

Matson®



2021
SUSTAINABILITY
REPORT

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Aloha!

This year, Matson celebrates a big milestone – the company’s 140th anniversary. It’s humbling to look back at our origin, when Captain William Matson sailed from San Francisco to Hawaii in a three-masted schooner loaded with essential supplies. That first voyage evolved into a multi-century journey around the Pacific, fulfilling our founder’s vision and commitment to providing a reliable lifeline to remote communities. Over the years, we have made important investments that have enabled us to deliver on our mission: *To move freight better than anyone.*

The past two years have been especially challenging for Matson, our customers and our communities. We faced a persistent global pandemic and strained supply chains that struggled to keep pace with elevated demand for consumer goods. Through it all, Matson has thrived.

In 2021, we saw strong financial performance, driven by increased demand for our expedited ocean services between China and the U.S. West Coast and higher year-over-year volumes in our domestic tradelanes. We grew with our customers and won new business by having the fastest, most reliable services and control of assets to quickly adapt to changes. Equally important to our financial performance was advancing our sustainability strategy and further integrating it into our business. Our sustainability strategy reflects who we are at Matson and what we envision for the future of our company and the world we live in.

This Sustainability Report details our efforts across a broad range of environmental, social and governance (ESG) topics and demonstrates the progress we’re making toward our goals. Among the many topics we report on, the ones pertaining to our workplace, environmental stewardship and community investments may be of special interest to our stakeholders.

Great Place to Work

The strength of any organization begins and ends with its people – it’s why we invest in creating an inclusive workplace culture where our employees feel cared for and valued. This took on greater importance the past two years as racial and social inequities gained prominence and the world continued to combat a global pandemic.

I am proud of how we responded to these challenges. We delivered on our promise to increase the diversity of our leadership by promoting more individuals from diverse backgrounds into management roles.

And we built on our culture of inclusion through open dialogue and opportunities for self-discovery, such as new “Listening Tour” employee forums and unconscious bias trainings that have helped us to recognize biases that influence our attitudes and social interactions.

In response to the COVID-19 pandemic, our primary concern was the health and safety of our employees – particularly for the approximately 80% of our workforce with onsite duties that precluded working remotely. We have kept our employees informed of government guidance and best practices to avoid the spread of the virus, brought in sanitizing and personal protective equipment, provided a cash incentive for vaccination and supplied test kits to employees. We also enhanced our wellness program and communicated our mental health resources to support employees and their families through these times of stress and uncertainty.

Environmental Leadership

There is profound concern about the long-term impacts of climate change along with a growing sense of urgency to significantly decrease the volume of greenhouse gas (GHG) emissions being emitted globally. Governments, regulators, investors and others are calling for deep cuts in emissions over the next few decades, and we are committed to doing our part.

In line with global and industry ambitions, Matson has announced our own medium- and long-term environmental goals that reflect Matson’s determination to help the world decarbonize and limit climate change:

- Reduce Scope 1 GHG emissions from our owned fleet by 40% by 2030
- Achieve net zero total Scope 1 GHG emissions from our fleet by 2050



In 2021, we saw an increase in emissions compared to 2020 as a result of growth in our operations to meet extraordinary demand from customers. Nonetheless, we believe we are still on track to meet our emission reduction goals as we begin the transition to liquified natural gas (LNG) on certain vessels and actively support industry efforts to develop zero emission fuel alternatives and technologies.

We have expanded the boundaries of our Scope 1 and Scope 2 emissions inventory to encompass our shoreside operations and conducted an initial Scope 3 inventory to gain a better understanding of our value chain impacts. These insights will help us identify opportunities for reducing our overall GHG footprint over the longer term.

Earlier this year, we expanded our enterprise risk management program to include an evaluation of Matson's climate-related risks, and then published a report aligned with the Task Force on Climate-Related Financial Disclosures (TCFD). Our [TCFD Report](#) describes the findings from our climate change risk assessment and our resilience strategy pertaining to these risks. The report also details our approach to governance and oversight of our climate-related risks, initiatives and goals.

Improving Our Communities

Matson has a long history of supporting our communities – using cash donations and in-kind contributions to enable and amplify the work of effective nonprofit social service organizations. In 2021, our giving totaled \$4.2 million, up from \$3.5 million in 2020, in response to greater community needs resulting from the pandemic. Our support was directed to more than 560 community organizations, many of which are focused on environmental causes, food security programs or social equity initiatives.

When our communities were in need over the past year, we acted quickly to help, as Matson has done for generations. During the rise in COVID-19 Delta variant cases last year, a rapid increase in hospitalizations in Hawaii caused an urgent need for medical grade oxygen in the state. Matson wasted no time coordinating with State agencies, oxygen suppliers and other partners to address the shortage. This involved close coordination with suppliers and hospitals on all islands to ensure a quick turnaround of life-saving ISO tanks in order to build up the medical grade oxygen inventory throughout the state.

In early 2022, Matson also acted quickly to support Tonga after a volcanic eruption and tsunami devastated the South Pacific island kingdom. We added three extra-schedule voyages from Auckland to Nuku'alofa, including diverting a vessel from the China-Auckland Express service, to deliver relief goods that we and the New Zealand community donated. Matson contributed more than NZD \$375,000 in goods and services towards disaster relief.

These events underscore our role as a lifeline to Hawaii and many other communities that rely on Matson for delivery of essential goods.

More to Come

We believe that transparency and communication, measuring our progress and being accountable for our actions are essential to building trust with our stakeholders. I invite you to review Matson's 2021 Sustainability Report to learn more about our ESG goals, strategies, practices and performance. Feedback is important to us, so please let us know what we are doing well and how we can do better.

Sincerely,

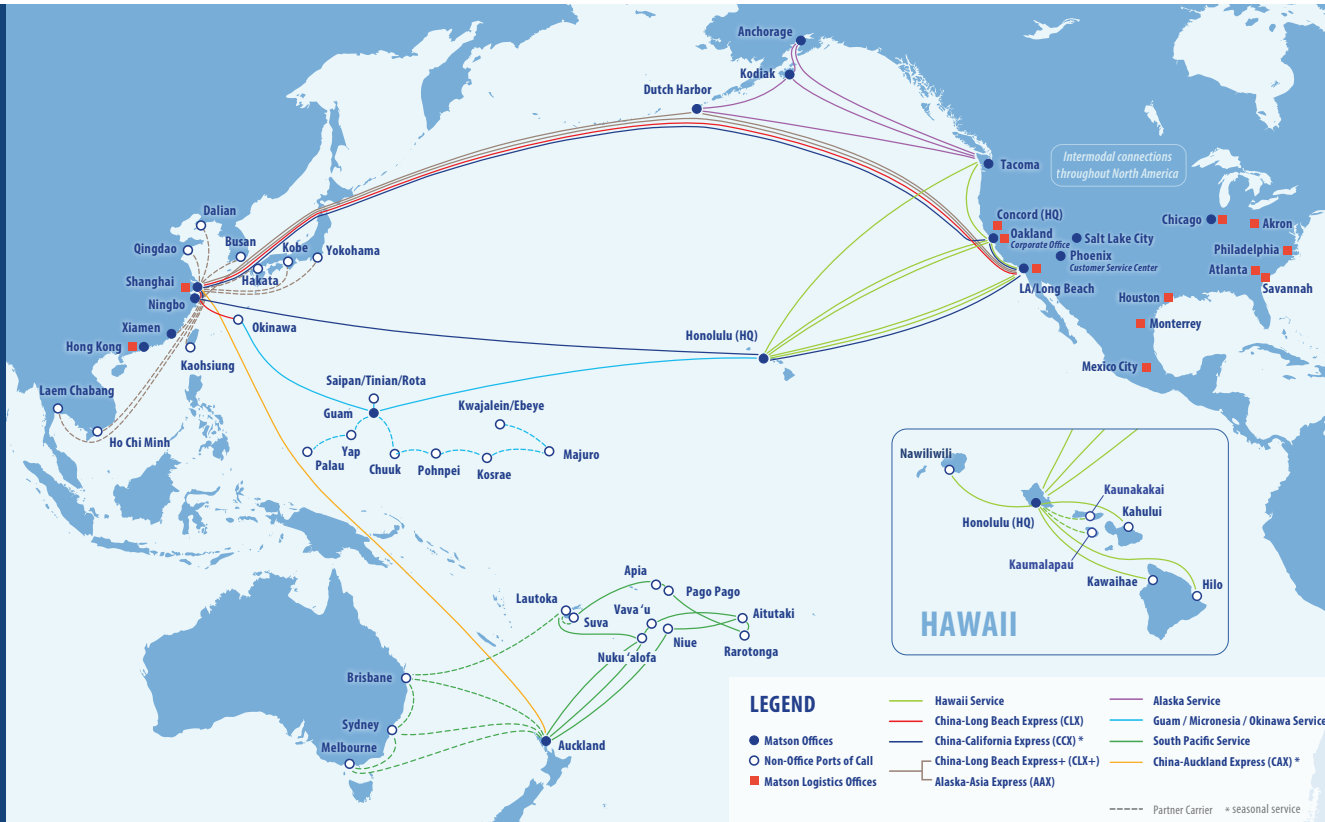


Matt Cox

Chairman and Chief Executive Officer

July 21, 2022





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 premium, expedited services primarily from China to Long Beach, California; provides services 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 North America. Its integrated, asset-light logistics services include 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.

2021 FAST FACTS



\$3.9B
total revenues



4,259
employees



\$325M
invested in vessel
and shoreside
operations



20
Matson-owned
vessels

8
chartered vessels



4
warehouses



6
cross-dock
facilities



expanded capacity
with China-
California Express
and China-Auckland
Express

2021 Highlights



People and Places

Customers

- Expanded ocean service and logistics offerings to meet customer needs
- Maintained high service levels and industry-leading truck turn times

Employees

- Increased investment in workplace safety and employee wellness
- Promoted more than 20 women and 40 employees from racially diverse backgrounds into positions of management or senior leadership
- Continued efforts to foster an equitable and inclusive culture, including providing unconscious bias training and “Listening Tour” employee forums
- Conducted a racial pay equity analysis and made associated adjustments to address salary discrepancies
- Committed nearly \$250,000 to fund scholarships, internships and professional networking opportunities for female and minority college students within the maritime and transportation industries

Communities

- Invested \$4.2 million in funding and in-kind community support – a 19% increase from 2020
- Provided funding and in-kind services to more than 560 community organizations, focusing on food banks, social justice and environmental conservation



Environmental Stewardship

- Set ambitious goals to achieve net zero Scope 1 GHG emissions from our owned fleet by 2050 and a 40% reduction by 2030, using a 2016 baseline
- Announced an LNG conversion program for certain vessels
- Expanded our GHG emissions inventory to include shoreside operations in Scope 1 and Scope 2, and conducted initial Scope 3 inventory
- Published a [TCFD Report](#) and incorporated climate risk into our enterprise risk management program
- Reduced SO_x emissions by 25% from 2020 through the use of low-sulfur fuels and scrubbers
- Equipped six more vessels with new ballast water treatment systems
- Experienced zero significant spills



Corporate Integrity

- Reinforced strong ESG governance through Board oversight and engagement
- Maintained a diverse and independent Board: 43% of directors are women, 71% identify as racially or ethnically diverse, and 86% are independent
- Trained substantially all employees and contractors on our Code of Conduct and ethics program
- Experienced zero serious marine incidents involving vessels or infrastructure
- Experienced zero significant cybersecurity incidents

Matson's Mission, Vision and Values

Mission

To move freight better than anyone

Vision

To create value for our shareholders by:

- Being our customers' first choice,
- Being a great place to work,
- Improving the communities in which we work and live,
- Being an environmental leader in our industry, and
- Leveraging our core strengths to drive growth and increase profitability.

Values

The following principles guide Matson in serving 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.



Materiality and Strategy

Prior to developing our inaugural 2019/2020 Sustainability Report, we conducted an assessment to identify the issues important to our business and our stakeholders. This involved extensively researching the company’s significant economic, environmental and social impacts, as well as gathering stakeholder feedback to understand their priorities and how the company’s actions influence their decisions. After completing the assessment, we developed a strategic roadmap to guide our journey going forward. For more on this process, and the outcomes, please see our [2019-2020 Sustainability Report](#).

Matson’s approach to managing the ESG topics listed here is specific to each issue and its impacts. We assess potential risks to the company and adjust our management approach based on current and evolving situations. More detailed information is provided throughout this Report.

Matson’s Priority ESG Focus Areas

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 Cybersecurity

Stakeholder Engagement

The company engages with stakeholders on an ongoing basis as part of our business. We work to understand the impact and effect of our operations and services on our various stakeholder groups through frequent, highly-engaged touchpoints. These points of contact help us to understand stakeholder priorities, how they may be evolving, and adjust our ESG strategy accordingly. We prioritize engagement with stakeholders who are most impacted by our operations. The chart below outlines key stakeholder groups and the ways we engage.

In this Report, we share the feedback we’ve received from [employees on their workplace experience](#); how we’ve responded to the [needs of our customers](#); the various [industry groups with whom we interact on environmental topics](#); and how we engage with and understand the [needs of our local communities](#).

Stakeholder Type	Means of Engagement			
	Surveys	Events	Email / Direct Digital Communication	Direct Conversations / Meetings
Employees	●	●	●	●
Unions			●	●
Customers	●	●	●	●
Suppliers			●	●
Local Communities		●	●	●
Shareholders		●	●	●
Civil Society			●	●
Industry Associations	●	●	●	●
Regulators			●	●

Aligning with the UN Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) are part of the 2030 Agenda for Sustainable Development, which was adopted by the UN in 2015 as a global guide to encourage societal and environmental progress. The 17 goals articulate key focus areas, targets and indicators for a range of pressing global issues. The SDGs identified below align with Matson’s ESG priorities as reflected in the following chart.

UN SDG	Targets	Matson’s ESG Priorities	2021 Progress
	2.1	<ul style="list-style-type: none"> Invest in strengthening communities through food bank and hunger programs 	Page 25
	3.9	<ul style="list-style-type: none"> Improve air quality 	Page 39
	4.4	<ul style="list-style-type: none"> Cultivate a skilled and engaged workforce 	Page 23
 	5.1, 5.5 10.2, 10.3, 10.4	<ul style="list-style-type: none"> Promote a diverse workforce and an equitable and inclusive culture Cultivate a diverse Board Invest in strengthening communities through social justice organizations 	Pages 19, 44 and 27
	8.2, 8.3, 8.5, 8.8	<ul style="list-style-type: none"> Foster a safe and healthy workplace and culture Cultivate a skilled and engaged workforce with pathways for success Foster positive relationships with our workforce Enable community prosperity through consistent lifeline services Create positive local economic impact 	Pages 16-28

UN SDG	Targets	Matson’s ESG Priorities	2021 Progress
	11.2, 11.5	<ul style="list-style-type: none"> Support safe and resilient operations Invest in strengthening communities through disaster relief 	Pages 47 and 26
	12.4, 12.5	<ul style="list-style-type: none"> Improve air quality Recycle ships responsibly 	Pages 39 and 41
	13.1, 13.2	<ul style="list-style-type: none"> Reduce GHG emissions and our impact on climate change 	Pages 32-38
	14.1, 14.2, 14.5	<ul style="list-style-type: none"> Protect ocean health and biodiversity Record zero significant spills annually Invest in strengthening communities through ocean conservation organizations 	Pages 40-41
	16.5, 16.6	<ul style="list-style-type: none"> Conduct business with the highest level of integrity 	Page 46

About this Report

This Report covers company performance and data for fiscal year 2021 (January 1 – December 31, 2021). Some activities that occurred in early 2022 are also included, where indicated. We plan to publish similar reports on an annual basis.

Matson's 2021 Sustainability 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. Additionally, in early 2022, we published our first report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Key findings from the [TCFD Report](#) are included in this Report.

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 and the Board of Directors, have reviewed and approved the Report's content and data.

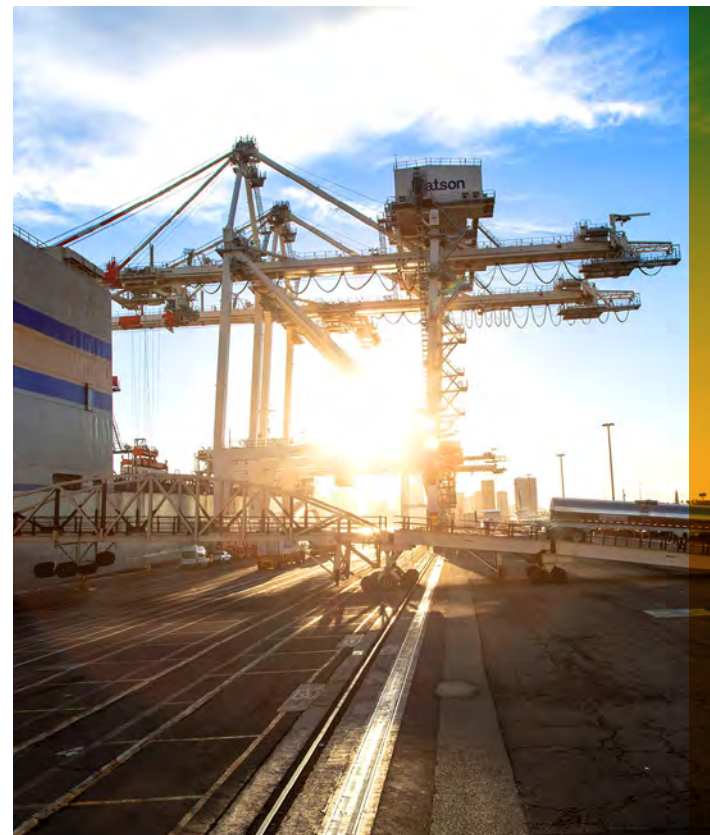
Report Scope and Boundaries

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

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 Other Important Legal Information

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

This document 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 document concern the company's goals, progress or expectations with respect to corporate responsibility, sustainability, community giving, regulatory developments, employees, environmental matters, policies, procurement and value chain, business investments, strategy, and risks and opportunities, among other topics. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements, such as the availability and cost of low-carbon or carbon-neutral fuels and technologies, the evolution of applicable laws and regulations, and the ability of our suppliers and partners to meet our sustainability standards. Forward-looking statements are also aspirational and not guarantees or promises that goals or targets will be met. For example, these statements reflect our current business plans, and our ability to achieve our goals and targets may be impacted by changes in demand for our services or, in some cases, we may determine to adjust our goals and targets or establish new ones to reflect changes in our business. The company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events, past practice or otherwise.

In addition, historical, current and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future.

Issues identified as material, significant or priority for purposes of, and information otherwise included in, this document may not be considered material for Securities and Exchange Commission (SEC) reporting purposes. The term "material" used in the context of this document is distinct from, and should not be confused with, such term as used in the context of our SEC reporting.

PEOPLE AND PLACES

Message from Our Chairman and CEO

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About This Report

→ **People and Places**

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- Employees
- Communities

Environmental Stewardship

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Appendix



CUSTOMERS

Vision:
Being our customers'
first choice

OUR APPROACH

Since our beginnings in 1882, Matson has forged deep connections with the people and places we serve. Across the Pacific, we are a vital lifeline to many communities big and small. Our enduring commitment to consistently deliver for our customers guided us through the challenges and opportunities of 2021.

Key Global and Industry Drivers in 2021

The COVID-19 pandemic continued to affect almost every facet of life in 2021 and contributed to uncertainty for many businesses. Domestic demand for goods continued to increase greatly, while at the same time capacity limits and disruptions within the Transpacific and domestic supply chain infrastructure made it difficult to meet the elevated demand for transportation. The pressure to execute was high – knowing delays in delivering essential consumer goods and medical supplies could have a detrimental impact on communities.

Matson's Strategy

Throughout the past year, Matson stayed focused on our mission: *To move freight better than anyone.* Our experience of providing sustenance cargo to lifeline communities for the past 140 years prepared us well for these challenges. More importantly, our long-standing customer relationships in Ocean Transportation and Logistics and our commitment to fast, reliable services helped us thrive amid the global economic uncertainty caused by the pandemic.

To support our customers, we expanded capacity across the Pacific. We allocated \$325.3 million to maintain and grow our fleet and shoreside operations as well as our logistics business. Of this amount, we invested \$121.1 million in additional dry and refrigerated containers, chassis, and equipment to support our new services, enabling us to maintain a high level of service and increase capacity where needed. Through it all, we proactively communicated with customers to keep them well-informed about the status of their cargo.

Our ability to scale and adapt quickly was made possible by Matson's seasoned, highly skilled and customer-focused workforce.

2021 PERFORMANCE & OUTCOMES

Expanded ocean service offerings from China in response to customer needs



Industry-leading truck turn times at Matson's Long Beach, Oakland, Tacoma and Honolulu terminals

Maintained high levels of on-time performance for each tradelane

On-time is defined as arrival within 24 hours of scheduled arrival time

Tradelane	2020	2021
Hawaii	98%	99%
Guam	92%	98%
CLX	90%	89%
Alaska	97%	96%
Okinawa	88%	94%
CLX+*	N/A	72%

Delays in 2021 were mostly due to inclement weather, vessel repairs and maintenance, port congestion and/or COVID-19 restrictions.

** CLX+ service launched in May 2020.*

Strengthened customer relationships, as demonstrated through external validation and feedback

"Thank you to the entire team for your quick response times, order accuracy and inventory accuracy. Your flexibility and service during the pandemic are very much appreciated."

Daniel Li
Xantrex, a Matson customer

"Matson's customer-centered approach and predictability has been key to helping us deliver on our mission for our customers. We appreciate our partnership."

Jeff Davidson
Microsoft, a Matson customer

Logistics Management magazine uses customer feedback to inform its Quest for Quality Awards, which recognize top performance in ocean transportation and logistics services. In 2021, Matson was rated highest among ocean carriers for customer service; Matson Logistics received high marks in both transportation management solutions and value-added warehousing and distribution categories for third-party logistics providers.



Key Initiatives

Expanded Service Offerings

Over the past two years, we initiated four new ocean services in response to demand from our customers:

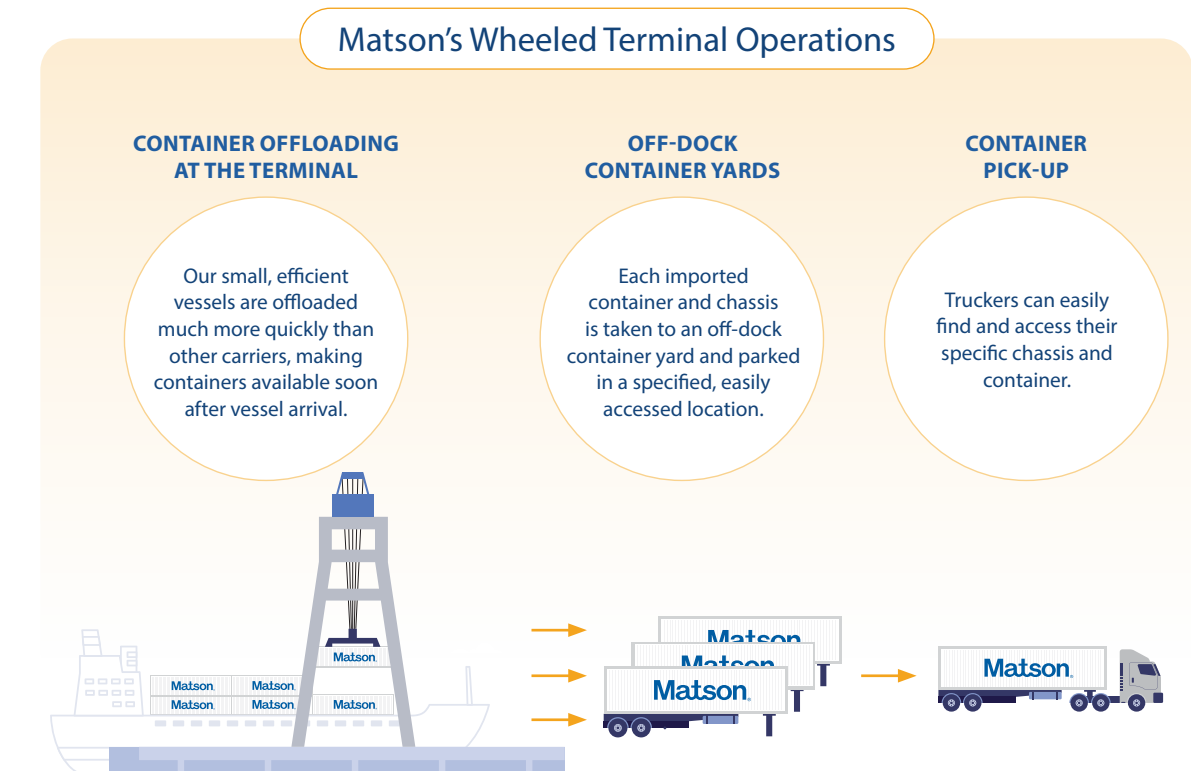
- In May 2020, we introduced our second expedited ocean service in the Transpacific tradelane, China-Long Beach Express Plus (CLX+). Like our original China-Long Beach Express (CLX) service, CLX+ provides weekly departures from Shanghai and Ningbo, carrying cargo to Long Beach, California. CLX+ calls at Pier A in Long Beach, a terminal operated by Matson's joint venture partner, SSAT. In 2021, CLX+ was supported by six chartered vessels.
- In July 2020, we launched the Alaska-Asia Express (AAX) service, providing a high-quality alternative for seafood exporters shipping from Alaska to Asia. With direct westbound service from Dutch Harbor, AAX also serves as a backhaul for CLX+ vessels.
- In June 2021, we added a new expedited service sailing between China and Auckland, New Zealand – the China-Auckland Express (CAX) – with monthly departures. Matson was already established in both markets but had never previously connected them. CAX allows us to leverage existing operations, assets and expertise to serve customers in a completely new tradelane while providing potential growth opportunities in feeder markets and communities throughout the South Pacific.
- In July 2021, as demand levels continued to soar, we added a temporary third expedited China service, China-California Express (CCX), from Ningbo/Shanghai to Oakland and Long Beach. Offering a first call in Northern California, the service avoided some of the supply chain congestion problems our customers faced in Southern California and provided them another fast, reliable alternative for getting their goods to market. Vessels depart Asia three out of every five weeks. Cargo at both California locations is discharged at exclusive-use Matson terminals operated by SSAT.

Matson Logistics also increased capacity in 2021, with the addition of more than 15,000 new highway carriers. This provided us with more highway and transload solutions to better serve our existing customers and more than 1,600 new customers.

Efficient Terminal Operations

Our unique terminal operations were integral to the superior levels of service we provided to our customers in 2021. Despite unprecedented congestion at the Ports of Los Angeles and Long Beach that led to prolonged vessel wait times of up to 20 days at times, Matson's situation was – and is – different. Most of our cargo flows through dedicated, exclusive-use terminals, which are managed by Matson's joint venture partner, SSAT, the leading U.S. West Coast terminal operator. All Long Beach destined import cargo flows to off-dock container yards, where it is available on Matson-owned chassis. These off-dock facilities provide industry-leading turn times and are located outside the Los Angeles/Long Beach marine terminal complex, saving trucking companies time and money by avoiding much of the traffic within the port and terminal areas.

Matson also provides its own chassis for all imported containers, which allows for cargo to be available for transport typically within 24 hours of arrival. Our wheeled chassis operation allows our customers to pick up their cargo and be on the road more quickly. In addition, unlike most of our competitors, we do not require customers to make appointments for picking up loaded containers or returning empties.

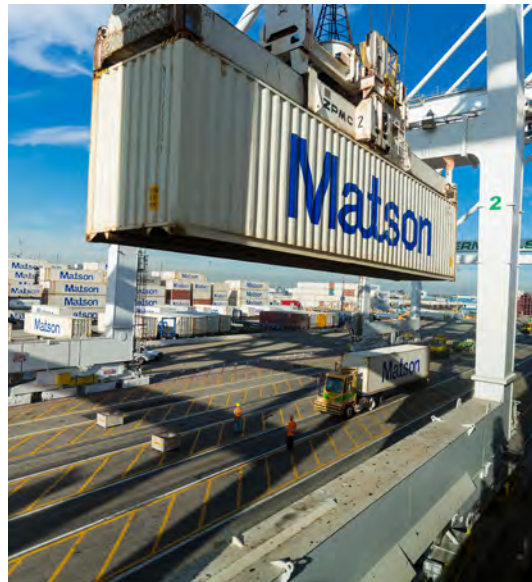


Enhanced Customer Communication

Providing timely, transparent and relevant communications – especially information about schedules and cargo arrivals – has always been a priority for Matson and fundamental to the trusted relationships we have built with customers. Yet, the need for up-to-date and clear information could not have been more important amidst the challenges of the past year.

In 2021, our Logistics business launched a new digital notification service that proactively alerts customers about the status of their shipments in real-time. The response was extremely positive – even our customers' customers have signed up for the service.

It was also important to calm worries in Pacific communities – such as in Hawaii and Guam – about the pandemic and/or supply chain congestion affecting delivery of essential goods. We have been proactive and transparent in responding to these concerns and reassuring customers of our steadfast commitment to schedule integrity. In China, we are one of the few carriers to publicly post empty container inventory in our Shanghai depots, which gives customers quick and transparent updates on equipment availability.



EMPLOYEES

Vision:
**Being a great
place to work**

OUR APPROACH


Matson is committed to maintaining a workplace and work culture that puts health and safety first, promotes inclusion and equity, and provides meaningful opportunities for long, fulfilling careers with the company.

Key Global and Industry Drivers in 2021

The pandemic kept worker health and safety in the forefront. This past year also brought about new challenges for our industry as record import volume vastly exceeded supply chain capacity (air cargo capacity, vessel capacity, marine terminal space, warehouse space, available labor, intermodal capacity, truck chassis and shoreside equipment inventories). In addition, stakeholders, especially investors, continued to press companies in all sectors to make good on the diversity commitments many had pledged in 2020 and to improve human capital management practices and disclosures.

Matson's Strategy

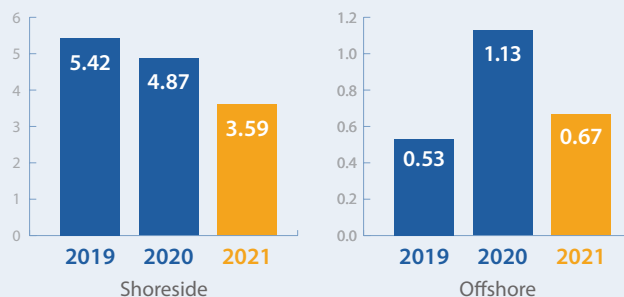
To keep employees safe, we continued COVID-19 protocols and focused on reducing risks in our operations. Knowing the additional stress and workloads our workforce was managing, we were particularly attuned to their well-being and need for support. We also worked to strengthen diversity, equity and inclusion within our company through the promotion of diverse employees into leadership positions and the continuation of DE&I-related training and communications.



2021 PERFORMANCE & OUTCOMES

Improved safety performance

Lost Time Incident Rate (per 200,000 hours worked)



Fatalities

Shoreside: 0

Offshore: 0



Improved diversity at the leadership level

Multiple individuals from diverse backgrounds promoted to Matson's executive management team



Worked to increase diversity in the transportation industry

Awarded Matson's first \$5,000 scholarships to 9 diverse students in higher education

Invested in our people

Improved employee development, communication, benefits, career growth opportunities and well-being:

46% of open positions filled by internal candidates

12% average total turnover¹

Employee tenure¹

11 years
Matson average

4 years
U.S. transportation industry average²

3,150+ total hours of employee development training

89% of eligible employees participated in *Matson Celebrates*, a peer-to-peer recognition program

81% of eligible employees participated in *Matson Life*, our new holistic employee well-being platform

¹ Employee turnover and tenure include union employees.

² Source: U.S. Bureau of Labor Statistics (BLS). Figure is for 2020 as the BLS only publishes this figure every other year.

Key Initiatives

Continued COVID-19 Safety

Keeping our workforce healthy and safe was a top priority in 2021. Since March 2020 and throughout the duration of the pandemic, approximately 80% of our workforce was onsite on our vessels, or in terminals and warehouses. To protect our workers, we regularly updated them on best practices based on guidance from the Centers for Disease Control and Prevention and state and local health departments regarding social distancing, masks, sanitization and vaccination.

Given the lack of access to advanced medical care at sea, we required mandatory testing and proof of vaccination for vessel crewmembers before joining their assigned vessel. Matson continues to facilitate in-port booster shots for interested crewmembers. All vendors boarding our vessels are required to be vaccinated. In addition, Matson has secured COVID-19 antiviral medication for crewmembers and delivery to our vessels has been completed.

We provided a cash incentive for vaccination for all active Matson employees, including offshore and shoreside employees. Over 2,100 employees have participated in the incentive program as of December 31, 2021.

When feasible, staggered work shifts were implemented for our shoreside employees to limit exposure, and approximately 20% of our workforce worked remotely during the pandemic. Matson also instituted a temporary hardship policy to provide leave to individuals who needed time off due to illness or other difficulties brought on by the pandemic. Throughout these challenges, we believe that our strong “ohana” – Hawaiian for “caring and family” – and the long tenure of our employees helped us navigate this complex environment.

Workplace Safety

While vessel, terminal and warehouse environments come with certain safety risks, our goal is to prevent any lost time incidents and fatalities. We work to minimize safety risks and build an enterprise-wide safety culture through worker training, awareness campaigns, awards and incentives, and thorough tracking of incidents and near miss reporting. Under our policies, we follow international best practices in the development and management of our safety program.

Training and Awareness

Safety training is a key part of prevention. In total, we provided approximately 11,000 hours of safety training for crewmembers and approximately 3,000 hours for shoreside personnel in 2021.

Our vessel crews take part in monthly meetings that focus on safety risks and ways to avoid injuries. Quarterly communication campaigns are implemented for vessel crews to highlight specific risks identified through near miss reporting. Our policies require that terminal workers take part in gangway safety talks before loading or unloading every vessel, reminding them of potential risks and how to avoid them.

Awards

Matson's Vessel Safety Award Program recognizes top performing vessels and crews based on key safety metrics, such as incident rates, onboard processes, safety meetings and crew engagement. The company's Marine Safety Committee reviews vessel safety performance monthly and recognizes the top-performing vessel and crew quarterly and annually. The program celebrates the winning crews with a cash award and trophy.

Audits, Tracking and Reporting

We track performance and rely on internal and external audits of our safety procedures across our operations to identify what's working and what needs improvement. This includes audits that assess impacts and risks related to health, safety and human rights as part of each vessel's Safety Management System, which is required by the International Maritime Organization (IMO) and certified by the American Bureau of Shipping.

We believe that one of the best ways to reduce injuries is by tracking and reporting near misses that occur on our vessels and in our terminals. By definition, a near miss is an accident avoided. From near miss reports, we identify trends that inform the agenda for monthly vessel safety meetings and the topics of our quarterly communication campaigns. In 2021, near miss reporting revealed a weakness in adherence to our “lockout-tagout” procedure, which helps to properly shut down equipment to protect workers from an unexpected release of energy. We put a focus on reinforcing this procedure with frontline workers throughout the rest of the year.



In 2019, an independent third party conducted an audit of the safety program at our Sand Island terminal in Honolulu. While we had to delay some actions due to COVID-19, in 2021, we began implementing recommended training improvements. First, we increased the visibility of key safety topics by bringing senior management into the terminal and having them present at weekly meetings. The discussion of near misses at weekly safety meetings – rather than just reporting them – raised awareness of the topics with frontline workers.

Another improvement underway is the integration of shoreside safety data reporting and the creation of a single dashboard. This is intended to help the company share information across operations and with workers in the field, improve safety data analysis and identify best practices. This enhanced program is expected to be launched in 2022.

Diversity, Equity and Inclusion

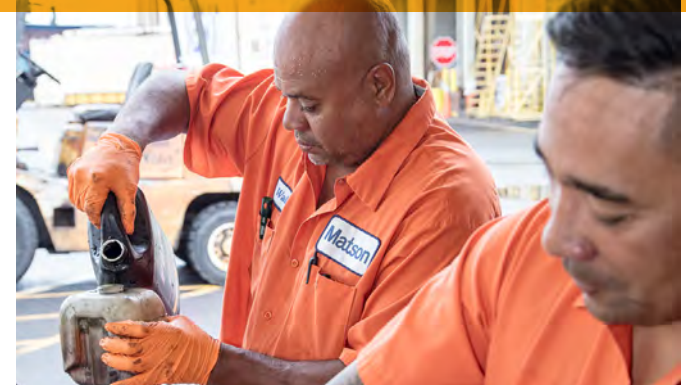
In 2020, we committed to taking concrete steps to help combat systemic racism in our communities and redouble our efforts to work toward greater inclusion and diversity at Matson. It is our aim to be a great place for everyone to work regardless of their background, experience, identity, race, gender, sexual orientation or ethnicity. Our industry has predominately been white and male, and we intend to help change that status quo both within our company and beyond.

Our overarching strategy is focused on increasing diversity in our company and industry, creating an inclusive culture through employee learning and development, and working to provide equitable pay and opportunities. In 2022, we plan to bring on a DE&I professional to further advance our strategy and the initiatives described below.

Building a More Diverse Company

Over the past year, much of our focus has been on developing and promoting diverse individuals into leadership positions. In 2021, we promoted more than 20 women and 40 individuals from racially diverse backgrounds into positions of management or senior leadership.

As Matson continues to grow, we also intend to use recruiting and hiring of new employees as a means to increase the diversity of our workforce and leadership candidate pool. In 2022, we are working to enhance our recruiting process by increasing the diversity of candidate pools for open positions.



Matson's 2021 Global Workforce¹

4,259

TOTAL EMPLOYEES

96.5%
based in the U.S.

71.4%
union employees

¹ Data for Matson's global workforce include union employees.

We are supporting a more diverse talent pool over the long-term by encouraging women and minorities to pursue careers in the maritime and logistics sectors. In the second half of 2021, we established an annual Leadership Diversity Scholarship Program to support the advancement of female students and students of color. Working with nine of the leading higher education institutions in local Matson communities and U.S. maritime academies, we awarded our first round of \$5,000 scholarships to a diverse group of truly impressive students.

In parallel with the scholarship program, Matson's new School Ambassador Program matches experienced Matson employees with each of the institutions – in many cases, their alma mater – to voluntarily serve as a local contact and professional resource to both school and scholarship recipients. In 2022, we will be working with our scholarship schools to recruit candidates from diverse communities so they will gain professional experience through Matson's paid internship program. We've committed annual funding of more than \$200,000 for this program.



Matson Scholarship Fuels Drive for Master's Degree

Over the past several years, Anna Martinez – a first-generation college student and a graduate of Texas A&M University – has had the opportunity to gain first-hand experience in logistics and transportation while serving in the U.S. military. Anna's passion for logistics came alive as she worked on moving goods, teams and equipment throughout Africa. At the urging of a mentor, she applied to – and was accepted by – the Master of Supply Chain Transportation and Logistics program at the University of Washington. Backed by one of Matson's inaugural Leadership Diversity Scholarships awarded in 2021, she is gearing up to start courses in the fall of 2022.

"I'm especially excited to learn more about multi-modal global logistics, and all the considerations that go into choosing the right transport mode, monitoring costs and meeting customer expectations," Anna said, in describing what she's looking forward to the most about her program.



"The Matson Scholarship will help me tremendously in my journey to obtain both a bachelor's and master's degree in Industrial Engineering (Supply Chain). I plan to begin taking master's classes focused on supply chain this fall while finishing my undergraduate degree. With the scholarship, I will be more equipped to focus on my coursework and be more impactful within my studies."

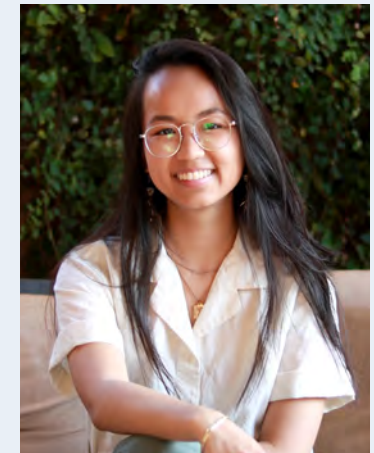
Jamel Corley Thompson

Student, Georgia Tech, Industrial Engineering Major

"I very much believe in the butterfly effect, and I hope you never underestimate the impact you have made on my future and the future of society. My parents have spent their whole lives struggling for a living, and this scholarship means another college expense that my family and I no longer have to worry about."

Vicki Li

Student, Arizona State University, Supply Chain Management Major



Creating an Inclusive Culture

In 2021, we launched unconscious bias trainings, which were designed to help us recognize how subconscious views can contribute to an atmosphere of inequity and discrimination and provide helpful instruction on ways to avoid these negative effects. Almost 98% of employees and over 99% of managers took the training. We plan to offer additional courses in 2022, and provide our employees with more educational opportunities through books, videos and other resources.

To encourage open dialogue and build trust and awareness, we held an initial series of “Listening Tour” employee forums in the fall of 2021. These were moderated sessions designed for small groups so employees would be comfortable sharing their personal experiences of bias. The insights gleaned from our employees’ experiences are already helping to strengthen Matson’s culture of inclusion. We are planning to host additional sessions on a quarterly basis in 2022.

Equitable Pay

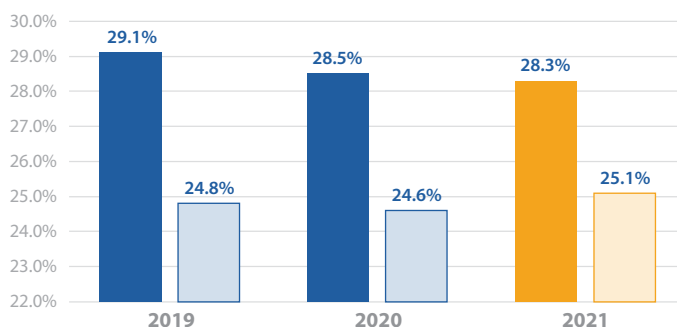
In 2018, we conducted an initial gender equity compensation analysis with the intent of identifying pay discrepancies within Matson. In 2021, we expanded this analysis to include racial criteria also with the goal of identifying any discrepancies. Following each study, corrective adjustments were made to eliminate any identified pay discrepancies tied to gender and/or race. As part of our overall DE&I strategy, we plan to conduct similar assessments each year to promote a culture of equal pay for equal work.

Total U.S. Shoreside Employee Breakdown by Racial Group

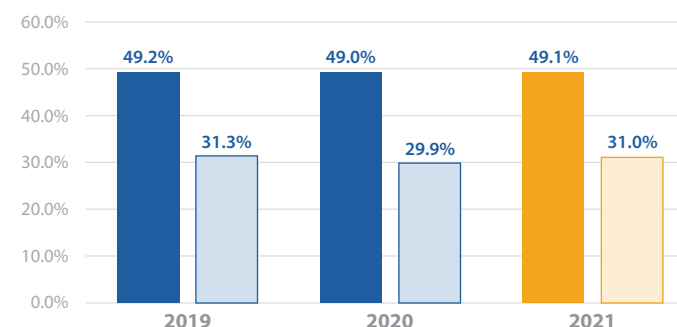
White	50.9%
Minorities ¹	49.1%
American Indian or Alaska Native	7.1%
Asian	34.1%
Black or African American	8.5%
Hispanic or Latino	18.5%
Native Hawaiian or other Pacific Islander	18.3%
Two or more races	13.5%



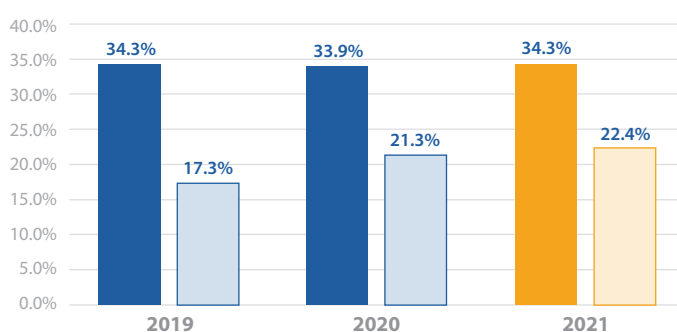
U.S. Shoreside Employees: Percentage Women



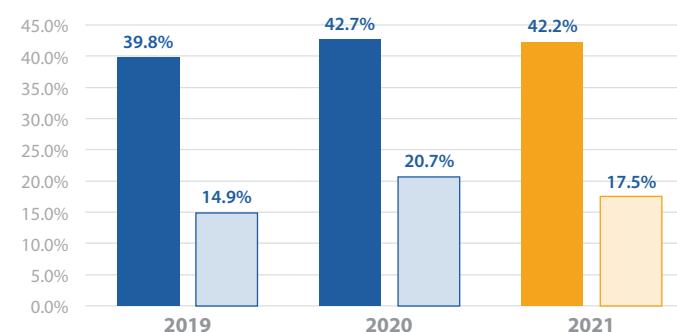
U.S. Shoreside Employees: Percentage Minority



U.S. Shoreside Management²: Percentage Women



U.S. Shoreside Management²: Percentage Minority



● Matson ○ Industry Average³

¹ “Minority” in the charts and graphs above refers to any employee who self-identifies as such under the categories established by the Equal Employment Opportunity Commission.

² Data specific to shoreside management do not include union employees. All other data for shoreside employees on this page include union employees.

³ Source: U.S. Bureau of Labor Statistics; data is for the U.S. transportation industry.

Listening and Responding to Employee Needs

One way to cultivate a great workplace is to ask employees for their input and feedback, and then make adjustments based on what they need to be more engaged and thrive. This was especially important during the pandemic, as the needs of our employees changed, and our approach had to adapt.

We conduct an employee survey on a regular basis and use the results to inform our human capital management strategy. Our most recent survey was conducted in 2020 and results were finalized in 2021.



Results of 2020 Employee Engagement Survey

Opportunity	Action
Continue to improve employee recognition	We are encouraging further use of <i>Matson Celebrates</i> – a peer-to-peer recognition platform – and training managers on the value of formal and informal recognition.
Help employees better understand their career pathway and promotion options	In 2022, we plan to restructure our annual performance review process to improve communication and transparency with more frequent performance conversations and more information on employees’ career paths at Matson.
Improve manager-employee relationships, including communication, coaching and respect	In 2021, we enhanced our manager training program to include workshops focused on the importance of communication and leading with dignity and respect. Our restructured performance management process is expected to continue to amplify the importance of these skills.
Increase internal communication	In 2021, we had frequent and open communications with our employees through multiple company updates and bulletins, monthly Town Hall meetings hosted by our CEO and bi-monthly newsletters. In 2022, we are adding emphasis on resuming more frequent departmental meetings and executive site visits.

87%

of employees participated in the 2020 survey compared with an industry average of 66%

41

employees received Matson’s Presidential Award in 2021, the company’s highest honor, in recognition of exceptional performance

Matson Life

In response to pandemic-related stress and the added work employees have been facing, we launched an employee well-being platform called *Matson Life* in August 2020. While employee well-being has always been a priority, we recognized the opportunity to formalize and evolve our efforts. Many of Matson’s support, development and benefit programs have traditionally been oriented around employees’ professional responsibilities. The resources provided by *Matson Life* are designed to encourage a more holistic approach to improving wellness with education and easy-to-adopt steps to improve areas such as personal health, social wellness, mental health, financial health and overall well-being.

In 2021 – the first full year of the program – *Matson Life* offered a series of online resources specifically focused on helping employees navigate the challenges of remote work and staying at home. This included educational resources on health, fitness and wellness, and financial and benefits information tailored to individuals using the platform.

Matson Life also helped to engage employees working from home through incentives and challenges. Teams were encouraged to join company-wide challenges – such as eating well or reaching 10,000 step challenges – or start their own activity. Employees achieving goals receive points within *Matson Celebrates*, our recognition program, which can be redeemed for a wide variety of rewards. There were more than 30 challenges hosted on the platform in 2021, eliciting more than 4,000 sign-ups to participate in one or more challenges. We are also looking for opportunities to integrate *Matson Life* into in-person employee events when pandemic protocols allow, such as environmental clean-up events or volunteer days.

By the end of 2021, 81% of eligible employees were participating in the *Matson Life* program. Our plan is to continue growing this program in ways that are sensitive to employee needs and provide support and encouragement to live healthier, happier lives.



Employee Development and Retention

The heart of every company is its workforce. Our employees inspire our culture and are the force behind our growth and success. We value their dedication and loyalty to Matson, and we value the feedback they provide through our employee engagement surveys. Their responses are used to help inform our people development and retention strategies.

Matson's highly skilled workforce is deeply experienced, with 32.1% over the age of 55 as of the end of 2021. Once hired, our employees tend to stay at the company, averaging 11.1 years. As part of making sure Matson continues to be a great place to work for everyone – and to attract new talent – we are increasing focus on career development and succession planning. Our regular, non-union employees receive annual performance reviews, thus creating opportunities for continued coaching and advancement. Our overall goal is to provide our long-tenured employees with opportunities to advance their careers while preparing younger employees for future growth at the company and helping them develop the skills they will need to excel.

Matson provides a highly competitive and balanced total rewards program, including competitive salaries; cash and equity incentives; recognition awards; health and welfare benefits; and employee- and employer-funded retirement plans. In 2021, we expanded our benefits to include adoption support, fertility treatments and pet insurance. We continue to evaluate other opportunities to attract, develop and retain employees in today's competitive employment market.

The pandemic and related increase in shipping volumes and customer demands in 2021 put additional stress on our employees. Recognizing this, we endeavored to celebrate their successes over the past year and encourage more work-life balance. Our focus in 2022 will be on creating workflow efficiencies and increasing head count so that teams across the company are better supported and have more flexibility.

COMMUNITIES

Vision:
Improving the
communities in which
we work and live

OUR APPROACH

In keeping with our island heritage, Matson has always operated with a deep commitment to the remote communities we serve. Giving back has always been an essential part of serving the communities that rely on our services.

Key Global and Industry Drivers in 2021

The pandemic and related supply chain disruption had profound impacts on commerce and economies around the globe. These impacts had greater significance for the many remote communities that rely on the arrival of Matson vessels to deliver essential goods.

Matson's Strategy

We remained focused on fulfilling our commitment to maintaining reliable service to the remote communities we serve, and succeeded in doing so without interruption throughout 2021. We worked hard to deliver food, household goods and health and medical supplies when and where they were most needed. We also upheld our commitment to contributing in other ways, focusing on where needs were greatest and where our support would result in the greatest positive impact. And, we embraced our role as a local employer and business partner, recognizing our economic impact in the communities where we provide jobs.

2021 PERFORMANCE & OUTCOMES

Continued sustenance services with very little disruption

99% on-time¹ arrivals in Hawaii



96% on-time arrivals in Alaska



98% on-time arrivals in Guam



Matson navigated **challenging COVID-19 protocols** in the South Pacific, China and Hawaii to maintain schedule

Focused community giving on food banks and other local needs, social justice programs, and environmental conservation

\$630K

value of in-kind shipping provided to food banks in Hawaii, Alaska and Guam

\$182K

given to support social justice priorities

\$925K

invested in environmental programs in Hawaii, Alaska, Guam and the U.S. Mainland

Continued supporting and strengthening communities by providing local jobs

1,315

shoreside employees in Hawaii, Alaska and Guam

\$176M

in total annual compensation for shoreside employees in Hawaii, Alaska and Guam

64:1

Matson's CEO to median employee pay ratio²

¹ On-time is defined as arrival within 24 hours of scheduled arrival time.

² Compared to a U.S. average CEO to median employee pay ratio in 2020 of 351:1. Source: Economic Policy Institute.

Key Initiatives

Serving the Remote Pacific

In many places throughout the Pacific, Matson is one of few carriers – if not the only carrier – providing regular service delivering essential goods. For example, we are the only carrier to call in the island nation of Niue, where the local population of 1,600 people rely on our monthly service. Throughout the challenges of 2021, we remained committed to providing reliable service for these remote places. We worked with local governments to follow COVID-19 protocols, helping to limit our risk of spreading the virus among other communities. We were able to minimize significant impacts from supply chain congestion and strove to be proactive in updating customers as conditions evolved.

In 2021, we celebrated 25 years of service to Guam and Micronesia. In a region where service from other carriers has been unreliable, we are committed to consistent arrivals targeted to local needs. In 25 years of service, we've missed just two sailings, and 98% of arrivals in 2021 were on-time.

COVID-19 Community Support and Disaster Relief Support

Since the start of the pandemic, we've shifted our giving priorities to support the most pressing needs in our local communities. We have a history of supporting food banks and meal programs, which continued in 2021 with approximately \$150,000 contributed. Employee giving resulted in an additional \$12,000 in matching gifts to food-related charities.

At the end of 2020, we committed to providing \$5 million worth of no-cost transportation services to help support food security over the next three years. In 2021, we provided approximately \$630,000 in shipping services to food banks and meal programs to help those facing hardships due to COVID-19.

During the rise in COVID-19 Delta variant cases last year, a rapid increase in COVID-19 hospitalizations in Hawaii caused an urgent need for medical grade oxygen in the state. Matson was instrumental in delivering life-saving oxygen to Honolulu as well as Maui, Kauai and the Big Island. Matson also worked with the local and federal government, Hawaii's health authority, healthcare providers, oxygen suppliers and other partners to ensure a quick turnaround of ISO tanks in order to build up the medical grade oxygen inventory throughout the state. Matson provided no-cost shipping to deliver more than 10,000 gallons of medical grade oxygen needed for the rising number of COVID-19 patients in the state.

We also acted quickly to support Tonga after a volcanic eruption and tidal wave devastated the South Pacific island kingdom in early 2022. Matson contributed NZD \$375,000 in goods and services toward disaster relief and added three extra-schedule relief voyages from Auckland to Nuku'alofa, including diverting a vessel from the CAX service, to deliver relief goods that we and the New Zealand community donated. Additional funds were raised through a company-matched employee donation drive, providing \$20,000 in cash contributions to the New Zealand Red Cross' Pacific Tsunami Appeal Fund for Tonga Disaster Relief.

Matson's 2021 Community Giving

\$4.2M
total cash and in-kind giving

\$2.3M
total cash giving

560+
community organizations
supported

\$183K
given through employee
matching gifts



Social Equity

Our long-standing community giving program evolved in 2020 to focus more resources on social equity initiatives in our communities. Employees have played a significant role in directing funds toward this effort as well as selecting local organizations as partners.

Matson contributed more than \$182,000 in 2021 to support 28 nonprofit organizations that are actively working to combat systemic racism and/or address its consequences, such as the Hawaii Appleseed Center for Law and Economic Justice in Honolulu; the YWCA Connect program in Anchorage; and the Arizona Community Foundation's Black Philanthropy Initiative. We donated an additional \$90,000 to 33 other programs aimed at improving social equity in our communities. Matson is committed to supporting long-term efforts to promote social equity and inclusion.

Matson and Year Up Support Students of Color

In 2021, Matson began partnering with the national organization,



Year Up, which offers young adults professional training, corporate internships, and regular stipends so the students can earn while they learn. When students graduate, they have a leg-up as they seek to enter the workforce. Within four months of completing the program, 80% of Year Up graduates are either enrolled in post-secondary education or employed and earning 32% more than their peers.

Our financial investments in 2020 and 2021 helped to provide students of color with better access to professional careers. As we look to deepen our partnership with Year Up in the future, we hope to host interns and potentially source talent as part of our participation in the program.



Caring for Alaska

In 2021, Matson launched the Caring for Alaska program, which partners with local community organizations to beautify and protect our natural environment. The program awards grants to eligible 501(c)(3) nonprofits that arrange and carry out clean-up, land rehabilitation and environmental infrastructure improvement projects. In its inaugural year, 10 nonprofit organizations conducted Caring for Alaska projects at 19 sites across Anchorage, Kodiak and Unalaska.



2021 Matson Giving by Geographic Area



2021 Giving by Program Area

Matson Cash Giving by Program Area



Employee Giving by Program Area



- Arts, Culture & Humanities
- Community & Civic Engagement
- Disaster Preparedness & Relief
- Education
- Environment / Animal-Related
- Food, Agriculture & Nutrition
- Health & Human Services
- Maritime
- Public Benefit
- Youth Development

ENVIRONMENTAL STEWARDSHIP

Message from Our Chairman and CEO

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- Customers
- Employees
- Communities

→ **Environmental Stewardship**

Corporate Integrity

Appendix



ENVIRONMENTAL STEWARDSHIP

Vision:
Being an
environmental leader
in our industry

OUR APPROACH

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 most significant environmental impact stems from the burning of fossil fuels to power our vessels. We've set an ambitious goal to achieve net zero Scope 1 GHG emissions from our fleet by 2050, with an interim 2030 goal to reduce these emissions by 40% against a 2016 baseline.

Key Global and Industry Drivers in 2021

From regulatory bodies to capital markets and customers, there is an increased focus from stakeholders on how companies are managing their environmental impacts.

In November 2021, the United Nations Climate Change Conference (COP 26) refocused global attention on climate change. In addition, the IMO introduced requirements for the Energy Efficiency Existing Ship Index¹ (EEXI) and the Carbon Intensity Indicator² (CII), accelerating timelines for maritime fleets to meet short- and medium-term efficiency targets. These measures are also designed to meet the IMO's 2050 goal of a 50% reduction in GHG emissions from the global fleet.

Ocean health is also impacted by climate change as well as air pollution, waste discharges, spills and plastic debris.

Matson's Strategy

Our environmental strategy is focused on addressing the impacts resulting from vessel and shoreside operations. Key priorities in 2021 included establishing an intermediate GHG emissions reduction target and a longer term net zero goal, as well as developing plans to achieve these goals. These plans include retrofitting our fleet to accommodate low-carbon fuels; deploying efficiency measures to reduce fuel and energy; proactively managing ballast water, bilge water, waste and other environmental impacts; supporting industry research and development of alternative fuels; and engaging in industry collaborations to share best practices.

¹ EEXI is a measure related to the technical design of a ship. Ships have to attain EEXI approval once in a lifetime, by the first periodical International Air Pollution Prevention survey after January 1, 2023.

² CII is a measure of how efficiently a ship transports goods or passengers and is given in grams of CO₂ emitted per cargo-carrying capacity and nautical mile. The CII applies to all cargo, RoPax and cruise ships above 5,000 GT.

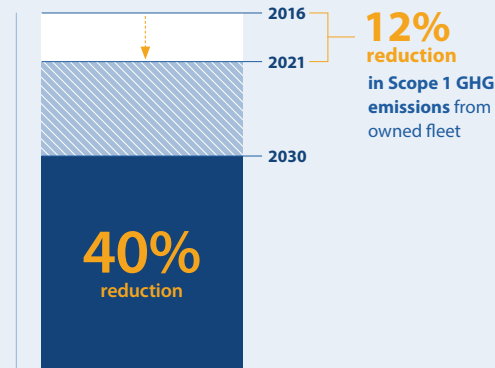
2021 PERFORMANCE & OUTCOMES

Continued to take action on climate change

Set two climate goals:

1. Achieve net zero Scope 1 GHG emissions from our owned fleet by 2050
2. Reduce Scope 1 GHG emissions from our owned fleet by 40% by 2030, using a 2016 baseline

Progress toward 2030 goal:



Expanded Scope 1 and 2 GHG emissions inventory to include **shoreside operations**



Conducted initial **Scope 3 GHG emissions inventory**



Established a **Scope 1 GHG emissions reduction roadmap** to achieve 2030 goal, including a plan to install liquified natural gas (LNG) tanks and equipment on several ships in our fleet



Provided a deeper look into climate risks and opportunities in the **TCFD Report**

Protected our oceans

25%
decrease in **SO_x emissions** since 2020 due to the use of low-sulfur fuels and scrubbers

6
new **ballast water treatment** systems

0
significant spills

2
vessels responsibly recycled in the U.S.



Continued initiatives to **reduce and recycle dunnage** and on-board waste



Participated in programs to **reduce speeds in marine conservation corridors** on the U.S. West Coast

\$925K
donated to **community environmental programs**

Key Initiatives

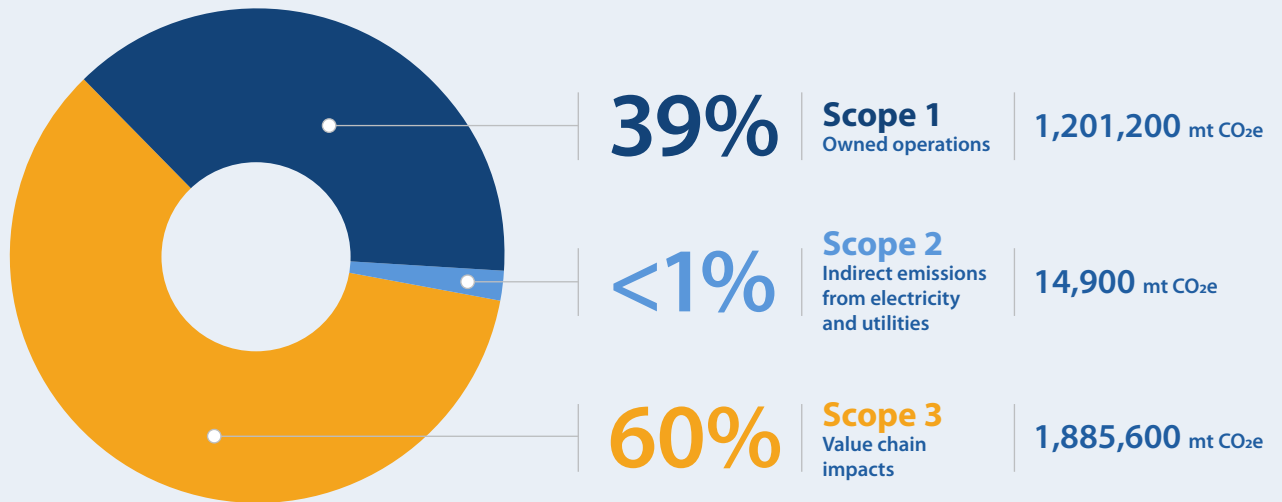
Climate Change

Our long-term commitment is to achieve net zero Scope 1 GHG emissions from our owned fleet by 2050, which is where we have the most control and direct impacts. This is particularly ambitious because today there are no commercially available carbon-neutral fuels for use on ocean-going containerships. In addition, there is a lack of technologies to use such fuels or the infrastructure to deliver them to terminals. As a member of the World Shipping Council, the Chamber of Shipping of America and the Blue Sky Maritime Coalition, Matson supports industry efforts to accelerate the development of zero carbon fuels and technologies.

In the meantime, shorter term action is required. This led us to establish a reduction target for Scope 1 emissions from our owned fleet of 40% by 2030, measured against our 2016 emissions. We selected 2016 as the baseline year because it was the first full year following our acquisition of Horizon Lines' Alaska operations, making it comparable to our current footprint.

We have developed a roadmap to meet our 2030 goal focused on improving the efficiency of our fleet, modernizing terminal operations, engaging in cross-sector collaborations, and importantly, using LNG as a bridge fuel while carbon-neutral fuels are being developed. We expect that LNG, a lower carbon fuel, will allow Matson vessels to comply with IMO EEXI and CII requirements while maintaining our core service standards to meet customer needs.

2021 Matson GHG Emissions by Scope



Scope 1 Breakdown	mt CO ₂ e	% of Total
Offshore Operations	1,180,300	98%
Shoreside Operations	20,900	2%

Scope 2 Breakdown	mt CO ₂ e	% of Total
Shore Power	1,000	7%
Other Shoreside Operations	13,900	93%

Scope 3 Breakdown	mt CO ₂ e	% of Total
Upstream Transportation and Distribution (Category 4)	822,300	44%
Upstream Leased Assets, including CLX+ (Category 8)	413,100	22%
Fuel and Energy-Related Activities (Category 3)	362,400	19%
Purchased Goods and Services (Category 1)	160,800	8%
All Other Categories*	127,000	7%

* Includes Capital Goods, Waste Generated in Operations, Business Travel, Employee Commuting, End-of-Life Treatment of Sold Products, and Investments. All GHG emissions figures have been rounded to the nearest hundred.



Matson's Unique Role in the Maritime Transport Sector

Matson's business model is based on frequent, fast shipments to serve the island and remote communities that depend on us to deliver critical supplies. In our domestic tradelanes, we carry perishable food products, refrigerated cargo and other essential goods between the U.S. Mainland and Hawaii and Alaska. Given the age, size and speed of our vessels, we believe our GHG emissions attributed to our domestic tradelanes are comparable to, if not better than, our competitors.

We also operate premium, expedited services from China to the U.S. West Coast — the world's largest ocean tradelane — carrying time-sensitive cargo such as garments, e-commerce related goods, consumer electronics, footwear and other merchandise. Based on their feedback, our customers often choose our expedited ocean shipping service as an alternative to air freight because it costs significantly less and has a substantially smaller carbon footprint, while taking only a few extra days in transit time.

Fleet Investments

In 2021, we completed our multi-year Hawaii fleet renewal program. This involved commissioning four new LNG-ready, state-of-the-art vessels with multiple environmental features designed to help reduce GHG emissions. The new vessels replaced seven older steamships that were less efficient.

In addition to investing in LNG-ready vessels, we continue to explore other efficiency improvements for our fleet. These include:

- Installation of shaft generators on future new builds to produce electricity without increased emissions
- Installation of peak shaving batteries to minimize the need to run additional generators
- Applying high-performance, environmentally preferred anti-fouling or friction-reducing coatings to vessel hulls, which help reduce fuel consumption by reducing drag in the water
- Deploying new engine monitoring technology to increase fuel efficiency
- Adopting technology upgrades to our vessel weather routing services to reduce fuel consumption
- Reducing vessel speed, where possible, throughout our network
- Implementing more environmentally sensitive container design practices and refrigerants

Terminal Investments

Electrification is a key component in reducing criteria pollutants and GHG emissions reductions while in port. In California ports, Matson takes advantage of alternative maritime power (AMP), which allows vessels to connect to shoreside electric power rather than running auxiliary engines to generate electricity while in port. Our environmental impact is further offset through renewable energy credits (RECs), which the Pacific Merchant Shipping Association (PMSA) began purchasing on our behalf in 2020. Including these RECs, 100% of our shore power electricity consumption in California ports was from renewable resources in 2021.

Matson continues to explore electric equipment options in Hawaii operations as well as in Alaska, which has specific performance requirements given the region's extreme winter temperatures.

We have also invested in regenerative and renewable technologies at our terminals, including regenerative gantry cranes in Kodiak, Alaska and Sand Island, Hawaii. At Sand Island, Matson is exploring an investment in a photovoltaic array, or solar farm, as part of a larger climate resiliency plan that would enable the terminal to operate independent of the electrical grid using renewable energy generation, battery storage and hybrid cargo handling equipment.

Industry Collaboration

We believe decarbonization will require a collective effort from the entire marine transportation industry. In 2020, Matson and 16 other members of the World Shipping

Council signed an open letter to the IMO advocating for industry-wide collaboration and proposed a \$5 billion industry-funded research and development program. The proposal has gained traction with prominent maritime nations and organizations representing all shipping sectors. In early 2022, this broad group submitted an accompanying proposal to create an International Research and Development Board and establish a fund that ensures small island developing states and least developed countries have equitable use of funds as well as global access to patents and technologies. Sponsors will encourage the IMO's Marine Environment Protection Committee to adopt the proposals.

Matson is also engaged with Smart Freight Centre's Clean Cargo, a business-to-business leadership forum dedicated to promoting responsible shipping and reducing the sectors' overall environmental impact.

Since 2008, Matson Logistics has participated in the U.S. EPA SmartWay Transport Partnership, a program focused on improving freight transportation efficiency. Participation in the program allows Matson to assess the current environmental footprint of our carrier base and build a stronger, higher performing roster of carriers as we grow our logistics business.

We believe these collaborative efforts are essential as our industry moves toward a net zero future. Only by working together will we be able to meet our own emissions reduction goals; successfully adapt to regulatory changes; stimulate research into transformative, carbon-neutral fuels; and further incorporate low-carbon technologies into our operations.

Our Progress

In 2021, Matson’s energy use and emissions rose, driven by unprecedented demand for maritime transportation and logistics services in the midst of a continuing global pandemic and supply chain disruptions. The chart below shows the increase in container volume carried by Matson relative to the increase in Scope 1 emissions from Matson’s fleet.

Scope 1 emissions increased 17% compared to 2020. This increase was driven by a number of factors, including Matson’s launch of the CCX¹ service in June 2021 and additional sailings from China – all designed to meet increased customer demands and help customers manage port congestion in China and on the U.S. West Coast. In addition, in response to increased demand for Transpacific services, every vessel in Matson’s fleet was actively deployed in 2021, including all of our reserve vessels. As a result, Matson-owned vessels saw the equivalent of over 600 more operating days in 2021, an increase of approximately 15% from the prior year. This higher rate of activity increased overall energy use and emissions measured on an absolute basis. We also saw a slight increase in Scope 1 emissions from the first-time inclusion of emissions from shoreside operations, which account for 2% of our Scope 1 emissions.

¹ We currently expect to continue the CCX service through at least the October 2022 peak season. If there is customer demand, we could continue the CCX service into 2023, but we do not believe it will be a permanent service.

Total GHG Emissions (mt CO₂e)

	2019	2020	2021 ²
Scope 1 Emissions	1,165,600	1,029,600	1,201,200
Scope 2 Emissions	800	800	14,900
Scope 3 Emissions	N/A	N/A	1,885,600

² Starting in 2021, data includes all shoreside operations.

All GHG emissions figures have been rounded to the nearest hundred.

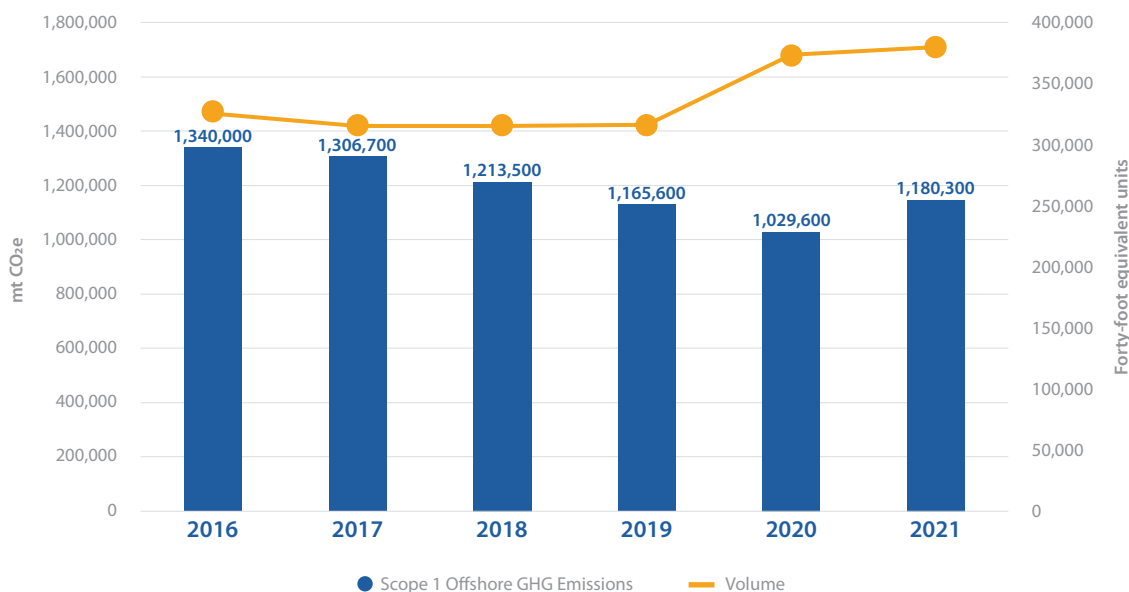
Despite the increase in Scope 1 emissions year over year, Matson remains committed to achieving our 2030 goal. We have developed a detailed roadmap to reach this goal that began with the investment of more than \$1 billion in four new state-of-the-art vessels with multiple environmental features as part of our Hawaii fleet renewal program. The roadmap continues with investments in LNG on our vessels. In November 2021, we announced an LNG installation program that includes the following:

- The *Daniel K. Inouye* LNG install is currently scheduled to begin in the first quarter of 2023 and is expected to last approximately five months. The current estimated total cost of the LNG installation is approximately \$35 million.
- We plan to start the re-engining of *Manukai* to operate on LNG and conventional fuels after the *Daniel K. Inouye* work is completed. The project is expected to last approximately 12 months and cost approximately \$60 million.
- We have already begun to procure long lead-time items for *Daniel K. Inouye* and *Manukai* such as the LNG tanks.

Improving the Robustness of Our GHG Inventory

As part of our commitment to achieving Matson’s environmental goals, we expanded our data capture and accounting for Scope 1 and Scope 2 emissions in 2021 to include shoreside operations, such as Matson-operated terminals, offices and warehouses. Emissions data prior to 2021 does not include shoreside operations. We also completed the first estimates of our Scope 3 value chain emissions, including approximate calculations for 10 categories using a combination of fuel usage data and environmentally extended input-output economic modeling. These improvements provide a more holistic picture of our impacts that will help inform Matson’s decarbonization efforts.

Scope 1 GHG Emissions from Fleet Compared to Container Volume



All GHG emissions figures have been rounded to the nearest hundred.

- We are actively considering LNG installations on *Kaimana Hila*, *Lurline* and *Matsonia*, with current total estimated costs of \$35 million for *Kaimana Hila* and \$40 million each for *Lurline* and *Matsonia*.
- We are closely monitoring the development of LNG infrastructure on the U.S. West Coast as our success will depend on the availability of commercial LNG supplies via bunker barges or other methods.

LNG is a cleaner fuel alternative that produces lower nitrogen oxides and almost no sulfur oxides, and emits approximately 24% less CO₂ on a per unit of energy basis than the very low-sulfur fuel available today. Nonetheless, we recognize that LNG is a “bridge” fuel only, instrumental to achieving our 2030 goal but not a solution to attaining net zero emissions by 2050. For that, new fuel alternatives will need to be developed and we intend to play an active role in advocating for broader investment in fuel alternatives and technologies that will diminish the sizeable carbon footprint associated with our industry.

Matson's Climate Goals

- Achieve net zero Scope 1 GHG emissions from our owned fleet by 2050
- Reduce Scope 1 GHG emissions from our owned fleet by 40% by 2030, using a 2016 baseline

In addition, we are continuing to review options for re-fleeting the Alaska service later this decade. Options include building new vessels specific for the Alaska tradelane or building new LNG-ready Aloha class vessels for the CLX service and moving older Hawaii vessels into the Alaska service. Any new vessels we commit to are expected to be designed with state-of-the-art characteristics and efficiency, including the consideration of any new fuel technologies that may be commercially available at that time. We expect to complete construction of these new vessels before 2030.

Based on this roadmap, we expect that progress towards our 2030 goal will not be linear, but rather will be stairstep over the next several years.

In the coming years, we also believe that heightened demand caused by the COVID-19 pandemic will subside, allowing some of Matson's older vessels to enter reserve status and thus helping to reduce our emissions further. Along with the investments we're making in the efficiency of our vessels and terminal operations, and collaboration with industry peers, we believe these changes will allow us to meet our 2030 goal and put us on the pathway to achieving net zero Scope 1 emissions from our fleet by 2050.



Designing Vessels to Accommodate Fuels of the Future

Matson's Aloha class and Kanaloa class vessels were intentionally designed with dual-fuel capable engines, meaning they can operate on conventional fuels or LNG. In early 2023, we expect to begin the LNG installation on *Daniel K. Inouye*, followed by the re-engining of *Manukai* to enable it to also operate on LNG and conventional fuels.

As part of these deployments, new LNG fuel tanks are being designed to accommodate future carbon-neutral or renewable fuels such as hydrogen, biofuel and ammonia solutions if they become viable options. By including optionality and flexibility into the design of our vessels now, we hope to avoid stranding any assets while better positioning ourselves to absorb costs associated with changing technology and adjusting to regulations and trends as they evolve.

Renewable Energy Power Plan for the Port of Alaska

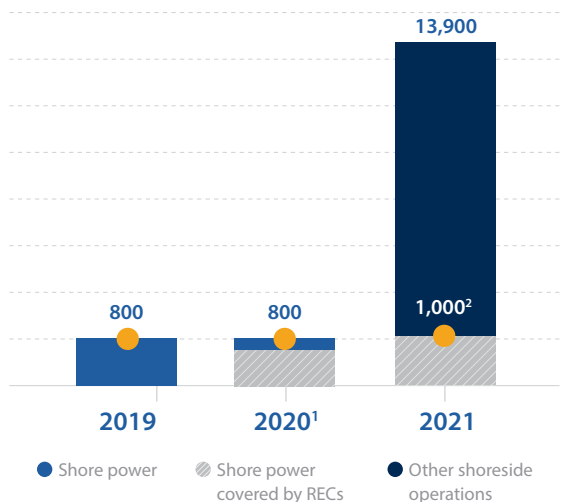
Matson is contributing to the concept design for a renewable energy power plan envisioned by the Port of Alaska in Anchorage. The project includes plans to establish renewable power generation that reduces emissions and to develop an electric power microgrid within the Port of Alaska terminal complex. Goals for this initiative include enhanced operating resiliency, power reliability and security for Anchorage terminal operations. Matson is supporting this project with onsite technical expertise to conduct a preliminary crane power consumption study, which should help to define the sizing capacity requirement of the microgrid energy storage system.



In 2021, Scope 2 emissions accounted for less than 1% of our total GHG emissions. While this represents the smallest portion of our footprint, we are continuing to explore efficiencies to drive down electricity use or secure electricity from renewable resources. Matson’s terminals, offices and warehouses use electricity for building lighting and operations, and have transitioned to LED lighting where possible. Our primary use of electricity is to power our vessels when docked at port, rather than running auxiliary engines to generate electricity. While using shore power increases electricity use, emissions from shore power electricity are less than that generated by burning marine fuels.

Our Scope 2 emissions from shore power increased by 25% over the last year, driven by an increase in the number of port calls to California. This included calls by vessels in the CCX service as well as extra loaders. All of the emissions from shore power were offset by RECs purchased on our behalf by the PMSA.

Scope 2 GHG Emissions (mt CO₂e)



¹ In the second quarter of 2020, the PMSA began purchasing RECs on behalf of Matson to offset Scope 2 emissions from shore power. In 2020 and 2021, 632 mt CO₂e and 992 mt CO₂e were offset by RECs, respectively, covering 80% of shore power emissions in 2020 and 100% in 2021. Data in this chart is rounded to the nearest hundred.

² Data is based on previous year estimates for public power grid emissions factors as the 2021 data has not yet been published by local utilities.

This past year, we also undertook our first Scope 3 emissions inventory for 2021. Scope 3 is intended to measure indirect emissions (not included in Scope 1 or Scope 2) that occur in our value chain. We calculated Scope 3 emissions using a combination of fuel usage data and environmentally extended input-output economic modeling that is largely consistent with the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

We found that Scope 3 emissions represent approximately 60% of our total emissions. The table below summarizes the main activities driving our Scope 3 emissions in 2021.

Scope 3 Category	Main Activity
Upstream transportation and distribution	Emissions from transportation services purchased by Matson. Matson does not own or operate any of these modes of transport.
Upstream leased assets	Emissions from fuel used by CLX+ chartered vessels (398,400 mt CO ₂ e compared to 270,800 mt CO ₂ e in 2020)
Fuel and energy-related activities	Emissions related to the production and distribution of fuels used by Matson, and transmission and distribution losses of electricity
Purchased goods and services	Cradle-to-gate emissions from purchased goods and services not otherwise included in the other Scope 3 categories

The methodology for measuring our Scope 3 emissions includes a number of estimates and assumptions, incorporates data from third parties that Matson may not be in a position to verify, and reflects the actions and operations of companies outside of Matson’s control. Determination of Scope 3 emissions is an evolving area and as guidance and data improve, results are likely to be adjusted in the future. Accordingly, Matson makes no representation or warranty regarding such information.



Climate Change Risk Assessment

In addition to starting to provide more comprehensive GHG reporting, in 2021, we conducted a climate change risk assessment in alignment with the principles of the Task Force on Climate-Related Financial Disclosures (TCFD). In addition to outlining our GHG reduction goals, the [TCFD Report](#) details our governance approach and efforts to manage the business risks and opportunities stemming from climate change.

Governance Approach: As provided in our Corporate Governance Guidelines, the Board of Directors is responsible for overseeing sustainability matters relevant to Matson's business, including ESG topics such as climate change. Additionally, the Audit Committee of the Board provides oversight of Matson's enterprise risk management (ERM) program that includes management of climate-related risks. Matson's ERM process, which follows the Committee of Sponsoring Organization Framework, is designed to promote visibility to the Board and management of critical risks and risk mitigation strategies. The full Board receives regular reports on the ERM program and other risk-related matters. Risk mitigation efforts are integrated into strategic plans and budgets. In 2021, ESG topics were presented or discussed at every regular Board meeting, covering topics such as GHG reduction goals, long-term fleet plans and TCFD disclosures.

Matson's executive management team is actively involved in assessing and managing climate-related risks and opportunities with oversight ultimately residing with the CEO. In 2019, the company formed an ESG Working Group – a cross-functional team currently led by our Vice President, Sustainability and Governance – to guide Matson's overall ESG



strategy and oversee reporting on ESG topics, including climate. Matson also has a Green Team, which is responsible for researching and prioritizing ways to lower environmental impacts across our business, including for our customers and in partnership with our vendors. The ESG Working Group regularly reviews climate-related matters with the executive management team and the Board.

Our climate strategy is executed by departments responsible for each aspect of the strategy. For example, our Operations and Engineering team is responsible for improving vessel efficiency.

Risks and Opportunities: In 2021, as part of our ERM program, we undertook a specific assessment to identify both physical and transition business risks and opportunities associated with climate change. In response to each one, Matson detailed ongoing or planned resilience activities to mitigate the risk or pursue the opportunity.

How Matson's Board of Directors Oversees Climate Risks and Opportunities

Matson's Board of Directors actively oversees the company's business strategy and integrates climate change considerations into its decision-making where appropriate – from guidance on strategy to review of major capital expenditures. Management regularly updates the Board at and between Board meetings on climate-related risks and opportunities, and progress towards meeting climate-specific goals. In 2021, climate-related topics were presented or discussed at every regular Board meeting. Other examples of Board oversight include:

Strategy guidance and review: Oversees the development and implementation of Matson's business strategies, including climate and environmental stewardship strategies. Reviews and approves ESG reporting, including [Sustainability Reports](#) and [TCFD Report](#).

Review of business plans, major plans of action and associated budgets: Reviews and approves Matson's business plans and plans of action to meet climate-related goals, including long-term fleet plans, new vessel build projects and LNG installations; fuel strategy and investments in alternative marine fuels; terminal modernization projects, including battery storage and increasing use of solar powered energy at the Sand Island terminal; and investments in scrubbers and technology to reduce air emissions.

Risk management oversight: Reviews the ERM program and other risk-related matters annually and receives regular reports throughout the year, including on compliance with environmental regulations. The Audit Committee reviews the company's risk assessment, risk management and compliance policies and ERM program twice a year, including a climate-specific risk register.

Review and monitor performance objectives: Reviews and approves the company's short-, medium- and long-term climate goals, including 2030 GHG reduction and 2050 net zero goals, which are incorporated into the company's overall key business objectives. Receives regular reports and updates at and between Board meetings on progress towards achievement of those goals throughout the year. Receives reports on stakeholder engagement and feedback regarding climate change strategy.

Oversight of major capital expenditures, acquisitions and divestitures: Reviews and approves major capital expenditures to support the company's climate goals such as expenditures related to the LNG installations on *Daniel K. Inouye* and the engine conversion of *Manukai* to operate on LNG.

Examples of Climate Change Risks and Opportunities

Risk or Opportunity	Description	Time Horizon	Response
Risk			
Increased decarbonization regulations for vessels and terminals	U.S. and international governments and regulators could increase environmental requirements for vessel performance and operation, which could disrupt operations or result in increased costs	Medium/long-term	We monitor developments and participate in various industry organizations in order to keep pace with a changing regulatory environment. New ships are designed to accommodate anticipated requirements.
Vessel speed reductions	Emissions reduction requirements, such as the IMO's EEXI or CII, could require our vessels to slow down if efficiency improvements or transition to alternative fuels are not enough to reduce emissions sufficiently. This risk could threaten our competitive advantage as a provider of expedited ocean transportation services and negatively impact Matson's pricing premium (particularly in our China service) and profits	Medium/long-term	We have developed an emissions reduction plan intended to allow Matson vessels to comply with IMO requirements while maintaining our core service standards and meeting customer needs.
On-shore power events	Increased risks related to power outages, brownouts or blackouts that could slow or even temporarily stop operations	Medium-term	We are currently implementing low-carbon initiatives at our terminals and implementing terminal operation management practices to mitigate the effects of these events. Matson is partnering with local utilities and stakeholders to support disaster planning and resilience.
Opportunity			
Be a leader within our tradelanes in the transition to low-emissions technologies	Matson is well-positioned to be part of the maritime transportation industry's transition to low-carbon fuels and technologies	Medium/long-term	We have set short- and long-term goals that demonstrate Matson's commitment and contribution to helping the world decarbonize. We are actively evaluating and planning to pursue many different approaches to increase efficiency, modernize our terminal operations and meet these goals.



Air Emissions

Beyond GHG emissions, Matson works to minimize emissions from other air pollutants that can have negative effects on the environment and human health. In meeting new IMO standards in 2020 to reduce sulfur oxide (SO_x) emissions, Matson installed a combination of exhaust gas cleaning systems, or “scrubbers,” and began using low-sulfur fuels to achieve or exceed the improvements needed to meet the more stringent standards. In our Alaska and Hawaii tradelanes, Matson installed scrubbers on 10 vessels powered by diesel engines. All of Matson’s other vessels use low-sulfur fuels to meet or exceed the new standards. These technologies also help reduce emissions of particulate matter (PM₁₀) and black carbon.



To reduce nitrogen oxides (NO_x), Matson is investing in more efficient engine technology. For instance, our two new Kanaloa class ships have Tier 3 engines, which emit 80% less NO_x emissions than Tier 1 engines, making them among the lowest-emitting vessels regularly calling the U.S. West Coast. Additionally, Matson’s U.S.-flagged ships comply with designated IMO Emission Control Areas in North America. We also utilize AMP while in port in California to improve air quality. In 2021, air emissions increased in line with fuel consumption, except for SO_x which decreased by 25% due to the use of low-sulfur fuels and scrubbers. Read [here](#) for a discussion of our increased fuel consumption in 2021.

2019-2021 Air Emissions (mt)

	2019	2020	2021*	% change from 2020-2021
NO_x (excluding N₂O)	31,900	26,700	30,100	13%
SO_x	11,500	2,000	1,500	-25%
PM₁₀	2,000	900	900	0%
VOCs	1,100	1,000	1,100	10%
Black Carbon	100	90	100	11%

* Starting in 2021, data includes all shoreside operations.

For most figures, data rounded to the nearest hundred.

In November 2021, Matson received a Notice of Violation from the California Air Resources Board (CARB). The notice alleges that in 2020, Matson’s fleet did not meet the 80% threshold of plugging in to shore power during visits to the Port of Long Beach, potentially violating CARB’s regulation aimed at reducing certain air polluting emissions. The violations were alleged to have been incurred by chartered vessels used in the CLX+ service, none of which were outfitted with AMP capability. Matson has presented multiple mitigating factors for consideration in settlement discussions with CARB, as well as plans to achieve compliance in 2022. For example, one of the recent charter vessels currently in the CLX+ service is equipped with AMP capability. Matson is reimbursing another vessel owner for costs to equip a second charter vessel with AMP capability. In addition, Matson is actively evaluating and investing in technologies to enable all CLX+ chartered vessels to otherwise reduce vessel emissions while in port.



Environmental Management at Matson

Matson’s Safety, Quality, Environment, and Security (SQES) Department is responsible for the day-to-day management of our environmental strategy and for driving performance. This team implements our environmental management system, which includes training for our workforce on pertinent laws, regulations and corporate policies and procedures. Three of our terminal sites also maintain ISO-14001 audit certificates that center on continued improvement. The head of our SQES Department reports to Matson’s Senior Vice President of Vessel Operations and Engineering, and also serves on Matson’s Environment, Safety and Security Committee, which is composed of senior management and company leaders.

Environmental Features of Matson Shipping Containers

In recent years, Matson has redesigned certain features of our shipping containers to improve their environmental performance:

- Water-based paint and sealants, which emit fewer volatile organic compounds (VOCs) than solvent-based products, are used on both interior and exterior panels and joints.
- No hot zinc metallizing spray is used on corner posts, headers and sills in refrigerated containers. Zinc is commonly used for corrosion protection and when sprayed on, can create hazardous fumes or leach zinc into water supplies, raising acid levels that may harm people and local wildlife.
- Bamboo hybrid flooring is used on dry containers rather than flooring made from old growth hardwoods, such as Apitong from Southeast Asia, which has led to the deforestation of old growth forests. Matson's bamboo hybrid floors consist of 21 plies and include fast-growing bamboo, eucalyptus and other types of sustainable forest products.

Dry Container



Refrigerated Container



Safeguarding Our Oceans

Our oceans are a vast resource – providing a home to millions of diverse species and playing a critical role in the carbon cycle and weather patterns. Billions of people depend on our oceans for sustenance and livelihoods. We understand the importance of protecting our oceans and seek to be diligent in our efforts to minimize our impacts on the marine environment.

Spills

We have a stringent program in place to prevent spills both at sea and on land. Our goal is zero significant spills, defined as a spill of more than 1 barrel of oil or other hazardous substances. To meet this goal, we employ a combination of written procedures, training and proactive maintenance of vessels and equipment. Under these procedures, if a spill does occur, we activate our response plans aimed at limiting, mitigating and remediating any resulting environmental damage. On each vessel, there is a Vessel Response Plan, a Shipboard Oil Pollution Emergency Plan and a Shipboard Marine Pollution Emergency Plan, all of which have been submitted to and reviewed by the U.S. Coast Guard. In 2021, we did not experience any significant spills.

Bilge Water

Over the course of a voyage, sea water and runoff can accumulate in the bilge, the lowest point in the inner hull of a ship. Matson vessels use oil-water separators with oil content meters to control bilge water discharges at sea in compliance with IMO and U.S. Coast Guard regulations. We also enforce the Matson Environmental Protection Zone, our longstanding policy, which does not allow discharges within 50 miles from land, even if regulations allow discharges closer to shore. In Alaska, where we often operate in more narrow corridors, this zone is reduced to 20 miles in order to protect the local ecosystem.

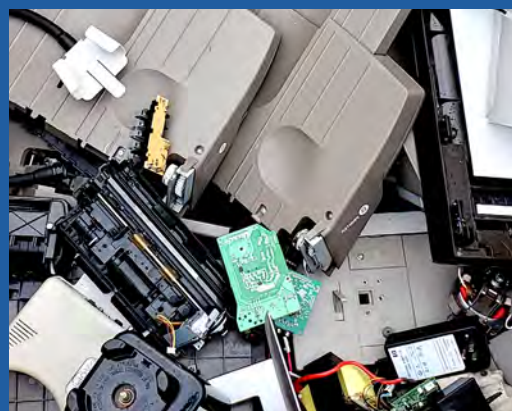
Ballast Water

Ships use ballast tanks, which can be filled with water to help balance a ship's weight and improve stability and maneuverability at sea. When ballast water is discharged, ships can inadvertently spread invasive species to new water bodies. To prevent this, Matson uses ballast water management plans that define allowable methods for intake and discharge of ballast water. Matson also employs ballast water management systems to treat ballast water before it is discharged into the ocean. In 2021, Matson completed installation of six ballast water systems. Nineteen vessels in our fleet have now been equipped with ballast water management systems.

Reducing Waste in Alaska

In 2021, Matson provided critical in-kind support to enable the removal of recyclables and hazardous waste from Alaska towns and villages to the U.S. Mainland for proper disposal. Working in collaboration with Alaskans for Litter Prevention and Recycling, Matson donated south-bound shipping of 384 containers filled with recyclable materials from southcentral Alaska to recycling facilities in Washington. Without Matson's support, recycling in Alaska would not be economically feasible.

Matson also partnered with Zender Environmental and the Kodiak Area Native Association to support Backhaul Alaska pilot programs in Kodiak and Unalaska. The Backhaul Alaska program collects and transports hazardous waste from rural villages to the U.S. Mainland for proper disposal or recycling. The waste consisted of old electronics, fluorescent light bulbs and lead-acid batteries that were gathered up from some of Alaska's most remote communities, including Kodiak's Native Villages of Old Harbor, Port Lions, Ouzinkie, Larsen Bay and Unalaska. These programs help provide proper handling, recycling or disposal of waste that cannot currently be processed in Alaska due to a lack of qualified waste management facilities.



Waste Management

To reduce the amount of waste brought into port, we work to limit excessive dunnage, which is material used to brace and stabilize cargo inside a container, prior to transport. Because there are limited recycling facilities in Alaska, we backhaul certain types of dunnage to the U.S. Mainland for proper recycling and disposal.

While at sea, Matson maintains a zero solid waste discharge policy, which prohibits all solid waste, except food waste, from being discharged at sea. Waste is instead collected and stored in a "greentainer" on each vessel for unloading in port and proper disposal at recycling, waste-to-energy or other disposal facilities. Waste, such as paint or oily rags, is to be stored according to regulatory requirements for disposal at qualified facilities.

Vessel Recycling

Our commitment to environmental stewardship extends to a retired vessel's end-of-life, when it is responsibly recycled. Matson requires all ships to be recycled in facilities that comply with U.S. and international environmental and safety standards. In 2021, Matson submitted the last two steamships in our fleet for recycling in approved facilities in Brownsville, Texas.

Marine Life

To protect marine animals migrating up and down the Pacific coast, Matson participates in several voluntary speed reduction programs, including the Port of Long Beach Green Flag program as well as programs in Puget Sound. We also adhere to speed restrictions when approaching the Port of Auckland, New Zealand. In addition, we report any whale sightings through a program overseen by the PMSA and National Oceanic and Atmospheric Administration. This program improves understanding of whale migration patterns and helps mariners become better at spotting and avoiding collisions with whales and other marine life.

Environmental Conservation and Education

Matson's commitment to environmental stewardship extends to supporting local conservation and education programs in the communities we serve. In 2021, Matson provided more than \$925,000 in grants and in-kind donations to more than 25 organizations with a focus on the environment or conservation. Among the grants made in 2021 were the following:

- The Matson Ocean Education Center at the Alaska Wildlife Conservation Center in Portage, Alaska
- Restoration of the ancient Hawaiian fishpond in Ewa Beach, Hawaii
- Ocean Voyages Institute's 2022 Pacific Gyre clean-up voyages



CORPORATE INTEGRITY

Message from Our Chairman and CEO

About Matson

2021 Highlights

Materiality and Strategy

About This Report

People and Places

- Customers
- Employees
- Communities

Environmental Stewardship

→ **Corporate Integrity**

Appendix



CORPORATE INTEGRITY

Vision:

**Upholding high standards
for corporate governance
and acting with respect,
candor and honesty in
everything we do**

OUR APPROACH

From our shoreside offices to the remote harbors we serve, Matson is committed to conducting business in an honest, respectful and transparent manner while operating safe, reliable services. This ethos is foundational to the Board's engagement in – and oversight of – Matson's ESG practices. We believe acting with integrity is essential for building and maintaining the trust of our stakeholders.

Key Global and Industry Drivers in 2021

Today's investors seek assurances that the companies they invest in have engaged, diverse boards and sound governance practices, as well as sustainable, resilient and socially responsible approaches to operating their businesses.

Matson's Strategy

Our approach is to continue doing what we've always done: Take care of our employees and provide them with the tools and training needed to uphold our company's high standards for ethics; invest in the long-term resiliency of our operations in order to maintain safe, reliable service to our customers and island communities; and keep our diverse Board updated on Matson's ESG strategy and goals.

2021 PERFORMANCE & OUTCOMES

Continued to reinforce strong ESG governance



ESG topics presented or discussed at every regular Board meeting in 2021



Appointed first **VP of Sustainability and Governance** to drive company-wide ESG strategy, with Board oversight

Maintained a diverse and independent Board

43% of directors are women **71%** of directors identify as racially or ethnically diverse

86% of directors are independent

8 years average director tenure

66 years average director age

Employees trained on ethics and cybersecurity

99% of employees and contractors completed Code of Conduct training

97% of employees trained on cybersecurity

87% of new hires trained on cybersecurity within the first 30 days of employment

Operated safely

0 serious marine incidents* involving vessels or infrastructure

0 significant leaks, thefts or losses of customer data or any substantiated complaints concerning breaches of customer privacy

* As defined by the U.S. Coast Guard.

Key Initiatives

ESG Governance

Matson's Board has oversight of a variety of matters, including Matson's climate risks and opportunities; human capital management; diversity, equity and inclusion; regulatory compliance; cybersecurity; and enterprise risk management.

The **Board** oversees Matson's sustainability strategy and goals, and approves the company's community giving strategy annually.

The Board leverages the expertise of its standing committees on key sustainability-related topics: the **Audit Committee** oversees Matson's overall enterprise risk management program, including climate and information security risks; the **Compensation Committee** oversees compensation and benefit programs; and the **Nominating and Corporate Governance Committee** oversees Board governance matters.

The **Chairman and CEO** is responsible for the overall performance of the company. He is supported by an **executive management team**, a group of senior leaders representing functions across the enterprise, all of whom have key responsibilities related to ESG matters. The Chairman and the executive management team provide regular updates to the Board on ESG and other matters.

The **Environment, Safety and Security Committee** is composed of senior management and company leaders who meet quarterly.

The **ESG Working Group**, which is led by the Vice President of Sustainability and Governance, guides Matson's ESG strategy and oversees ESG reporting and transparency.

The **Green Team** identifies opportunities to lower Matson's environmental impacts across the business.

The **Corporate Compliance Committee** oversees and manages the company's compliance and ethics programs, policies and procedures, including compliance with Matson's Code of Conduct and other policies, and reviews results of whistleblower investigations and compliance audits. The committee, which is chaired by the **General Counsel**, reports semi-annually to the Audit Committee.

Employees throughout the company are also involved in – and provide input on – ESG matters.

Matson's Corporate Governance Highlights

- Annual election of all directors
- Plurality plus vote for directors
- Annual shareholder engagement program
- Lead Independent Director
- Board oversight of succession planning for directors, CEO and senior management
- Annual Board and committee self-evaluations
- Executive sessions of independent directors
- Continuing director education
- Strong executive and director stock ownership guidelines
- No supermajority voting requirements
- Mandatory retirement age for directors

Other Compensation Practices

- Strong pay for performance compensation philosophy
- 81% of CEO and 70% of other named executive officer target total direct compensation in 2021 were variable and at-risk based on annual and long-term performance
- Different financial, operating and stock price performance metrics to determine incentive payments in annual and long-term incentive awards
- Vesting of 50% of annual equity award is tied to achievement of specified performance goals, including relative total shareholder return

98%

of votes were cast in favor of Matson's executive compensation program at the 2022 Annual Meeting of Shareholders

More details on Matson's corporate governance and compensation policies and practices are in our [2022 Proxy Statement](#).

Ethics

Matson's ethics program, which is overseen by our Board's Audit Committee, provides guidance and training to our employees on our high standards of integrity and empowers them to raise any ethical concerns they may encounter. Our Code of Conduct contains Matson's policies for preventing and addressing instances of corruption, conflicts of interest, fraud, money laundering, antitrust and anti-competitive practices. The Code also provides guidance on gifts and travel. These policies apply to our leadership, employees, contractors and business partners.

Beyond our own policies, we strive to uphold all applicable laws in our operational jurisdictions that address both foreign and domestic anti-bribery and anti-corruption conduct, including the U.S. Foreign Corrupt Practices Act. We perform internal audits and corruption risk assessments of our operations to identify opportunities for improvement and to maintain alignment with best practices.

Ethics Training

All employees and contractors are required to complete Code of Conduct training on an annual basis, which is regularly updated. We also offer specialized trainings on antitrust and anti-bribery compliance for certain functions. Beyond Code of Conduct training, 99% of all employees completed required, annual workplace anti-harassment training in 2021.

Ethics Hotline

Should an ethics, compliance, legal or safety concern arise, Matson's Code of Conduct and annual training establish the expectation for employees to proactively speak up and report such instances. We maintain a confidential, third-party reporting hotline for employees to voice their concerns. All reporters are protected from retaliation consistent with Matson's policies. Reports made through the hotline are reviewed by Matson and thoroughly investigated.



Operational Safety

We have a significant responsibility to all of the communities we serve, and perhaps more so to the small, remote communities where Matson may be the primary or only carrier. Because of this, we regularly invest in the safety, security and resiliency of our vessels and operational infrastructure. The challenges of 2021 only underscored the importance of being consistently reliable and resilient.

Our approach is also focused on creating and regularly updating business continuity plans that help us prepare for and strengthen our defenses against potential cybersecurity incidents, system outages, natural disasters, extreme weather events and national security threats. We have made investments and upgraded to newer and safer technology in our terminals, fleets and equipment.

For example, Matson has invested heavily in improvements to the Sand Island terminal in Honolulu Harbor to accommodate our new, larger Aloha and Kanaloa class vessels. The first phase was completed in 2020. We are also upgrading infrastructure and equipment to better withstand extreme weather events and power outages. During 2021, as part of the second phase, Matson completed the installation, energization and transition to a new redundant main switchgear – electronic machinery for power management and distribution. Additional projects for this phase include improvements to our backup power generators, installation of new above ground fuel storage tanks and a battery energy storage system, which are all expected to be completed within the next three years.

Similarly, we continued to engage with local government and community members on modernization plans for the Port of Alaska

in Anchorage. We have been advocating for design features that would harden the port against natural disasters and improve operational efficiency of the terminal facility while making it equally accessible for all carriers. These investments are necessary to secure Alaska's supply chain for generations to come.

Cargo Security

There are certain risks inherent in shipping cargo. Because of this, we have policies in place to safeguard and track the goods we carry on behalf of our customers. We regularly update and train employees on these policies to reflect best practice. In 2021, we updated our dangerous and hazardous goods procedures to improve our handling and recycling of restricted substances in China. We are also part of the voluntary U.S. Customs and Border Protection's Customs Trade Partnership Against Terrorism (CTPAT) program, which is intended to strengthen international supply chains and improve U.S. border security.

Cybersecurity

Digital systems are integral to Matson's maritime and logistics businesses, but they also present potential risks to vessel and terminal operations, as well as to the protection of proprietary, sensitive and private information. To assess and manage these risks across our operations, we have made cybersecurity risk evaluation part of our annual enterprise-level business planning process.

By better understanding our risks, we are able to enhance our systems to guard against potential threats, including security breaches and third-party unauthorized access. We also work to embed cybersecurity best practices in our culture and organization through employee training and education initiatives.

Our Chief Information Officer meets no less than twice per year with Matson's Audit Committee to review information security risks, policies and programs. The Chair of the Audit Committee briefs the Board on matters discussed. Senior leadership, including the Chief Information Officer, briefs the full Board of Directors no less than annually on information security matters. The Chair of Matson's Audit Committee also serves as Chair of the National Infrastructure Advisory Council, which advises the U.S. President on the security of critical infrastructure sectors, including transportation, and their information systems.

As part of our overall approach, our policy spells out how we appropriately handle and protect information from unauthorized third-party access. We have clear steps in place for gaining an individual's or entity's consent to share private information. Response and remediation plans are in place should an event occur. We keep our company, including vessel and office IT systems, secured according to ISO 27001, NIST 800-53 and DFARS 252.204-7012 cybersecurity standards. Our cybersecurity practices are routinely audited by independent third parties to check for weaknesses, which allows us to improve our ability to respond, should an event occur. We conduct information security training for users annually; additional training programs on specific topics such as phishing, best practices in data security and other topics at least three times per year; and enhanced trainings for users with responsibility for sensitive data. In addition, we conduct periodic tests of security awareness among our workforce.

Matson keeps informed of the latest cyber threats specific to our industry through involvement in various organizations, including:

- U.S. Cybersecurity and Infrastructure Security Agency's Critical Infrastructure Partnership: an information sharing partnership between the public and private sectors that fosters integrated and collaborative engagement on cyber threats
- FBI InfraGard: a partnership between the FBI and the private sector dedicated to sharing information and intelligence
- U.S. Coast Guard Area Maritime Security Committees: forums for coordination of security-related issues – including cybersecurity – contingency planning and cooperation among stakeholders in U.S. ports
- CyberHawaii: an information-sharing and analysis nonprofit committed to developing and enhancing Hawaii's cybersecurity capabilities

In addition, Matson serves on the board of the Maritime Transportation System Information Sharing and Analysis Center (MTS-ISAC). This organization promotes and facilitates maritime cybersecurity information sharing, awareness, training and collaboration efforts between private and public sector stakeholders.

Matson has implemented several best practices for improved identification, protection, detection, response and recovery efforts related to cyber risks through active participation in these and other organizations. For example, Amazon Web Services' (AWS) Foundational Security Best Practices has informed the infrastructure of our cloud environment. In addition, Matson follows Microsoft's best practices for privileged access as part of our overall enterprise access control strategy. Matson strives to share timely and actionable cyber threat information that our trusted partners can use to prevent and/or minimize potential cyber incidents.

In 2021, Matson did not experience any significant cybersecurity incidents.

APPENDIX

Message from Our Chairman and CEO

About Matson

2021 Highlights

Materiality and Strategy

About This Report

People and Places

- Customers
- Employees
- Communities

Environmental Stewardship

Corporate Integrity

→ **Appendix**



Key Data Summary

TOPIC	METRIC/KPI	2019	2020	2021
Business Figures	Revenue (in billions)	\$2.2	\$2.4	\$3.9
	Matson-owned vessels	16	18	20
	Chartered vessels	0	6	8
	Warehouses	5	5	4
	Cross-dock facilities	6	6	6
	Total employees (includes union employees)	4,412	4,149	4,259
	% of employee unionized	72.2%	71.2%	71.4%
Customers	On-time performance by tradelane (arrival within 24 hours of scheduled time)	Hawaii: 96%	Hawaii: 98%	Hawaii: 99%
		Guam: 90%	Guam: 92%	Guam: 98%
		China/Long Beach: 96%	China/Long Beach: 90%	China/Long Beach: 89%
		Alaska: 98%	Alaska: 97%	Alaska: 96%
		Okinawa: 88%	Okinawa: 88%	Okinawa: 94%
			CLX+: 72%	
Employee Health and Safety	Lost-time incident rate	Shoreside: 5.43	Shoreside: 4.87	Shoreside: 3.59
		Offshore: 0.53	Offshore: 1.13	Offshore: 0.67
Employee Development	Fatalities	0	1	0
	% of open positions filled by internal candidates	40%	53%	46%
	Average total turnover	12%	8%	12%
	Average tenure (in years)	10	12	11
Diversity, Equity and Inclusion	U.S. Shoreside Employees: % women	29.1%	28.5%	28.0%
	U.S. Shoreside Employees: % minority	49.2%	49.0%	49.1%
	U.S. Shoreside Management: % women	34.3%	33.9%	34.3%
	U.S. Shoreside Management: % minority	39.8%	42.7%	42.2%
Local Economic Impact	Number of shoreside employees in Hawaii, Alaska and Guam	1,300	1,279	1,315
	Total annual compensation for shoreside employees in Hawaii, Alaska and Guam	\$164M	\$166M	\$176M
	Matson's CEO to median employee pay ratio	39:1	47:1	64:1
Community	Total cash and in-kind giving	\$3.7M	\$3.5M	\$4.2M

(continued)

TOPIC	METRIC/KPI	2019	2020	2021
Climate Change ¹	Scope 1 GHG emissions from owned fleet (mt CO ₂ e)	1,165,600	1,029,600	1,180,300
	Scope 1 GHG emissions (total) (mt CO ₂ e)	N/A	N/A	1,201,200
	Scope 2 GHG emissions (mt CO ₂ e)	800	800	14,900
	Scope 3 GHG emissions (mt CO ₂ e)	N/A	N/A	1,885,600
	Energy use (GJ) ²	14,970,000	13,250,000 ⁴	15,556,200
Air Emissions (mt)	NO _x (excluding N ₂ O)	31,900	26,700	30,100
	SO _x	11,500	2,000	1,500
	PM ₁₀	2,000	900	900
	VOCs	1,100	1,000	1,100
	Black carbon	100	90	100
Spills	# of significant spills	1	0	0
Ship Recycling	# of vessels responsibly recycled	2	2	2
Ocean Health	# of vessels with active ballast water management systems	10	13	19
Ethics	% of employees and contractors trained on Code of Conduct	100%	N/A ³	99%
Cybersecurity	% of employees trained on cybersecurity	100%	N/A ³	97%
	% of new hires trained on cybersecurity within the first 30 days of employment	86%	N/A ³	87%
	# of significant leaks, thefts or losses of customer data or any substantiated complaints concerning breaches of customer privacy	0	N/A ³	0
Safe Operations	# of serious marine incidents involving vessels or marine infrastructure	2	0	0
Board Governance	% of directors identifying as racially or ethnically diverse	71%	71%	71%
	% of women directors	43%	43%	43%
	% of directors that are independent	86%	86%	86%
	Average director tenure (in years)	6	7	8
	Average director age	64	65	66

¹ Total GHG emissions in 2019 and 2020 include only Scope 1 emissions from Matson's owned fleet and Scope 2 emissions from shore power. In 2021, the GHG inventory was expanded to include Scope 1 and 2 emissions from shoreside operations and Scope 3 emissions. All GHG emissions data is rounded to the nearest hundred.

² Energy use in 2019 and 2021 includes only energy use from Matson's owned fleet and shore power.

³ With respect to 2020, Matson published a sustainability report supplement rather than a full sustainability report, and did not disclose these metrics.

⁴ Restated to correct an error in the formula related to the energy density of marine fuel oil.



Sustainability Accounting Standards Board Index: Marine Transportation Standard

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE
Greenhouse Gas Emissions	TR-MT-110a.1	Gross global Scope 1 emissions	Climate Change, page 32
	TR-MT-110a.2	Discussion of short- and long-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Materiality and Strategy, page 8 Climate Change, page 32
	TR-MT-110a.3	(1) Total energy consumed (2) Percentage heavy fuel oil (3) Percentage renewable	Total energy consumed (GJ): 15,556,200 Heavy fuel oil: 79% Percentage renewable: 0.2%
	TR-MT-110a.4	Average Energy Efficiency Design Index (EEDI) for new ships	<i>Daniel K. Inouye</i> : Attained EEDI is 18.4 grams-CO ₂ /tonne-mile <i>Kaimana Hila</i> : Attained EEDI is 17.0 grams-CO ₂ /tonne-mile
Air Quality	TR-MT.120a.1	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O) (2) SO _x (3) Particulate matter (PM ₁₀)	Air Emissions, page 39
Ecological Impacts	TR-MT-160a.1	Shipping duration in marine protected areas or areas of protected conservation status	Safeguarding Our Oceans, page 40 . In certain geographies, Matson's 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, and occasionally, areas west of Hawaii. Matson does not track time spent in these areas.
	TR-MT-160a.2	Percentage of fleet implementing ballast water (1) exchange and (2) treatment	Safeguarding Our Oceans, page 40
	TR-MT-160a.3	(1) Number and (2) aggregate volume of spills and releases to the environment	Spills, page 40
Employee Health & Safety	TR-MT-320a.1	Lost time incident rate (LTIR)	Employees: 2021 Performance and Outcomes, page 17
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
Accident & Safety Management	TR-MT-540a.1	Number of marine casualties, percentage classified as very serious	Corporate Integrity: 2021 Performance and Outcomes, page 44
	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

For activity metrics, please see [Matson's 2021 Form 10-K](#)



Global Reporting Initiative Content Index

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 5
102-3	HQ location Honolulu, Hawaii
102-4	Location of operations About Matson, page 5
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 5 . More information can be found in Matson's 2021 Form 10-K
102-7	Scale of the organization About Matson, page 5 . More information can be found in Matson's 2021 Form 10-K
102-8	Information on employees and other workers Matson's 2021 Global Workforce, page 19 . Matson uses agents, temporary workers and contractors across its operations, often to support the business during busier seasons. In addition, Matson's fleet of active vessels require 392 billets. 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 32 billets to manage three U.S. government vessels. Matson's human resources and operations departments collect and record workforce data on an ongoing basis.
102-9	Supply chain Matson's most significant supply chain inputs are the handling of cargo at terminals and the purchasing of fuel to operate our vessels. See a map of Matson's terminal locations on page 5 . 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 8 .
102-12	External initiatives Smart Freight Centre's Clean Cargo U.S. Environmental Protection Agency SmartWay Transport Partnership Maritime Labour Convention Matson has aligned its ESG priorities with the UN Sustainable Development Goals, see more on page 9 .
102-13	Membership in associations Chamber of Shipping of America World Shipping Council North American Marine Environment Protection Association Smithsonian Environmental Research Center

(continued)

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	Matson's Mission, Vision and Values, page 7
102-17	Mechanisms for advice and concerns about ethics	Ethics, page 46
Governance		
102-18	Governance structure	ESG Governance, page 45 Matson's Corporate Governance Highlights, page 45
102-19	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	ESG Governance, page 45
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, page 8
102-41	Collective bargaining agreements	Matson's 2021 Global Workforce, page 19
102-42	Identifying and selecting stakeholders	Materiality and Strategy, page 8 Stakeholder Engagement, page 8
102-43	Approach to stakeholder engagement	Materiality and Strategy, page 8 Stakeholder Engagement, page 8
102-44	Key topics and concerns raised	Stakeholder Engagement, page 8

(continued)

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, see page 10 .
102-46 Defining Report content and topic Boundaries	About this Report, page 10 Materiality and Strategy, page 8 . 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 Priority ESG Issues, page 8
102-48 Restatements of information	In the past, we stated that employee tenure and turnover figures did not include union employees, however they do, in fact, include both union and non-union employees for previously reported data and the 2021 data in this Report.
102-49 Changes in reporting	Improving the Robustness of Our GHG Inventory, page 34
102-50 Reporting period	Data provided in this Report is from fiscal year 2021 (January 1, 2021 to December 31, 2021). In some cases, qualitative updates for activities in early 2022 may also be included.
102-51 Date of most recent report	Matson published a full Sustainability Report in February 2021 covering 2019 data, and it published a 2020 Sustainability Report Supplement in November 2021.
102-52 Reporting cycle	Annual
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	This is the GRI Index.
102-56 External assurance	The Report was not externally assured.

(continued)

Disclosures by Matson's Priority Issues

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Greenhouse Gas Emissions and Climate Change		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Climate Change, page 32
302 Energy	302-1: Energy consumption within the organization (in GJ)	Total energy consumed within the organization: 15,556,200 GJ <ul style="list-style-type: none"> Total fuel consumed from non-renewable sources: 15,530,000 GJ Total fuel consumed from renewable sources: 26,200 GJ Electricity use: 114,500 GJ
	302-2: Energy consumption outside of the organization	In most instances, Matson does not collect information on energy consumption outside of the organization. Instead, we use a combination of fuel usage data and environmentally extended input/output economic modeling to estimate emissions from energy usage outside of our organization (Scope 3), among other activities. We do collect data on energy use from our CLX+ service, which is included in Scope 3 GHG Emissions, Upstream Leased Assets. See page 31 .
	302-3: Energy intensity	Matson does not report energy intensity.
	302-4: Reduction of energy consumption	Our Progress, page 34
201 Economic Performance	201-2: Financial implications and other risks and opportunities for the organization's activities due to climate change	Examples of Climate Change Risks and Opportunities, page 38
305 Emissions	305-1: Direct (Scope 1) GHG emissions	2021 Matson GHG Emissions by Scope, page 32
	305-2: Energy indirect (Scope 2) GHG emissions	2021 Matson GHG Emissions by Scope, page 32
	305-3: Other indirect (Scope 3) GHG emissions	2021 Matson GHG Emissions by Scope, page 32
	305-4: GHG emissions intensity	Matson does not currently report GHG emissions intensity.
	305-5: Reduction of GHG emissions	Our Progress, page 34
Air Quality		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Air Emissions, page 39
305 Emissions	305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Emissions, page 39
Ship Recycling		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Vessel Recycling, page 41
306 Waste	306-4: Waste diverted from disposal	Vessel Recycling, page 41 . Matson does not track weight of materials by disposal method for recycled ships; this is handled by the recycler.

(continued)

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Ocean Health and Biodiversity		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Safeguarding Our Oceans, page 40
304 Biodiversity	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Matson does not own, lease or manage sites in U.S. Marine Protected Areas (MPZ).
	304-2: Significant impacts of activities, products and services on biodiversity	Climate Change, page 32 , Air Emissions, page 38 and Safeguarding Our Oceans, page 40 . 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, and occasionally, areas west of Hawaii. Matson does not track time spent in these areas.
	304-3: Habitats protected or restored	Safeguarding Our Oceans, page 40 and Caring for Alaska, page 27 . Matson supports habitat restoration and clean-up projects in partnership with numerous nonprofit organizations. It does not track size and location of habitats protected.
	304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations	Safeguarding Our Oceans, page 40 . 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.
303 Water and Effluents	303-1: Water discharge	Safeguarding Our Oceans, page 40 . Matson does not track volume of discharges for ballast or bilge water at the corporate level.
306 Waste	306-5: Waste by type and disposal method	Waste Management, page 41 and Cargo Security, page 47 . Matson does not track weight of materials by disposal method. Matson tracks individual shipments of hazardous waste in compliance with regulations. However, at the corporate level, Matson does not compile the weight of hazardous materials transported, imported, exported, treated or shipped internationally.
Spills		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Spills, page 40
306 Effluents and Waste (2016)	306-3: Significant spills	Spills, page 40

(continued)

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Employee Health and Safety		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Workplace Safety, page 18
403 Occupational Health and Safety	403-1: Occupational health and safety management system	Workplace Safety, 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.
	403-2: Hazard identification, risk assessment and incident investigation	Workplace Safety, page 18
	403-3: Occupational health services	Workplace Safety, 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.
	403-4: Worker participation, consultation, and communication on occupational health and safety	Workplace Safety, page 18
	403-5: Worker training on occupational health and safety	Workplace Safety, page 18
	403-6: Promotion of worker health	Matson provides employees medical, dental and vision insurance, short- and long-term disability insurance, flexible spending accounts for medical and childcare expenses, parental leave and an employee assistance program that among other topics, provides support for counseling and therapy. <i>Matson Life</i> , a new platform launched in 2020, provides a range of resources and support on employee well-being including mental, physical and financial health. See more on page 22 .
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	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 and to prevent 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.
	403-8: Workers covered by an occupational health and safety management system	All of Matson's employees, crewmembers and contractors are covered by its occupational safety program. Not all health benefits are provided to all employees (see 401-2 below). Matson's safety program is internally and externally audited.
	403-9: Work-related injuries	Employees: 2021 Performance and Outcomes, page 17 . Note, Matson calculates the LTIR per 200,000 hours worked.
Diversity, Equity and Inclusion		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Diversity, Equity and Inclusion, page 19
405 Diversity and Equal Opportunity	405-1: Diversity of employees	Diversity, Equity and Inclusion, page 21 . Matson reports only the average age of total employees: 48.3.

(continued)

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Workforce Development and Succession		
103 Management Approach	103-1: Explanation of material topic	Materiality, Strategy and Governance, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Listening and Responding to Employee Needs, page 22 Employee Development and Retention, page 23
401 Employment	401-1: New employee hires and employee turnover	Turnover <ul style="list-style-type: none"> ▪ Employees: 2021 Performance and Outcomes, page 17 Total number of U.S. new hires in 2021 <ul style="list-style-type: none"> ▪ Union employees: 210 ▪ Non-union employees: 205
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Matson provides industry-competitive benefits, including medical, dental and vision insurance; optional legal and identity theft protection insurance; an employee assistance program; parental leave, fertility benefits and adoption assistance; back-up child and adult dependent care; and retirement plans, including 401(k), profit sharing and pension plans. All full-time non-union employees are eligible to receive these benefits, although part-time non-union employees do have some 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 6 hours per person to U.S. non-union employees. Matson does not break down training hours by gender or employee category.
	404-2: Programs for upgrading employee skills and transition assistance programs	Employee Development and Retention, page 23 . Matson believes that the ongoing professional development and growth of our employees is critical to the success of our company. We offer online training programs to enhance professional development including managerial skills. We provide employees with opportunities to attend conferences and outside classes to develop knowledge and skills relevant to their position and department. Additionally, we have a tuition reimbursement program for those who want to obtain a degree or certification.
	404-3: Percentage of employees receiving regular performance and career development reviews	100%
Labor Relations		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Like many 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 2021, 74.1% of our workforce was covered by a collective bargaining agreement. Effective, positive and stable relationships with our union partners is 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. This approach applies enterprise-wide. We believe proactive engagement leads to mutually agreeable contracts and constructive relationships.

(continued)

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Labor Relations <i>(continued)</i>		
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.
Community Lifeline		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Communities, page 24-25
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Communities, page 24-28
Community Giving		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Communities, page 24
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 on local needs. See Key Initiatives, page 24
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Key Initiatives and Matson's 2021 Community Giving, page 26
Board Governance		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	ESG Governance, page 45 and Matson's Governance and Compensation Practices, page 45
405 Diversity and Equal Opportunity	405-1: Diversity of governance bodies	Corporate Integrity: 2021 Performance and Outcomes, page 44 . The age of each director can be found in Matson's proxy statement .
Ethics		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Ethics, page 46
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 46 . Board members receive communication 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 2021.

(continued)

GRI STANDARD		RESPONSE/REPORT PAGE/LINK
Economic Impact		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	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 Alaska and the Pacific, which are dependent on the U.S. Mainland for many types of goods. One of the ways we do this is through our highly reliable, on-time delivery of essential goods, which allows local retailers to use "just-in-time" inventory management. These islands typically have very limited warehousing, and Matson's punctuality allows companies to maintain smaller inventory levels. 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.
201 Economic Performance	201-1: Direct economic value generated and distributed	Direct economic value generated (revenue): Matson's 2021 Form 10-K Economic value distributed: <ul style="list-style-type: none"> ▪ Operating costs, interest expense and taxes: Matson's 2021 Form 10-K ▪ Total 2021 U.S. employee compensation and benefits: \$366M ▪ Community investments: page 26
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Operational Safety, page 47
	203-2: Significant indirect economic impacts	Communities: 2021 Performance and Outcomes, page 25
Safe and Resilient Operations		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Operational Safety, page 47
203 Indirect Economic Impacts	203-1: Infrastructure investments and services support	Operational Safety, page 47
Cybersecurity		
103 Management Approach	103-1: Explanation of material topic	Materiality and Strategy, page 8
	103-2: The management approach	About this Report, page 10
	103-3: Evaluation of management approach	Cybersecurity, page 47
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 2021.

EEO-1 Section D Employment Data

The information below mirrors Section D (Employment Data) of Matson's annual submission to the U.S. Equal Opportunity Commission ("EEO-1 Report") as of December 31, 2021. The EEO-1 Report speaks as of a specific point in time and mandates the use of specific job categories, which does not reflect how Matson determines management functions or organizes and measures its workforce. The EEO-1 Report does not include employees in Guam, where we have a large employee base, or non-U.S. employees. In addition, the EEO-1 Report uses categories for shoreside and offshore employees that are different from how we attract and hire these employee groups. We believe our diversity reporting on [page 21](#) better reflects the unique qualities of our workforce, and Matson's broader efforts to increase diversity in our company and industry (see more on [page 19](#)). Nonetheless, we disclose the information below to be transparent about our workforce diversity.

Job Categories	Hispanic or Latino		Not Hispanic or Latino												Overall Totals
			Male						Female						
	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	
Executive/Sr. Officials & Mgrs.	1	0	28	0	0	4	0	1	6	0	0	1	0	0	41
First/Mid. Officials & Mgrs.	16	12	132	8	31	60	1	26	69	7	9	30	1	4	406
Professionals	5	8	127	9	3	28	0	5	42	6	3	20	2	4	262
Technicians	1	0	12	1	0	0	0	0	1	0	0	0	0	0	15
Sales Workers	1	1	25	1	0	4	0	1	22	0	0	7	1	2	65
Administrative Support	24	39	48	8	14	15	3	7	152	28	12	43	5	17	415
Craft Workers	7	0	53	2	30	55	5	16	0	0	0	0	0	0	168
Operatives	27	9	217	15	66	58	20	38	7	5	3	6	2	1	474
Laborers & Helpers	60	5	350	17	32	60	30	36	26	0	2	3	14	7	642
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	142	74	992	61	176	284	59	130	325	46	29	110	25	35	2,488
Previous Report Total	124	70	907	55	168	266	46	117	323	45	25	107	22	30	2,305

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