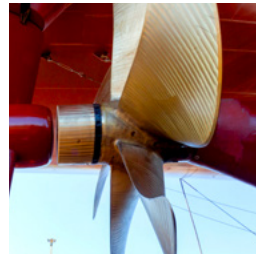


Matson®



2019-2020
SUSTAINABILITY
REPORT

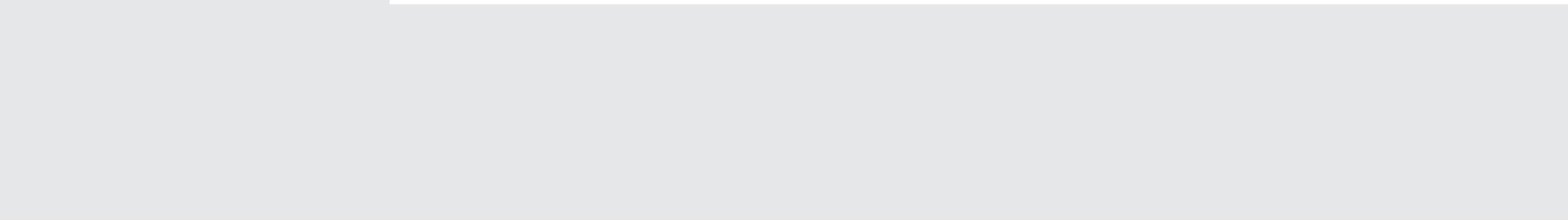
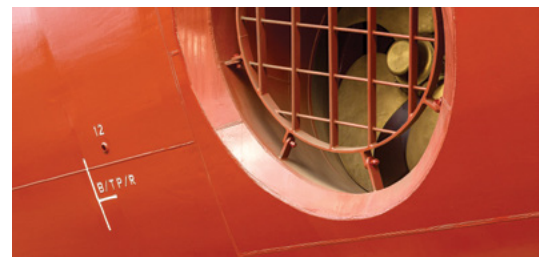
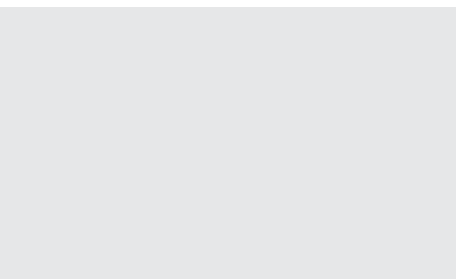


Table of Contents

03 Message from Our
Chairman and CEO

04 About Matson

05 Accomplishments
and Highlights

06 Materiality, Strategy
and Governance

08 Environmental
Stewardship

17 People and Places

27 Corporate Integrity

32 About This Report

33 GRI and SASB Index



Message from Our Chairman and CEO

Aloha!

I am delighted to present Matson's inaugural Sustainability Report. This Report highlights Matson's achievements and the measures we are taking to advance responsible, sustainable and ethical practices throughout our company.

A focus on sustainability, sometimes referred to as environmental, social and governance (ESG), is not new to Matson. For the past 138 years, we have served as an essential lifeline to many island and remote communities. Matson was the first container shipping company in the world to implement a "greentainer" program and adopt a policy for zero solid waste discharge at sea. Consistent with our roots, the Hawaiian concepts of "aloha" and "ohana" (caring and family) are part of the fabric of our culture and strengthen the relationships we have with our employees, customers and the communities we serve. We are committed to building on our rich history while staying focused on our mission: *To move freight better than anyone.*

Matson was built on our reputation for integrity. Over the last year, we examined the issues that matter most to our stakeholders. This assessment reinforced the need for reporting, transparency and accountability. It also highlighted opportunities for future action while reaffirming that we are focused on the appropriate priorities.

Reducing Our Environmental Impacts

Climate change is one of the most pressing challenges of our lifetime. Within the maritime industry, individual carriers, including Matson, are working to reduce our collective impact on the climate and work toward a low-carbon future. To reduce our carbon footprint, Matson is focused on improving the efficiency of our fleet and terminal operations. This has led to, among other things, the commissioning of four new state-of-the-art ships and the retirement of seven older, less efficient steamships. The results of a recent emissions inventory indicate that these efforts are already helping to reduce our greenhouse gas (GHG) emissions. We recognize that more will need to be done, and we are working to develop a long-term GHG reduction strategy.

Promoting Safety in Our Operations and Workplaces

In 2020, the COVID-19 pandemic tested the resiliency of our operations as we moved quickly to protect the health and safety of our people while maintaining the integrity of our vessel schedules and logistics operations. Our action plan included procuring personal protective equipment for employees on our vessels and in our facilities, and implementing protocols based on guidance from the Centers for Disease Control and Prevention and local governments. At the same time, recognizing the profound impact of COVID-19 on people's lives and local economies, Matson remained focused on maintaining our best-in-class on-time performance, ensuring continuity of service to the remote communities we serve, while providing the highest quality customer service and execution for our customers.

Building a More Diverse, Equitable and Inclusive Culture

In response to the national conversation about systemic racism in our society, Matson has redoubled efforts to ensure that we are living up to our vision of Matson as a great place to work for all employees. In that regard, we have made progress toward fulfilling our commitments to encourage our employees' professional development and to engage with and support organizations that are actively working to address systemic racism in our communities. We are continuing to evaluate other actions that could help improve our culture at Matson and move our communities forward.

Matson's Board of Directors

Members of Matson's Board of Directors have been integral in helping evolve our ESG strategy, and they receive regular updates on our progress. Since Matson became a public company in 2012, we have added four highly experienced and skilled directors to the Board. The Board is currently comprised of three women and four men, with 71% self-identifying as ethnically diverse. All of them are leaders in their communities. Together, they are providing the necessary oversight to help keep us on course.

Throughout this Report, we go into more detail on these and other important topics. We discuss why they matter, the actions we are taking and how we will measure success. I am fortunate to have the full support of our Board of Directors to drive this vision forward. And I am grateful to all of my fellow employees for their hard work, ingenuity and dedication to Matson's values and sustainability goals.

I invite you to review our Sustainability Report and to let us know what we are doing well and how we can do better.

Sincerely,



Matt Cox

Chairman and Chief Executive Officer
February 26, 2021




About Matson

An American company founded in 1882, Matson (NYSE: MATX) is a leading provider of ocean transportation and logistics services in and around the Pacific. Matson provides a vital lifeline to the domestic noncontiguous economies of Hawaii, Alaska and Guam, and to other island economies in Micronesia. Matson also operates two premium, expedited services from China to Long Beach, California; provides service to Okinawa, Japan and various islands in the South Pacific; and operates an international export service from Dutch Harbor, Alaska to Asia. Matson Logistics, established in 1987, extends the geographic reach of Matson's transportation network throughout the continental U.S. with our integrated, asset-light logistics services, including rail intermodal, highway brokerage, warehousing, freight consolidation, Asia supply chain services and forwarding to Alaska. Additional information about the company is available at matson.com.



FAST FACTS FROM 2019



Headquartered in Honolulu, Hawaii 



One of the top 20 intermodal, rail and highway brokerage service providers in North America



16
Matson-owned diesel-powered vessels
with container cargo capacity of more than 35,000 twenty-foot equivalent units (TEUs) plus onboard garage space for 1,000 autos and additional rolling stock



2
Matson-owned barges
connecting our Honolulu hub and other Hawaiian Island ports



\$2.2B
in total revenues



Total global workforce
4,412
employees



1.6M
sq. feet of warehouse space



End-to-end supply chain management services



6 cross-dock facilities
and leading freight forwarder to Alaska



Greenhouse Gas Emissions, Climate Change and Air Quality

- Reduced CO₂ emissions by 13% between 2017 and 2019
- Completed new build program with the delivery of four state-of-the-art U.S.-built ships, which have numerous environmental features to help reduce GHG emissions
- Retired seven steamships
- Achieved compliance with International Maritime Organization (IMO) 2020 emissions standards for all vessels



Protecting Marine Ecosystems

- Discharged zero solid waste at sea
- Implemented ballast water management plans on all ships to prevent the transfer of invasive species
- Joined voluntary speed reduction programs to reduce air emissions and risk of marine mammal strikes
- Supported collection and recycling of 170 tons of ocean plastics from the Pacific Ocean through a partnership with Ocean Voyages Institute



Employee Health and Safety

- Provided approximately 11,000 hours of safety training to crewmembers and approximately 3,000 hours to shoreside personnel
- Pioneered policies and protocols to keep our employees safe during the COVID-19 pandemic; shared best practices with the U.S. Coast Guard and other maritime leaders



Rewarding Workplace

- Filled 40% of open positions with internal candidates
- Maintained average employee tenure of 10 years



Diversity, Equity and Inclusion

- Announced new educational scholarships and internships to support diversity



Community Lifeline

- Approximately 94% of vessel arrivals within 24 hours of schedule



Economic Contributions

- Provided approximately \$164 million in compensation and benefits to our shoreside employees in Alaska, Guam and Hawaii
- Installed three new cranes as part of a \$60 million upgrade to our Hawaii hub terminal at Sand Island
- Completed a \$930 million investment in the U.S. shipbuilding industry



Community Giving

- Contributed approximately \$3.7 million in cash and in-kind services to more than 950 nonprofit organizations
- Committed more than \$5 million in cash and in-kind shipping services to foodbank networks supporting families in Hawaii, Alaska and Guam



Corporate Governance

- 43% of directors on our Board are women
- 71% of directors self-identify as ethnically diverse

In 2020, we conducted a materiality assessment to identify the ESG issues most important to our business and our stakeholders — from our customers, employees and investors, to the diverse local communities we serve. We relied on a combination of internal and external factors to determine Matson’s material ESG topics. These reflect the company’s significant economic, environmental and social impacts — both positive and negative — and the influence they may have on stakeholder views and decisions. We also examined the ESG issues that could pose significant risks to Matson’s business and/or present opportunities to advance sustainability through our business. Matson engaged an external consultant to assist us in conducting the materiality assessment and preparing this Report.

The process included a review of company documents and third-party research, media coverage, competitive and peer benchmarking, investor statements, reporting frameworks and interviews with internal subject matter experts and company leadership. We gathered direct feedback from customers, research analysts, nonprofits and insurance brokers, and collected additional feedback through regular business channels, such as meetings with investors, customer inquiries, discussions with regulators and participation in nonprofit working groups. We also considered our company’s ability to positively influence these issues.

The assessment identified 16 material ESG issues that fall under three main categories: Environmental Stewardship; People and Places; and Corporate Integrity. The outcome of this assessment informed the evolution of Matson’s sustainability strategy and was used to determine the content for this Report.

Matson’s approach to managing each material ESG topic is specific to each issue and its impacts and is detailed throughout this Report. We assess potential risks to the enterprise and adjust our management approach based on current and evolving situations.

Matson’s Material ESG Issues

Environmental Stewardship	People and Places	Corporate Integrity
<ul style="list-style-type: none"> GHG emissions and climate change Air quality Ship recycling Ocean health and biodiversity Spills 	<ul style="list-style-type: none"> Employee health and safety Diversity, equity and inclusion Workforce development and succession Labor relations Community lifeline Community giving 	<ul style="list-style-type: none"> Board governance Ethics Economic impact Safe and resilient operations Cyber security



Matson's Sustainability Roadmap

After completing the ESG materiality assessment, Matson developed a strategic roadmap to guide our sustainability journey.

Environmental Stewardship	People and Places	Corporate Integrity
<i>Move toward a low-carbon future and safeguard our ocean environment.</i>	<i>Be a vital community partner and employer in support of people's livelihoods, opportunities and wellbeing.</i>	<i>Operate our business ethically, safely and reliably, delivering value to our stakeholders.</i>
Reduce GHG emissions and our impact on climate change	Foster a safe and healthy workplace and culture	Cultivate a diverse Board that is engaged in overseeing ESG matters
Improve air quality	Promote a diverse workforce and an equitable and inclusive culture	Conduct business with the highest level of integrity
Recycle ships responsibly	Cultivate a skilled and engaged workforce with pathways for succession	Create positive local economic impact
Protect ocean health and biodiversity	Foster positive relationships with our workforce	Support safe and resilient operations
Record zero significant spills annually	Enable community prosperity through consistent, lifeline service	Fortify and protect data systems
	Invest in strengthening our communities	

ESG Governance

Matson's Board of Directors takes a keen interest in ESG matters, oversees our ESG strategy and receives regular updates on our progress. In late 2019, the company formed an ESG Working Group — a cross-functional team led by Rachel Lee, Vice President, Sustainability and Governance — that guides the company's overall ESG strategy and oversees reporting on ESG topics. The company also launched the Green Team in 2020, which researches and prioritizes ways to lower our environmental impacts across our business, including for our customers and in partnership with our vendors. The Green Team shares its progress with the Safety and Environment Committee, which is composed of senior management and company leaders who meet quarterly. Daily management and oversight of other ESG matters is shared by various Matson divisions.

Read more about the [Board's engagement on ESG matters](#).

“Throughout Matson, we have had an enduring commitment to sustainability. As we advance our policies and practices related to environmental and social responsibility, we do so with the oversight of our Board of Directors and engagement of our company's leadership.”

Rachel Lee
Vice President, Sustainability and Governance, Matson



Environmental Stewardship



Our vessels navigate some of the most pristine and environmentally sensitive areas in the Pacific, including the Hawaiian Islands, along U.S. coastlines from California to Alaska, and around the islands in the South Pacific. We are committed to protecting these areas by operating our business in an environmentally responsible manner.

Our environmental strategy focuses on five key areas: reducing greenhouse gas (GHG) emissions to mitigate climate change; improving air quality; recycling retired ships responsibly; recording zero significant spills; and protecting ocean health and biodiversity.



In 2020, Matson received the North American Marine Environment Protection Association's Environmental Innovation Award for the breadth and scope of our entire environmental program. This includes investments in innovative technology and modernization of our fleet and terminals, as well as our involvement in ocean clean-ups.

“In 2020, Matson’s vessel new build, vessel retrofit and terminal improvement programs have all come to fruition, bringing Matson’s environmental program to an industry-leading position.”

Carleen Lyden Walker

Co-Founder and Executive Director, NAMEPA



Greenhouse Gas Emissions and Climate Change

Climate change is the most pressing environmental challenge of our time. It is causing historic weather events, sea level rise and other disruptions that negatively impact local communities and threaten our global economy. The International Maritime Organization's (IMO) Fourth GHG Study estimates maritime transport contributes 2.89% of global GHG emissions, the primary contributor to climate change. In response, the IMO set a goal for the international shipping industry aimed at achieving a 50% reduction in absolute GHG emissions by 2050. This is supported by carbon intensity reduction targets: a 40% intensity reduction by 2030, and a 70% intensity reduction by 2050. All three targets are to be measured in carbon dioxide (CO₂) against a 2008 baseline.

We recently conducted a full GHG emissions inventory and are using the results to evaluate how best to reduce our impact on climate change.

Measuring Our Impact on Climate Change

Over the last several years, we have invested significant time and energy to better understand our impacts on the environment. In 2018, we commissioned a study of direct Scope 1 GHG emissions and air emissions from our vessels. In 2020, we expanded our analysis to include Scope 1 and indirect Scope 2 emissions from electricity used in vessels over the last three years. These two assessments allowed us to track performance from 2017 to 2019. In the coming year, we plan to compile a comparable 2008 baseline, which aligns with the IMO's baseline year and will allow us to better track our performance going forward.

In 2019, Scope 1 emissions accounted for 99.9% of our total emissions. Scope 1 emissions are generated from the burning of fuel oils. Between 2017 and 2019, the amount of fuel we burned decreased by 13%, which resulted in a 13% reduction of Scope 1 CO₂ and CO₂e emissions. This decrease is in part due to the phasing out of seven older steamships and the introduction of our new Aloha and Kanaloa class ships, which are larger and more efficient vessels. These new vessels are designed to meet IMO Energy Efficiency Design Index (EEDI) criteria. The IMO EEDI requires that ships built after 2015 meet a minimum energy



efficiency level per capacity mile based upon ship type and size. The EEDI of our Aloha class vessels is 17 grams CO₂ per tonne per mile. Matson continuously evaluates ways to improve vessel efficiency as measured by the EEDI.

Our Scope 2 emissions have remained relatively stable between 2017 and 2019 as we continue to take advantage of shore power in California ports. Beginning in 2020, California regulations require vessels to increase their use of shore power, which we expect will increase our Scope 2 emissions in the future, offset by a decrease in our Scope 1 emissions. Of Matson's Scope 2 energy use, approximately 67% is nonrenewable and 33% is renewable energy procured through onshore electricity.

Climate Change Risks and Opportunities

Risks

- Impacts from climate change, such as severe weather events and sea level rise, could disrupt transportation routes or damage company assets and/or public terminal infrastructure.
- Climate change could negatively affect our customers' businesses, disrupting revenue streams.
- Migration forced by climate change could reduce the number of Matson-served communities, particularly in low-lying island communities in the Pacific.
- Regulations that limit GHGs or put a price on carbon could result in additional costs to customers and communities.
- Failure to reduce GHGs could negatively affect Matson's reputation and lead to a loss of customers, community goodwill and demand for our stock.



Opportunities

- New energy efficient technologies could lower operating costs.
- New low-carbon fuels could reduce exposure to price volatility for fossil fuels.
- Low-carbon transportation solutions could create new service offerings, generating additional revenue streams.
- Proactive measures to mitigate climate change could improve Matson's reputation, attracting additional customers and strengthening our brand.

Energy Use and GHG Emissions: 2017-2019

Energy Use	2017	2018	2019	Percentage Change from 2017 to 2019
Total Energy Consumed (GJ)*	16,491,000	16,276,000	14,283,000	-13%
Heavy Fuel Oil	15,391,000	14,958,000	12,487,000	-19%
Marine Gas Oil/Diesel	1,081,000	1,301,000	1,778,000	64%
Electricity (shore power)	19,000	17,000	18,000	-5%

* Inclusive of direct fuel usage (fuel oil and diesel) and purchased electricity

GHG Emissions	2017	2018	2019	Percentage Change from 2017 to 2019
Scope 1 Emissions (mt CO₂e)	1,287,000	1,174,000	1,112,000	-14%
CO ₂ (mt)	1,267,000	1,156,000	1,095,000	-14%
CH ₄ (mt)	20	18	18	-10%
N ₂ O (mt)	73	65	63	-14%
Scope 2 Emissions (mt CO₂e)	1,082	898	819	-24%

For most figures in the above charts, data was rounded to the nearest thousand.

Matson's Role in the Maritime Transport Sector

Matson's business model is based on frequent, fast shipments to serve the many island and remote communities that depend on us to deliver critical supplies. Speed and punctuality are important. The majority of our GHG emissions are generated from the burning of fuel aboard our vessels.

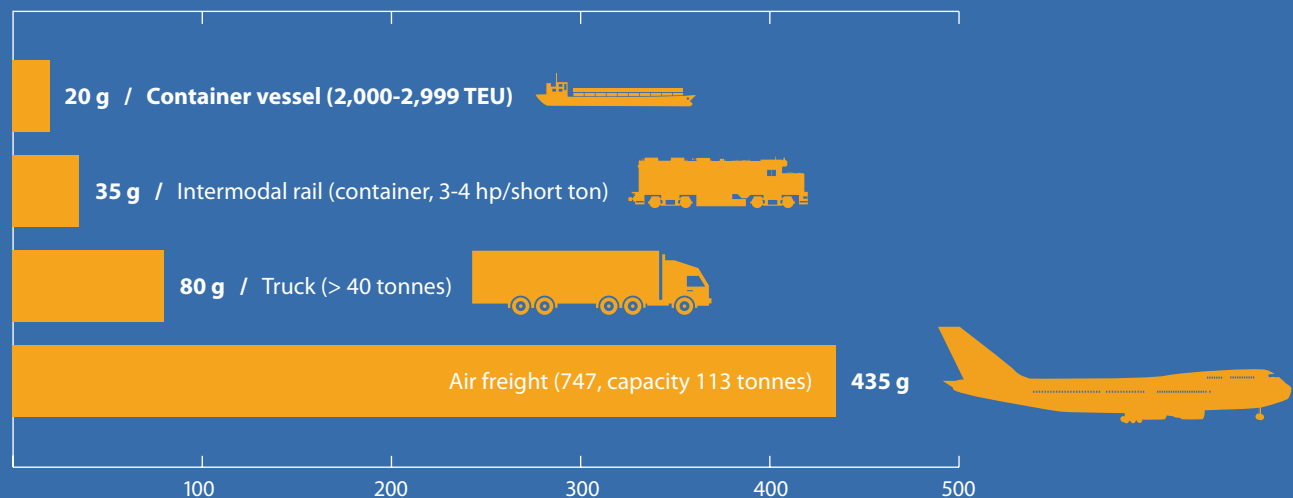
In our domestic tradelanes, we carry critical supplies, including perishable food products, refrigerated cargo and other vital goods, between the U.S. Mainland and Hawaii and Alaska. We believe our GHG emissions are comparable to, if not better than, those of our competitors given the age, size and speed of our vessels.

We also run two premium, expedited services from China to Southern California — the world's largest ocean tradelane — carrying time-sensitive cargo such as electronics and personal protective equipment needed during the COVID-19 pandemic. In many cases, customers choose our service as an alternative to air freight given our significantly lower costs with only a few extra days' transit. Matson's China service also has substantially lower GHG emissions than air freight.

Comparing Carbon Footprints of Ocean Carriers to Other Transport Modes

Shipping plays an integral part in our global economy. According to the Organisation for Economic Co-operation and Development, over 90% of traded goods are transported via ocean carrier. Ocean shipping is considered a very fuel efficient mode of transportation when compared to other modes.

GRAMS CO₂ PER TONNE-KM



Source: Second IMO GHG Study 2009, pp. 131-133

Our Approach to Reducing Greenhouse Gas Emissions

To effectively reduce our GHG emissions, we are focused on increasing the fuel efficiency of our vessels. Several years ago, Matson launched a modernization plan aimed at improving the efficiency of our fleet and terminals. We commissioned four new state-of-the-art vessels, allowing us to retire seven steamships that were older and less efficient. These investments lowered the average age of the Matson-owned vessels in the Hawaii, Guam and China services from 30 years in 2016 to 20 years in 2020. As of the end of 2020, every vessel in our fleet has a Ship Energy Efficiency Management Plan (SEEMP) as required by the IMO. These plans are meant to provide a pathway for improving energy efficiency over time, including operational improvements and technological upgrades, in a cost efficient manner. We believe these investments make Matson's fleet as efficient, or even more efficient, than direct competitors servicing the same tradelanes.

Average age of Matson's vessels **20** years

Fleet Investments

Our four new Aloha and Kanaloa class vessels include multiple environmental features designed to help reduce GHGs. Among the features are efficient hull designs that reduce drag and increase fuel efficiency, and dual fuel capable engines that can run on low-sulfur fuel or liquified natural gas (LNG) when it becomes more available at the ports we call. These ships are also larger and accommodate more loads so fewer vessels are needed to meet cargo demands. As a result, we reduced the number of vessels in our Hawaii tradelane from 11 to nine. We also upgraded several facets of our remaining fleet to improve vessel efficiency.

Operational Efficiencies and Route Optimization

Route optimization at sea requires careful consideration of weather, currents and sea conditions. Matson uses vessel weather routing services to help identify the optimum routes for making safe transits while minimizing fuel consumption. Special controls are used on our ships to minimize movements of their rudders and streamline their movements through the water. In 2019, we began tracking fuel usage by vessel, in alignment with IMO standards, allowing us to review trends over time. This information is shared with our crews so they can make adjustments that improve fuel efficiency during future sailings.

Terminal Investments

In 2011, Matson became an early adopter of alternative marine power (AMP) or "cold ironing" at the Port of Long Beach, which enables a docked vessel to turn off its generator engines and power onboard systems using electricity from shore. Renewable energy makes up a percentage of the electric grid in California, resulting in a cleaner source of power than engine fuel. Today, in the ports of Long Beach and Oakland, cold ironing is required by the State of California. In 2020, Matson began purchasing renewable energy credits for 100% of shore power usage so that all the electricity used by Matson vessels at berth in California is renewable. In 2019, China's Port of Ningbo began efforts to make shore power berths available, which is anticipated to allow Matson vessels to shut down their generator engines and go electric while berthed there.



Matson Logistics Initiatives

Matson Logistics has been a member of the U.S. Environmental Protection Agency's (EPA) SmartWay Transport Partnership since 2008. SmartWay is a voluntary collaboration between the EPA and the freight transportation industry designed to increase energy efficiency while significantly reducing GHGs and air pollution. Additionally, Matson Logistics has invested in green building features in our warehouses. Our warehouse in Pooler, Georgia is LEED certified, while some of our other facilities are using "passive night air" cooling systems and/or upgrading to more efficient LED lighting. In recognition of our commitment to sustainable operations and reducing our environmental footprint, Matson Logistics was named as a Top Green Provider by Food Logistics magazine in 2019 and 2020.



Industry Collaboration

Achieving IMO GHG targets will require the collective efforts of the entire marine transportation industry. One way Matson does its part is through our engagement with Clean Cargo, a business-to-business leadership forum dedicated to promoting responsible shipping and reducing the sector's environmental impacts. Clean Cargo is a collaboration of Business for Social Responsibility that engages major brands, cargo carriers and freight forwarders. Through our participation, Matson strives to contribute to the development of practical tools for measuring GHGs and driving performance improvement. Matson also hopes to promote more efficient transportation in logistics through participation in SmartWay.



Toward a Clean Energy Future

While we have made strides in reducing our GHG emissions, we recognize that technology continues to evolve. Matson strives to stay abreast of advancements in vessel design, engine technologies and next generation fuels, including developments in hydrocarbons, biodiesel, electric propulsion, fuel cells and others. Our forward-looking approach is reflected in the design of our new Aloha and Kanaloa class vessels, which were designed to accommodate a variety of fuels. We believe this investment will extend the life of our vessels and allow Matson to potentially convert to LNG or other lower-emitting fuels in the future.

Adapting to Climate Change

As sea levels rise and the world experiences more frequent and severe weather events, we are working to adapt our operations. From adjusting routes to bypass storms to fortifying terminal infrastructure, Matson seeks to be resilient in the face of change. Learn more about Matson's investments [here](#).

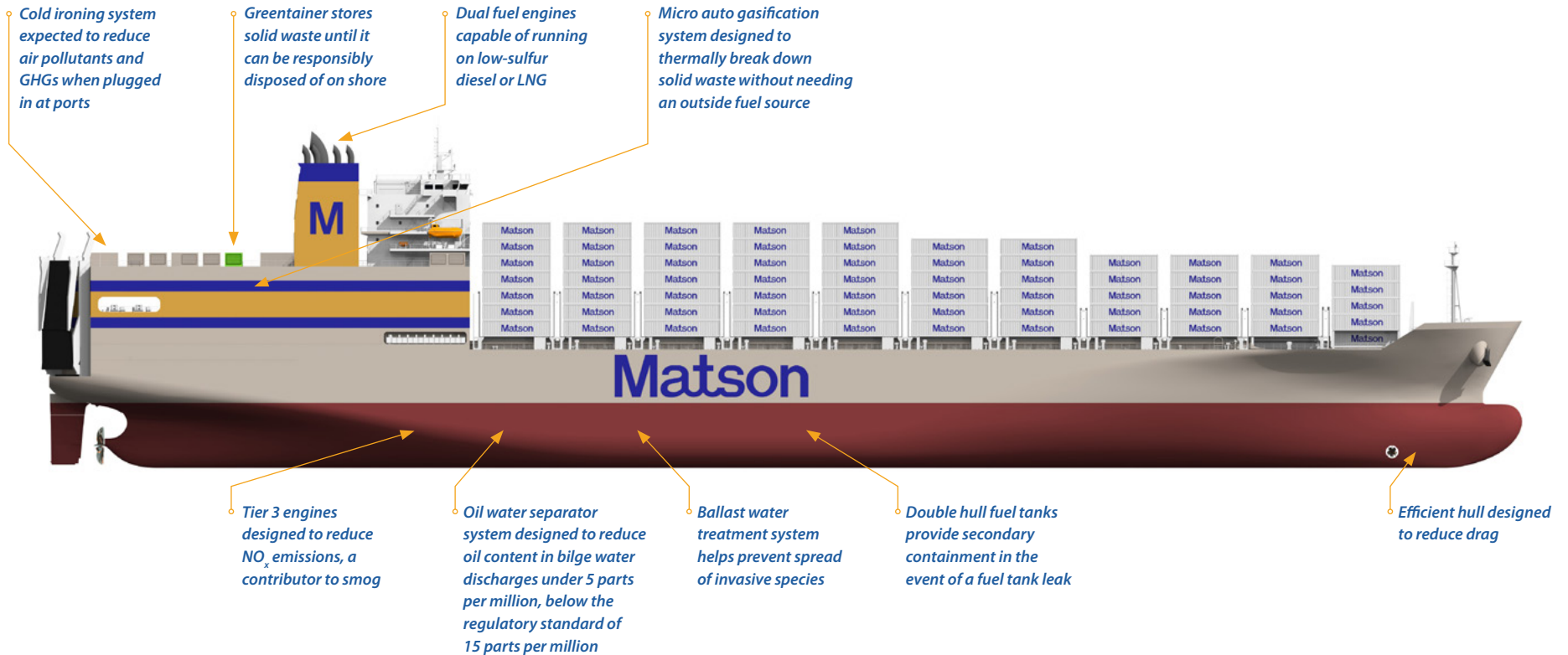
“Every move Matson Logistics makes begins and ends with a truck. That’s why we ensure that the 48,000 truckload carriers in our network meet the strictest emissions regulations.”

Rusty Rolfe
President, Matson Logistics



Lurline: Environmental Features

Matson's first Kanaloa class vessel, *Lurline*, christened in June 2019, and its sistership, *Matsonia*, christened in July 2020, are the largest combination container and roll-on/roll-off ships ever built in the U.S.



Ship Recycling

Ocean going cargo ships are massive structures, containing thousands of tons of metal and components, some of which are deemed hazardous materials. When it is time to retire a ship, Matson's policy is to protect worker safety and the environment. Matson requires that all its U.S.-flag ships be recycled in facilities that meet stringent U.S. regulatory standards or similar standards set forth in select international conventions approved by Matson designated executives. Matson policies provide for inspections of each facility prior to awarding a contract to assess that it meets requirements and then to monitor recycling progress on a weekly basis. Since 2015, Matson has retired seven steamships and two barges, all of which have been recycled in Brownsville, Texas.

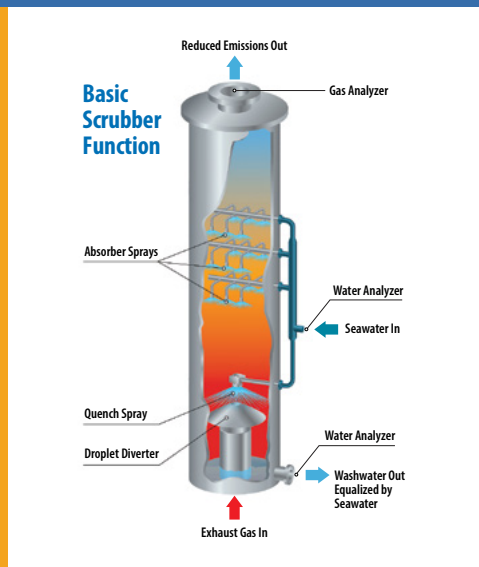


Two ships were responsibly recycled in Brownsville, Texas in 2019

How Scrubbers Work

Matson operates two types of scrubbers or exhaust gas cleaning systems: hybrid (open/closed loop) and open loop. The hybrid units can be operated in open loop mode at sea where regulations allow and then switched to a closed loop mode nearer to shore. In open loop mode, scrubbers use seawater to remove the sulfur in the vessel's exhaust and convert the sulfur oxides into sulfates — a naturally occurring compound in seawater — when this water is discharged back into the ocean. Matson seeks to comply with all IMO and national requirements regarding open loop scrubber discharge water.

In closed loop mode, scrubbers spray fresh water mixed with sodium hydroxide into the vessel's exhaust system to convert the sodium oxides in the exhaust to sulfates. This washwater is then treated to remove harmful compounds. The concentrated waste products removed from the washwater are not intended to be discharged at sea and instead are discharged on shore.



Air Quality

When fuel oil is combusted, it releases sulfur oxides (SO_x). SO_x can cause respiratory, heart and lung diseases as well as lead to acid rain. Combustion also releases nitrogen oxides (NO_x), particulate matter (PM) and volatile organic compounds (VOCs), which can negatively affect human health when inhaled or through the creation of smog. Another pollutant from combustion is black carbon. Black carbon contributes to climate change by absorbing light and heating its surroundings.

To improve air quality, the IMO imposed regulations requiring carriers to switch to low-sulfur fuels or install technologies that limit SO_x emissions by January 1, 2020. Matson has employed a combination of exhaust gas cleaning systems or "scrubbers," which are also effective in removing other air pollutants and low-sulfur fuels to comply with regulations. In addition, we have invested in higher efficiency engines with add-on controls in order to reduce NO_x emissions.



Reducing Fleet Air Emissions

Since 2015, Matson has fitted nine vessels in our Alaska and Hawaii tradelanes with scrubbers. The scrubbers clean exhaust gas as it moves up the emissions stack, removing SO_x as well as some PM and black carbon. The remaining vessels in the fleet burn low-sulfur fuel oil in alignment with IMO 2020 requirements. In addition, all of our U.S.-flagged ships comply with emissions for designated IMO Emission Controls Areas (ECAs) in North America. These ECAs cover all waters, with certain limited exceptions, within 200 nautical miles of U.S. and Canadian coastlines.

To reduce NO_x emissions, Matson designed the two new Kanaloa class ships with Tier 3 engines that have 80% lower NO_x emissions than a Tier 1 engine, making them among the lowest emitting container vessels to regularly call the U.S. West Coast.

As a result of these investments, emissions of these pollutants by our fleet declined in 2018 and 2019.

Air Emissions (metric tons)	2017	2018	2019	Percentage Change from 2017 to 2019
NO _x (excluding N ₂ O)	30,700	27,000	25,800	-16%
SO _x	22,300	18,200	13,700	-38%
PM (PM ₁₀)	3,376	2,832	2,189	-36%
VOCs	1,276	1,139	1,088	-15%
Black Carbon	105	98	96	-9%

Improving Air Quality in Ports

Beyond vessel technology investments, Matson participates in voluntary speed reduction programs seeking to reduce air emissions near ports. Under the Port of Long Beach Green Flag program, Matson vessels generally slow to 12 knots within 20 nautical miles of the port, reducing NO_x emissions and the potential for marine mammal strikes. Since 2006, Matson has achieved over 90% compliance within this zone. At port, Matson was an early adopter of cold ironing, which allows the vessel's generator engines to be turned off and its systems powered by electricity on shore. Cold ironing helps to reduce particulate matter and smog in the communities adjacent to ports. In 2018, the California Air Resources Board awarded Matson and its public and private co-applicants a \$50 million Sustainable Terminals Accelerating Regional Transformation (START) Project grant. Matson applied its portion of the START Project grant to Tier 3 vessel engines in our two new Kanaloa class vessels.



Spills Prevention and Remediation

Matson is keenly aware of the damage a major oil spill can cause to the environment and strives to prevent all types of spills through a combination of comprehensive written procedures, training and proactive maintenance of vessels and equipment to prevent spills. If a spill does occur, we activate our oil spill response plan, which dictates specific actions to limit, mitigate and remediate any resulting environmental damage.

Our goal is zero significant spills. A significant spill is defined as more than one barrel of oil or other hazardous substances. We recorded one significant spill in 2019, which involved two to three barrels of fuel oil that were spilled while fueling in port. We immediately initiated response efforts, alerted authorities and dispatched cleaning crews, ultimately returning the harbor to its pre-spill state.

Ocean Health and Biodiversity

The world's oceans produce half the oxygen we breathe and absorb almost one-third of CO₂ emissions, making them critically important in the fight against climate change. They are also an important economic engine, supporting the livelihoods of more than 3 billion people. Unfortunately, the health of our oceans is rapidly declining due to pollution, habitat loss, overfishing and rising ocean temperatures. Rising temperatures are also degrading our oceans' ability to act as a carbon sink, further exacerbating climate change.

Every day, Matson traverses some of the world's more pristine ocean environments, and we take our responsibility to protect these valuable resources seriously. In addition to working to mitigate our impacts on climate change, we have implemented robust policies and procedures designed to properly manage waste and safeguard marine life.

Waste Management

Matson oversees several programs aimed at preventing ocean contamination from solid waste and harmful discharges to water while at sea.

Solid Waste

In 1993, Matson was the first container shipping company to adopt a zero discharge policy, which prohibits all solid waste, except food waste, from being discharged overboard. Solid waste is instead collected and stored in a "greentainer" until it is unloaded at a shoreside facility. The contents are then sent to recycling, waste-to-energy or other acceptable disposal facilities. To maximize cargo space and reduce waste disposal at ports of call, Matson removes and recycles packaging materials from ships' stores before they arrive at the vessel. We also backhaul packaging material from Alaska to the lower 48 where it can be more readily recycled.

Ballast Water

To prevent the spread of invasive species, Matson has implemented a ballast water management plan on each ship that focuses on intake and discharge of ballast water in the open ocean, far from contaminated waters or conservation areas. In addition, Matson has installed ballast water management systems on 10 vessels that should filter, or otherwise treat, ballast water before discharging it back into the ocean.

Bilge Water

Matson has installed oil water separators equipped with oil content meters designed to comply with IMO and U.S. Coast Guard regulations to regulate discharges at sea. We also established the Matson Environmental Protection Zone (MEPZ) in 2002. The MEPZ does not allow discharges within 50 miles from land, even if regulations allow discharge closer to shore.



Removing Ocean Plastics

In 2020, Matson partnered with the nonprofit Ocean Voyages Institute to collect plastic waste at sea. The organization's two 2020 expeditions collected a record-breaking 170 tons of fishing nets and consumer plastics from the Great Pacific Garbage Patch, the largest accumulation of ocean plastic in the world, which includes the Eastern Patch between Hawaii and California. The debris was sorted by plastic type and transported by Matson for upcycling and recycling by various educational and commercial organizations.

Safeguarding Marine Life

Many ocean species migrate up and down continental coasts, putting them in the path of commercial shipping vessels. In an effort to prevent or reduce marine animal strikes, Matson participates in several voluntary speed reduction programs and conservation working groups.

Along the U.S. West Coast, Matson participates in the Port of Long Beach Green Flag program as well as speed reduction programs in the Santa Barbara Ship Channel, San Francisco Bay and Puget Sound. We also endeavor to adhere to speed restrictions when approaching the Port of Auckland, New Zealand. To encourage other companies to join these programs, we have taken part in collaborative working groups hosted by National Oceanic and Atmospheric Administration (NOAA) and the Protecting Blue Whales and Blue Skies initiative. We also participate in a program promulgated by the Pacific Merchant Shipping Association and NOAA to encourage mariners to report whale sightings. This information improves understanding of whale migration patterns and allows mariners to become better at spotting and avoiding collisions with whales, many of which are federally protected.



\$250,000

in community giving to support environmental programs in Hawaii, Alaska, Guam and other places in the Pacific in 2019

Every year, Matson provides grants to nonprofits dedicated to marine and broader environmental conservation. In 2019, Matson awarded nearly 200 cash grants totaling more than \$250,000 to support environmental programs in Hawaii, Alaska, Guam and other places in the Pacific. Learn more about Matson's philanthropic activities [here](#).

Engaging Employees in Environmental Conservation

Our employees are passionate about environmental conservation and take action at work and in their communities to protect the environment. In our offices and terminals, employees are encouraged to conserve energy by shutting off lights and equipment when not in use; reduce air travel; use properly sanitized reusable cups and utensils; and take public transportation or carpool. Many also participate in local community clean-ups. Our long-standing Ka Ipu Aina program in Hawaii and Adahi I Tano program in Guam support hundreds of beach and roadway litter clean-ups annually, and employees across the company volunteer to participate in International Coastal Cleanup Day.



[Message from Our Chairman and CEO](#) ■ [About Matson](#) ■ [Accomplishments and Highlights](#)
[Materiality, Strategy and Governance](#) ■ [Environmental Stewardship](#) ■ **[People and Places](#)**
[Corporate Integrity](#) ■ [About This Report](#) ■ [GRI and SASB Index](#)

People and Places



Matson began serving Hawaii in 1882, when our founder, Captain William Matson, embarked on his first voyage from San Francisco to bring necessary provisions and food to sugar plantations near Hilo, establishing a new regular trade connection by bringing supplies to the remote islands of Hawaii and returning to the mainland with products from the plantations. Since then, our business has grown beyond Hawaii to serve many communities across the Pacific while helping to advance transpacific trade and expanding



into intermodal transportation across North America. Throughout the years, we have not lost sight of the connection and responsibility we have to the communities we serve, as well as to the people who make up our company.



A Safe and Healthy Work Environment

Like the rest of our industry, we operate in environments that come with some inherent risks — from operating vessels and cargo terminals in extreme weather conditions, to working with heavy equipment in terminals and warehouses. Injuries happen, but many can be prevented. The most common risks our workers face are slips, trips and falls; being struck by an object; or lifting and pulling injuries. We work to minimize all risks — big and small — throughout our entire enterprise by creating a safe and healthy work environment. Our goal is to experience zero lost time incidents or fatalities on vessels and in terminals and warehouses.

2019 Safety Performance

We track our safety performance by measuring lost time incidents in our shoreside and offshore operations, and we report this metric against a U.S. industry benchmark of 200,000 hours worked for a lost time incident rate. We also track and report fatalities in our operations.

	Lost Time Incident Rate	Fatalities
Shoreside	5.43	0
Offshore*	8.73	0

*Offshore does not include temporary workers



Maintaining a Culture of Safety

To manage the risks we face, we strive to foster a strong safety culture that is rooted in best practices throughout our operations, encompassing our entire workforce. Safety training is a key part of prevention. In 2019, we provided approximately 11,000 hours of vessel safety training — roughly 20 hours per crewmember — and approximately 3,000 combined hours for shoreside personnel — roughly 6 hours per individual. In addition, we endeavor to continuously educate and engage employees on current risks and how to avoid them. Terminal operations hold gangway safety talks before loading or unloading each vessel, while safety meetings are generally held monthly on vessels. In 2019, we launched quarterly vessel safety communication campaigns that bring special attention to specific safety issues on a frequent and regular basis.

We also incent active safety behaviors on board vessels through our Vessel Safety Award Program. Every month, our Marine Safety Committee reviews vessel data on incident rates, onboard processes, safety meetings and crew engagement. The committee then selects the top performing vessel from each of our four regional fleets quarterly. The leading vessel and crew are celebrated annually at an award ceremony. The program provides cash awards to the quarterly and annual award winners and presents the annual award winner with a trophy for display aboard the vessel.

“ Safety is at the core of everything we do. No job is considered effectively completed unless it is done safely. ”

Ron Forest
President, Matson



Importantly, we empower all employees to identify and alert management to unsafe conditions or practices. As part of standard operating procedures, any vessel crewmember can contact the Designated Person Ashore at any time to report a safety concern. All reports are sent to the appropriate member of Matson management so that the highest levels of the company have visibility into potentially unsafe conditions aboard our vessels. In 2020, we began exploring opportunities to bring company leaders together in person with employees working on our vessels and in our terminals and warehouses to discuss safety. Research shows this type of cross-level dialogue can help reduce the number of incidents. While COVID-19 safety precautions delayed these efforts, we expect to further develop this program in 2021.

Matson’s 2020 employee survey presented an opportunity to solicit feedback about our company’s safety culture. The survey responses indicated that our emphasis on safety is working. For example, 89% of respondents agreed or strongly agreed that they know how to proactively address risks in their work environment, and 85% agreed or strongly agreed that if a safety incident is reported, it will be acted on. Read more about the results of Matson’s employee engagement survey [here](#).

Tracking Our Safety Performance

Matson tracks performance and monitors ongoing trends to inform our practices and encourage continuous improvement. We schedule regular internal and external audits to monitor whether established safety procedures are being followed. On a monthly basis, our vessels and terminals report near misses. The reporting of near misses is helpful in identifying our biggest injury risks and shaping the agenda for monthly vessel safety meetings and quarterly safety communication campaigns. For example, near miss reporting identified slips, trips and falls as the most likely potential injury in 2019. Consequently, the first quarter 2020 safety communication campaign focused on educating crews about this risk. By the end of the first quarter, there was a 75% reduction in near miss reports of slips, trips and falls compared to 2019.



75%

Matson's first quarter 2020 safety campaign on slips, trips and falls on vessels resulted in a 75% reduction in near miss reports in this category.

We use the American Bureau of Shipping's Nautical Systems Enterprise Corrective Action Report system, which empowers crewmembers to report unsafe equipment and/or practices to Matson management as well as detect opportunities for improvement. This system helped identify crew rest as an important priority. Through better tracking of U.S. Coast Guard-mandated crew rest periods for navigational and engineering watchstanders, and by using real-time data and including this metric in our Vessel Safety Award Program, we improved crew rest performance in 2020.

All of these metrics paint a picture of our overall safety performance and are shared on a monthly basis with Matson's Marine Safety and Shoreside Safety Committees, both of which lead the company's safety strategy and programs.

Responding to COVID-19

While Matson has always worked to provide healthy work environments, this took on new meaning in 2020. With the onset of the COVID-19 pandemic, we quickly implemented protocols and policies intended to keep our people safe.

For frontline vessel, terminal, warehouse and on-site office workers, we followed guidance from the Centers for Disease Control and Prevention (CDC) and local governments on social distancing, masks and sanitization. Under our policies, all new crewmembers are required to be tested, with results typically available within 24 hours. More broadly, we seek to temperature-screen all individuals prior to boarding a Matson ship or entering our Sand Island and Dutch Harbor terminals, including vendors and contractors. We have also installed over 200 medical grade HEPA filtration units on Matson vessels and in warehouses and offices. In 2020, we issued more than 35 COVID-19 bulletins to our vessel crews with updates on the latest regulations and CDC guidance. In addition, we shifted office workers — who comprise approximately 30% of our shoreside workforce — to work remotely when possible.

These efforts were shared with the U.S. Coast Guard and other maritime leaders, as Matson was one of the first in our industry to put substantive COVID-19 procedures in place.

Advancing Diversity, Equity and Inclusion

Our vision for Matson is to be a great place to work for all employees, regardless of race, ethnicity, gender, identity or background. According to the U.S. Bureau of Labor Statistics, traditionally the shipping industry's workforce has been predominately represented by white males. While Matson's workforce is representative of many of the communities where we operate, we believe we can do more to change the status quo within our company and industry. This includes providing equitable representation and advancement opportunities at all levels of the company, as well as doing our part to combat systemic inequities in society at large.

For many years, we have been committed to improving diversity and creating an inclusive culture. We track employee diversity metrics related to gender, race and veteran status and use the data to inform hiring and promotions. We offer training programs to our employees on how to prevent discrimination in the workplace. This training is mandatory for our management personnel.



Evolving Our Approach to Diversity, Equity and Inclusion

In 2020, we continued to advance many of our diversity, equity and inclusion efforts. This includes continuing our efforts to analyze pay among various employee groups to confirm pay equity across the company. Beyond our workplace, we committed to providing ongoing support for programs at organizations addressing systemic racism and its consequences in our communities. In 2020, we donated \$100,000 in cash contributions to this effort.

“We are committed to fostering an inclusive and welcoming culture based on respect and appreciation for the perspective, talent and contributions of everyone. This means taking an active role in combating systemic racism and inequity and ensuring equal opportunities for all employees.”

Matt Cox
Chairman and CEO, Matson

Increasing diversity in Matson's leadership is another priority. We are focused on promoting and hiring women and minorities into upper levels of management, as well as identifying future leaders as part of our succession planning. Externally, we are supporting programs intended to help build a diverse talent pool for Matson and our industry. We committed \$100,000 toward the creation of new Matson scholarships to be offered in conjunction with approximately 15 higher education institutions and maritime academies in our communities with the goal of increasing diversity among those pursuing studies in transportation and logistics. Separately, we have committed more than \$200,000 to expand our paid internship program with the goal of increasing exposure to our company and industry among a diverse group of students in our various regional locations.

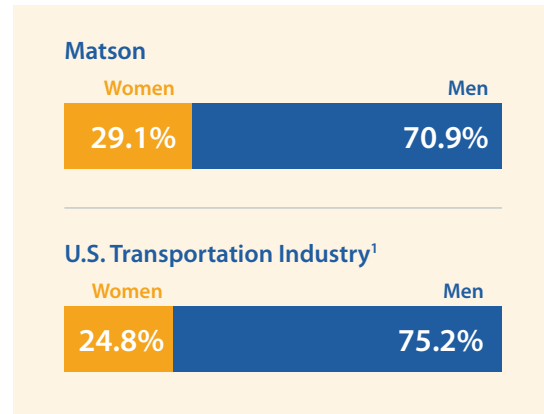
Matson's 2019 Workforce

MATSON'S GLOBAL WORKFORCE



MATSON'S U.S. SHORESIDE WORKFORCE

Gender

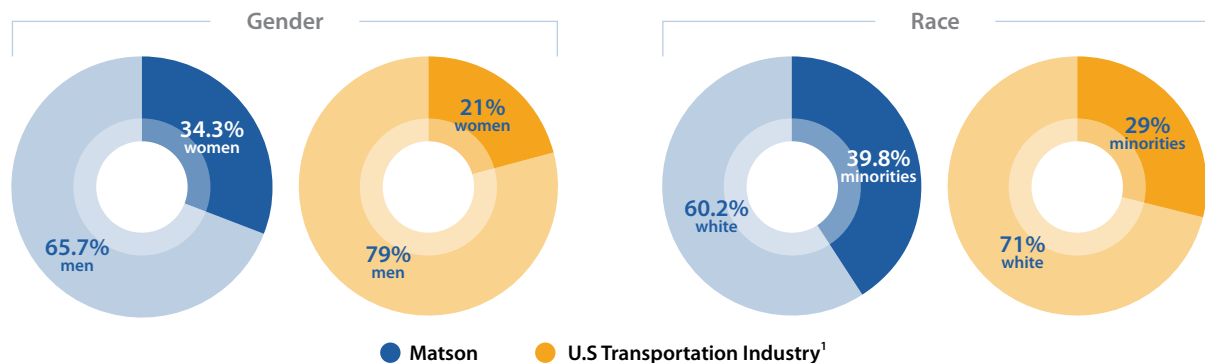


Percentage Breakdown by Race²

White	50.8%
Minorities	49.2%
American Indian or Alaska Native	6.4%
Asian	36.2%
Black or African American	9.3%
Hispanic or Latino	16.5%
Native Hawaiian or other Pacific Islander	18.3%
Two or more races	13.3%

48.6
average age of employees²

Management Positions



¹Source: U.S. Bureau of Labor Statistics
²Data not available for U.S. seagoing personnel

A Rewarding Workplace

We credit our success to our people. Through genuine respect and collaboration, our employees are integral to creating an environment of high standards and achievement. Providing a great place to work that puts people first is essential in retaining our current employees and attracting talent in the future.

Fostering a rewarding workplace begins with our friendly and respectful culture, one that is synonymous with Hawaii's "aloha spirit." In fact, we use the Hawaiian word for family, "ohana," to describe our culture because of its ethos of mutual respect and care. Part of this also means fostering an expectation of a strong work-life balance, where our employees have the flexibility and support to pursue their personal passions and responsibilities.

Succession and Career Planning

Our workforce is characterized by uniquely skilled, long-tenured, mature employees — 46% of shoreside employees have been with the company 10 years or more, and at least 30% are over the age of 55. To create career pathways for future leaders while planning for the loss of retiring employees, we take a proactive approach to succession and career planning. We focus on providing the next generation of promising talent with the tools they need to build their own careers at Matson. In 2019, 40% of open positions were filled through internal promotions. We also provided more than 2,250 hours of employee training and development, while giving regular performance reviews to our entire workforce.

40% of open positions were filled through internal promotions in 2019

Responding to Employee Feedback

Our ohana culture implies we are a family. Families listen to each other. Similarly, we endeavor to listen to our employees. We invite their feedback through various informal channels, including team meetings, town halls, ad hoc surveys and manager-employee conversations. We also conduct formal employee surveys to understand what we are doing well, and what can be improved. Participation in Matson's 2017 survey was 93%, far above the 67% industry average. Results from 2017 showed opportunities to improve internal communication, training and development, and recognition.

We took this feedback to heart and worked to improve employee communication by increasing the frequency of CEO-led town halls and divisional/departmental meetings. We initiated a new weekly bulletin in 2020 for all employees while we continued to update our intranet site on an ongoing basis and send a bimonthly newsletter to all employees. Employees are invited to provide feedback on the frequency and content of these communications.

A new training program was introduced after the 2017 employee survey, helping both managers and team members fine tune skills on communication, feedback and trust. Modules specific to managers cover how to build better teams and engage and coach employees. In 2020, we launched a corresponding online training tool for employees interested in furthering their individual development.

Matson Celebrates allows employees to recognize their colleagues' performance by granting them points, which can be redeemed for gift cards, travel rewards and premium gifts. Approximately 93% of eligible Matson employees used the Matson Celebrates platform in 2020, which surpassed the standard engagement benchmark of 80%. Greater achievements are recognized with our Mahalo, Anchor and Bravo Zulu Award. Every year, the Matson Presidential Award, Matson's highest honor, is given to select employees for their extraordinary performance.



In late 2020, we conducted another employee survey. Preliminary results showed strong alignment with Matson's values, while survey participation rates were well over benchmarks. The results also indicated that progress was made in the three key areas we sought to improve: communication, training and development, and recognition. As we continue to analyze the results, we intend to use the findings to build on our efforts to make Matson a great place to work.



91%
of employees
strongly believe
in Matson's values

87%
of employees
participated in
our 2020 survey

Tracking on Matson's Employee Survey Results

2017 Opportunities for Improvement	Change in Scores in 2020
Recognition	+24%
Communication	+13%
Training & Development	+6%

Retention

We believe our efforts to support, engage and reward employees can be measured in our employees' long tenure with the company and Matson's relatively low rate of attrition. In 2019, average employee tenure was 10 years — compared to the industry average of 4 years — and the annual turnover rate was slightly more than 12%.



Labor Relations

Like most companies in our industry, Matson relies on unions to provide credentialed seafaring and terminal personnel. We respect our employees' rights to freedom of association and collective bargaining. In 2019, 72% of our workforce was covered by a collective bargaining agreement — a percentage that has remained relatively stable over the last few years.

Effective, positive and stable relationships with our union partners are in the best interest of our union employees and our operations. Our approach to maintaining positive relationships is open engagement and proactive dialogue with union representatives. For example, in 2020, we worked to solicit and respond to union concerns about the impacts of COVID-19. Read more about how we have worked to [protect our workforce](#) during the pandemic.

We believe proactive engagement leads to mutually agreeable contracts and constructive relationships. In fact, as evidence of our strong union relationships, the most recent contracts covering our vessel officers have a length of 10 years.

2019 Matson Presidential Award Winners

Each year, leaders across Matson's business units nominate members of their teams below director level for a Presidential Award. Winners are chosen based on exceptional performance in cost reduction, increased revenue, improved business processes, or a combination of the three. Honorees from the mainland are treated to a Hawaii vacation for two in conjunction with an awards dinner in Honolulu hosted by the CEO and senior management. Hawaii-based winners receive a comparable trip to a mainland destination of their choice. In 2019, 18 employees were honored for their exemplary performance.

Community Lifeline

From Dutch Harbor, Alaska to Apra Harbor, Guam, our vessels deliver supplies that make daily life possible. The communities we serve need ongoing shipments of food, fuel, clothing, automobiles, electronics and many other products necessary for everyday life. We recognize the essential role we play in these communities and strive to serve them well.

Delivering in the Era of COVID-19

In 2020, as COVID-19 quarantines and lockdowns further isolated many communities, Matson remained dedicated to its efforts to help ensure that local populations have access to food, fuel, household goods and personal protective equipment (PPE). In Alaska, at a critical moment when Kodiak had identified its first case of COVID-19, we delivered much-needed PPE from Anchorage, getting the supplies to Kodiak within just two days of receiving the request. We also worked to allay early fears in Alaska, Hawaii and Guam that shipments might not arrive, which had created a run on local stores and a shortage of basic goods. Continuing to operate in this extreme situation gave a renewed purpose to the company and what it means to be a lifeline.

Providing Consistent, Reliable Service

Being a lifeline service provider comes down to consistency, reliability and trustworthiness. In 2019, using the industry standard of a 24-hour window for on-time arrivals, 94% of Matson vessel arrivals in Hawaii, Guam, Okinawa, China/Long Beach and Alaska were on time. Late arrivals were mostly due to necessary vessel maintenance, unexpected weather or delayed terminal operations.

Skipping or “blanking” a sailing is a fairly common practice in our industry. But Matson endeavors to deliver on schedule and avoid blank sailings. In 2019, we blanked just one out of approximately 200 sailings to Alaska, California, Guam and/or from China.

As a lifeline business, we strive to go the extra mile to get our customers’ goods to their destination, even in extreme circumstances. For example, when a vessel needs to be removed from service for repairs, our practice is to have reserve vessels ready-to-go so we can maintain scheduled operations and not miss a beat.

In our South Pacific ports, we focus on maintaining a consistent schedule, even in inclement weather. If we are unable to access a port due to weather, we wait offshore for conditions to improve — sometimes for days and at a considerable expense to the company — instead of skipping scheduled services.

As an indicator of our commitment to excellent, reliable service, Matson was ranked among the top three ocean carriers in the world in 2019 and 2020 by shipping customers as part of Logistics Management magazine's annual Quest for Quality Awards. Matson Logistics was ranked either first or second for intermodal transport from 2018 to 2020.



2019 Percentage of On-Time Vessel Arrivals (within 24 hours)

Tradelane	Percentage of On-Time Vessel Arrivals
Hawaii	96%
Guam	90%
China/Long Beach	96%
Alaska	98%
Okinawa	88%



Providing Service to the Military

Another important role we play in Pacific communities is serving the U.S. military. Matson moves weekly subsistence cargo for military bases in Hawaii, Guam, Micronesia, Okinawa and American Samoa, as well as transports vehicles and material supporting regular training missions around the Pacific. By working together with the military on readiness plans, we believe we are prepared and ready to support their operations under a range of circumstances.

“For remote communities, we know what it means to count on the dependable arrival of a Matson vessel. We strive to provide reliable, consistent, on-schedule service, and when the occasion calls for it, to overcome the unforeseen.”

Vic Angoco
Senior Vice President, Pacific, Matson

Community Giving

Matson has a long history of giving in the communities where we operate. Supporting the places we call home is a deeply held value and we view it as part of our role as a lifeline business. In 2019, we contributed \$3.7 million in cash and in-kind services to 960 nonprofits across Hawaii, the Pacific, the U.S. Mainland and Alaska. Some of the organizations we supported in 2019 included United Way; the Hawaii State Department of Education's Teacher Induction Center, which provides new teacher training programs and has been a Matson beneficiary for seven years; and the Special Olympics in Alaska, Guam and Hawaii, where our support dates back more than 30 years.

“Matson has supported First Place for Youth in the Oakland, California community for four years, contributing to our mission of helping youth aging out of foster care. Matson’s generosity has positively impacted young people who need support in making a successful transition into adulthood.”

Aila Malik
Interim CEO, First Place for Youth

Our giving strategy is overseen by three local employee committees for the Pacific, the U.S. Mainland and Alaska regions. The people who serve on these committees understand the needs in their hometowns and how best to direct our support locally. Many of our employees serve on the boards of local organizations; in Alaska alone, some 30 organizations have Matson employees serving on their boards. We leverage our employees’ relationships and those of our customers to determine how best to respond to community needs.



Our priority giving areas include the marine environment and ocean resource conservation; disaster preparedness and relief; education; human services; health and food security; culture and arts; sports and youth development; maritime institutions; and civic and community programs.

We also respond to natural disasters and other unexpected events, providing financial support and in-kind services when our communities are most in need. Communities in the Pacific often face tropical storms, hurricanes, typhoons and cyclones. Matson has long donated to the American

Red Cross to support disaster preparedness and relief in Hawaii and Alaska. And we work with community groups after significant storms to provide donated shipments of relief goods, the use of reefers and containers to hold emergency response items, and other logistics help. For example, when Tropical Cyclone Harold hit Tonga and Fiji in April 2020, Matson shipped necessary goods and medical products pro bono, while maintaining our schedule so these locations would receive the provisions they needed.

2019 Matson Giving

\$3.7M
invested in communities

\$2.4M
cash contributions

\$1.3M
in-kind contributions of
donated or discounted
shipping and loaned or
donated containers

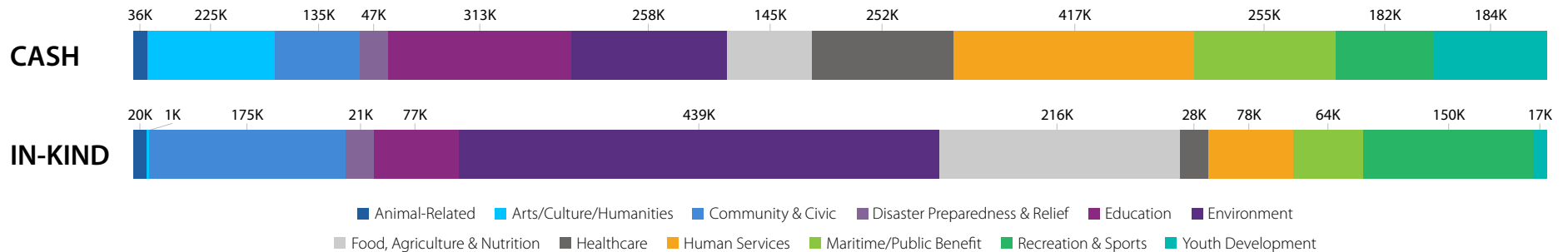
960
community organizations
supported

\$290K
given through employee
matching gifts

Since 2012, more than
\$20.5M
has been invested in
our communities



MATSON GIVING BY CAUSE



Protecting Our Oceans

As an ocean carrier operating in some of the world's most pristine marine environments, we believe we have a responsibility to protect our ocean habitats. Through our Ka Ipu Aina program in Hawaii and Adahi I Tano program in Guam, we support community efforts to remove rubbish and debris from shorelines, coastal parks and roadways, preventing this trash from entering the ocean. Our support of these programs also included cash contributions of more than \$150,000 to 165 organizations in 2019.



For the past 15 years, we have organized annual coastal clean-up events that mobilize employees in each of our main service regions as part of the larger International Coastal Cleanup Day. Our offices in Oakland host an annual event for corporate, terminal and logistics employees, while similar events are held in Hawaii, Guam and Alaska. In 2019, we supported the Alaska SeaLife Center's Seward Association for the Advancement of Marine Science, which promotes understanding and stewardship of Alaska's marine ecosystems. And we contributed to ocean conservation youth education in the San Francisco Bay Area through our donations to the Call of the Sea, the Marine Science Institute and the Treasure Island Sailing Center.

Supporting Our Communities During the Pandemic

In 2020, we prioritized our giving to support those most affected by the COVID-19 pandemic, initially pledging more than \$500,000 in cash and in-kind services to help provide for those in our communities suffering from food insecurity during these difficult economic times.

We expanded our financial support of food banks and meal programs in Alaska, Arizona, California, Guam, New Zealand and across the Hawaiian Islands, while providing additional in-kind shipping services to move and distribute food. In 2020, we donated \$130,000 worth of shipping to Oahu and Maui food banks. Across the mainland, we gave \$60,000 to eight food banks in communities where our employees live and work. In Alaska, we provided in-kind shipments valued at \$123,000 to the Food Bank of Alaska, along with \$31,600 in cash donations. We also donated to two Alaska organizations working to provide housing and increase support for victims of domestic violence and sexual assault who had been adversely affected by stay-at-home orders.

Before the year was out, we committed another \$5 million in support for food bank networks in our communities, by agreeing to provide transportation services at no cost in 2021, 2022 and 2023 so that more funds can be used to source food for families in need.

Engaging Our Employees

Our employees play an active role in their communities. Many employees volunteer, serve on the boards of local organizations and donate to support causes they care about. In 2019, over 150 employees contributed \$80,000 personally and leveraged our Matching Gifts program to direct Matson support totaling \$210,000 to 198 different organizations. In 2020, the program helped employees support their communities during the COVID-19 crisis and the California wildfire season.

Read more about Matson's community giving in the 2019 [Manifest](#) report.

Helping the Community When Crisis Hits

For many years, the Institute for Human Services (IHS) has provided comprehensive human services to address the homelessness crisis in Hawaii. Matson is a long-time supporter of IHS, notably providing in-kind shipping support to the Kahauiki Village, a transitional housing site.

When the COVID-19 pandemic hit, IHS moved quickly to meet the needs of a very vulnerable homeless community. IHS converted some of its shelters to temporary quarantine facilities; adopted new protocols, including social distancing, rigorous sanitation, grab-and-go food and health surveillance; and prioritized immediate treatment to anyone with symptoms. IHS' deep commitment to the people it serves has helped catalyze the local community in protecting and treating those who need assistance and preventing wider spread of the disease.

500 shipping containers donated

by Matson to move waste from Alaska to the lower 48 for recycling every year. We were recognized with the Alaskans for Litter Prevention and Recycling's "Supporter of the Year Award" in 2020.

[Message from Our Chairman and CEO](#) ■ [About Matson](#) ■ [Accomplishments and Highlights](#)
[Materiality, Strategy and Governance](#) ■ [Environmental Stewardship](#) ■ [People and Places](#)
[Corporate Integrity](#) ■ [About This Report](#) ■ [GRI and SASB Index](#)

Corporate Integrity



Matson is committed to doing the right thing and upholding the highest ethical standards. This means acting with respect, candor and honesty in everything we do. This ethos is the foundation of our business and the basis of our approach to strong governance, including our Board's engagement on environmental, social and governance (ESG) matters. It also drives our long-standing commitment to the communities and customers who depend on

us to deliver critical supplies needed to power their local economies. We act out of a sense of responsibility to maintain consistent, reliable and safe operations in ways that build trust and goodwill with our many stakeholders.



Our Values

Matson is guided by the following principles in serving our shareholders, customers, employees and communities:



Integrity

We conduct all we do on behalf of Matson with respect, candor and honesty.



Accountability

We strive to fulfill commitments 100% of the time, and when we fall short, we acknowledge, recover and learn from our mistakes.



Teamwork

We leverage our resources and diverse talent to achieve superior results.



Achievement

We promote individual and organizational success.



Innovation

We value creativity, initiative and agility.



Safety

We make workplace safety our highest priority both on land and at sea.



Environment

We are a leader in environmental stewardship and consider the environment in all we do.



Community

We contribute positively to the communities in which we work and live.



Rich History

We have a long, proud history that we honor in all we do.

Board Governance

Matson's Board of Directors is responsible for overseeing the company's management, setting the right tone at the top, and supporting management's efforts to create long-term value for all of Matson's stakeholders, including customers, suppliers, employees, investors and communities.

The Board oversees Matson's sustainability initiatives, including among other things, climate-related risks and adaptation planning; workforce and management diversity; regulatory compliance; ship recycling; cyber security; and enterprise risk management. Every year, the Board approves the company's approach to community giving.

The Board leverages the expertise of its standing committees to oversee ESG-related topics that are pertinent to each committee's charter. For example, on a regular basis, the Audit Committee reviews the company's risk assessment, risk management and compliance policies; the Compensation Committee reviews the company's compensation and benefit programs; and the Nominating and Corporate Governance Committee reviews Board governance matters.

We are also committed to fostering a diverse board. Our members are drawn from the local communities we serve, with 71% self-identifying as ethnically diverse, and 43% of our Board members are female.

Ethics

Our robust ethics program, which is overseen by the Board's Audit Committee, is designed to help Matson operate with the highest standards of integrity — both nationally and internationally — and empowers employees across the organization to identify and report any missteps. As part of our ethics program, we strive to adhere to all applicable laws in every one of our operational jurisdictions. This includes the U.S. Foreign Corrupt Practices Act, which addresses both foreign and domestic anti-bribery and anti-corruption conduct.

Matson's Code of Conduct spells out standards and expectations for our leadership, employees, contractors and business partners. The Code stipulates ethical, fair and honest conduct; compliance with prevailing laws; and proactively speaking up should concerns arise.



Ethics Training

Employees are expected to complete annual training on the Code of Conduct. In 2019, 100% of employees completed this training. Based on job responsibilities, some employees are required to complete specialized trainings on antitrust and anti-bribery compliance. We review and update our ethics training curriculum annually to address changes in best practices. In addition, all employees and union supervisors in Hawaii completed their required annual training on workplace harassment in 2019.

Ethics Hotline

Matson maintains a confidential and no retaliation reporting hotline as a mechanism for surfacing any ethics, compliance, legal and safety concerns. Matson diligently reviews all hotline reports and addresses any issues appropriately.

Economic Impact

From vessels to terminals to contracted rail and trucks, when we move freight, we are contributing to economic activity. While we have significant operations along the U.S. West Coast, we play a particularly vital role in supporting the local economies of remote and island communities in Hawaii, Alaska and throughout the Pacific, which are dependent on the U.S. Mainland for many types of goods. We are also a long-time employer in these places, offering secure job opportunities with competitive pay and benefits. And to maintain efficient operations, we hire many local vendors.

Local Trade and Livelihoods

Businesses in remote communities count on us to transport regular shipments of inventory, which power their operations, and in turn helps them continue to employ local residents. As one of the main carriers for communities in Alaska, Hawaii, Guam, Micronesia and the South Pacific, Matson's services are fundamental to daily life.

For example, in order for remote communities to receive fresh produce, they need a reliable partner to deliver this delicate cargo on time and without spoilage. To be that reliable partner, Matson has invested in state-of-the-art refrigerated equipment for use by shippers of perishable products. Matson carefully monitors refrigerated containers from receipt at our container terminals and throughout the ocean voyage in an effort to maintain proper temperatures. Our handling, receiving and vessel loading processes are designed to minimize delays and we pride ourselves on precise on-time vessel arrivals. This coordinated approach allows grocery stores to plan ahead for sales, labor and specials, reducing the cost of goods and extending the shelf life of perishable products by delivering directly to stores.

Beyond delivering essential goods, Matson's high on-time delivery rate allows local retailers to use "just-in-time" inventory management, where they maintain smaller inventory levels based on what is likely to be sold in the short term. This works only when a business knows it

can count on replenishing inventory frequently, which is why Matson's vessel schedule integrity is so important to local businesses. Read more about Matson's [on-time performance](#).

Local Jobs

With nearly 140 years in operation, Matson has a long history of providing attractive, stable jobs in the communities where we operate. In 2019, we provided approximately \$164 million in total compensation and benefits to our more than 1,300 shoreside employees in Alaska, Guam and Hawaii, many of whom are lifelong residents of these communities. Matson's highly competitive and balanced total rewards program helps employees to support their families and communities.

We also track the ratio of our CEO's pay to median employee pay to assess fair compensation and the social impact we have through employee remuneration. This ratio was 39:1 in 2019 — compared to a U.S. average of 320:1.³

Local Suppliers

Matson helps to fuel economic vitality through the use of local vendors providing a wide range of services, from crane maintenance to additional freight shipping services. For example, Big Dreams Transport of Wasilla, Alaska is our primary line haul agent for container deliveries more than 50 miles outside of Anchorage. We spent more than \$1 million with Big Dreams in 2019.

“Working with Matson has provided an important source of revenue for my business. It's also allowed us to work together in delivering to and supporting other local businesses and communities.”

Fred Sifuentes

Founder, Big Dreams Transport

³Source: Economic Policy Institute



U.S. Shipbuilding Industry

The recent modernization of Matson's Hawaii fleet has supported the U.S. shipbuilding industry. This includes the construction of four vessels that are the largest of their kind ever built in the U.S. We invested \$410 million to build two Aloha class vessels at the Philly Shipyard in Philadelphia. Two Kanaloa class vessels, which represent a combined investment of \$520 million, were built at the General Dynamics NASSCO shipyard in San Diego. The construction of each ship represented over a year's work for about 2,000 engineers, tradesmen and support professionals.

Safe and Resilient Operations

Given the enormous responsibility we have to provide consistent, reliable service to many remote communities, especially in places where we are the primary or only carrier, we cannot leave anything to chance. We know any delay or change in our operations can affect whole communities that rely on the next arrival of a Matson vessel.

For this reason, we strive to plan ahead and safeguard and strengthen our operations to enhance their resiliency when facing adverse circumstances. Whether a severe weather event occurs, an earthquake strikes, our terminal equipment malfunctions or we experience an unexpected power outage, our goal is to keep moving while prioritizing everyone's safety.

In 2019, we experienced five marine incidents, two of which were considered significant. Repairs were made to the vessels in accordance with regulatory requirements as approved by the U.S. Coast Guard and Matson's high standards. Both vessels were swiftly and safely returned to service.

Business Continuity Planning

Our approach to safe and resilient operations begins with having plans in place for reducing risks and managing challenging circumstances. We develop scenario plans for events like cyber security incidents and system outages, as well as natural disasters and national security threats. Vessel and facility security plans take into account the Maritime Transportation Security Act and applicable U.S. Coast Guard regulations, and are updated on an annual basis. Matson Logistics also has plans in place intended to manage through extreme weather events, and because of our capabilities to do so, we often work with Federal Emergency Management Agency (FEMA) on supplying affected communities after natural disasters strike.

Infrastructure Investments

The viability of our operational infrastructure is critical to our business continuity. We seek to invest regularly in our infrastructure, upgrading to newer and safer technology as well as maintaining our terminals, fleets and equipment to help keep them in the best possible condition.

Terminals

Matson invests in onshore infrastructure to position our terminals to operate safely and withstand the unexpected. Being able to operate in the event of high winds or extreme weather or to accommodate sea level rise is a growing concern because of our planet's rapidly changing climate. Read more on our approach to [climate change](#).

One of our most recent investments involves the modernization of our Hawaii hub terminal at Sand Island in Honolulu Harbor. This has included the installation of new larger cranes and upgrading the electrical infrastructure. We have also joined local stakeholders in providing input on a plan for modernizing the Port of Alaska in Anchorage. The plan makes the case for many improvements to the terminal facility, including accommodations for a roughly four foot rise in sea levels projected over the next 75 years due to climate change, as well as improved earthquake resiliency and an additional crane that will offer increased efficiency and serve as a back-up.



Honolulu Terminal Modernization

Matson is undertaking a multi-year project to expand and improve our Sand Island terminal in Honolulu Harbor to better serve our new Aloha and Kanaloa class vessels. The project fortifies infrastructure and systems to withstand more severe weather events while replacing diesel powered equipment with more sustainable electrical technology, including self-generating cranes.

We completed the first phase of this project — a \$60 million investment — in 2020, which involved installing three new 65 long-ton capacity gantry cranes, completing modifications to upgrade three existing cranes and demolishing four outdated ones. All six cranes at the terminal now have improved tie-down systems so they can better withstand more powerful and frequent hurricanes. We plan to upgrade the terminal's electrical infrastructure and back-up power system — including the terminal's fuel supply — so our operations are not interrupted in the event of power loss or fuel shortage.

These improvements are designed to help Matson continue providing consistent and reliable service to Hawaii and other island communities for decades to come.



Fleet

We have upgraded key features on our vessels in order to minimize risk of service disruptions. Our newest Kanaloa and Aloha class vessels have three radar systems instead of the required two, which provides additional redundancy in the event of a system malfunction or failure. The new vessels also include a robust inventory of onboard spare parts in the event items need to be replaced during a voyage. In addition, the vessels were designed for improved maneuverability in confined waters. Our captains and chief engineers were provided special training specific to our new vessels and their unique systems.

In 2019 and 2020, we outfitted some of our fleet with new navigation bridge equipment and consoles, upgraded the electrical and piping systems, added new anchor bolsters and made improvements to fire detection systems. Evaluating and integrating new technologies and equipment to improve safety and reliability will remain a priority as we continue investing in our fleet.

Equipment

Our equipment is upgraded on an annual basis. For instance, we purchase new containers to increase reliability for carrying our customers' cargo. Over the past several years, we have also replaced motor generators, or "gensets," on the chassis for our refrigerated cargo containers with lower polluting generators. In 2019, we added 150 units and have continued upgrades in 2020 and 2021.



Cargo Security

Because cargo can present risks to our continued safe operations, our security measures extend to the goods we carry on behalf of our customers. We are part of the voluntary U.S. Customs Trade Partnership Against Terrorism (CTPAT) program, through which we work with U.S. Customs and Border Protection to identify security gaps and implement fixes to strengthen international supply chains and U.S. border security. By being a CTPAT member, Matson is able to move more quickly through customs at U.S. ports of entry. We encourage our customers to participate in this program as well.

We also share best practices with our customers on how to pack and declare any hazardous goods, compliant with regulations. Working proactively and collaboratively with our customers helps to address the inherent risks in shipping these types of goods.

Cyber Security

Like most industries today, Matson's maritime and logistics businesses rely on digital systems to operate smoothly. Technological integration makes much of what we do possible, but it also comes with inherent risks. This includes information security risks, which affect systems that store proprietary and private information, as well as operational risks, which can affect vessel or terminal performance. Given the potential for a cyber security incident to negatively affect Matson's operations and communities, we work vigilantly to continually enhance our systems to help protect against potential threats.

At the highest levels, we have woven cyber risk evaluation into enterprise-level business planning, including a multi-year initiative that is underway to assess and manage risks specific to vessels and terminals.

Drawing on Matson's long-standing culture of safety across our operations, we have also worked to build a culture of cyber security, training and educating employees across our organization to foster good practices at every level. Security training is required for all employees with access to company systems. In 2019, 100% of employees required to take the training completed it, and 86% of new employees were trained on cyber security protocols within the first 30 days of employment. Our aim is a 100% completion rate within the first 30 days on the job.

In 2020, our cyber security efforts were adapted in an effort to meet the workplace challenges brought about by COVID-19, including support for newly remote employees with additional security awareness training and two-factor authentication to provide secure access to our network from off-site.

Across all of these efforts, we sought to adapt the best practices in cyber security from many different industries and apply them in our own maritime context.

About This Report



This is Matson's first Sustainability Report, which covers company performance for fiscal year 2019 as well as some environmental, social and governance (ESG) initiatives from 2020. This Report was produced in accordance with the Global Reporting Initiative (GRI) Standards at the Core level and is aligned with the Sustainability Accounting Standards Board (SASB) Marine Transportation Sustainability Accounting Standard. Matson is responsible for the preparation and integrity of the information in this Report. The subject matter experts who contributed to the Report, as well as company leadership, have reviewed and approved the Report's content and data. The Board of Directors reviewed the Report before its publication.

We plan to publish a summary update containing 2020 performance data sometime in 2021. Thereafter, we intend to publish a full report annually, beginning in 2022.

Report Scope and Boundaries

Unless otherwise noted, this Report covers activities and performance data for Matson, Inc. and its subsidiaries, but excludes SSA Terminals, LLC, a joint venture between Matson Ventures, Inc., a wholly owned subsidiary of Matson, and SSA Ventures, Inc., a subsidiary of Carrix, Inc.

Emissions data in this Report is based on fuel purchases for Matson's active and reserve vessels as of December 31, 2019 and Matson-owned terminal equipment.

Matson contracts with union labor. As these employees are subject to separate union contracts, employee figures in this Report only reflect non-bargaining, U.S.-based employees, unless otherwise noted.

We welcome feedback on our ESG performance and the contents covered in this Report. Please send questions or comments to ESG@matson.com.

Additional information on our ESG initiatives can be found at www.matson.com/sustainability.

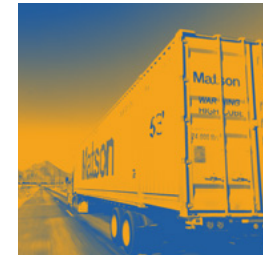
Forward-Looking Statements and Website References

Website references are provided for convenience only. The content on the referenced third-party websites is not incorporated by reference into this Report, nor does it constitute a part of this Report. Matson assumes no liability for the content contained on the referenced third-party websites.

This Report contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "anticipate," "believe," "estimate," "expect," "goal," "may," "plan," "commit," "target," and "will," or similar statements or variations of such terms and other similar expressions. The forward-looking statements in this Report concern the company's goals or expectations with respect to corporate responsibility, sustainability, employees, environmental matters, policy, procurement, and business risks and opportunities. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. Forward-looking statements are also aspirational and not guarantees or promises that goals or targets will be met. The company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise. In addition, these statements may be based on standards for measuring progress that are still developing and on assumptions that are subject to change in the future.

Message from Our Chairman and CEO ■ About Matson ■ Accomplishments and Highlights
Materiality, Strategy and Governance ■ Environmental Stewardship ■ People and Places
Corporate Integrity ■ About This Report ■ **GRI and SASB Index**

GRI and SASB Index



GRI 102: General Disclosures

GRI STANDARD	RESPONSE/REPORT PAGE/LINK								
Organizational Profile									
102-1 Name of reporting organization	Matson, Inc.								
102-2 Activities, brands, products and services	About Matson, page 4								
102-3 HQ location	Honolulu, Hawaii								
102-4 Location of operations	About Matson, page 4								
102-5 Ownership and legal form	Matson, Inc. is a publicly traded company and is listed on the NYSE under the ticker symbol "MATX"								
102-6 Markets served	About Matson, page 4 ; Community Lifeline, page 23								
102-7 Scale of the organization	About Matson, page 4 . More information can be found in Matson's 2019 Form 10-K								
102-8 Information on employees and other workers	<table border="1" data-bbox="835 613 1276 743"> <tbody> <tr> <td>Regular*</td> <td>1,987</td> </tr> <tr> <td>Casual/Temporary/Intern</td> <td>346</td> </tr> <tr> <td>Seagoing Personnel</td> <td>2,079</td> </tr> <tr> <td>Total Global Workforce</td> <td>4,412</td> </tr> </tbody> </table> <p data-bbox="835 751 1102 776"><i>*As reported in Matson's 2019 Form 10-K</i></p> <p data-bbox="835 805 1911 862">Matson's 2019 Workforce, page 20. Matson uses agents and contractors across its operations, often to support the business during busier seasons.</p> <p data-bbox="835 889 1940 1011">Matson's fleet of active vessels require 298 billets to operate these vessels. Each billet corresponds to a position on a vessel that typically is filled by two or more employees because seagoing personnel rotate between active sea duty and time ashore. For Matson's foreign-flagged chartered vessels, the vessel owner is responsible for its seagoing personnel. Matson's vessel management services also employed personnel in 28 billets to manage three vessels.</p> <p data-bbox="835 1036 1753 1060">Matson's human resources department collects and records workforce data on an ongoing basis.</p>	Regular*	1,987	Casual/Temporary/Intern	346	Seagoing Personnel	2,079	Total Global Workforce	4,412
Regular*	1,987								
Casual/Temporary/Intern	346								
Seagoing Personnel	2,079								
Total Global Workforce	4,412								
102-9 Supply chain	Matson's most significant supply chain input is the purchasing of fuel to operate our vessels. We contract with U.S.-based fuel suppliers.								
102-10 Significant changes to the organization and its supply chain	Matson has not experienced any significant changes in capital structure or the structure of its supply chain.								
102-11 Precautionary Principle or approach	Matson has not formally adopted the Precautionary Principle; however it does evaluate environmental, social and governance risks in strategic business planning. For more, see page 6 and page 28 .								
102-12 External initiatives	BSR Clean Cargo U.S. Environmental Protection Agency SmartWay Transport Partnership								
102-13 Membership of associations	Chamber of Shipping of America Intermodal Association of North America North American Marine Environment Protection Association Transportation Intermediaries Association World Shipping Council								

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Strategy		
102-14	Statement from senior decision-maker	Message from Our Chairman and CEO, page 3
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Corporate Integrity, page 27
102-17	Mechanisms for advice and concerns about ethics	Ethics, page 28
Governance		
102-18	Governance structure	Board Governance, page 28 Materiality, Strategy and Governance, page 6
102-19	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Board Governance, page 28 Materiality, Strategy and Governance, page 6
Stakeholder Engagement		
102-40	List of stakeholder groups	Employees, unions, customers suppliers, local communities, shareholders, civil society, industry associations and regulators. Materiality, Strategy and Governance, page 6
102-41	Collective bargaining agreements	Labor Relations, page 22
102-42	Identifying and selecting stakeholders	Materiality, Strategy and Governance, page 6
102-43	Approach to stakeholder engagement	Materiality, Strategy and Governance, page 6
102-44	Key topics and concerns raised	Materiality, Strategy and Governance, page 6

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Matson's financial statements include information for all of its subsidiaries on an aggregate basis. These entities are covered in this Report. Page 32 .
102-46	Defining Report content and topic Boundaries	Report Scope and Boundaries, Page 32 Materiality, Strategy and Governance, page 6 . In addition to the materiality assessment process, we also applied the following GRI Principles for defining report quality in developing this Report: accuracy, balance, clarity, comparability, reliability and timeliness.
102-47	List of material topics	Matson's Material Issues, page 6
102-48	Restatements of information	Not applicable as this is Matson's first Report
102-49	Changes in reporting	Not applicable as this is Matson's first Report
102-50	Reporting period	Data provided in this report is from fiscal year 2019 (January 1, 2019 to December 31, 2019). Qualitative updates for activities in 2020 are also included.
102-51	Date of most recent report	Not applicable as this is Matson's first Report
102-52	Reporting cycle	About This Report, Page 32
102-53	Contact point	ESG@matson.com
102-54	Claims of reporting in accordance with GRI Standards	This Report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI Index	Page 33
102-56	External assurance	The Report was not externally assured.

Disclosures by Matson's Material Issues

DISCLOSURE		RESPONSE/REPORT PAGE/LINK
Material Issue: Greenhouse Gas Emissions and Climate Change		
103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6
	103-2: The management approach	About This Report, page 32
	103-3: Evaluation of management approach	Greenhouse Gas Emissions and Climate Change, page 9
302 Energy	302-1: Energy consumption within the organization	Greenhouse Gas Emissions and Climate Change, page 9
	302-2: Energy consumption outside of the organization	Matson does not collect information on energy consumption outside of the organization.
	302-3: Energy intensity	Matson does not report energy intensity.
	302-4: Reduction of energy consumption	Greenhouse Gas Emissions and Climate Change, page 9
201 Economic Performance	201-2: Financial implications and other risks and opportunities for the organization's activities due to climate change	Greenhouse Gas Emissions and Climate Change, page 9
305 Emissions	305-1: Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions and Climate Change, page 9
	305-2: Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions and Climate Change, page 9
	305-3: Other indirect (Scope 3) GHG emissions	Matson does not collect information on indirect emissions.
	305-4: GHG emissions intensity	Matson does not report GHG emissions intensity.
	305-5: Reduction of GHG emissions	Greenhouse Gas Emissions and Climate Change, page 9
Greenhouse Gas Emissions	TR-MT-110a.2: Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Materiality, Strategy and Governance, page 6 About This Report, page 32 Greenhouse Gas Emissions and Climate Change, page 9
	TR-MT-110a.3: (1) Total energy consumed, (2) percentage heavy fuel oil, (3) percentage renewable	Greenhouse Gas Emissions and Climate Change, page 9 . In 2019, Matson vessel energy use was 99.96% from nonrenewable resources and 0.04% from renewable resources.
	TR-MT-110a.4: Average Energy Efficiency Design Index (EEDI) for new ships	Greenhouse Gas Emissions and Climate Change, page 9
	TR-MT.110a.1: Gross global Scope 1 emissions	Greenhouse Gas Emissions and Climate Change, page 9

GRI

SASB



	DISCLOSURE	RESPONSE/REPORT PAGE/LINK
	Material Issue: Air Quality	
GRI	103 Management Approach	103-1: Explanation of material topic 103-2: The management approach 103-3: Evaluation of management approach
		Materiality, Strategy and Governance, page 6 About This Report, page 32 Air Quality, page 14
	305 Emissions	305-7: Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions
		Air Quality, page 14
SASB	Air Quality	TR-MT.120a.1: Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , and (3) particulate matter (PM ₁₀)
		Air Quality, page 14
	Material Issue: Ship Recycling	
GRI	103 Management Approach	103-1: Explanation of material topic 103-2: The management approach 103-3: Evaluation of management approach
		Materiality, Strategy and Governance, page 6 About This Report, page 32 Ship Recycling, page 13
	306 Effluents and Waste	306-2: Waste by type and disposal method
		Ship Recycling, page 13 . Matson does not track weight of materials by disposal method for recycled ships; this is handled by the recycler.
		306-4: Transport of hazardous waste
		Ship Recycling, page 13 . Matson does not track weight of hazardous waste by disposal method for recycled ships; this is handled by the recycler.
	Material Issue: Spills	
GRI	103 Management Approach	103-1: Explanation of material topic 103-2: The management approach 103-3: Evaluation of management approach
		Materiality, Strategy and Governance, page 6 About This Report, page 32 Spills Prevention and Remediation, page 15
	306 Effluents and Waste	306-3: Significant spills
		Spills Prevention and Remediation, page 15
SASB	Ecological Impacts	TR-MT-160a.3: (1) Number and (2) aggregate volume of spills and releases to the environment
		Spills Prevention and Remediation, page 15

DISCLOSURE	RESPONSE/REPORT PAGE/LINK
Material Issue: Ocean Health and Biodiversity	
103 Management Approach	<p>103-1: Explanation of material topic 103-2: The management approach 103-3: Evaluation of management approach</p> <p>Materiality, Strategy and Governance, page 6 About This Report, page 32 Ocean Health and Biodiversity, page 15</p>
304 Biodiversity	<p>304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p> <p>Matson does not own, lease or manage sites in U.S. Marine Protected Areas (MPA).</p> <hr/> <p>304-2: Significant impacts of activities, products and services on biodiversity</p> <p>Greenhouse Gas Emissions and Climate Change, page 9 Air Quality, page 14 Ocean Health and Biodiversity, page 15. In certain geographies, Matson ships sail through or adjacent to U.S. Marine Protected Areas. This includes waters along the West Coast from Oakland to Long Beach; off the coast of Washington; areas outside of Anchorage, Kodiak and Dutch Harbor; off the coast of Guam; and areas west of Hawaii. Matson does not track time spent in these areas.</p> <hr/> <p>304-3: Habitats protected or restored</p> <p>Ocean Health and Biodiversity, page 15 Community Giving, page 24 Matson supports habitat restoration and clean-up projects in partnership with numerous nonprofit organizations. It does not track size and location of habitats protected.</p> <hr/> <p>304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations</p> <p>Ocean Health and Biodiversity, page 15. Matson traverses waters that are frequented by a number of IUCN Red List species including blue (EN), fin (VU), humpback (LC), gray (LC) and minke (LC) whales as well as other sea life.</p>
306 Effluents and Waste	<p>306-1: Water discharge by quality and destination</p> <p>Ocean Health and Biodiversity, page 15. At the corporate level, Matson does not compile volume of discharges for ballast or bilge water.</p> <hr/> <p>306-2: Waste by type and disposal method</p> <p>Ocean Health and Biodiversity, page 15. At the corporate level, Matson does not compile weight of materials by disposal method.</p> <hr/> <p>306-4: Transport of hazardous waste</p> <p>Ship Recycling, page 13 Safe and Resilient Operations, page 30. Matson tracks individual shipments in compliance with regulations. However, at the corporate level, Matson does not compile the weight of hazardous waste transported, imported, exported, treated or shipped internationally.</p>
Ecological Impacts	<p>TR-MT-160a.1: Shipping duration in marine protected areas or areas of protected conservation status</p> <p>Ocean Health and Biodiversity, page 15. In certain geographies, Matson ships sail through or adjacent to U.S. Marine Protected Areas. This includes waters along the West Coast from Oakland to Long Beach; off the coast of Washington; areas outside of Anchorage, Kodiak and Dutch Harbor; off the coast of Guam; and areas west of Hawaii. Matson does not track time spent in these areas.</p> <hr/> <p>TR-MT-160a.2: Percentage of fleet implementing ballast water (1) exchange and (2) treatment</p> <p>Ocean Health and Biodiversity, page 15</p>

DISCLOSURE	RESPONSE/REPORT PAGE/LINK	
Material Issue: Employee Health and Safety		
103 Management Approach	<p>103-1: Explanation of material topic</p> <p>103-2: The management approach</p> <p>103-3: Evaluation of management approach</p>	<p>Materiality, Strategy and Governance, page 6</p> <p>About This Report, page 32</p> <p>A Safe and Healthy Work Environment, page 18</p>
403 Occupational Health and Safety	<p>403-1: Occupational health and safety management system</p>	<p>A Safe and Healthy Work Environment, page 18. Matson's occupational health and safety management system meets legal requirements (set by regulators such as OSHA and the U.S. Coast Guard) and also addresses recognized risks in our operations. This system covers all workers, activities and workplaces.</p>
	<p>403-2: Hazard identification, risk assessment and incident investigation</p>	<p>A Safe and Healthy Work Environment, page 18</p>
	<p>403-3: Occupational health services</p>	<p>A Safe and Healthy Work Environment, page 18. Matson's Shoreside and Marine Safety Committees meet on a monthly basis to ensure the effectiveness of safety programs and to address specific risks identified by workers.</p>
	<p>403-4: Worker participation, consultation, and communication on occupational health and safety</p>	<p>A Safe and Healthy Work Environment, page 18</p>
	<p>403-5: Worker training on occupational health and safety</p>	<p>A Safe and Healthy Work Environment, page 18</p>
	<p>403-6: Promotion of worker health</p>	<p>Matson provides full-time employees medical, dental and vision insurance, short- and long-term disability insurance, flexible spending accounts for medical and child care expenses, and an employee assistance program that among other topics, provides support for counseling and therapy.</p>
	<p>403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p>	<p>Matson makes efforts to prevent and mitigate negative occupational health and safety impacts in contracted or brokered operations. We work to ensure that motor carriers adhere to all applicable safety regulations and standards to reduce incidents from risks like fatigue and inadequate truck maintenance. We also work to minimize risks due to handling hazardous goods or injuries from improper loading that can occur in leased distribution centers and warehouses.</p>
	<p>403-8: Workers covered by an occupational health and safety management system</p>	<p>Matson's workforce and contractors are covered by its occupational safety program. Not all health benefits are provided to all employees (see 401-2). Matson's safety program is internally and externally audited.</p>
	<p>403-9: Work-related injuries</p>	<p>A Safe and Healthy Work Environment, page 18. Note, Matson calculates the LTIR per 200,000 hours worked.</p>
Employee Health & Safety	TR-MT-320a.1: Lost time incident rate (LTIR)	See above

DISCLOSURE		RESPONSE/REPORT PAGE/LINK
Material Issue: Diversity, Equity and Inclusion		
103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6
	103-2: The management approach	About This Report, page 32
	103-3: Evaluation of management approach	Advancing Diversity, Equity and Inclusion, page 19
405 Diversity and Equal Opportunity	405-1: Diversity of employees	Advancing Diversity, Equity and Inclusion, page 19 . Matson reports only an average employee age.
Material Issue: Workforce Development and Succession		
103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6
	103-2: The management approach	About This Report, page 32
	103-3: Evaluation of management approach	A Rewarding Workplace, page 21
401 Employment	401-1: New employee hires and employee turnover	A Rewarding Workplace, page 21 . Total number of U.S. new hires in 2019: Shoreside union employees: 241 Non-union employees: 128
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Matson provides industry-leading benefits, including medical, dental and vision insurance; optional legal and identity theft protection insurance; an employee assistance program; back-up child and adult dependent care; and retirement plans, including 401(k), profit sharing and pension plans. All full-time employees are eligible to receive these benefits; part-time employees have some of these benefits depending on their total hours, location and business unit. Union benefits are stipulated by the relevant collective bargaining agreement, but are competitive and comprehensive.
404 Training and Education	404-1: Average hours of training per year per employee	Matson provided approximately 2 hours per person to U.S. employees. Matson does not break down training hours by gender or employee category.
	404-2: Programs for upgrading employee skills and transition assistance programs	A Rewarding Workplace, page 21 . Matson offers a competitive retirement program, which varies depending on company, location, employee bargaining status, employee hire date and employee status. Matson retirement benefits may include a 401(k) plan, pension plan, cash balance account and/or profit sharing.
	404-3: Percentage of employees receiving regular performance and career development reviews	100%

DISCLOSURE		RESPONSE/REPORT PAGE/LINK
Material Issue: Labor Relations		
GRI 103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6 About This Report, page 32 Labor Relations, page 22
	103-2: The management approach	
103-3: Evaluation of management approach		
402 Labor/ Management Relations	402-1: Minimum notice periods regarding operational changes	Minimum notice related to operational changes is specified in and varies based on the relevant collective bargaining agreement and nature of the operational change. Matson strives to ensure that unions are provided with adequate notice prior to any significant operational changes being implemented to give time for union and employee discussion and consultation.
Material Issue: Community Lifeline		
GRI 103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6 About This Report, page 32 Community Lifeline, page 23
	103-2: The management approach	
103-3: Evaluation of management approach		
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Community Lifeline, page 23
Material Issue: Community Giving		
GRI 103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6 About This Report, page 32 Community Giving, page 24
	103-2: The management approach	
103-3: Evaluation of management approach		
413 Local Communities	413-1: Operations with local community engagement, impact assessments, and development programs	Matson implements local community engagement and development programs for all of its operations in the Pacific, Alaska and the U.S. Mainland. These programs are based in local needs. See Community Giving, page 24 .
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Community Giving, page 24
Material Issue: Board Governance		
GRI 103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6 About This Report, page 32 Board Governance, page 28
	103-2: The management approach	
103-3: Evaluation of management approach		
405 Diversity and Equal Opportunity	405-1: Diversity of governance bodies	Board Governance, page 28 . The age of each director can be found in Matson's proxy statement .

	DISCLOSURE	RESPONSE/REPORT PAGE/LINK	
	Material Issue: Ethics		
GRI	103 Management Approach	<p>103-1: Explanation of material topic</p> <p>103-2: The management approach</p> <p>103-3: Evaluation of management approach</p>	<p>Materiality, Strategy and Governance, page 6</p> <p>About This Report, page 32</p> <p>Ethics, page 28</p>
	205 Anti-Corruption	205-1: Operations assessed for risks related to corruption	Matson remains vigilant in assessing risks related to corruption and adhering to all regulations throughout all of its operations – in both domestic and international jurisdictions.
		205-2: Communication and training about anti-corruption policies and procedures	Anti-corruption policies and procedures are part of our Code of Conduct and ethics training for employees. See Ethics, page 28 . Board members receive communication and training about our Code of Conduct. Our long-term contractors also receive Code of Conduct training.
205-3: Confirmed incidents of corruption		Matson had no confirmed incidents of corruption in 2019.	
SASB	Business Ethics	TR-MT-510a.1: Number of calls in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Matson does not call in any of the countries with the 20 lowest rankings.
		TR-MT-510a.2: Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Matson did not incur any monetary losses.
	Material Issue: Economic Impact		
GRI	103 Management Approach	<p>103-1: Explanation of material topic</p> <p>103-2: The management approach</p> <p>103-3: Evaluation of management approach</p>	<p>Materiality, Strategy and Governance, page 6</p> <p>About This Report, page 32</p> <p>Economic Impact, page 29</p>
	201 Economic Performance	201-1: Direct economic value generated and distributed	<p>Direct economic value generated (revenue): Matson's 2019 Form 10-K</p> <p>Economic value distributed:</p> <p>Operating costs, interest expense and taxes: Matson's 2019 Form 10-K</p> <p>Total 2019 U.S. shoreside employee compensation and benefits: \$308M</p> <p>Community investments: page 25</p>
	203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Economic Impact, page 29
203-2: Significant indirect economic impacts		Economic Impact, page 29	

DISCLOSURE		RESPONSE/REPORT PAGE/LINK
Material Issue: Safe and Resilient Operations		
GRI 103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6
	103-2: The management approach	About This Report, page 32
	103-3: Evaluation of management approach	Safe and Resilient Operations, page 30
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Safe and Resilient Operations, page 30
SASB Accident & Safety Management	TR-MT-540a.1: Number of marine casualties, percentage classified as very serious	Safe and Resilient Operations, page 30
	TR-MT-540a.2: Number of Conditions of Class or Recommendations	Matson does not disclose Conditions of Class or Recommendations.
	TR-MT-540a.3: Number of port state control (1) deficiencies and (2) detentions	Matson does not disclose deficiencies or detentions.
Material Issue: Cyber Security		
GRI 103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 6
	103-2: The management approach	About This Report, page 32
	103-3: Evaluation of management approach	Cyber Security, page 31
418 Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Matson had no significant leaks, thefts or losses of customer data nor identified any substantiated complaints concerning breaches of customer privacy in 2019.