, who actively volunteer for community service projects and serve on the boards of nonprofits and community groups.

boh.com



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## SOURCES

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<sup>1</sup>“Bank of Hawaii only isle firm on U.S. most-sustainable list,” *Honolulu Star-Advertiser*, Feb. 12, 2019: <https://www.staradvertiser.com/2019/02/12/hawaii-news/bankoh-only-isle-firm-on-u-s-most-sustainable-list/>.

<sup>2</sup>“Institutional ESG Research,” by D.A. Davidson, Dec. 9, 2019, pgs. 1, 3 and 7.

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<sup>3</sup>“2020 Hawai’i Resilience Fund Report,” by Hawai’i Community Foundation, Dec. 29, 2020, pgs. 5, 8-9, and 16: [https://issuu.com/hcfhawaii/docs/hcf\\_hrf\\_report\\_final\\_spreads](https://issuu.com/hcfhawaii/docs/hcf_hrf_report_final_spreads).

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<sup>4</sup>“2020 Hawai’i Resilience Fund Report,” by Hawai’i Community Foundation, Dec. 29, 2020, pgs. 5, 8-9, and 16: [https://issuu.com/hcfhawaii/docs/hcf\\_hrf\\_report\\_final\\_spreads](https://issuu.com/hcfhawaii/docs/hcf_hrf_report_final_spreads).

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<sup>5</sup>Title Guaranty 2020 Mortgage Barometer, derived from Hawaii Bureau of Conveyances tax data for 2020, <http://www.tghawaii.com/wp-content/uploads/12-2020-Mortgage-Barometer.pdf>.

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<sup>6</sup>“Institutional ESG Research,” by D.A. Davidson, Dec. 9, 2019, pgs. 1, 3 and 7.

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<sup>7</sup>PwC, Institute for Women’s Leadership at Nichols College, Bureau of Labor Statistics.

<sup>8</sup>PwC, Institute for Women’s Leadership at Nichols College, Bureau of Labor Statistics.