

HAWAIIAN ELECTRIC INDUSTRIES INC
Form DEF 14A
March 28, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Hawaiian Electric Industries, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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(3) Filing Party:

(4) Date Filed:

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March 28, 2018

Dear Fellow Shareholder:

On behalf of the Board of Directors of Hawaiian Electric Industries, Inc. (HEI), it is my pleasure to invite you to attend the 2018 Annual Meeting of Shareholders (2018 Annual Meeting) of HEI. The meeting will be held on Thursday, May 10, 2018, at 10:00 a.m., Hawaii time at HEI's premises in Room 805 on the eighth floor of the American Savings Bank Tower, located at 1001 Bishop Street, Honolulu, Hawaii 96813. A map showing the location of the meeting site appears on the last page of the enclosed Proxy Statement.

The Notice of Annual Meeting of Shareholders and Proxy Statement that accompany this letter describe the business to be conducted during the 2018 Annual Meeting.

Your vote is very important. Whether or not you attend the meeting in person, and no matter how many shares you own, it is important that your views be represented. **Please vote by signing and returning your proxy card or by using telephone or internet voting. Instructions on how to vote are on pages 66-67 of the Proxy Statement.**

The Board of Directors and management team of HEI would like to express our appreciation to you for your confidence and support. I look forward to seeing you at the 2018 Annual Meeting in Honolulu.

Sincerely,

Constance H. Lau
President and Chief Executive Officer

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NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

Hawaiian Electric Industries, Inc.
1001 Bishop Street, Suite 2900
Honolulu, Hawaii 96813

When: Thursday, May 10, 2018, at 10:00 a.m., Hawaii Time.

Where: American Savings Bank Tower, 1001 Bishop Street, 8th Floor, Room 805, Honolulu, Hawaii 96813

Items of Business: **Proposal 1** Election of three Class I directors to serve for a three-year term expiring at the 2021 Annual Meeting of Shareholders

Proposal 2 Advisory vote to approve compensation for HEI's named executive officers

Proposal 3 Ratification of the appointment of Deloitte & Touche LLP as HEI's independent registered public accountant for 2018

To transact such other business as may properly come before the 2018 Annual Meeting.

Record Date: March 6, 2018

Annual Report: The 2017 Annual Report to Shareholders, which is not part of the proxy solicitation materials, has been mailed or made available electronically to shareholders, along with this Notice of 2018 Annual Meeting of Shareholders and accompanying Proxy Statement.

Who Can Attend: Only shareholders of record as of the record date are entitled to receive notice of, attend and vote at the 2018 Annual Meeting. To attend, you must bring government-issued photo identification. If your shares are held in street name, you must also bring evidence of ownership on the record date (such as a brokerage account statement). If you represent an entity that is a shareholder, you will also need proof of authority for representation.

Date of Mailing: On or about March 28, 2018, these proxy materials and annual report are being mailed or made available to shareholders.

How To Vote Your Shares

Your vote is important. Please vote as soon as possible by one of the methods shown below. Make sure to have your proxy card, voting instruction form, or notice of Internet availability in hand and follow the instructions. Shareholders of record may appoint proxies and vote their shares in one of four ways:

By Telephone: You can vote your shares by calling 1-888-693-8683

By Internet: You can vote your shares online at www.cesvote.com.

By Mail: You can vote by mail by marking, dating, and signing your proxy card or voting instruction

form and returning it in the postage-paid envelope.

In Person: Attend our annual meeting and vote by ballot.

Shareholders whose shares are held by a bank, broker or other financial intermediary (i.e., in "street name") should follow the voting instruction card provided by such intermediary.

Any proxy may be revoked in the manner described on page 68 in the accompanying Proxy Statement.

It is important that you vote your shares. To ensure that your shares are voted, please follow the instructions on the proxy card to either complete and return the proxy card or vote by telephone or over the internet. Mailing your proxy card or voting by telephone or over the internet does not preclude you from changing your vote in person at the 2018 Annual Meeting of Shareholders (the 2018 Annual Meeting).

Important Notice Regarding the Internet Availability of Proxy Materials for the 2018 Annual Meeting of Shareholders to be held on May 10, 2018

The accompanying Proxy Statement, 2017 Annual Report to Shareholders and 2017 Annual Report on Form 10-K are available at <http://www.hei.com>

By Order of the HEI Board of Directors,

Kurt K. Murao
Vice President Legal & Administration and
Corporate Secretary

March 28, 2018

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This summary contains highlights about our Company and the upcoming 2018 Annual Meeting of Shareholders. This summary does not contain all of the information that you should consider. Please read the entire Proxy Statement carefully prior to voting.

VOTING MATTERS

1. Election of Three Class I Directors	FOR Each Nominee	1
2. Advisory Vote to Approve the Compensation of HEI's Named Executive Officers	FOR	23
3. Ratification of Appointment of Independent Auditor for 2018	FOR	64

ELECTION OF DIRECTORS

The following table provides summary information about the nominees for election to the Board of Directors (Board) – three Class I Directors of Hawaiian Electric Industries, Inc. (HEI or the Company). Additional information about all directors, including the nominees, may be found beginning on page 2.

**Class I
Directors**

Richard J. Dahl	66	2017	Chairman, James Campbell Co., LLC	AC	2
Constance H. Lau	66	2006	President & Chief Executive Officer, HEI	EC	1
James K. Scott, Ed.D.	66	1995	President, Punahou School	NCGC	

AC - Audit Committee

EC - Executive Committee

NCGC - Nominating and Corporate Governance Committee

GOVERNANCE HIGHLIGHTS

HEI's governance is guided by the principle that shareholder value for our Company is linked to the value we bring to the customers and communities we serve. Highlights of our governance include:

Independent Chairman of the Board	YES
Number of Independent Directors	8 of 9
Percentage of Directors who are women or from diverse ethnic backgrounds	65%*
All Audit, Compensation and Nominating & Corporate Governance Committee members are independent	YES
Executive session of independent directors held at each Board meeting	YES
All directors attended at least 90% of meetings of the Board and Board committees on which they served in 2017	YES
Policy limitation on membership on other public company boards	YES
Annual Board and committee self-evaluations and periodic director self and peer review	YES
Directors required to submit resignation for Board consideration upon the end of their term after reaching age 75 or in event of a significant change in their employment	YES
Share ownership and retention requirements for directors and executives	YES

* see pages 12-13

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SHAREHOLDER INTERESTS

In an uncontested director election, a director who is elected but does not receive the support of a majority of votes cast must submit his or her resignation for Board consideration

No shareholder rights plan

Input from shareholder outreach incorporated in executive compensation program

Prohibition on hedging and pledging of HEI stock

2017 BUSINESS HIGHLIGHTS

FINANCIAL RESULTS

2017	\$165M (179)	\$1.52 (1.65)	7.9% (8.6%)
2016	\$248M (190)	\$2.29 (1.75)	12.4% (9.5%)
2015	\$160M (176)	\$1.50 (1.65)	8.6% (9.4%)

1 Numbers in parentheses are non-GAAP measures, which exclude tax reform and related adjustments for 2017, and after-tax merger and spin-off related expenses and income for 2016 and expenses for 2015. See Exhibit A for a reconciliation of GAAP to non-GAAP measures.

2017	13.4	21.8	11.7	1.8
3-year	21.3	38.3	26.1	49.8
5-year	77.2	108.1	83.7	125.3
10-year	156.6	126.0	97.5	84.8

Source: S&P Global Inc.

BUSINESS ACCOMPLISHMENTS

HEI continues to move forward as an independent consolidated enterprise following the termination in 2016 of a proposed merger involving our utility and companion spin off of our bank. In 2017 we expanded our family of companies to include Pacific Current, a newly established subsidiary company of HEI. Pacific Current is part of HEI's strategy to develop and invest in opportunities that serve as catalysts for a better Hawaii.

In 2017, our utilities, Hawaiian Electric Company (Hawaiian Electric), Maui Electric Company (Maui Electric) and Hawaii Electric Light Company (Hawaii Electric Light), continued to work toward Hawaii's goal of 100% renewable energy by 2045. The Hawaii Public Utilities Commission accepted our proposed near-term actions under our Power Supply Improvement Plan, the roadmap to achieving that goal, and approved our grid modernization strategy, which sets forth a framework for using the latest technology to build more resilient and renewable-ready island grids. In 2017, nearly 27% of the electricity on our grids came from renewable sources. Hawaii Island led the state at 57%, with Maui County and Oahu reaching 34% and 21%, respectively. We introduced new customer programs for private rooftop solar and battery storage and new tools to make it easier for customers to apply to connect their systems to the grid. Our regulators approved the Community Based Renewable Energy program to allow more customers, such as renters, condo owners and small businesses, to benefit from renewable energy. Our transformation is entering its next phase with several key initiatives underway in 2018, including a strategic plan for electrification of transportation and creation of new departments to promote our products and services, develop new offerings to provide greater value and convenience to customers and leverage existing assets to help build a "smart communities" network, driving new business and improving public services.

Our bank, American Savings Bank, F.S.B. (ASB), achieved an important objective in its effort to improve efficiency and strengthen teammate engagement with the successful ground breaking for its new 166,000-square-foot headquarters in Honolulu. The new headquarters will bring together over 600 employees from five locations at one of the most innovative, collaborative and modern worksites in the State. Once it's completed in late 2018 it is expected to provide a significant boost to the bank's already excellent workplace culture for which it continues to receive recognition, including being named one of Hawaii Business Magazine's "Best Places to Work" for the 9th consecutive year. Leveraging the strength of its company culture and its focus on providing an excellent customer experience, the bank continues to improve financial performance. In 2017, solid deposit growth and improved asset quality continued to fuel the bank's broad profitability improvement with strong results in net income of \$67.0 million and return on assets of 1.02%.

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EXECUTIVE COMPENSATION HIGHLIGHTS PAYING FOR PERFORMANCE

The compensation program for our named executive officers is comprised of four primary elements – base salary, performance-based annual and long-term incentives, and restricted stock units vesting in equal annual installments over four years. We emphasize variable pay over fixed pay, with the majority of the total compensation opportunity at target for each named executive officer linked to the Company's financial, market and operational results. The compensation program also balances the importance of achieving long-term strategic priorities and critical short-term goals linked to long-term objectives.

2017 Named Executive Officer (NEO) Pay Opportunity	
Variable Over Fixed Pay Opportunity at Target	Balance of Short- and Long-Term Pay Opportunity at Target

VARIABLE PAY REFLECTS PERFORMANCE

Under our pay-for-performance design, incentive payouts to named executive officers are aligned with results. The following graphs show the performance-based payouts to the HEI Chief Executive Officer (CEO) for net income and for total shareholder return (TSR) relative to the Edison Electric Institute (EEI) Index (Relative TSR). HEI CEO annual incentive pay is linked to HEI's adjusted annual net income, as well as subsidiary performance. Long-term incentive pay over the respective three-year periods tracked our Relative TSR results.

**Annual Net Income and CEO Performance-
Based Annual Incentive Payouts**

**3-year Relative TSR Results and Performance-
Based Long-Term Incentive Payouts**

SUMMARY COMPENSATION TABLE

Due to the NextEra Energy merger that was pending at the time the 2015-17 and 2016-18 long-term incentive plans (LTIPs) were established, these LTIPs were denominated in cash rather than in stock. This is because the Compensation Committee had determined that while the merger was pending, HEI's stock price might be affected at least in part by merger considerations that were unrelated to HEI's true operating performance and that, as a result, the compensatory goals of the LTIP would be better served without such merger impact. Since the merger agreement between HEI and NextEra Energy was terminated in July 2016, HEI returned to exclusively equity-based LTIPs in 2017, which impacts the comparative compensation amounts disclosed in the 2017 Summary Compensation Table (SCT). Although our LTIP programs and practices have not changed (i.e., one 3-year LTIP is granted each year), due to the disclosure timing differences between cash-based and equity-based LTIPs, the reported compensation amounts in the Summary Compensation Table for 2017 are notably higher than, and not

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comparable to, the reported amounts for 2015 and 2016, and are not reflective of the target compensation provided to our NEOs for 2017. *Due to SEC disclosure rules, the 2017 compensation amounts in the SCT include both the 2015-2017 LTIP cash payouts and the 2017-2019 equity-based LTIP. By contrast, the 2015 and 2016 compensation amounts in the SCT do not include any LTIP amounts.* Please see page 47 under "Summary Compensation Table".

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COMPENSATION COMMITTEE DECISION-MAKING

The Compensation Committee, all of whose members are independent directors, establishes pay programs and reviews performance results to ensure that executive officer compensation aligns with shareholder interests. In addition, the Compensation Committee is advised by an independent compensation consultant with respect to the design of the plans, performance results and reasonableness of pay decisions.

The Compensation Committee believes that executive officer compensation reflects favorably on the Company's pay-for-performance objective, is aligned with shareholder interests and compares well relative to the Company's peers.

OUR EXECUTIVE COMPENSATION PROGRAM INCORPORATES BEST PRACTICES:

Majority of target compensation opportunity tied to performance

Rigorous performance goals are aligned with business strategy

Stock ownership and retention requirements apply to named executive officers

Clawback policy for performance-based pay

"Double trigger" change-in-control agreements

No tax gross ups (except for executive death benefit frozen in 2009)

No employment contracts

Minimal perquisites

Prohibition against hedging and pledging of HEI stock

No dividends or dividend equivalents paid on unearned performance shares

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PROPOSAL NO. 1: ELECTION OF THREE CLASS I DIRECTORS

In accordance with HEI's Bylaws, the Board has fixed the size of the Board at nine directors, divided equally into three classes with staggered terms. The Board proposes that the following nominees be elected at the 2018 Annual Meeting:

Class I directors to serve until the 2021 Annual Meeting of Shareholders, or until his or her respective successor shall be duly elected and qualified:

Richard J. Dahl
Constance H. Lau
James K. Scott, Ed.D.

Mr. Dahl, Ms. Lau and Dr. Scott are all incumbent Class I directors of HEI. The Board has determined that Mr. Dahl and Dr. Scott are independent under the applicable standards for director independence, as discussed below under "Board of Directors Independent Directors." Ms. Lau currently serves as the President and Chief Executive Officer of HEI and is therefore not independent. Each nominee has consented to serve for the new three-year term expiring at the 2021 Annual Meeting if elected. If a nominee is unable to stand for election at the time of the 2018 Annual Meeting, the proxy holders listed in the proxy card may vote in their discretion for a suitable substitute.

Information regarding the business experience and certain other directorships for each Class I director nominee and for each continuing Class II and III director, is provided on pages 2-8 below, together with a description of the experience, qualifications, attributes and skills that led to the Board's conclusion at the time of this Proxy Statement that each of the nominees and directors should serve on the Board in light of HEI's current business and structure.

ü FOR

The Board recommends that you vote FOR each nominee listed above to serve as a Class I Director.

CLASS I DIRECTOR NOMINEES FOR ELECTION

Nominees for Class I Directors whose terms expire at the 2021 Annual Meeting of Shareholders

Richard J. Dahl

Director since 2017

Age 66

Audit Committee Member

Mr. Dahl adds to the Board a wealth of experience in leadership, strategy, audit and risk-management and board governance. The perspective he brings to the Board is informed by his experiences working in Hawaii and on the U.S. mainland, as a senior executive for several private and publicly traded companies, and as a public company director and audit committee chair. In addition, his management experience in banking and board service in the electric utility industry further deepen the Board's knowledge of the two industries in which HEI operates.

Professional Experience

Non-executive Chairman since March 2017, DineEquity, Inc.(NYSE: DIN), Lead Independent Director 2010-17, Interim CEO 3/2017 to 9/2017, Audit Committee member and former Audit Committee chair, director since 2004.

Non-executive Chairman since 2017, James Campbell Company LLC (privately held real estate investment and development company), Chairman, President and CEO 2010-16.

Director and Audit Committee Member, Hawaiian Electric (HEI subsidiary), since 2017

Director since 2008, Audit Committee Chair and Executive Committee Member, IDACORP, Inc. (NYSE: IDA)/Idaho Power Company

Non-executive Chairman, International Rectifier Corporation, 2008-15

Relevant Skills & Qualifications

Broad leadership and strategic and operational management experience from serving as a senior executive for private and publicly traded companies, including as Chairman, President and CEO of James Campbell Company, LLC, President, Chief Operating Officer and Director of Dole Food Company, Inc. and President, Chief Operating Officer and Director of Bank of Hawaii Corporation.

In-depth understanding of the two industries in which HEI operates from his senior executive roles at Bank of Hawaii Corporation and his current service as a director of IDACORP, Inc. and its principal subsidiary, Idaho Power Company.

Audit, risk management and financial expertise from his chairmanship of the IDACORP, Inc. audit committee, prior chairmanship of the DineEquity, Inc. audit committee, previous work experience with accounting firm Ernst & Young, and prior licensure as a Certified Public Accountant and Certified Bank Auditor.

Substantial governance and board leadership experience from his public company board service, including his prior role as Lead Independent Director of DineEquity, Inc. and through leading the International Rectifier, Inc. board through a successful corporate turnaround.

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Constance H. Lau

Director 2001-04 and since 2006

Age 66

Executive Committee Member

As HEI's President and CEO since 2006, Ms. Lau has extensive senior management experience and thorough knowledge of the Company's operations. Prior to becoming CEO, Ms. Lau served in leadership capacities spanning several functions across HEI and its subsidiaries. Over her more than 30 years of service with the Company, Ms. Lau has acquired significant expertise with respect to the utility and banking industries. Further, having been exposed to virtually all aspects of HEI's operations, Ms. Lau brings a unique and comprehensive perspective to the Board. Ms. Lau's expertise and leadership have been recognized nationally, leading her to be named chair of the National Infrastructure Advisory Council, and to serve on the boards of leading national utility industry organizations. As a result, Ms. Lau brings to the Board a national perspective, as well as valuable insights regarding physical and cyber infrastructure security.

Professional Experience

President and CEO and Director, HEI, since 2006

Chairman of the Board, Hawaiian Electric (HEI subsidiary), since 2006

Director, ASB Hawaii (HEI subsidiary), since 2006

Chairman of the Board since 2006, Risk Committee Member since 2012 and Director since 1999, ASB (HEI subsidiary)

CEO 2001-10, President 2001-08 and Senior Executive Vice President and Chief Operating Officer 1999-2001, ASB

Financial Vice President and Treasurer 1997-99, HEI Power Corp. (former HEI subsidiary)

Treasurer 1989-99 and Assistant Treasurer 1987-89, HEI

Treasurer 1987-89 and Assistant Corporate Counsel 1984-87, Hawaiian Electric

Director, Audit Committee Chair and Nominating and Corporate Governance Committee Member, Matson, Inc.(NYSE: MATX), since 2012

Director and Audit Committee Member, Alexander & Baldwin, Inc., 2004-12

Relevant Skills & Qualifications

Intimate understanding of the Company from serving in various chief executive, chief operating and other executive, finance and legal positions at HEI and its subsidiaries for more than 30 years.

Corporate governance experience from her service as a director, Audit Committee Chair and Nominating and Corporate Governance Committee member for Matson, Inc., as a former director of Alexander & Baldwin, Inc. and as a director and Underwriting Committee Chair of AEGIS Insurance Services, Inc.

Experience with financial oversight and expansive knowledge of the local communities that comprise the Company's customer bases from serving as a director for various local industry, business development, educational and nonprofit organizations.

Utility and banking industry knowledge from her current or prior service as a director or task force member of the Hawaii Bankers Association, the American Bankers Association, the Edison Electric Institute and the Electric Power Research Institute and as a member of the federal Electricity Subsector Coordinating Council.

Nationally recognized leader in the fields of critical infrastructure, resilience and physical and cyber security, banking and energy, demonstrated by her chairmanship of the National Infrastructure Advisory Council, membership on the federal Electricity Subsector Coordinating Council, her prior service on the Federal Reserve Board of San Francisco's 12th District Community Depository Institutions Advisory Council, and her being named as a C3E Clean Energy Ambassador by the U.S. Department of Energy.

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James K. Scott, Ed.D.

Director since 1995

Age 66

Nominating and Corporate Governance Committee Member

Dr. Scott has considerable management experience as an executive leader in Hawaii. While Dr. Scott has earned the reputation of being one of the nation's leading education administrators, his unique value to the Company derives from his extensive knowledge, contacts and relationships within Hawaii's business community, nonprofit community and local governmental agencies. Dr. Scott's participation on the Board has contributed significantly to the Board's understanding of Hawaii's unique cultural and business environment. With the success under his leadership of one of the country's most prominent college preparatory schools, and because of his commitment to a wide array of charitable and civic causes, Dr. Scott is a well-respected leader in the state of Hawaii and nationally.

Professional Experience

President, Punahou School (K-12 independent school), since 1994

Director, ASB (HEI subsidiary), since 2008

HEI Audit Committee member, 1997-2011

Relevant Skills & Qualifications

Recognized leadership and executive management skills as President of Punahou School.

More than three decades of experience developing and executing strategic plans as the chief executive of two independent schools, including overseeing fundraising programs and admissions/marketing and finance functions.

Keen understanding of Hawaii's communities and governance and board leadership experience from his current positions as director and former Chair of the Hawaii Association of Independent Schools, trustee of the Barstow Foundation, member of the Advisory Board of the Klingenstein Center of Teachers College at Columbia University and trustee of the National Association of Independent Schools.

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Continuing Class II Directors whose terms expire at the 2019 Annual Meeting of Shareholders

Thomas B. Fargo

Director since 2005

Age 69

Compensation Committee Chair

Nominating and Corporate Governance Committee Member

Admiral Fargo brings invaluable leadership skills to the Board. Admiral Fargo's experience leading complex organizations, both in Hawaii and on the U.S. mainland, provides the Board with significant management expertise. He has extensive knowledge of the U.S. military (a major customer of HEI's utility subsidiary and a key driver of Hawaii's economy) having served as Commander of the U.S. Pacific Command from 2002-05. Admiral Fargo's leadership, strategic planning and risk assessment skills have proven to be a valuable resource to management and other Board members.

Relevant Professional Experience

Chairman of the Board and Governance Committee Member, Huntington Ingalls Industries (military shipbuilder) (NYSE: HII), since 2011

Owner, Fargo Associates, LLC (defense and homeland/national security consultancy), since 2005

Director and Compensation and Nominating and Corporate Governance Committee member since 2015, Compensation Committee Chair, since 2016, The Greenbrier Companies (NYSE: GBX)

Director and Audit Committee Member, Matson, Inc. (NYSE: MATX), since 2012

Director, Alexander & Baldwin, Inc., 2011-12

Director, Northrop Grumman Corporation (NYSE: NOC), 2008-11

Director, Hawaiian Electric (HEI subsidiary), 2005-16

Relevant Skills & Qualifications

Extensive knowledge of the U.S. military, a major customer of HEI's electric utility subsidiary and a key driver of Hawaii's economy.

Leadership, strategic planning and financial and nonfinancial risk assessment skills developed over 40 years of leading 9 organizations ranging in size from 130 to 300,000 people and managing budgets up to \$8 billion.

Experience with corporate governance, including audit, compensation and governance committees, from service on several private and publicly traded company boards, including as chairman of Huntington Ingalls Industries.

Kelvin H. Taketa

Director since 1993

Age 63

Nominating and Corporate Governance Committee Chair

Mr. Taketa has considerable management experience as an executive leader in Hawaii. Mr. Taketa is one of Hawaii's leading nonprofit administrators and has extensive relationships within Hawaii's business and nonprofit communities. He has contributed significantly to the Board's understanding of Hawaii's distinctive cultural and business environment. Additionally, Mr. Taketa brings the unique ability to build bridges and connect people and organizations, which has made him a well-respected leader throughout the state of Hawaii.

Professional Experience

Senior Fellow, Hawaii Community Foundation (statewide charitable foundation), since July 2017

CEO, Hawaii Community Foundation, 2016-2017

President and CEO, Hawaii Community Foundation, 1998-2015

Director, Hawaiian Electric (HEI subsidiary), since 2004

Relevant Skills & Qualifications

Executive management experience with responsibility for overseeing more than \$500 million in charitable assets through his leadership of the Hawaii Community Foundation.

Proficiency in risk assessment, strategic planning and organizational leadership as well as marketing and public relations from his current position at the Hawaii Community Foundation and his prior experience as Vice President and Executive Director of the Asia/Pacific Region for The Nature Conservancy and as

Founder, Managing Partner and Director of Sunrise Capital Inc.

Knowledge of corporate and nonprofit governance issues gained from his prior service as a director for Grove Farm Company, Inc. and the Independent Sector, his current service on the boards of Feeding America, the Stupski Foundation and the Hawaii Leadership Forum, and through publishing articles and lecturing on governance of tax-exempt organizations.

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Jeffrey N. Watanabe

Director since 1987

Age 75

Chairman of the Board since 2006

Executive Committee Chair

Compensation Committee Member

Mr. Watanabe has been one of the most influential figures in Hawaii's business community over the past four decades. His strategic counsel is widely sought by Hawaii's business, political and nonprofit leaders, as well as by global businesses seeking to do business in Hawaii. As Chairman since 2006, Mr. Watanabe has successfully led HEI through his strategic vision, willingness to make tough decisions and strong consensus-building skills.

Professional Experience

Lead Director, Nominating and Corporate Governance Committee Chair and Compensation Committee Member, Matson, Inc. (NYSE: MATX), since 2012

Director since 1988 and Executive and Risk Committee Member, ASB (HEI subsidiary)

Lead Independent Director, 2012-15, and director 2003-15, Alexander & Baldwin, Inc. (A&B)

Director, Hawaiian Electric (HEI subsidiary), 1999-2006, 2008-11 and since 2016

Relevant Skills & Qualifications

Broad business, legal, corporate governance and leadership experience from serving as Managing Partner of the law firm (Watanabe Ing & Komeiji LLP) he helped found in 1972 until his retirement in 2007, advising clients on a variety of business and legal matters for 35 years and from serving on more than a dozen public and private company and nonprofit boards and committees, including his current service on the Matson Nominating and Corporate Governance and Compensation Committees and past service on the A&B Nominating & Corporate Governance Committee.

Specific experience with strategic planning from providing strategic counsel to local business clients and prospective investors from the continental United States and the Asia Pacific region for 25 years of his law practice.

Recognized by a number of organizations for his accomplishments, including by the Financial Times-Outstanding Directors Exchange, which selected him as a 2013 Outstanding Director.

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Continuing Class III Directors whose terms expire at the 2020 Annual Meeting of Shareholders

Peggy Y. Fowler

Director since 2011

Age 66

Compensation Committee Member

Ms. Fowler brings a combination of utility and banking knowledge and experience to HEI. Ms. Fowler's prior position as chief executive officer of a NYSE-listed public utility company imparts significant leadership and management expertise to the Board. Additionally, Ms. Fowler's more recent experience leading the board of a publicly traded bank holding company strengthens the Board's capabilities in overseeing HEI's bank subsidiary.

Professional Experience

Co-CEO, Portland General Electric Company (PGE) (NYSE: POR), 2009

President and CEO, PGE, 2000-08

Lead Independent Director since 2017, Chairman of the Board 2012-16, Chair of the Risk and Governance and Executive Committees and director since 2009, Umpqua Holdings Corp. (publicly traded bank holding company) (NASDAQ: UMPQ)

Director and Audit Committee Member, Hawaiian Electric (HEI subsidiary), 2009-16

Director, PGE, 1998-2012

Relevant Skills & Qualifications

36 years of executive leadership, financial oversight and utility operations experience from serving at PGE in senior officer positions, including Chief Operating Officer, President and CEO.

Environmental and renewable energy expertise from managing PGE's environmental department, overseeing initiatives that improved fish passage on multiple Oregon rivers, supervising the construction and integration

into PGE's grid of wind and solar projects, and leading PGE to be ranked #1 by the National Renewable Energy Laboratory for selling more renewable power to residential customers than any other utility in the U.S. for several years during her tenure as PGE's CEO.

Proven management, leadership and analytical skills, including crisis management, risk assessment, strategic planning and public relations skills.

Expertise in financial oversight, regulatory compliance and corporate governance gained from serving as President (1997-2000), CEO (2000-08) and Chair (2001-04) of PGE, as a past director for the Portland Branch of the Federal Reserve Bank of San Francisco, and as a director and committee member for several private and public companies, including Umpqua Holdings Corporation, where she previously served as Chairman and currently serves as Lead Independent Director, and Cambia Health Solutions, a not-for-profit BlueCross BlueShield health insurer, where she chairs the investment committee and serves on the audit, governance and executive committees.

Keith P. Russell

Director since 2011

Age 72

Audit Committee Member

Mr. Russell has extensive senior management experience in the banking industry. Mr. Russell's many years of executive leadership experience in managing and overseeing bank operations contribute invaluable expertise to the Board. In addition, his prior service as chief risk officer of a large financial institution significantly strengthens the Board's capabilities in overseeing and managing risk within the organization. Mr. Russell's knowledge and experience from his prior service as an officer of a major lender to the electric utility industry strengthens the Board's oversight of HEI's utility operations.

Professional Experience

President, Russell Financial, Inc. (strategic and financial consulting firm), since 2001

Vice Chair/Chief Risk Officer, Mellon Financial Corp., then Chairman, Mellon West, 1991-2001

Senior Executive Vice President, then Director, President and Chief Operating Officer, GLENFED/Glendale Federal Bank, 1983-91

Director, ASB Hawaii (HEI subsidiary), 2014-16

Director and Audit Committee Member since 2010 and Risk Committee Chair since 2012, ASB (HEI subsidiary)

Director since 2004, Audit Committee Chair since 2011 and Nominating Committee Member 2003-11 and since 2015, Sunstone Hotel Investors (NYSE: SHO)

Director, Nationwide Health Properties (NYSE: NHP), 2002-11

Director, Audit Committee Chair and Conflicts Committee Member, KBS Growth and Income REIT, since 2016

Relevant Skills & Qualifications

Ten years of executive leadership, financial oversight, risk management and strategic planning experience from serving as Vice Chairman/Chief Risk Officer for Mellon Financial Corporation and Chairman of Mellon's West Coast operations. Mellon was a major lender and capital provider to the electric utility industry.

Eight years of executive and corporate governance experience from serving as Director, President and Chief Operating Officer of GLENFED/Glendale Federal Bank.

Nine years of banking industry experience serving as Senior Vice President and Deputy Administrator for Security Pacific National Bank, with direct responsibility for a wide breadth of operations, including leasing, consumer and commercial finance, mortgage banking, venture capital, cash management and trust business.

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Barry K. Taniguchi

Director since 2004

Age 70

Audit Committee Chair

Executive Committee Member

Mr. Taniguchi brings to the Board considerable experience as a proven business leader in Hawaii, with extensive knowledge of the business climate and significant contacts and relationships within the business community and local governmental agencies. With the successes of his own businesses, and because of his commitment to a wide array of charitable causes, Mr. Taniguchi is one of the most well-respected businesspersons in Hawaii.

Professional Experience

Chairman and CEO since 2014 and President and CEO 1989-2014, KTA Super Stores (largest grocery store chain on island of Hawaii)

President and Director, K. Taniguchi Ltd. (real estate lessor), since 1989

Director, ASB Hawaii (HEI subsidiary), 2015-16

Director since 2002 and Audit Committee Chair, ASB (HEI subsidiary)

Director, 2001-11 and Audit Committee Chair, Hawaiian Electric (HEI subsidiary)

Director, Maui Electric Company, Limited (Hawaiian Electric subsidiary), 2006-09

Director, Hawaii Electric Light Company, Inc. (Hawaiian Electric subsidiary), 1997-2009

Relevant Skills & Qualifications

Current knowledge of and experience with the business community on the island of Hawaii, which is served by one of HEI's utility subsidiaries, Hawaii Electric Light Company, Inc., from his chief executive roles for the last 28 years.

Accounting and auditing knowledge and experience gained from obtaining a public accounting certification and from his prior work as an auditor and as a controller.

Extensive corporate and nonprofit board and leadership experience, including service as a director and former chair of the Hawaii Island Economic Development Board, and from having served as a director of Hawaii Community Foundation and as a former director and chair of both the Hawaii Island Chamber of Commerce and the Chamber of Commerce of Hawaii.

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CORPORATE GOVERNANCE

HEI's governance policies and guidelines

HEI's Board and management review and monitor corporate governance trends and best practices on an ongoing basis, including for purposes of reviewing HEI's corporate governance documents and complying with the corporate governance requirements of the New York Stock Exchange (NYSE), rules and regulations of the Securities and Exchange Commission (SEC) and rules and regulations of the Board of Governors of the Federal Reserve (Federal Reserve) applicable to HEI as a savings and loan holding company. HEI's corporate governance documents (such as the charters for the Audit, Compensation, Nominating and Corporate Governance and Executive Committees, Corporate Governance Guidelines and Corporate Code of Conduct, as well as other governance documents) are available on HEI's website at www.hei.com/govdocs.

The Board's leadership structure

Since 2006, Mr. Watanabe has served as the nonexecutive Chairman of the Board and Ms. Lau has served as HEI's President and CEO. Since that time, Ms. Lau has also been the only employee director on the Board.

Mr. Watanabe has served on the Board since 1987, and has never been employed by HEI or any HEI subsidiary. The Board has determined that he is independent. Among the many skills and qualifications that Mr. Watanabe brings to the Board, the Board considered: (i) his extensive experience in corporate and nonprofit governance from serving on other public company, private company and nonprofit boards; (ii) his reputation for effective consensus and relationship building and business and community leadership, including leadership of his former law firm; (iii) his willingness to spend time advising and mentoring members of HEI's senior management; and (iv) his dedication to committing the hard work and time necessary to successfully lead the Board.

As HEI's Chairman, Mr. Watanabe's key responsibilities are to:

lead Board and shareholder meetings and executive sessions of the independent directors, including executive sessions at which the performance of the CEO is evaluated by the Board;

attend all meetings of the Audit and Nominating and Corporate Governance Committees of the Board as an observer and the Executive Committee of the Board as its chair. Mr. Watanabe also currently attends meetings of the Compensation Committee as a member;

work closely with the Nominating and Corporate Governance Committee in periodically evaluating board and committee structures, as well as advise with respect to succession planning for the Board;

serve on and/or advise the boards of HEI's primary operating subsidiaries, Hawaiian Electric and ASB, chair joint executive sessions of the independent directors of HEI and these subsidiary boards and attend meetings of subsidiary board committees;

work closely with management to develop meeting agendas and materials for the Board and subsidiary boards;

be available to other Board and subsidiary board members and management for questions and consultation; and

ensure and facilitate communications among Board members and Board committees and between the Board and management.

The Board's Corporate Governance Guidelines provide that if the Chairman and CEO positions are held by the same person, or if the Board determines that the Chairman is not independent, the independent directors should designate an independent director to serve as "Lead Director." If a Lead Director is designated, the Lead Director's responsibilities are to: (i) preside at Board and shareholder meetings when the Chairman is not present, (ii) preside at executive sessions of the independent directors, (iii) facilitate communication

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between the independent directors and the Chairman or the Board as a whole, (iv) call meetings of the non-management or independent directors in executive session, (v) participate in approving meeting agendas, schedules and materials for the Board and (vi) perform other functions described in the Corporate Governance Guidelines or as determined by the Board from time to time.

The Board believes that its current leadership structure, which provides for an independent nonemployee Chairman, or an independent Lead Director if the Chairman is not independent, is appropriate and effective in light of HEI's current operations, strategic plans and overall corporate governance structure. Several reasons support this conclusion. First, the Board believes that having an independent Chairman or Lead Director has been important in establishing a *tone at the top* for both the Board and the Company that encourages constructive expression of views that may differ from those of senior management. Second, the Board believes that the presence of an independent Chairman or Lead Director demonstrates to the Company's regulators and shareholders that the Board is committed to serving the best interests of the Company and its shareholders and not the best interests of management. Third, the Board recognizes that HEI has an uncommon corporate governance structure in that the boards of its two primary operating subsidiaries are also composed mostly of nonemployee directors and that the HEI Chairman plays an important leadership role at these subsidiary boards. For instance, in addition to chairing executive sessions of the nonemployee directors and attending meetings of the committees of these subsidiary boards, the Chairman leads each subsidiary board in conducting its annual performance self-evaluation and facilitates communications between the Board and each of these boards and management of the respective subsidiary company.

The Board's role in risk oversight

HEI is a holding company that operates principally through its electric public utility and bank subsidiaries. At the holding company and subsidiary levels, the Company faces a variety of risks, including operational risks, regulatory (including environmental regulations) and legal compliance risks, credit and interest rate risks, competitive risks, liquidity risks, cybersecurity risks and strategic and reputational risks. Developing and implementing strategies to manage these risks is the responsibility of management, and that responsibility is carried out by assignments of responsibility to various officers and other employees of the Company under the direction of HEI's Chief Financial Officer, who also serves as HEI's chief risk officer. The role of the Board is to oversee the management of these risks.

The Board's specific risk oversight functions are as follows:

The Board has approved a consolidated enterprise risk management (ERM) system recommended by management. The system is designed to identify and assess risks across the HEI enterprise so that information regarding the Company's risks can be reported to the Board, along with proposed strategies for mitigating these risks. The structure of the ERM system is decentralized, with separate chief risk officers at each of Hawaiian Electric and ASB in addition to HEI's chief risk officer. The chief risk officer of Hawaiian Electric is also responsible for identifying, assessing and reporting risks at HEI's other electric utility subsidiaries that operate on the neighbor islands of Hawaii, Maui, Molokai and Lanai. Each subsidiary chief risk officer reports directly to the respective subsidiary President and functionally to HEI's chief risk officer, who reviews such risks on a consolidated basis. The Board believes that this decentralized risk management structure is appropriate and effective for the Company's diverse operations and holding company structure, because it allows for industry-specific risk identification and management at the subsidiary levels while also ensuring an integrated and consolidated view of risk at the holding company level by HEI's chief risk officer. In connection with approving this ERM system, the Board reviewed a catalog of risks and management's assessment of those risks. As part of the Board's ongoing risk oversight, HEI's chief risk officer is responsible for providing regular reports to the Board and Audit Committee on the status of those risks, any changes to the risk catalog or management's assessment of those risks, and any other risk management matters that the Board may request from time to time. The Board and Audit Committee also receive reports from HEI's internal auditor evaluating the effectiveness of management's implementation of the approved ERM system.

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The Board has assigned to the Audit Committee the responsibility of assisting in the oversight of the overall risk management strategy of the Company. In providing such assistance, the Audit Committee is specifically required to discuss policies with respect to risk assessment and risk management, including the guidelines and policies governing the process by which risk assessment and risk management are undertaken at the Company, and to report to the Board the committee's discussion and findings so that the entire Board can consider changes (if any) in the Company's risk profile.

The Board has also assigned to the Audit Committee the specific risk oversight responsibilities of (i) reviewing the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, (ii) overseeing HEI's Code of Conduct compliance program and (iii) establishing procedures for direct reporting of potential accounting and auditing issues to the Audit Committee. The Audit Committee reports to the Board each quarter regarding these matters.

The Board has assigned to the Compensation Committee the specific risk oversight responsibility of reviewing whether the compensation policies or practices of HEI or its subsidiaries encourage employees to take risks that are reasonably likely to have a material adverse effect on such entities and of recommending new or revised policies and practices to address any such identified risks. Included in this oversight responsibility is the Compensation Committee's review and evaluation of ASB's compensation practices for compliance with regulatory guidance on sound incentive compensation plans. The Compensation Committee reports the results of its review and any recommendations to the Board. The results of the review are also communicated to the Audit Committee through HEI's chief risk officer. Both the Audit and Compensation Committees are composed entirely of independent directors.

In addition to overall risk oversight by the HEI Board, the boards of HEI's primary operating subsidiaries, Hawaiian Electric and ASB, are responsible for overseeing risks at their respective companies. The Hawaiian Electric Board has assigned responsibility for ongoing oversight of risk management to its Audit Committee and the ASB Board has assigned such responsibility to its Risk Committee. Under the decentralized ERM structure discussed above, risk management activities at the subsidiary level are reported to these committees and to the subsidiary boards through the subsidiary chief risk officers. The HEI Board and/or Audit Committee may also be invited to participate in risk oversight discussions by these subsidiary boards and/or committees. The information from these subsidiary board and committee sessions are reported, on at least a quarterly basis, to the HEI Board by the subsidiary chief risk officers (or their representatives), who functionally report to HEI's chief risk officer on risk management matters. These subsidiary boards are composed primarily of nonemployee directors. The subsidiary audit committees are composed primarily of nonemployee directors who meet the independence requirements for audit committee members of companies listed on the NYSE, and with regard to the ASB Audit Committee, comply with FDIC regulations.

At least annually, the Board conducts a strategic planning and risk review. As part of this review, the Board reviews fundamental financial and business strategies and assesses the major risks facing the Company and options to mitigate those risks. To facilitate strategic planning through constructive dialogue among management and Board members, members of management who are not directors are invited to participate in the review. Based on the review, the Board and senior management, including the HEI chief risk officer, identify key issues to be addressed during the course of the next calendar year.

The Board believes that, for risk oversight, it is especially important to have an independent Chairman or Lead Director in order to ensure that differing views from those of management are expressed. Since the HEI Chairman attends the meetings of the Board, the subsidiary boards and their respective committees, the HEI Chairman is also in a unique position to assist with communications regarding risk oversight and risk management among the Board and its committees, between the subsidiary boards and their respective committees and between directors and management.

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Selection of nominees for the Board

The Board believes that there are skill sets, qualities and attributes that should be represented on the Board as a whole but do not necessarily need to be possessed by each director. The Nominating and Corporate Governance Committee and the Board thus consider the qualifications and attributes of incumbent directors and director candidates both individually and in the aggregate in light of the current and future needs of HEI and its subsidiaries.

The Nominating and Corporate Governance Committee assists the Board in identifying and evaluating persons for nomination or re-nomination for Board service or to fill a vacancy on the Board. To identify qualified candidates for HEI Board membership, the Committee may consider persons who are serving on its subsidiary boards as well as persons suggested by Board members, management and shareholders or may retain a third-party search firm to help identify qualified candidates. The Committee's evaluation process does not vary based on whether a candidate is recommended by a shareholder, a Board member, a member of management or self-nomination.

Once a person is identified as a potential director candidate, the committee may review publicly available information to assess whether the candidate should be further considered. If so, a committee member or designated representative for the committee will contact the person. If the person is willing to be considered for nomination, the person is asked to provide additional information regarding his or her background, his or her specific skills, experience and qualifications for Board service, and any direct or indirect relationships with the Company. In addition, one or more interviews may be conducted with committee and Board members, and committee members may contact one or more references provided by the candidate or others who would have first-hand knowledge of the candidate's qualifications and attributes.

In evaluating the qualifications and attributes of each potential candidate (including incumbent directors) for nomination or re-nomination or appointment to fill a vacancy, the committee considers:

the candidate's qualifications, consisting of his/her knowledge (including relevant industry knowledge), understanding of the Company's businesses and the environment within which the Company operates, experience, skills, substantive areas of expertise, financial literacy, innovative thinking, business judgment, achievements and other factors required to be considered under applicable laws, rules or regulations;

the candidate's attributes, comprising independence, personal and professional integrity, character, reputation, ability to represent the interests of all shareholders, time availability in light of other commitments, dedication, absence of conflicts of interest, diversity, appreciation of multiple cultures, commitment to deal responsibly with social issues and other stakeholder concerns and other factors that the committee considers appropriate in the context of the needs of the Board;

familiarity with and respect for corporate governance requirements and practices;

with respect to incumbent directors, the self-evaluation of the individual director, his or her current qualifications and his or her contributions to the Board;

the current composition of the Board and its committees; and

intangible qualities of the candidate including the ability to ask difficult questions and, simultaneously, to work collegially with members of the Board, as well as to work effectively with management.

The Board considers the recommendations of the Nominating and Corporate Governance Committee and then makes the final decision whether to renominate incumbent directors and whether to approve and extend an invitation to a candidate to join the Board upon appointment or election, subject to any approvals required by law, rule or regulation.

Diversity in identifying nominees for the Board

In assisting the Board in identifying qualified director candidates, the Nominating and Corporate Governance Committee considers whether the candidate would contribute to the expertise, skills and professional

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experience, as well as to the diversity of the Board in terms of race, ethnicity, gender, age, geography and cultural background. The Board believes it functions most effectively with members who collectively possess a range of substantive expertise, skills and experience in areas that are relevant to leading HEI in accordance with the Board's fiduciary responsibilities. The Board also believes that having a board composed of members who can collectively contribute a range of perspectives, including perspectives that may arise from a person's gender or ethnicity, improves the quality of the Board's deliberations and decisions because it enables the Board to view issues from a variety of perspectives and, thus, more thoroughly and completely. As the Company's operations and strategic plans and the Board's composition may evolve over time, the Nominating and Corporate Governance Committee is charged with identifying and assessing the appropriate mix of knowledge areas, qualifications and personal attributes contributed by Board members that will bring the most strategic and decision-making advantage to HEI.

With operations almost exclusively in the State of Hawaii, it is advantageous that our Board be composed largely of members who live and work in the state and have firsthand knowledge of and experience with our customer base and the political and regulatory environment. Since a large pool of potential candidates for Board membership come from Hawaii, the Board benefits from the unique racial diversity that exists in this state. If the shareholders vote to elect the three director nominees proposed by the Board for election at the 2018 Annual Meeting, the resulting composition of the Board would be as follows: four directors (or 44.4%) who are Caucasian, four directors (or 44.4%) who are Asian American and one director (or 11.1%) who is Caucasian, Asian American and native Hawaiian. Two (or 22.2%) of the nine directors are female.

The Board also recognizes that, due to Hawaii's geographic isolation from the continental United States and the comparatively small number of publicly-traded companies, banks and regulated utilities based in Hawaii, the Board also benefits from having among its members directors who have gained business experience at companies located in other states; those Board members contribute valuable information about experiences they have had working at or serving on the boards of other public companies and companies in similar industries, which also contributes to the breadth of perspectives on the Board.

Director resignation policies

Through its Corporate Governance Guidelines, the Board requires its members to submit a letter of resignation for consideration by the Board in certain circumstances. A director must tender his or her resignation in the event of a significant change in the director's principal employment and at the end of the term during which the director reaches age 75. In addition to the evaluation process discussed on page 16, requiring a director to submit a letter of resignation in these two circumstances ensures that the Board examines whether a director's skills, expertise and attributes continue to provide value over time.

A director must also submit his or her resignation for consideration by the Board if the director is elected under the plurality vote standard (described on page 68) but does not receive the support of the majority of votes cast. In such an event, the Board will evaluate the reasons for the voting result and determine how best to address the shareholder concerns underlying that result. In some cases, the Board may decide that the best approach is to accept the director's resignation. In other cases, the Board may discover that a shareholder concern that was the cause of the vote outcome may more appropriately be addressed by taking other action.

The Board's role in management succession planning

The Board, led by its Nominating and Corporate Governance Committee, is actively engaged in succession planning and talent development, with a focus on the CEO and senior management of HEI and its operating subsidiaries. The Board and the Nominating and Corporate Governance Committee consider talent development programs and succession candidates through the lens of Company strategy and anticipated future opportunities and challenges. At its meetings throughout the year, the Nominating and Corporate

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Governance Committee reviews progress of talent development and succession programs and discusses internal and external succession candidates, including their capabilities, accomplishments, goals and development plans. The full Board also reviews and discusses talent strategy and evaluations of potential succession candidates at an annual Board retreat. In addition, potential leaders are given frequent exposure to the Board through formal presentations and informal events. These reviews, presentations and other interactions familiarize the Board with the Company's talent pool to enable the Board to select successors for the senior executive positions when appropriate.

Shareholder communication with the directors

Interested parties, including shareholders, desiring to communicate with the Board, any individual director or the independent directors as a group regarding matters pertaining to the business or operations of HEI may address their correspondence in care of the Corporate Secretary, Hawaiian Electric Industries, Inc., P.O. Box 730, Honolulu, HI 96808-0730. The HEI Corporate Secretary may review, sort and summarize all such correspondence in order to facilitate communications to the Board. In addition, the HEI Corporate Secretary has the authority and discretion to handle any director communication that is an ordinary course of business matter, including routine questions, complaints, comments and related communications that can appropriately be handled by management. Directors may at any time request copies of all correspondence addressed to them. The charter of the HEI Audit Committee, which is available for review at www.hei.com/govdocs, sets forth procedures for submitting complaints or concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters on a confidential, anonymous basis.

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BOARD OF DIRECTORS

Independent directors

Under HEI's Corporate Governance Guidelines, a majority of Board members must qualify as independent under the listing standards of the NYSE and any additional requirements as determined by the Board from time to time.

For a director to be considered independent under NYSE listing standards, the Board must determine that the director does not have any direct or indirect material relationship with HEI or its subsidiaries apart from his or her service as a director. The NYSE listing standards also specify circumstances under which a director may not be considered independent, such as when the director has been an employee of the Company within the last three fiscal years, if the director has had certain relationships with the Company's external or internal auditor within the last three fiscal years or when the Company has made or received payments for goods or services to entities with which the director or an immediate family member of the director has specified affiliations and the aggregate amount of such payments in any year within the last three fiscal years exceeds the greater of \$1 million or 2% of such entity's consolidated gross revenues for the fiscal year.

The Board has also adopted Categorical Standards for Director Independence (HEI Categorical Standards), which are available for review on HEI's website at www.hei.com/govdocs. The HEI Categorical Standards specify circumstances under which a director may not be considered independent. In addition to the circumstances that would preclude independence under the NYSE listing standards, the HEI Categorical Standards provide that a director is not independent if HEI and its subsidiaries have made charitable contributions to a nonprofit organization for which the director serves as an executive officer and the aggregate amount of such contributions in any single fiscal year of the nonprofit organization within the last three fiscal years exceeds the greater of \$1 million or 2% of such organization's consolidated gross revenues for the fiscal year.

The Nominating and Corporate Governance Committee and the Board considered the relationships described below in assessing the independence of Board members. Based on its consideration of such relationships and the recommendations of the Nominating and Corporate Governance Committee, the Board determined that all of the nonemployee directors of HEI (Messrs. Dahl, Fargo, Russell, Scott, Taketa, Taniguchi and Watanabe and Ms. Fowler) are independent. The remaining director, Ms. Lau, is an employee director of HEI and therefore is not independent.

Relationships considered in determining director independence:

With respect to Messrs. Scott, Taketa, Taniguchi and Watanabe, the Board considered amounts paid in the last three fiscal years to purchase electricity from HEI subsidiaries Hawaiian Electric or Hawaii Electric Light (the sole public utilities providing electricity to the islands of Oahu and Hawaii, respectively) by entities employing these directors or where a family member of the director was an executive officer. None of the amounts paid by these entities for electricity (excluding pass-through charges for fuel, purchased power and Hawaii state revenue taxes) exceeded the thresholds in the NYSE listing standards or HEI Categorical Standards that would automatically result in a director not being independent. Since Hawaiian Electric and Hawaii Electric Light are the sole sources of electric power on the islands of Oahu and Hawaii, respectively, the rates they charge for electricity are fixed by state regulatory authority and purchasers of electricity from these public utilities have no choice as to supplier and no ability to negotiate rates or other terms, the Board determined that these relationships do not impair the independence of these directors.

With respect to Dr. Scott, the Board considered charitable contributions in the last three fiscal years from HEI and its subsidiaries to the nonprofit organization where he serves as an executive officer. None of the contributions exceeded the threshold in the HEI Categorical Standards that would automatically result in Dr. Scott not being independent. In determining that these donations did not impair the independence of Dr. Scott, the Board also considered the fact that Company policy requires that charitable contributions from HEI or its subsidiaries to entities where an HEI director serves as an executive officer, and where the

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director has a direct or indirect material interest, and the aggregate amount donated by HEI and its subsidiaries to such organization would exceed \$120,000 in any single fiscal year, be preapproved by the Nominating and Corporate Governance Committee.

With respect to Messrs. Fargo, Scott, Taniguchi and Watanabe, the Board considered other director or officer positions held by those directors at entities for which an HEI executive officer serves as a director or trustee and determined that none of these relationships affected the independence of these directors. None of these relationships resulted in a compensation committee interlock or would automatically preclude independence under the NYSE listing standards or HEI Categorical Standards.

Board meetings in 2017

In 2017, there were seven regular meetings and one special meeting of the Board. All directors who served on the Board in 2017 attended at least 90% of the combined total number of meetings of the Board and Board committees on which they served during the year.

Executive sessions of the Board

The nonemployee directors meet regularly in executive sessions without management present. In 2017, these sessions were chaired by Mr. Watanabe, who is the Chairman of the Board and an independent nonemployee director. Mr. Watanabe may request from time to time that another independent director chair the executive sessions.

Board attendance at annual meetings

All of HEI's incumbent directors who served on the Board in 2017 attended the 2017 Annual Meeting of Shareholders. HEI encourages all directors to attend each year's Annual Meeting.

Board evaluations

The Board conducts annual evaluations to determine whether it and its committees are functioning effectively. As part of the evaluation process, each member of the Audit, Compensation and Nominating and Corporate Governance Committees annually evaluates the performance of each committee on which he or she serves.

Each director up for reelection also evaluates his or her own performance. The nonemployee directors also periodically complete peer evaluations of the other nonemployee directors. The evaluation process is overseen by the Nominating and Corporate Governance Committee, in consultation with the Chairman.

Table of Contents**COMMITTEES OF THE BOARD****Board committee composition and meetings**

The Board has four standing committees: Audit, Compensation, Executive and Nominating and Corporate Governance. Members of these committees are appointed annually by the Board, taking into consideration the recommendations of the Nominating and Corporate Governance Committee. The table below shows the current members of each such committee and the number of meetings each committee held in 2017.

Name	Audit	Compensation	Executive	Nominating and Corporate Governance
Richard J. Dahl				
Thomas B. Fargo				
Peggy Y. Fowler				
Constance H. Lau ¹				
Keith P. Russell				
James K. Scott				
Kelvin H. Taketa				
Barry K. Taniguchi				
Jeffrey N. Watanabe				
Number of meetings in 2017	8	7	0	4

¹

Ms. Lau is an employee director. All other directors have been determined to be independent. See "Board of Directors Independent Directors" above.

Functions of the Board's standing committees

The primary functions of HEI's standing committees are described below. Each committee operates and acts under written charters that are approved by the Board and available for review on HEI's website at www.hei.com/govdocs. Each of the Audit, Compensation and Nominating and Corporate Governance Committees may form subcommittees of its members and delegate authority to its subcommittees.

Audit Committee

The Audit Committee is responsible for overseeing (i) HEI's financial reporting processes and internal controls, (ii) the performance of HEI's internal auditor, (iii) risk assessment and risk management policies set by management and (iv) the Corporate Code of Conduct compliance program for HEI and its subsidiaries. In addition, this committee is directly responsible for the appointment, compensation and oversight of the independent registered public accounting firm that audits HEI's consolidated financial statements. The Audit Committee operates and acts under

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a written charter, which was adopted and approved by the Board and is available for review at www.hei.com/govdocs. The Audit Committee also maintains procedures for receiving and reviewing confidential reports of potential accounting and auditing concerns. See "Audit Committee Report" below for additional information about the Audit Committee.

All Audit Committee members are independent and qualified to serve on the committee pursuant to NYSE and SEC requirements and the Audit Committee meets the other applicable requirements of the Securities Exchange Act of 1934.

Mr. Dahl currently serves on the audit committees of DineEquity (NYSE: DIN), IDACORP, Inc. (NYSE: IDA), IDACORP's wholly-owned subsidiary, Idaho Power Company, and HEI's wholly-owned subsidiary Hawaiian Electric. The HEI Board has determined that Mr. Dahl's simultaneous service on the other audit committees would not impair his ability to effectively serve on its

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Audit Committee. None of the other Audit Committee members serve on the audit committees of more than two other public companies.

Compensation Committee

The responsibilities of the Compensation Committee include (i) overseeing the compensation plans and programs for employees, executives and nonemployee directors of HEI and its subsidiaries, including equity and incentive plans; (ii) reviewing the extent to which risks that may arise from the Company's compensation policies and practices, if any, may have a material adverse effect on the Company and recommending changes to address any such risks; (iii) evaluating the compliance of ASB's incentive compensation practices under the principles for sound incentive compensation plans for banking organizations and (iv) assessing the independence of any compensation consultant involved in determining or recommending director or executive compensation. See "Compensation Discussion and Analysis - How We Make Compensation Decisions" and "Compensation Committee Interlocks and Insider Participation" below for additional information about the Compensation Committee.

The Compensation Committee operates and acts under a written charter, which was adopted and approved by the Board and is available for review at www.hei.com/govdocs. All Compensation Committee members are independent and qualified to serve on this committee pursuant to NYSE requirements and also qualify as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code and as "nonemployee directors" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934. An independent member of the board of directors of each of Hawaiian Electric and ASB attends meetings of the Compensation Committee as a nonvoting representative of such director's subsidiary board.

Executive Committee

The Executive Committee may exercise the power and authority of the Board when it appears to its members that action is necessary and a meeting of the full Board is impractical. It may also consider other matters concerning HEI that may arise from time to time between Board meetings. The Executive Committee is currently composed of the Chairman of the Board, who chairs the Executive Committee, the Audit Committee Chair and the HEI President and CEO. The Executive Committee operates and acts under a written charter, which was adopted and approved by the Board and is available for review at www.hei.com/govdocs.

Nominating and Corporate Governance Committee

The functions of the Nominating and Corporate Governance Committee include (i) evaluating the background and qualifications of potential nominees for the Board and for the boards of HEI's subsidiaries, (ii) recommending to the Board the director nominees to be submitted to shareholders for election at the next Annual Meeting, (iii) assessing the independence of directors and nominees, (iv) recommending the slate of executive officers to be appointed by the Board and subsidiary boards, (v) advising the Board with respect to matters of Board and committee composition and procedures, (vi) overseeing the annual evaluation of the Board, its committees and director nominees, (vii) overseeing talent development and succession planning for senior executive positions and (viii) making recommendations to the Board and the boards of HEI's subsidiaries regarding corporate governance and board succession planning matters. The Nominating and Corporate Governance Committee operates and acts under a written charter, which was adopted and approved by the Board and is available for review at www.hei.com/govdocs. See "Corporate Governance" above for additional information regarding the activities of the Nominating and Corporate Governance Committee.

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DIRECTOR COMPENSATION

How director compensation is determined

The Board believes that a competitive compensation package is necessary to attract and retain individuals with the experience, skills and qualifications needed to serve as a director of a publicly traded company with a unique blend of highly regulated industries. Nonemployee director compensation is composed of a mix of cash and HEI Common Stock to align the interests of directors with those of HEI shareholders. Only nonemployee directors are compensated for their service as directors. Ms. Lau, the only employee director of HEI, does not receive separate or additional compensation for serving as a director. Although Ms. Lau is a member of the HEI Board, neither she nor any other executive officer participates in the determination of nonemployee director compensation.

The Compensation Committee reviews nonemployee director compensation at least once every three years and recommends changes to the Board. In 2016, the HEI Compensation Committee asked its independent compensation consultant, Frederic W. Cook & Co., Inc. (FW Cook), to conduct an evaluation of HEI's nonemployee director compensation practices. FW Cook assessed the structure of HEI's nonemployee director compensation program and its value compared to competitive market practices of utility peer companies, similar to the assessments used in its executive compensation review. The 2016 analysis took into consideration the duties and scope of responsibilities of directors. The HEI Compensation Committee reviewed the analysis in determining its recommendations concerning the appropriate nonemployee director compensation, including cash retainers, stock awards and meeting fees for HEI directors.

The Compensation Committee recommended approval to the Board and at its December 12, 2016 meeting, the Board approved the recommendation by FW Cook to increase the HEI director cash retainer by \$10,000 to \$75,000 and annual equity by \$25,000 to \$100,000 in common stock in order to position HEI's director compensation near the competitive median. The increase was effective January 1, 2017.

Components of director compensation

Cash retainer. HEI nonemployee directors received the cash amounts shown below as retainer for their 2017 HEI Board service and for their 2017 service on HEI and subsidiary board committees. Typically, no separate fees are paid to HEI directors for service on subsidiary company boards. Cash retainers were paid in quarterly installments.

Position*	2017 Annual Retainer
HEI Nonexecutive Chairman of the Board	\$250,000
HEI Director	75,000
HEI Audit Committee Chair	15,000
HEI Compensation Committee Chair	15,000
HEI Nominating and Corporate Governance Committee Chair	10,000
HEI Audit Committee Member	6,000
HEI Compensation Committee Member	6,000
HEI Nominating and Corporate Governance Committee Member	4,000
Hawaiian Electric Audit Committee Chair	10,000
Hawaiian Electric Audit Committee Member	4,000
ASB Audit Committee Chair	10,000
ASB Audit Committee Member	4,000
ASB Risk Committee Chair	10,000

ASB Risk Committee Member

4,000

*

No additional retainer is paid for service on the HEI Executive Committee.

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Extra meeting fees. Nonemployee directors are also entitled to meeting fees for each board or committee meeting attended (as member or chair) after the number of meetings specified below.

HEI Board	\$1,500 per meeting after 8 meetings
HEI Audit Committee	\$1,500 per meeting after 10 meetings
HEI Compensation Committee	\$1,500 per meeting after 6 meetings
HEI Nominating and Corporate Governance Committee	\$1,500 per meeting after 6 meetings
Hawaiian Electric Audit Committee	\$1,000 per meeting after 6 meetings
ASB Audit Committee	\$1,000 per meeting after 10 meetings
ASB Risk Committee	\$1,000 per meeting after 6 meetings

Stock awards. On June 30, 2017, each HEI nonemployee director received shares of HEI Common Stock with a value equal to \$100,000 as an annual grant under HEI's 2011 Nonemployee Director Stock Plan (2011 Director Plan), which was approved by HEI shareholders on May 10, 2011, for the purpose of further aligning directors' and shareholders' interests. The number of shares issued to each HEI nonemployee director was determined based on the closing sales price of HEI Common Stock on the NYSE on June 30, 2017. Stock grants to nonemployee directors under the 2011 Director Plan are made annually on the last business day in June.

Retirement benefit. HEI's Nonemployee Director Retirement Plan, which provided retirement benefits to nonemployee directors, was terminated in 1996. Directors who were retired from their primary occupation at that time remained eligible to receive benefits under the plan based on years of service as a director at the time of the plan's termination. All benefits payable under the plan cease upon the death of the nonemployee director.

Deferred compensation. Nonemployee directors may participate in the HEI Deferred Compensation Plan implemented in 2011 (2011 Deferred Compensation Plan) and described under "Compensation Discussion and Analysis Benefits Deferred Compensation Plans" below. Under the plan, deferred amounts are credited with gains/losses of deemed investments chosen by the participant from a list of publicly traded mutual funds and other investment offerings. Earnings are not above-market or preferential. Participants may elect the timing upon which distributions are to begin following separation from service (including retirement) and may choose to receive such distributions in a lump sum or in installments over a period of up to fifteen years. Lump sum benefits are payable in the event of disability or death. Mr. Taketa participated in this plan in 2017, but no other nonemployee director did so. Nonemployee directors are also eligible to participate in the prior HEI Nonemployee Directors' Deferred Compensation Plan, as amended January 1, 2009, although no nonemployee director deferred compensation under such plan in 2017.

Health benefits. Nonemployee directors may participate, at their election and at their cost, in the group employee medical, vision and dental plans generally made available to HEI, Hawaiian Electric or ASB employees. No nonemployee director participated in such plans in 2017.

Table of Contents**2017 DIRECTOR COMPENSATION TABLE**

The table below shows the compensation paid to HEI nonemployee directors for 2017.

Name*	Fees Earned or Paid in Cash (\$)³	Award Paid in Shares of Stock (\$)⁴	Changes in Pension Value & Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Richard J. Dahl	87,000	125,479			212,479
Thomas B. Fargo	95,500	100,000			195,500
Peggy Y. Fowler	82,500	100,000			182,500
Keith P. Russell	95,000	100,000			195,000
James K. Scott	79,000	100,000			179,000
Kelvin H. Taketa ¹	85,000	100,000			185,000
Barry K. Taniguchi	100,000	100,000			200,000
Jeffrey N. Watanabe, Chairman ²	336,500	100,000			436,500

1

In 2017, Mr. Taketa elected to defer \$68,000 of his fees under the 2011 Deferred Compensation Plan. Mr. Taketa did not have above-market or preferential earnings on nonqualified deferred compensation in 2017.

2

Mr. Watanabe's fees were for service as director and Chairman of the HEI Board and as a member of the Compensation Committee. He also served on the HEI Executive Committee and the ASB Board and Executive Committee, as well as the Hawaiian Electric Board and ASB Risk Committee. Mr. Watanabe's HEI Chairman responsibilities are described above under "Corporate Governance The Board's leadership structure."

3

Represents cash retainers for board and committee service (as detailed below). See detail of cash retainers for Board and committee service below.

4

For all HEI nonemployee directors other than Mr. Dahl, this amount represents an HEI stock award in the value of \$100,000, as described above under "Stock awards." Due to Mr. Dahl's January 1, 2017 appointment, he also received a new director stock grant pro-rated to cover the period from the date of his appointment to the 2017 annual meeting.

The table below shows the detail of cash retainers paid to HEI nonemployee directors for Board and committee service (including subsidiary committee service) in 2017.

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Name*	HEI Board Retainer (\$)	HEI Committee Retainer (\$)	HEI Chairman Retainer (\$)	HEI Extra Meeting Fees¹ (\$)	HECO Audit Committee Retainer (\$)	HECO Extra Meeting Fees (\$)	ASB Audit Committee Retainer (\$)	ASB Risk Committee Retainer (\$)	Total (\$)
Richard J. Dahl	75,000	6,000			4,000	2,000			87,000
Thomas B. Fargo	75,000	19,000		1,500					95,500
Peggy Y. Fowler	75,000	6,000		1,500					82,500
Keith P. Russell	75,000	6,000					4,000	10,000	95,000
James K. Scott	75,000	4,000							79,000
Kelvin H. Taketa	75,000	10,000							85,000
Barry K. Taniguchi	75,000	15,000					10,000		100,000
Jeffrey N. Watanabe, HEI Chairman	75,000	6,000	250,000	1,500				4,000	336,500

¹

Represents extra meeting fees earned for attending committee meetings in excess of the number of meetings specified on page 20.

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Director stock ownership and retention

HEI directors are required to own and retain HEI Common Stock throughout their service with the Company. Each director has until his or her compliance date (January 1 of the year following the fifth anniversary of the later of (i) amendment to his or her required level of stock ownership or (ii) first becoming subject to the requirements) to reach the following ownership levels: Chairman of the Board 2x annual cash retainer; other HEI directors 5x annual cash retainer. As of January 1, 2017, each director who had reached his or her compliance date had achieved his or her stock ownership target.

Until reaching the applicable stock ownership target, directors must retain all shares received under their annual stock retainer. The Compensation Committee has the authority to approve hardship exceptions to these retention requirements.

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PROPOSAL NO. 2: ADVISORY VOTE TO APPROVE THE COMPENSATION OF HEI'S NAMED EXECUTIVE OFFICERS

We are asking for your advisory vote on the compensation of our named executive officers as described in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives shareholders the opportunity to express their views on the overall compensation of our named executive officers and the policies and practices described in this Proxy Statement.

The Compensation Committee and Board believe that HEI's executive compensation is effective in achieving our goals of promoting long-term value for shareholders and attracting, motivating and retaining the talent necessary to create such value. Accordingly, the Board recommends that you vote FOR the following resolution:

Resolved, that the shareholders approve, in an advisory vote, the compensation of HEI's named executive officers as disclosed in the Compensation Discussion and Analysis and Executive Compensation Tables sections of the Proxy Statement for the 2018 Annual Meeting of Shareholders.

Please read the Compensation Discussion and Analysis and Executive Compensation Tables portions of this Proxy Statement. These sections describe the Company's executive compensation policies and practices and the compensation of our named executive officers.

While the say-on-pay vote is advisory and is therefore nonbinding, the Compensation Committee and Board consider the vote results when making future decisions regarding HEI's executive compensation.

ii FOR

Your Board recommends that you vote FOR the advisory resolution approving the compensation of HEI's named executive officers as disclosed in this Proxy Statement.

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COMPENSATION DISCUSSION AND ANALYSIS

This section describes our executive compensation program and the compensation decisions made for our 2017 named executive officers. For 2017, we have five named executive officers, our Chief Executive Officer, the two individuals who served as our Chief Financial Officer for some portion of the year, and our two other executive officers during 2017, the chief executives at Hawaiian Electric (our electric utility subsidiary) and ASB (our bank subsidiary), respectively:

Name	Title	Entity
Constance H. Lau	HEI President & CEO	Holding company
Gregory C. Hazelton	HEI Executive Vice President & Chief Financial Officer	Holding company
Alan M. Oshima	Hawaiian Electric President & CEO	Electric utility subsidiary
Richard F. Wacker	ASB President & CEO	Bank subsidiary
James A. Ajello*	Former HEI Executive Vice President & Chief Financial Officer	Holding company

*

Mr. Ajello retired effective April 2, 2017.

Executive summary

Our guiding principles shape our program design and pay decisions

In designing HEI's executive compensation program and making pay decisions, the Compensation Committee follows these guiding principles:

pay should reflect Company performance, particularly over the long-term,

compensation programs should align executives' interests with those of our shareholders and other stakeholders,

programs should be designed to attract, motivate and retain talented executives who can drive the Company's success, and

the cost of programs should be reasonable while maintaining their purpose and benefit.

Key design features

Straight-forward design. The compensation program for our named executive officers comprises four primary elements – base salary, performance-based annual incentives, performance-based long-term incentives earned over three years and time-based restricted stock units (RSUs) that vest in equal annual installments over four years.

Emphasis on variable (performance-based) pay. Through the target compensation mix, we emphasize variable pay over fixed pay, with the majority of the target compensation opportunity for each named executive officer linked to the Company's financial, market and operating results.

Balance between short- and long-term components. The compensation program also balances the importance of achieving long-term strategic priorities and critical short-term goals that support long-term objectives.

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Our compensation practices demonstrate our commitment to sound governance

The tables below summarize our current executive compensation practices both what we do (to drive performance and manage risk) and what we don't do:

What We Do

- ü Link pay to performance
- ü Utilize rigorous performance conditions that encourage long-term value creation
- ü Balance short- and long-term compensation to promote sustained performance over time
- ü Grant majority of long-term incentives in the form of performance-based awards
- ü Use the competitive median as a reference point in setting compensation levels
- ü Review tally sheets when making compensation decisions
- ü Mitigate undue risk in compensation programs
- ü Utilize "double-trigger" change-in-control agreements
- ü Maintain clawback policy for performance-based compensation
- ü Require stock ownership and retention by named executive officers; CEO must own five times her base salary
- ü Prohibit pledging of Company stock and transactions designed to hedge the risk of stock ownership
- ü Utilize an independent compensation consultant to advise the Compensation Committee

What We Don't Do

No employment contracts

No tax gross ups, except under the Executive Death Benefit Plan frozen in 2009

No compensation programs that are reasonably likely to create material risk to the Company

No significant perquisites

No dividends or dividend equivalents on unearned performance shares

2017 say-on-pay results, shareholder outreach and 2018 program

At our 2017 Annual Meeting of Shareholders, 94% of votes cast approved our executive compensation program through the advisory say-on-pay vote. In addition, in 2018, we invited shareholders who collectively held more than 25% of HEI's outstanding shares and key proxy advisory organizations to discuss our executive compensation program. From such outreach, we learned that there was general approval of our program.

The executive compensation program in place in 2015 and 2016 reflected the fact that HEI's proposed merger with NextEra Energy was pending at that time. In early 2015 and 2016, respectively, the Compensation Committee had provided for the 2015-17 and 2016-18 LTIP to be settled in cash rather than in equity as in prior years, and for relative total shareholder return (TSR) to be replaced by earnings per share (EPS) growth as one of the LTIP metrics. These changes were implemented because the Compensation Committee had determined that while the merger was pending the Company's stock price might be affected at least in part by merger considerations that were unrelated to the Company's true operating performance and that, as a result, the compensatory goals of the LTIP would be better served without such merger impact. Since the merger agreement between HEI and NextEra Energy was terminated in July 2016, and consistent with the feedback we received from stakeholders during our outreach at that time, the Compensation Committee determined that the 2017-19 and 2018-20 LTIPs would return to being settled in equity and include relative TSR as one of the performance metrics.

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How we make compensation decisions

Our roles in determining compensation are well-defined

Role of the Compensation Committee

The Compensation Committee oversees the design and implementation of our executive compensation program. On an annual basis, the Compensation Committee engages in a rigorous process to arrive at compensation decisions regarding the named executive officers. In the course of this process, the Compensation Committee:

Engages in extensive deliberations in meetings held over several months

Consults with its independent compensation consultant during and outside of meetings

Focuses on the Company's long-term strategy and nearer-term goals to achieve such strategy in setting performance metrics and goals

Reviews tally sheets for each named executive officer to understand how the elements of compensation relate to each other and to the compensation package as a whole (the tally sheets include fixed and variable compensation, minimal perquisites and change in pension value for current and past periods)

Examines data and analyses prepared by its independent compensation consultant concerning peer group selection, comparative compensation data and evolving best practices

Reviews Company performance and discusses assessments of the individual performance of senior members of management

Analyzes the reasonableness of incentive payouts in light of the long-term benefits to shareholders

Considers trends in payouts to determine whether incentive programs are working effectively

Reviews risk assessments to determine whether compensation programs and practices carry undue risk

Early each year, the Compensation Committee determines payouts under incentive plans ending in the prior year, establishes performance metrics and goals for incentive plans beginning that year and recommends to the Board and subsidiary boards the level of compensation and mix of pay elements for each named executive officer.

Role of the independent directors as a whole

The independent directors evaluate the CEO's performance, consider Compensation Committee recommendations concerning her pay and determine her compensation. The Board and subsidiary boards also review the performance of and Compensation Committee recommendations concerning the other named executive officers and approve their compensation.

Role of executive officers

The CEO, who is also an HEI director, assesses and reports on the performance of the other named executive officers and makes recommendations to the Compensation Committee with respect to their levels of compensation and mix of pay elements. She also participates in Board deliberations regarding the Compensation Committee's recommendations on the other named executive officers. She does not participate in the deliberations of the Compensation Committee to recommend, or of the Board to determine, her own compensation.

Management supports the Compensation Committee in executing its responsibilities by providing materials for Compensation Committee meetings (including tally sheets and recommendations regarding performance metrics, goals and pay mix); by attending portions of Compensation Committee meetings as appropriate to provide perspective and expertise relevant to agenda items; and by supplying data and information as requested by the Compensation Committee and/or its independent compensation consultant.

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Compensation consultant & consultant independence

The Compensation Committee's independent compensation consultant, Frederic W. Cook & Co., Inc. (FW Cook), is retained by, and reports directly to, the Compensation Committee. FW Cook provides the Compensation Committee with independent expertise on market practices and developments in executive compensation, compensation program design, peer group composition and competitive pay levels, and provides related research, data and analysis. FW Cook also advises the Compensation Committee regarding analyses and proposals presented by management related to executive compensation. A representative of FW Cook generally attends Compensation Committee meetings, participates in Compensation Committee executive sessions and communicates directly with the Compensation Committee.

In early 2018, as in prior years, the Compensation Committee evaluated FW Cook's independence, taking into account all relevant factors, including the factors specified in the NYSE listing standards and the absence of other relationships between FW Cook and the Company, its directors or executive officers. Based on such factors and FW Cook's independence policy, which was shared with the Compensation Committee, the Compensation Committee concluded that FW Cook is independent and that the work of FW Cook has not raised any conflict of interest.

We use comparative market data as a reference point for compensation

Compensation benchmarking

The Compensation Committee considers comparative market compensation as a reference in determining pay levels and mix of pay components. While the Compensation Committee seeks to position named executive officer target compensation opportunity (comprised of base salary, target performance-based annual incentive, target performance-based long-term incentive and time-vested RSUs) at approximately the comparative market median, the Compensation Committee may decide that an executive's pay opportunity should be higher or lower based on internal equity or the executive's level of responsibility, experience, expertise, performance, retention and succession considerations.

Information from public company proxy statements for peer group companies was used to provide comparative market data in setting 2017 compensation for all named executive officers. Data from the Willis Towers Watson Energy Services Survey, which consists of compensation data for 111 companies, was also used in establishing 2017 compensation. The data was regressed based on revenues of \$2.7 billion for appropriate size comparison for each of HEI and Hawaiian Electric.

Peer Groups

Compensation peers

The Compensation Committee annually reviews the peer groups used in benchmarking for HEI and subsidiary executive compensation, with analysis and recommendations provided by FW Cook. For 2017 compensation, the Compensation Committee determined, with input from FW Cook, that ALLETTE, Black Hills, IdaCorp, and Northwestern Corp should be added to the peer group and that Integrys Energy, Pepco Holdings, TECO Energy, UIL Holdings, and Wisconsin Energy should be removed from the peer group. The selection criteria and resulting 2017 peer groups are set forth below.

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	HEI 2017 Peer Group (applies to Ms. Lau, Mr. Hazelton and Mr. Ajello)	Utility Subsidiary 2017 Peer Group (applies to Mr. Oshima)	Bank Subsidiary 2017 Peer Group (applies to Mr. Wacker)
Selection Criteria	Electric and multi-utility companies Revenue balanced in a range of approximately 0.5x to 2x HEI's revenue Market cap and location as secondary considerations	Subset of electric and multi-utility companies from HEI's peer group Revenue balanced in a range of approximately 0.5x to 2x Hawaiian Electric's revenue	Regional banks and thrifts Total assets balanced in a range of approximately 0.5x to 2x ASB's total assets Proportion of loan portfolio comprised of 1-4 family loans similar to ASB
Peer Group for 2017 Compensation	ALLETTE Alliant Energy Ameren Avista Black Hills CenterPoint Energy CMS Energy Eversource Energy Great Plains Energy IdaCorp MDU Resources NiSource Northwestern Corp OGE Energy Pinnacle West PNM Resources Portland General SCANA Vectren WEC Energy Westar Energy*	ALLETTE Alliant Energy Avista Black Hills Great Plains Energy IdaCorp MDU Resources NiSource Northwestern Corp OGE Energy Pinnacle West PNM Resources Portland General SCANA Vectren Westar Energy*	Ameris Bancorp Beneficial Bankcorp Berkshire Hills Bancorp Central Pacific Financial Community Bank System CVB Financial First Busey First Financial Bank HomeStreet Independent Bank Opus Bank Park National Republic Bancorp Renasant Corp Sandy Spring Bancorp Seacoast Banking South State Tomkins Financial TriCo Bancshares United Financial Westamerica Bancorp

* Acquired by another corporation after peer data was used in setting 2017 compensation.

Performance peers

In addition to the peer companies used for benchmarking executive compensation, certain of the performance metrics used in the long-term incentive plans (described below under "Long-term incentives") are based on performance relative to performance peers. HEI's Relative TSR performance is based on HEI's performance compared to the utilities in the Edison Electric Institute (EEI) Index and ASB's Relative Return on Assets (ROA) performance metric is based on ASB's performance compared to that of all U.S. banks with assets of \$3.5 billion to \$8 billion. See note 4 to the "2015-17 Long-Term Incentive Performance Metrics & Why We Use Them" table on page 38 for an explanation of ASB's Relative ROA metric. The performance peers for ASB's Relative ROA metric are set forth below.

2015 Bank Performance Peer Group for Long-Term Incentive Plan Relative ROA Metric

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The performance peer group for ASB's 2015-17 long-term incentive plan Relative ROA metric includes all publicly traded banks and thrifts with total assets between \$3.5 billion and \$8 billion. The specific banks and thrifts in the Relative ROA peer group in one year may differ from the banks and thrifts in the group in the next year, as total assets

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for a given institution may change from year to year. The following list identifies the companies in ASB's Performance Peer Group for 2015:

1st Source Corporation	Farmers & Merchants Bank of Long Beach	Pinnacle Financial Partners, Inc.
Ameris Bancorp	FCB Financial Holdings, Inc.	Renasant Corporation
BancFirst Corporation	First Busey Corporation	Republic Bancorp, Inc.
Bancorp, Inc.	First Commonwealth Financial Corporation	S&T Bancorp, Inc.
Bank of the Ozarks, Inc.	First Financial Bancorp.	Sandy Spring Bancorp, Inc.
Banner Corporation	First Financial Bankshares, Inc.	ServiceFirst Bancshares, Inc.
BBCN Bancorp, Inc.	First Merchants Corporation	Simmons First National Corporation
Berkshire Hills Bancorp, Inc.	Flushing Financial Corporation	South State Corporation
BNC Bancorp	Great Southern Bancorp, Inc.	Sterling Bancorp
Boston Private Financial Holdings, Inc.	Heartland Financial USA, Inc.	Tompkins Financial Corporation
Brookline Bancorp, Inc.	Home BancShares, Inc.	TriCo Bancshares
Capital Bank Financial Corporation	HomeStreet, Inc.	TrustCo Bank Corp NY
CenterState Banks, Inc.	Independent Bank Corporation	Union Bankshares Corporation
Central Pacific Financial Corporation	Kearney Financial Corp. (MHC)	United Community Banks, Inc.
Century Bancorp, Inc.	Lakeland Bancorp, Inc.	United Financial Bancorp, Inc.
Chemical Financial Corporation	Legacy Texas Financial Group, Inc.	Washington Trust Bancorp, Inc.
Community Bank System, Inc.	National Bank Holdings Corporation	WesBanco, Inc.
Community Trust Bancorp, Inc.	NBT Bancorp Inc.	Westamerica Bancorporation
Customers Bancorp, Inc.	Northwest Bancshares, Inc.	Willshire Bancorp, Inc.
CVB Financial Corp.	OFG Bancorp	WSFS Financial Corporation
Dime Community Bancshares, Inc.	Opus Bank	Yadkin Financial Corporation
Eagle Bancorp, Inc.	Park National Corporation	

See note 3 to the "2017-19 Long-Term Incentive Performance Metrics & Why We Use Them" table on page 36 for an explanation of HEI's Relative TSR metric. The performance peers for HEI's Relative TSR metric are set forth below.

2017 Edison Electric Institute Index (EEI) Peers for HEI Long-Term Incentive Plan Relative TSR Metric

The EEI is an association of U.S. shareholder-owned electric companies that are representative of comparable investment alternatives to HEI. The EEI's members serve virtually all of the ultimate customers in the shareholder-owned segment of the industry. The following companies comprise the 2017 EEI Index used for HEI's Relative TSR metric:

ALLETTE, Inc.	DTE Energy Co.	MDU Resources	PPL Corp.
Alliant Energy Corp.	Duke Energy Corp.	Group Inc. MGE	Public Service
Ameren Corp.	Edison International	Energy Inc.	Enterprise
American Electric Power Co.	El Paso Electric Co.	NextEra Energy Inc.	Group Inc.
Avangrid	Empire District	NiSource Inc.	SCANA Corp.
Avista Corp.	Electric Co.	Northwestern Corp.	Sempra Energy
Black Hills Corp.	Entergy Corp.	OGE Energy Corp.	Southern Co.
	Eversource Energy	Otter Tail Corp.	Unitil Corp.

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Centerpoint Energy Inc.
CMS Energy Corp.
Consolidated Edison Inc.
Dominion Resources Inc.

Exelon Corp.
FirstEnergy Corp.
Great Plains Energy Inc.
IDACORP Inc.

PG&E Corp.
Pinnacle West Capital
Corp.
PNM Resources Inc.
Portland General Electric

Vectren Corp.
WEC Energy
Group Inc.
Westar
Energy Inc.
Xcel Energy Inc.

Table of Contents**What we pay and why: Compensation elements and 2017 pay decisions****Each element of compensation supports important objectives**

The total compensation program for named executive officers is made up of the five standard components summarized below. Each component fulfills important objectives that reflect our focus on pay for performance, competitive programs to attract and retain talented executives and aligning executive decisions with the interests of the Company and our shareholders. These elements are described in further detail in the pages that follow.

Compensation

Element	Summary	Objectives
Base Salary*	Fixed level of cash compensation set in reference to peer group median (may vary based on performance, experience, responsibilities and other factors).	Attract and retain talented executives by providing competitive fixed cash compensation.
Annual Performance-Based Incentives	Variable cash award based on achievement of pre-set performance goals for the year. Award opportunity is a percentage of base salary. Performance below threshold levels yields no incentive payment.	Drive achievement of key business results linked to short-term and long-term strategy and reward executives for their contributions to such results. Balance compensation cost and return by paying awards based on performance.
Long-Term Performance-Based Incentives	Variable equity award based on meeting pre-set performance objectives over a 3-year period. Award opportunity is a percentage of base salary. Performance below threshold levels yields no incentive payment.	Motivate executives and align their interests with those of shareholders by promoting long-term value growth and by paying awards in the form of equity. Balance compensation cost and return by paying awards based on performance.
Annual RSU Grant	Annual equity grants in the form of RSUs that vest in equal installments over 4 years. Amount of grant is a percentage of base salary.	Promote alignment of executive and shareholder interests by ensuring executives have significant ownership of HEI stock. Retain talented leaders through multi-year vesting.
Benefits	Includes defined benefit pension plans and retirement savings plan (for HEI/utility employees) and defined contribution plan (for bank employees); deferred compensation plans; double-trigger change-in-control agreements; minimal perquisites; and an executive death benefit plan (frozen since 2009).	Enhance total compensation with meaningful and competitive benefits that promote retention, peace of mind and contribute to financial security. Double-trigger change-in-control agreements encourage focused attention of executives during major corporate transitions.

*

For all NEOs other than Mr. Wacker, beginning in 2017, approved base salaries became effective as of March 1, 2017. For 2015 and 2016, base salaries were effective retroactively to January 1 and covered the entire calendar year. Accordingly, unless otherwise indicated, amounts referenced as 2017 base salary throughout this "Compensation Discussion and Analysis" section is comprised of a prorated amount representing two months of 2016 base salary and 10 months of 2017 base salary.

Changes to elements in 2017

On an annual basis, the Compensation Committee reviews and recommends each named executive officer's target compensation opportunity, which is composed of: base salary, target annual incentive opportunity and target

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long-term equity value. Target bonus and equity values are established as a percentage of base salary. The Compensation Committee made changes to base salary for 2017, as shown in the chart below.

Name	Performance-based Annual Incentive (Target Opportunity ¹ Base Salary as % of (\$)		Performance-based Long-term Incentive (Target Opportunity ¹ as % of Base Salary)		RSUs (Value as % of Base Salary)			
	2017	2016	2017	2016-18	2017-19	2016	2017	
Constance H. Lau	864,800	800,533	100	same	160	same	75	same
Gregory C. Hazelton ²	450,000	480,500	60	Same	80	Same	award	50
Alan M. Oshima	583,600	583,583	75	same	95	same	65	same
Richard F. Wacker	640,800	600,000	80	same	80	same	20	same
James A. Ajello ³	576,800	590,217	60	same	80	same	50	same

1

The threshold and maximum opportunities are 0.5 times target and 2 times target, respectively.

2

Mr. Hazelton became HEI's Senior Vice President, Finance on October 24, 2016. His full 2016 annualized base salary of \$450,000 for 2016 is shown above but he only received \$84,836 for the number of days he worked for HEI during the year. Mr. Hazelton was promoted to HEI Executive Vice President and CFO on April 2, 2017. Mr. Hazelton's pro-rated salary for 2017 was \$487,500, which is reflected in the "2017 Summary Compensation Table" on page 48. In returning to HEI, Mr. Hazelton forfeited cash and equity compensation he would have received if he had stayed at his prior employer, including annual incentive pay for 2016, pro-rata portions of long term incentive pay for 2015-17 and 2016-18, and unvested portions of RSUs granted by his prior employer in 2015 and 2016. To encourage Mr. Hazelton to return to HEI, the Compensation Committee deemed it appropriate to replace such forfeited compensation.

3

Mr. Ajello retired effective April 2, 2017.

Base salary

Base salaries for our named executive officers are reviewed and determined annually. In establishing base salaries for the year, the Compensation Committee considers competitive market data, internal equity and each executive's level of responsibility, experience, expertise, performance and retention and succession considerations. The Compensation Committee considers the competitive median in setting base salaries, but may determine that the foregoing factors compel a higher or lower salary.

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For 2017, in order to recognize their performance and maintain the market competitiveness of their pay, Ms. Lau received a base salary increase of 3.3%, Mr. Hazelton received a base salary increase of 8.3%, Mr. Oshima received a base salary increase of 12.4%, Mr. Wacker received a base salary increase of 3% and Mr. Ajello received a base salary increase of 2.5%. The resulting 2017 base salaries for the named executive officers are shown in the table above. As noted above under the "Compensation Elements" table, for all named executive officers other than Mr. Wacker, base salary increases for 2017 became effective as of March 1, 2017 (as opposed to retroactive to January 1, as was the case in 2015 and 2016). Accordingly, unless otherwise indicated, amounts referenced as 2017 base salary are prorated amounts as described above.

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Annual incentives

HEI named executive officers and other executives are eligible to earn an annual cash incentive award under HEI's Executive Incentive Compensation Plan (EICP) based on the achievement of performance goals for the year. Each year, the Compensation Committee determines the target annual incentive opportunity for each executive, performance metrics and the applicable goals.

2017 target annual incentive opportunity

The target annual incentive opportunity is a percentage of base salary, with the threshold and maximum opportunities equal to 0.5 times and 2 times target, respectively. In establishing the target percentage for each executive, the Compensation Committee takes into account the mix of pay elements, competitive market data, internal equity, prior performance and other factors described above under "Base salary."

The 2017 target annual incentive opportunities for the named executive officers are shown in the table above. For 2017, the Compensation Committee recommended, and the Board approved, keeping the target opportunity (as a percentage of base salary) the same as the 2016 target opportunity for each of our named executive officers.

2017 performance metrics, goals, results & payouts

The performance metrics for annual incentives are chosen because they connect directly to the Company's strategic priorities and correlate with creating shareholder value. The 2017 performance metrics for Ms. Lau, Mr. Hazelton and Mr. Ajello related to the holding company and its subsidiaries, while the metrics for Mr. Oshima related to the utility and the metrics for Mr. Wacker related to the bank. The rationale for each metric is shown in the chart below.

In addition to selecting performance metrics, the Compensation Committee determines the level of achievement required to attain the threshold, target and maximum goal for each metric. The level of difficulty of the goals reflects the Compensation Committee's belief that incentive pay should be motivational that is, the goals should be challenging but achievable and that such pay should be balanced with reinvestment in the Company and return to shareholders. Consistent with this approach, the Compensation Committee believes the threshold should represent solid performance with positive financial/operating results, target should denote achievable goals that include a stretch factor and maximum should signify truly exceptional performance.

The target level for financial goals, such as net income and ROA, is generally set at the level of the Board-approved budget, which represents the level of accomplishment the Company seeks to achieve for the year. In setting the threshold and maximum levels, the Compensation Committee considers whether the risks to accomplishing the budget weigh more heavily toward the downside and how challenging it would be to achieve incremental improvements over the target level.

The chart below identifies the 2017 annual incentive metrics, the objective each measure serves, the level of achievement required to attain the threshold, target and maximum levels for each metric, the results for 2017 and the percentage of target achieved.

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2017 Annual Incentive Performance Metrics & Why We Use Them	Weighting	Threshold	Goals		Result	% of Target Achieved
			Target	Maximum		
Lau, Hazelton and Ajello						
HEI Consolidated Adjusted Net Income¹ focuses on fundamental earnings, which correlates to shareholder value	60%	\$161.3M	\$179.2M	\$191.7M	\$179.5M	
Utility Operations² supports effective utility operations for all stakeholders	25%	See note 2 below	See note 2 below	See note 2 below	See note 2 below	112%
ASB Return on Assets (ROA)⁷ measures how efficiently the bank deploys its assets by comparing return to total assets	15%	0.85%	0.90%	0.95%	1.00%	
Oshima						
Utility Consolidated Adjusted Net Income¹ focuses on fundamental earnings, which correlates to shareholder value	45%	\$128.3M	\$135.0M	\$148.5M	\$129.1M	
Utility Consolidated Operation and Maintenance Expense³ measures operational efficiency	15%	\$437M	\$426M	N/A	\$414M	
Utility Consolidated System Average Interruption Duration Index (SAIDI)⁴	10%	105 minutes	102 minutes	99 minutes	112 minutes	70%

promotes system
reliability for customers

Utility Consolidated**Customer Satisfaction⁵**

focuses on improving
the customer experience
through all points of
contact with the utility

5%

Consolidated
score of 66 in
2 of 4 quarters

Consolidated
score of 66 in
3 of 4 quarters

Consolidated
score of 66 in
4 of 4 quarters

Consolidated
score of 66 in
4 of 4
quarters

Utility Consolidated**Safety⁶**

rewards
improvements in
workplace safety,
promoting employee
well-being and reducing
expense

5%

1.25 TCIR

1.03 TCIR

0.92 TCIR

1.84 TCIR

Transformation

Metrics promote
achievement of utility
transformation
initiatives

20%

Threshold

Target

Maximum

Target

Wacker

ASB ROA⁷

40%

0.85%

0.90%

0.95%

1.00%

ASB Adjusted Net

Income¹ focuses on
fundamental earnings,
which correlates to
shareholder value

60%

\$54.0M

\$60.0M

\$65.0M

\$66M

200%

N/A Not Applicable

1

HEI Consolidated, Utility Consolidated and ASB Adjusted Net Income represent HEI consolidated, Utility consolidated and ASB GAAP net income for 2017 adjusted for the item described further below, respectively. These Adjusted Net Income metrics are non-GAAP measure. For a reconciliation of the GAAP and non-GAAP results, see "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments" attached as Exhibit B.

2

Utility Operations is a composite of five utility operational goals weighted in the same proportion for which they are weighted for utility executives. Utility Operations includes the five operational goals that applied to Mr. Oshima in 2017 (Utility Consolidated Operation and Maintenance Expense, Utility Consolidated SAIDI, Utility Consolidated Customer Satisfaction, Utility Consolidated Safety and Utility Transformation Metrics, which applied to HEI executives and to utility executives. Utility Transformation Metrics focuses on achievement of the utility's transformation goals. Mr. Oshima approves the Transformation milestones under

this metric and determines the aggregate performance at the end of the performance period. For 2017, the Utility Transformation milestones focused on the areas of culture transformation, customer experience, distribution circuit reliability, electrification of transportation and communication. The Utility Transformation goal was achieved at target for 2017, meaning that all milestones were achieved. For HEI executives the weightings of the components of Utility Operations were as follows: Utility Consolidated Operation and Maintenance Expense 6.82%, Utility Consolidated SAIDI 4.55%, Utility Consolidated Customer Satisfaction 2.27%, Utility Consolidated Safety 2.27%, and Utility Transformation 9.09%.

3

Utility Consolidated Operation and Maintenance Expense represents non-fuel expenses of the consolidated utilities excluding expenses covered by surcharges or that are otherwise neutral to net income.

4

Utility Consolidated SAIDI is measured by the average outage duration for each customer served, exclusive of catastrophic events and outages caused by independent power producers, over whose plant maintenance and reliability the utility has limited real-time control.

5

Utility Consolidated Customer Satisfaction is based on quarterly results of customer surveys conducted by an outside vendor.

6

Utility Consolidated Safety is measured by Total Cases Incident Rate (TCIR), a standard measure of employee safety. TCIR equals the number of Occupational Safety and Health Administration recordable cases as of 12/31/17 \times 200,000 productive hours divided by productive hours for the year. The lower the TCIR the better.

7

ASB ROA is ASB's adjusted net income divided by its average total assets for the period. Average total assets is calculated by averaging the total assets for each day in the period.

Table of Contents**Non-GAAP Net Income Metrics 2017 Annual Incentive**

HEI Consolidated's, Utility Consolidated's and ASB's Adjusted Net Income metrics for 2017 annual incentive compensation were calculated on a non-GAAP basis because the Compensation Committee determined that the impacts associated with the recently enacted tax reform legislation should not be considered in determining performance under those metrics. The Compensation Committee deemed this to be appropriate since such amounts were for extraordinary events unrelated to HEI, Hawaiian Electric or ASB managements' actions regarding ongoing business operations and taking such factors into account thus would be inconsistent with the original intent and nature of the award.

Due to the exclusion of such amounts, for purposes of the 2017 EICP \$14.2 million, \$9.2 million and \$(1.0 million) was added to HEI Consolidated's, Utility Consolidated's and ASB's 2017 GAAP net income, respectively, to determine HEI Consolidated's, Utility Consolidated's and ASB's Adjusted Net Income. See "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments," attached as Exhibit B.

The following chart shows how % of Target Achieved from the table above is converted into a dollar value for each named executive officer. The payout amounts are also shown in the "Nonequity Incentive Plan Compensation" column of the "2017 Summary Compensation Table" on page 48. The range of possible annual incentive payouts for 2017 is shown in the "2017 Grants of Plan-Based Awards" table on page 50.

Name	Target Opportunity (% of base salary)	Base Salary (\$)	Target Opportunity (\$)	Total Achieved as a % of Target Opportunity (%)	2017 Actual Annual Incentive Payout (\$)
Constance H. Lau	100 ×	893,533 =	893,533 ×	112 =	999,774
Gregory C. Hazelton	60 ×	487,500 =	292,500 ×	112 =	327,163
Alan M. Oshima	75 ×	655,583 =	491,687 ×	70 =	345,164
Richard F. Wacker	80 ×	660,000 =	528,000 ×	200 =	1,056,000

1

Figures may not calculate to the amount shown in 2017 Actual Annual Incentive Payout due to rounding of the Total Achieved as a % of Target. Total Achieved as a % of Target was rounded for ease of presentation.

Long-term incentives

Long-term incentives include performance-based opportunities under HEI's LTIP, which is based on achievement of performance goals over rolling three-year periods, and time-vested RSUs, which vest over a four-year period. The performance-based LTIP represents the majority of each named executive officer's long-term incentive opportunity. These incentives are designed to directly tie executive interests with those of shareholders by rewarding executives for long-term value growth.

Long-term performance-based incentives

The three-year performance periods foster a long-term perspective and provide balance with the shorter-term focus of the annual incentive program. In addition, the overlapping three-year performance periods encourage sustained high levels of performance because at any one time three separate potential awards are affected by current performance.

Similar to the annual incentives, in developing long-term incentives, the Compensation Committee determines the target incentive opportunity for each executive, performance metrics and goals for the three-year period.

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2017-19 target long-term incentive opportunity

As with the annual incentives, the target long-term incentive opportunity is a percentage of base salary, with the threshold and maximum opportunities equal to 0.5 times and 2 times target, respectively. In establishing the target percentage for each executive, the Compensation Committee considers the mix of pay elements, competitive market data, internal equity, performance and other factors described above under "Base salary."

For the 2017-19 period, the Compensation Committee made no changes to the target incentive opportunities as a percentage of base salary for Ms. Lau, and Messrs. Hazelton, Oshima, Wacker and Ajello, as it determined that their target long-term incentive opportunities from the prior performance period remained appropriate at 160%, 80%, 95%, 80% and 80%, respectively. See table on page 31.

2017-19 performance metrics and goals

The performance metrics for long-term incentives are chosen for their direct relation to creating long-term value for shareholders.

In addition to selecting performance metrics, the Compensation Committee determines the level of achievement required to attain threshold, target and maximum performance for each metric. The same principles the Compensation Committee applies to annual incentive goals apply to long-term incentive goals. As such, the level of difficulty of the goals reflects the Compensation Committee's belief that incentive pay should be motivational—that is, the goals should be challenging but achievable—and that such pay should be balanced with reinvestment in the Company and return to shareholders. Consistent with this approach, the Compensation Committee believes threshold should represent solid performance with positive financial/operating results, target should denote achievable goals that include a stretch factor and maximum should signify truly exceptional performance.

The target level for financial goals, such as total shareholder return relative to the EEI (Relative TSR) three-year average annual earnings per share (EPS) growth and three-year return on average common equity (ROACE), relate to the levels the Company seeks to achieve over the performance period. In setting the threshold and maximum levels, the Compensation Committee considers whether the risks to accomplishing those levels weigh more heavily toward the downside and how challenging it would be to achieve incremental improvements over the target result. For the 2017-19 period, the Compensation Committee chose the metrics and goals in the following chart to encourage long-term achievement of earnings and growth in shareholder value.

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2017-19 Long-Term Incentive Performance Metrics & Why We Use Them	Weighting	Threshold	Goals Target	Maximum
Lau, Hazelton and Ajello				
HEI 3-year Average Annual EPS Growth¹ promotes shareholder value by focusing on EPS growth over a three-year period.	30%	1.0%	3.0%	5.0%
HEI ROACE² measures profitability based on net income returned as a % of average common equity.	50%	8.5%	9.4%	10.1%
HEI Relative TSR³ compares the value created for HEI shareholders to that created by other investor-owned electric companies (EEI Index).	20%	30th percentile	50th percentile	75th percentile
Oshima				
Utility 3-year Average Annual EPS Growth⁴ promotes shareholder value by focusing on EPS growth over a three-year period.	30%	1.0%	3.0%	5.0%
Utility 3-year ROACE as a % of Allowed Return⁵ measures the performance of the utility and its subsidiaries in attaining the level of ROACE they are permitted to earn by their regulator. The focus on ROACE encourages improved return compared to the cost of capital.	50%	70%	80%	90%
HEI Relative TSR³ compares the value created for HEI shareholders to that created by other investor-owned electric companies (EEI Index).	20%	30th percentile	50th percentile	75th percentile
Wacker				
ASB Return on Equity⁶ is ASB's adjusted net income divided by its average equity for the period.	40%	9.0%	10.0%	11.0%
ASB Efficiency Ratio, for Year-End 2019⁷ promotes expense control.	40%	63%	60%	58.5%
HEI Relative TSR³ compares the value created for HEI shareholders to that created by other investor-owned electric companies (EEI Index).	20%	30th percentile	50th percentile	75th percentile

HEI 3-year Average Annual EPS Growth is calculated by taking the sum of each full calendar year's (2017, 2018 and 2019, respectively) EPS percentage growth over the EPS of the prior year and dividing that sum by 3.

2

HEI ROACE is calculated as the simple average of HEI 3-year ROACE calculated on an annual basis (2017, 2018 and 2019), with net income and common equity adjusted for exclusions the Compensation Committee allows.

3

HEI Relative TSR compares HEI's TSR to that of the companies in the EEI Index. For LTIP purposes, TSR is the sum of the growth in price per share of HEI common stock as measured at the beginning of the performance period to the end, calculated using the share price on the last trading day of December at the end of the performance period, plus dividends during the period, assuming reinvestment, divided by the share price on the last trading day of December immediately prior to the beginning of the performance period.

4

Utility 3-year Average Annual EPS Growth is calculated by taking the sum of each full calendar year's (2017, 2018 and 2019, respectively) EPS percentage growth over the EPS of the prior year and dividing that sum by three. For purposes of this goal, Utility EPS is calculated using Utility net income divided by weighted average HEI Common Stock outstanding.

5

Utility 3-year ROACE as a % of Allowed Return is the utility's consolidated average ROACE for the performance period compared to the weighted average of the allowed ROACE for the utility and its subsidiaries as determined by the Hawaii Public Utilities Commission for the same period.

6

ASB adjusted net income and average equity are averages over the performance period of ASB's GAAP information, adjusted for exclusions allowed by the Compensation Committee.

7

ASB Efficiency Ratio for 2019 is equal to ASB's total noninterest expense for year ended December 31, 2019 divided by the sum of net interest income and noninterest income for the year ended December 31, 2019.

Customers, employees and shareholders all benefit when the above goals are met. Achievement of these goals makes HEI, the utility and the bank stronger financially, enabling HEI to raise capital at favorable rates for reinvestment in the operating companies and supporting dividends to shareholders. From a historical perspective, long-term incentive payouts are not easy to achieve, nor are they guaranteed. HEI and its utility and bank subsidiaries face significant external challenges in the 2017-19 period. Extraordinary leadership on the part of the named executive officers will be needed to achieve the long-term objectives required for them to earn the incentive payouts.

2015-17 Long-Term Incentive Plan. The HEI Board and HEI Compensation Committee established the 2015-17 long-term incentive opportunities, performance metrics and goals in February 2015. Those decisions were described in the 2016 HEI Proxy Statement and are summarized again below to provide context for the results and payouts for the 2015-17 period.

Table of Contents**2015-17 target long-term incentive opportunity**

In February 2015, the Compensation Committee established the following 2015-17 target incentive opportunities as a percentage of named executive officer base salary.

Name¹	2015-17 Target Opportunity (as % of Base Salary)	2015-17 Target Opportunity (in dollars)
Constance H. Lau	160%	1,343,120
Alan M. Oshima	90%	509,850
Richard F. Wacker	80%	497,680
James A. Ajello	80%	336,000

1

Mr. Hazelton left HEI as VP Finance, Treasurer and Controller on June, 2015, and therefore forfeited his participation in the 2015-17 LTIP. Accordingly, Mr. Hazelton did not receive compensation under the 2015-2017 LTIP. Mr. Hazelton subsequently returned to HEI as Senior Vice President- Finance on October 24, 2016 and became Executive Vice President and Chief Financial Officer on April 2, 2017.

2015-17 performance metrics, goals, results & payouts

The Compensation Committee established the 2015-17 performance metrics and goals below in February 2015. The Compensation Committee selected the metrics for their correlation with long-term shareholder value and alignment with the multi-year strategic plans of HEI and its utility and bank subsidiaries. The chart below identifies the 2015-17 LTIP metrics, the objective each measure serves, the level of achievement required to attain the threshold, target and maximum levels for each metric, the results for 2015-17 and the corresponding payout as a percentage of target.

The results shown below incorporate the Compensation Committee's decision to exclude the impact of the unusual events that affected HEI, Hawaiian Electric and ASB during the 2015-17 period. These adjustments are described below under "Adjustments for unusual events 2015-17 LTIP."

2015-17 Long-Term Incentive Performance Metrics & Why We Use Them	Goals					% of Target Achieved
	Weighting	Threshold	Target	Maximum	Result	
Lau and Ajello*						
HEI 3-year Average Annual EPS Growth¹ promotes shareholder value by focusing on EPS growth over a three-year period.	50%	2.2%	3.5%	4.5%	2.9%	
Weighted Composite of Utility (2/3) and ASB (1/3) 3-year ROACE² measures profitability based on net	50%	8.0%	8.9%	9.8%	9.1%	100%

income returned as a % of average common equity.

Oshima

HEI 3-year Average Annual EPS

Growth1 promotes shareholder value by focusing on EPS growth over a three-year period.

50%	2.2%	3.5%	4.5%	2.9%
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Utility 3-year ROACE as a % of

Allowed Return3 measures the performance of the utility and its subsidiaries in attaining the level of ROACE they are permitted to earn by their regulator. The focus on ROACE encourages improved return compared to the cost of capital.

50%	73%	83%	93%	85%	98%
-----	-----	-----	-----	-----	-----

Wacker

ASB Relative ROA4 compares how efficiently ASB deploys its assets compared to its performance peers (Bank Performance Peers).

50%	40th percentile	50th percentile	60th percentile	45th percentile
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ASB 3-year Average Net Income5

focuses on fundamental earnings growth, which correlates to shareholder value.

50%	\$53.7M	\$56.9M	\$60.3M	\$59.8M	129%
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*

Mr. Hazelton did not receive compensation under the 2015-17 LTIP.

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1

HEI 3-year Average Annual EPS Growth is calculated by taking the sum of each full calendar year's (2015, 2016 and 2017, respectively) EPS percentage growth over the EPS of the prior year and dividing that sum by 3. Non-GAAP adjusted net income, upon which EPS used for LTIP purposes is calculated, differs from what is reported under GAAP because it excludes the impact of the unusual events in 2014 through 2017 described below under "Adjustments for unusual events 2015-17 LTIP." For a reconciliation of the GAAP and non-GAAP results, see "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments" attached as Exhibit B.

2

Weighted Composite of Utility and ASB 3-year ROACE is the weighted composite of the utility's and ASB's ROACE, which calculation is average net income divided by average common equity for the period, with net income and common equity of Hawaiian Electric and ASB adjusted for exclusions the Compensation Committee allows for utility and ASB results. For purposes of this metric, the utility is weighted two-thirds (2/3) and ASB is weighted one-third (1/3). Non-GAAP adjusted net income used in the computation of ROACE differs from what is reported under GAAP because it excludes the impact of the unusual events in 2015 through 2017 described below under "Adjustments for unusual events 2015-17 LTIP." For a reconciliation of the GAAP and non-GAAP results, see "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments" attached as Exhibit B.

3

Utility 3-year ROACE as a % of Allowed Return is the utility's consolidated average ROACE for the performance period compared to the weighted average of the allowed ROACE for the utility and its subsidiaries as determined by the Hawaii Public Utilities Commission for the same period. Non-GAAP adjusted net income used in the computation of ROACE differs from what is reported under GAAP because it excludes the impact of the unusual events in 2015 through 2017 described below under "Adjustments for unusual events 2015-17 LTIP." For a reconciliation of the GAAP and non-GAAP results, see "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments" attached as Exhibit B.

4

ASB Relative ROA represents how ASB's ROA compared to the ROA of the Bank Performance Peers during the performance period. The result is obtained by (i) comparing ASB's ROA to the ROA of the Bank Performance Peers for each year in the period, resulting in a percentile ranking and (ii) taking the average of ASB's ranking for the three years. ROA is ASB's non-GAAP adjusted net income divided by average total assets for the year, with ASB's net income adjusted for exclusions allowed by the Compensation Committee. Average total assets is determined by averaging the daily total assets for each day of the year. Non-GAAP adjusted net income differs from what is reported under GAAP because it excludes the impact of the unusual events in 2015 through 2017 described below under "Adjustments for unusual events 2015-17 LTIP." For a reconciliation of the GAAP and non-GAAP results, see "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments" attached as Exhibit B.

5

ASB 3-year Average Net Income is the average of ASB's adjusted net income for 2015 through 2017. Non-GAAP adjusted net income differs from what is reported under GAAP because it excludes the impact of the unusual events in 2015 through 2017 described below under "Adjustments for unusual events 2015-17 LTIP." For a reconciliation of the GAAP and non-GAAP results, see "Reconciliation of GAAP to Non-GAAP

Measures: Incentive Compensation Adjustments" attached as Exhibit B.

The following chart shows how % of Target Achieved from the chart above is converted into a dollar value for each named executive officer. The payout amounts are also shown in the "Nonequity Incentive Plan Compensation" column of the "2017 Summary Compensation Table" on page 48.

Name*	Target Opportunity (% of 2015 base salary)	2015 Base Salary (\$)	Target Opportunity (\$)	Total Achieved as a % of Target (%)	2015-17 Incentive Payout (\$)
Constance H. Lau	160 ×	839,450 =	1,343,120 ×	100 =	1,337,381
Alan M. Oshima	90 ×	566,500 =	509,850 ×	98 =	502,006
Richard F. Wacker	80 ×	622,100 =	497,680 ×	129 =	643,252
James A. Ajello2	80 ×	420,000 =	336,000 ×	100 =	334,564

*

Mr. Hazelton did not receive compensation under the 2015-17 LTIP.

1

Figures may not calculate to the amount shown in 2015-17 Incentive Payout column due to rounding of the Total Achieved as a % of Target. Total Achieved as a % of Target was rounded for ease of presentation.

2

Mr. Ajello's base salary shown at 75% as he was eligible for 27 months out of 36 months 2015-2017 LTIP.

Table of Contents**Adjustments for unusual events 2015-17 LTIP**

The Compensation Committee considers adjustments to performance results with caution and only in circumstances that are unforeseen and/or unique or extraordinary. The Compensation Committee recognizes that the two operating subsidiaries are heavily regulated and external forces can impact incentive plans significantly. The Compensation Committee is mindful of only considering adjustments that are warranted and will also serve the long-term interests of shareholders.

HEI. In determining HEI consolidated net income for 2014, 2015, 2016 and 2017 for purposes of calculating HEI 3-year EPS growth under the 2015-17 LTIP, the Compensation Committee considered the impact of the 2017 tax reform legislation. In addition to the 2017 tax reform impacts at ASB and Hawaiian Electric (see below), 2017 tax reform had a \$6.0 million negative impact on HEI results. The Compensation Committee deemed it appropriate to exclude the impact of the 2017 tax reform legislation because such impact was for extraordinary events unrelated to management's actions regarding ongoing business operations. The adjustments described on page 39 of HEI's 2017 Proxy Statement with respect to HEI's 2016 results for purposes of the 2016 EICP were applied in calculating HEI 3-year EPS growth, as the positive impact of \$58.2 million of income related to the terminated merger with NextEra Energy and cancelled spin-off of ASB Hawaii, Inc., along with the merger-related expenses incurred by HEI of \$15.2 million in 2015 and \$4.9 million in 2014, should not be considered in determining performance under the metrics. These merger-and spin-off related income and expense were for an extraordinary event unrelated to HEI or Hawaiian Electric managements' actions regarding ongoing business operations. See below under ASB and Hawaiian Electric for all other items impacting HEI consolidated net income.

ASB. In determining ASB's 2015, 2016 and 2017 net income and ROA performance and the ASB portion of the Weighted Composite of Utility (²/₃) and ASB (¹/₃) 3-year ROACE ("Weighted Composite ROACE") for purposes of the 2015-17 LTIP, the Compensation Committee considered the impact of the 2017 tax reform legislation and the effect of ASB's initiative to eliminate risk associated with the pension liability and volatility of pension expense for its frozen pension plan through a process called "defeasement," which matches asset and liability movements. Because the Company calculates net periodic pension cost using a market-related value of plan assets, the favorable accounting impact of the defeasement is diminished. Pension defeasement had a negative impact on ASB's net income of \$0.4 million, \$0.3 million and \$0.7 million for 2015, 2016 and 2017, respectively. The Compensation Committee deemed it appropriate to exclude defeasement amounts for purposes of determining ASB's net income for the 2015-17 LTIP because the Company's consolidated asset valuation method diminished the positive accounting impacts of the defeasement. Over time the defeasement is expected to benefit shareholder value by reducing ASB's need to provide additional funds to satisfy its pension obligations. The tax reform and related net positive impact amounted to \$1.0 million for 2017 and was excluded in the calculation of the 2015-17 3-year annual EPS growth.

Hawaiian Electric. In determining Hawaiian Electric's 2015, 2016 and 2017 net income and common equity for the ROACE as a % of Allowed Return and the utility portion of the Weighted Composite ROACE for purposes of the 2015-17 LTIP, the Compensation Committee considered the impacts of the 2017 tax reform legislation and the effect of reversion of RAM to the lagged method of revenue recognition. The tax reform and the reversion of RAM to the lagged method of revenue recognition had negative impacts on Hawaiian Electric's 2017 net income of \$9.2 million and \$13.9 million, respectively, and were excluded for purposes of the ROACE as a % of Allowed Return and utility portion of the Weighted Composite ROACE calculation. The Compensation Committee deemed it appropriate to exclude the impact of the 2017 tax reform legislation because such impacts were for extraordinary events unrelated to management's actions regarding ongoing business operations and the reversion of RAM to the lagged method of revenue recognition because of its nature as a regulatory policy change that was not anticipated or foreseen at the time the performance goals were established.

The adjustments described on pages 42-43 of HEI's 2016 Proxy Statement with respect to Hawaiian Electric's 2015 results for purposes of the 2013-15 LTIP were applied in each of 2015, 2016 and 2017 in calculating the 2015-17 LTIP Weighted Composite ROACE, as the events leading to those adjustments were not contemplated at the time the 2015-17 LTIP goals were established and were unrelated to Hawaiian Electric management's decisions and actions.

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The adjustments described on page 44 of HEI's 2017 Proxy Statement with respect to Hawaiian Electric's 2016 results for purposes of the 2014-16 LTIP were applied in calculating the 2015-17 LTIP Weighted Composite ROACE, as the events leading to those adjustments were not contemplated at the time the 2015-17 LTIP goals were established and were unrelated to Hawaiian Electric management's decisions and actions. In addition, \$0.5 million in merger integration expenses incurred by Hawaiian Electric in 2015, \$2.2 million of merger-related expenses after-tax incurred by Hawaiian Electric in 2016, including costs related to Hawaiian Electric's terminated LNG contract, which was conditioned on PUC approval of the merger should not be considered. The Compensation Committee deemed the exclusion of these expenses to be appropriate in light of the termination of the merger agreement and the associated cessation of LNG efforts and because such amounts were for extraordinary events unrelated to HEI or Hawaiian Electric managements' actions regarding ongoing business operations.

See "Reconciliation of GAAP to Non-GAAP Measures: Incentive Compensation Adjustments," attached as Exhibit B.

2016-18 Long-Term Incentive Plan. HEI's 2016-18 long-term incentive plan was described on pages 39-41 of the 2017 Proxy Statement.

Restricted stock units

HEI named executive officers are eligible to receive annual equity-based grants in the form of RSUs that vest over a four-year period. RSUs offer executives the opportunity to receive shares of HEI Common Stock when the restrictions lapse, generally subject to continued employment with the Company through vesting.

The value of the annual RSU grant is a percentage of the executive's base salary as shown on page 31. These awards are designed to focus executives on creating long-term value for the Company's stakeholders. Since they take four years to fully vest, the RSUs also promote retention. The RSUs vest and convert to shares of HEI Common Stock in four equal annual installments beginning one year from the date of grant (plus compounded dividend equivalent shares on the installment that vested in such year).

The 2017 RSU grants are set forth in the "2017 Grants of Plan-Based Awards" table on page 50.

Benefits

Retirement and savings plans

HEI, Hawaiian Electric and ASB provide retirement benefits to the named executive officers to promote financial security in recognition of years of service and to attract and retain high-quality leaders.

HEI and Hawaiian Electric employees (including each named executive officer employed by HEI or Hawaiian Electric), but not ASB employees, are eligible to participate in the HEI Retirement Plan, which is a tax-qualified defined benefit pension plan, and to save for retirement on a tax-deferred basis through HEI's Retirement Savings Plan, a tax-qualified defined contribution 401(k) plan, which does not provide non-elective employer contributions for any participants and does not provide matching contributions for participants who joined participating employer before May 1, 2011. In 2011, HEI amended the HEI Retirement Plan and HEI Retirement Savings Plan to create a new benefit structure for employees hired on or after May 1, 2011. Employees covered by the new benefit structure receive a reduced pension benefit under the HEI Retirement Plan, but are eligible for limited matching contributions under the HEI Retirement Savings Plan. These changes were intended to lower the cost of pension benefits over the long term. Messrs. Hazelton and Oshima each joined the Company after May 1, 2011 and are eligible to receive matching contributions under the amended HEI Retirement Savings Plan. Ms. Lau and Mr. Ajello were not eligible for and did not receive matching contributions under that plan, since they joined the Company prior to May 1, 2011.

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Additional retirement benefits that cannot be paid from the HEI Retirement Plan due to Internal Revenue Code limits are provided to named executive officers and other executives employed by HEI and Hawaiian Electric through the nonqualified HEI Excess Pay Plan. Benefits under the HEI Excess Pay Plan are determined using the same formula as the HEI Retirement Plan, but are not subject to the Internal Revenue Code limits on the amount of annual compensation that can be used for calculating benefits under qualified retirement plans and on the amount of annual benefits that can be paid from qualified retirement plans. This allows those participating in the HEI Excess Pay Plan a total retirement benefit at the same general percentage of final average pay afforded to other employees under the HEI Retirement Plan.

ASB's employees, including its president and CEO (who is a named executive officer), may participate in the ASB 401(k) Plan, a tax-qualified defined contribution 401(k) plan. After an employee has completed one year of service, ASB matches the employee's contributions on a dollar-for-dollar basis up to 4% of eligible compensation deferred. In 2017, eligible compensation was capped at \$270,000. ASB also provides discretionary, nonelective profit sharing contributions to the accounts of employees who are employed on the last day of the plan year or terminate employment during the plan year because of retirement, death or disability. Mr. Wacker received matching contributions and a profit sharing contribution under the plan in 2017, in each case limited to the amount permitted based on eligible compensation.

Retirement benefits are discussed in further detail in the "2017 Pension Benefits" table and related notes on pages 53-54.

Deferred compensation plans

HEI provides named executive officers and other executives the opportunity to participate in plans that allow them to defer compensation and the resulting tax liability.

Executives of HEI and Hawaiian Electric and directors of HEI, Hawaiian Electric and ASB may participate in the HEI Deferred Compensation Plan, a nonqualified deferred compensation plan implemented in 2011 that allows the deferral of portions of the participants' cash compensation, with certain limitations, and provides investment opportunities that are substantially similar to those available under HEI's Retirement Savings Plan. There are no matching or other employer contributions under this plan. Mr. Ajello deferred compensation in the HEI Deferred Compensation Plan in 2017. HEI and Hawaiian Electric executives were also eligible to defer payment of annual and long-term incentive awards and the resulting tax liability under a prior nonqualified deferred compensation plan, although no named executive officer deferred compensation in that plan in 2017.

The American Savings Bank Select Deferred Compensation Plan (ASB Deferred Compensation Plan) is a nonqualified deferred compensation plan that allows senior members of ASB management to defer up to 100% of current salary, annual bonus and commissions. Pursuant to a 2009 amendment, the plan provides for employer matching contributions and profit sharing contributions. These matching and profit sharing contributions take into account compensation which is excluded from consideration under the ASB 401(k) Plan, including on account of being contributed to the Select Deferred Compensation Plan or being in excess of limits on eligible compensation imposed by the Internal Revenue Code. Ms. Lau participated in the ASB Select Deferred Compensation Plan during her employment with ASB. Mr. Wacker did not elect to defer compensation under such plan in 2017, but did receive a profit sharing contribution to his account under the plan for the amount that could not be contributed to his 401(k) Plan account due to Internal Revenue Code limits on eligible compensation. Such profit sharing contribution is included in the "All Other Compensation" column of the "2017 Summary Compensation Table" on page 48.

Deferred compensation benefits are discussed in further detail in the "2017 Nonqualified Deferred Compensation" table and related notes on page 55.

Executive Death Benefit Plan (frozen since 2009)

In September 2009, HEI froze the Executive Death Benefit Plan of HEI and Participating Subsidiaries, which provides death benefits to an executive's beneficiaries following the executive's death while employed or after retirement. As part of the freeze, HEI closed the plan to new participants and ceased all benefit accruals for current participants (i.e., there will be no increase in death benefits due to salary increases after

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September 9, 2009). Under contracts with plan participants in effect before September 9, 2009, the death benefits were grossed up for tax purposes. This treatment was considered appropriate because the executive death benefit is a form of life insurance and traditionally life insurance proceeds have been excluded from income for federal tax purposes. Ms. Lau and Mr. Ajello are covered under the Executive Death Benefit Plan. Messrs. Hazelton and Oshima are not covered under the plan because they joined HEI after the plan was frozen. Mr. Wacker also joined ASB after the plan was frozen, and ASB was not a participating employer in the plan in any event. Death benefits are discussed in further detail in the "2017 Pension Benefits" table and related notes on pages 53-54.

Double-trigger change-in-control agreements

The Compensation Committee and Board consider change-in-control agreements to be an appropriate tool to recruit executives as an expected part of their compensation package, to encourage the continued attention of key executives to the performance of their duties without distraction in the event of a potential change in control and to assist in retaining key executives. Change-in-control agreements can protect against executive flight during a transaction when key executives might, in the absence of the agreement, leave the Company and accept employment elsewhere. As of December 31, 2017, Ms. Lau and Messrs. Hazelton and Wacker each had a change-in-control agreement.

All of the change-in-control agreements are double trigger, which means that they provide for cash severance and other benefits only upon a qualifying termination of the executives' employment following a change in control. In determining the amount an executive is eligible to receive in such an event, the Compensation Committee takes into account the executive's expected role in a potential transaction, value to the organization and internal equity. The agreements approved by the Compensation Committee provide for a cash lump sum payment of three times base salary plus annual incentive for Ms. Lau and two times base salary plus annual incentive for Messrs. Hazelton and Wacker. The annual incentive pay used in calculating the severance payment is the greater of the current annual incentive target or the largest actual annual incentive payout during the preceding three fiscal years. Aggregate payments under these agreements are limited to the maximum amount deductible under Section 280G of the Internal Revenue Code and there are no tax gross ups with respect to payments under these agreements. Payment of the severance benefits is conditioned on the Company receiving a release of claims by the executive.

The change-in-control agreements have initial terms of two years and automatically renew for an additional year on each anniversary unless 90 days' notice of nonrenewal is provided by either party, so that the protected period is at least one year upon nonrenewal. The agreements remain in effect for two years following a change in control. The agreements define a change in control as a change in ownership of HEI, a substantial change in the voting power of HEI's securities or a change in the majority of the composition of the Board following consummation of a merger, tender offer or similar transaction. The agreement for Mr. Wacker also defines a change in control as a change in ownership of ASB. Change-in-control benefits are discussed in further detail in the "Potential Payments Upon Termination or Change in Control" section and related notes on pages 56-57.

Minimal perquisites

HEI provides minimal other compensation to the named executive officers in the form of perquisites because such items are commonly provided to business executives in Hawaii, such as club memberships primarily for the purpose of business entertainment, or are necessary to recruit executives, such as relocation expenses or extra weeks of vacation. In 2017, each named executive officer had a Company-paid club membership for the primary purpose of business entertainment expected of executives in their positions. Mr. Hazelton received four weeks of vacation in 2017, which was more than other employees with similar length of service typically receive. Mr. Wacker received 28 days of paid time off in 2017, which is more than ASB employees with similar length of service below the senior vice president level receive.

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No new tax gross ups

HEI has eliminated nearly all tax gross ups. There are no tax gross ups on club membership initiation fees or membership dues, or in the change-in-control agreements for the named executive officers who have such agreements. As discussed under "Executive Death Benefit Plan," tax gross ups of death benefits only apply to executives who participated in the Executive Death Benefit Plan before it was frozen in 2009.

Additional policies and information

Our programs are designed to guard against excessive risk

HEI's compensation policies and practices are designed to encourage executives to build value for all stakeholders, including shareholders, customers and employees, and to discourage decisions that introduce inappropriate risks.

HEI's Enterprise Risk Management (ERM) function is principally responsible for identifying and monitoring risk at the holding company and its subsidiaries, and for reporting on high risk areas to the Board and designated Board committees. As a result, all HEI directors, including those who serve on the Compensation Committee, are apprised of risks that could have a material adverse effect on HEI.

Risk assessment. On an annual basis, the Compensation Committee and its independent compensation consultant review a risk assessment of compensation programs in place at HEI and its subsidiaries for all employees, which is updated annually by the Company's ERM function. Based on its review of the risk assessment of compensation programs in place in 2017 and consultation with FW Cook, the Compensation Committee believes that the Company's compensation plans do not encourage risk taking that is reasonably likely to have a material adverse effect on the Company.

Risk mitigation features of our programs. Our compensation programs incorporate the following features to promote prudent decision-making and guard against excessive risk:

Financial performance objectives for the annual incentive program are linked to Board-approved budget guidelines, and nonfinancial measures (such as customer satisfaction, reliability and safety) are aligned with the interests of all HEI stakeholders.

An executive compensation recovery policy ("clawback policy") permits recoupment of performance-based compensation paid to executives found personally responsible for fraud, gross negligence or intentional misconduct that causes a significant restatement of HEI's financial statements.

Annual and long-term incentive awards are capped at maximum performance levels.

Financial opportunities under long-term incentives are greater than those under annual incentives, emphasizing the importance of long-term outcomes.

Share ownership and retention guidelines, requiring named executive officers to hold significant amounts of HEI stock, promote a shared interest in HEI's long-term performance.

In typical circumstances long-term incentive payouts have been 100% equity-based, so executives share in the same upside potential and downside risk as all shareholders. In light of the then-pending merger with NextEra Energy, however, the Compensation Committee decided to provide for the 2015-17 and 2016-18 LTIPs to be settled in cash in lieu of HEI common stock. The

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Compensation Committee determined that the Company's stock price might be affected at least in part by merger considerations unrelated to the Company's true operating performance and that, as a result, the compensatory goals of the LTIPs would be better served by a cash settlement. Since the merger did not occur and the merger agreement between HEI and NextEra Energy was terminated in July 2016, the Compensation Committee determined that the 2017-19 LTIP would be granted 100% in HEI common stock.

Annual grants of RSUs and long-term incentives vest over a period of years to encourage sustained performance and executive retention.

Performance-based plans use a variety of financial metrics (e.g., net income, ROACE) and nonfinancial performance metrics that correlate with long-term

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creation of shareholder value and are impacted by management decisions.

The Compensation Committee and Board continuously monitor risks faced by the enterprise, including through management presentations at quarterly meetings and through periodic written reports from management.

Share ownership and retention are required throughout employment with the Company

HEI named executive officers are required to own and retain HEI stock throughout employment with the Company. Each officer subject to the requirements has until January 1 of the year following the fifth anniversary of the later of (i) amendment to his or her required level of stock ownership or (ii) first becoming subject to the requirements (compliance date) to reach the following ownership levels:

Position	Value of Stock to be Owned
HEI President & CEO	5x base salary
Other Named Executive Officers	2x base salary

The compliance dates were January 1, 2015 for Ms. Lau, and January 1, 2016 for Messrs. Ajello and Wacker, and are January 1, 2020 for Mr. Oshima and January 1, 2022 for Mr. Hazelton. Ms. Lau and Messrs. Ajello and Wacker exceeded the specified level of stock ownership for their positions by the time of their respective compliance dates.

Until reaching the applicable stock ownership target, officers subject to the requirements must retain all shares received in payout under the LTIP and 20% of shares received through the vesting of restricted stock or RSUs. The Compensation Committee has the authority to approve hardship exceptions to these retention requirements.

Hedging and pledging are prohibited

The Company's Insider Trading Policy, among other prohibitions, prohibits all directors, officers and employees of HEI and its subsidiaries (as well as the spouses, minor children, adult family members sharing the same household and any other person for whom the director, officer or employee exercises substantial control over such person's securities trading decisions) from trading in options, warrants, puts, calls or similar instruments on Company securities, making short sales in Company securities, holding Company securities in margin accounts or pledging Company securities.

Clawback policy applies to performance-based pay

HEI has a formal executive compensation clawback policy that applies to any performance-based compensation awarded to an executive officer. Under that policy, in the event the financial statements of HEI or any of its subsidiaries are significantly restated, the Compensation Committee and Board will review the circumstances that caused the need for the restatement and determine whether fraud, gross negligence or intentional misconduct were involved. If so, the Board may direct the Company to recover all or a portion of any performance-based award from the executive officer(s) found personally responsible. The SEC has issued proposed rules concerning clawback policies pursuant to the Dodd-Frank Act. HEI will amend its clawback policy to ensure it is consistent with the final rules as and when required.

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The Compensation Committee considers tax and accounting impacts on compensation

In designing compensation programs, the Compensation Committee considers tax and accounting implications of its decisions, along with other factors described in this Proxy Statement.

Tax matters. Section 162(m) of the Internal Revenue Code generally limits to \$1 million annually the federal income tax deduction that a publicly held corporation may claim for compensation payable to certain of its current executive officers, but that deduction limitation historically did not apply to performance-based compensation that met certain requirements. As part of the tax reform legislation passed in December 2017, Section 162(m) was amended, effective for taxable years beginning after December 31, 2017, to expand the group of executive officers subject to the deduction limitation by including former covered executive officers and also to eliminate the performance-based compensation exception, though the exception generally continues to be available on a "grandfathered" basis to compensation payable under a written binding contract in effect on November 2, 2017.

In determining compensation for our executive officers, the Compensation Committee considers the extent to which the compensation is deductible, including the effect of Section 162(m). In prior years, the Compensation Committee generally sought to structure our executive incentive compensation awards so that they qualified as performance-based compensation exempt from the Section 162(m) deduction limitation where doing so was consistent with the company's compensation objectives, but it reserved the right to award nondeductible compensation. The Compensation Committee continues to evaluate the changes to Section 162(m) and their significance to the company's compensation programs, but in any event its primary focus in its compensation decisions will remain on most productively furthering the company's business objectives and not on whether the compensation is deductible.

Another tax consideration factored into the design of the Company's compensation programs is compliance with the requirements of Section 409A of the Internal Revenue Code, for which noncompliance can result in additional taxes on participants in deferred compensation arrangements. The new tax reform law did not change the requirements of Section 409A.

Accounting matters. In establishing performance goals for equity compensation, the Compensation Committee considers the impact of accounting rules, including relevant plan provisions that govern how discretion may be used. Accounting rules also prescribe the way in which compensation is expensed. For example, under GAAP, compensation is generally expensed when earned. Financial Accounting Standards Board Accounting Standards Codification Topic 718 generally requires that equity compensation awards be accounted for based on their grant date fair value and recognized over the relevant service periods. The Compensation Committee also has discretion in determining the level of achievement for the award and may determine that there should not be any incentive payout that would result solely from the adoption of a new accounting principle that affects a financial measure or vice versa.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee, which is composed solely of independent directors, has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into HEI's Annual Report on Form 10-K for the year ended December 31, 2017 ("HEI's 2017 Form 10-K").

Compensation Committee
Thomas B. Fargo, Chairperson
Peggy Y. Fowler
Jeffrey N. Watanabe

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee consists of the three independent directors listed above under "Compensation Committee Report." No member of the Compensation Committee during 2017 was an employee or former employee of HEI. During 2017, no member of the Compensation Committee had a relationship that must be described under SEC rules regarding disclosure of related person transactions. In 2017, none of HEI's executive officers served on the compensation committee (or its equivalent) or board of directors of another entity, excluding tax-exempt organizations, where an executive officer of such an entity served on HEI's Compensation Committee or Board of Directors.

Table of Contents**EXECUTIVE COMPENSATION TABLES****Summary Compensation Table**

The table on the following page shows total compensation for 2015-17 for named executive officers (NEOs) other than Mr. Hazelton and for 2016-17 for Mr. Hazelton (who was not a named executive officer in 2015).

Cash compensation earned for the applicable year is reported in the "Salary," "Nonequity Incentive Plan Compensation" and "All Other Compensation" columns (except see explanation in the following paragraph regarding the 2015-17 LTIP awards). For Mr. Hazelton, additional cash compensation is shown in the "Bonus" column, which represents the replacement of amounts he would have earned from his previous employer had he not rejoined HEI in October 2016. The Compensation Committee deemed payment of these amounts to be appropriate to recruit Mr. Hazelton.

For 2017, the "Stock Awards" column reflects: (i) the opportunity to earn shares of HEI common stock under the 2017-19 LTIP if performance metrics are achieved and (ii) RSUs that vest over 2017-20 and may be forfeited in whole or in part if the executive leaves before the vesting period ends.

For 2015 and 2016, the "Stock Awards" column reflects only RSUs granted in 2015 and 2016 since the 2015-17 and 2016-18 LTIPs were denominated in cash rather than in stock; this was due to the NextEra merger that was pending when the applicable award opportunities were established. HEI's return to exclusively equity-based long-term incentive compensation in 2017 impacts the amounts in the 2017 Summary Compensation Table. SEC rules require the 2015-17 LTIP cash payouts to be included in the table in 2017, the last year of the performance period (not the year in which awards are granted as is the case with equity-based awards). As a result, the 2017 amounts in the table include *both* the 2015-17 LTIP cash payouts and the 2017-19 equity-based LTIP and RSU awards granted in 2017, which is not reflective of 2017 target NEO compensation. By contrast, the 2015 and 2016 compensation amounts do not include any LTIP amounts because there were no LTIP cash payouts or equity-based LTIP awards granted in 2015 and 2016. Our LTIP programs and practices have not changed (i.e., one LTIP award covering a 3-year performance period is granted each year), however, due to the disclosure timing differences between cash and equity-based LTIPs, the amounts in the Summary Compensation Table for 2017 are notably higher than, and not comparable to, the reported amounts for 2015 and 2016, and are not reflective of 2017 NEO target compensation.

For the following selected NEOs, the total compensation amounts for 2017 without the 2015-17 "cash" LTIP payout and only including the 2017-19 "equity" LTIP award are as follows:

Name	2017 Total Compensation Without 2015-17 "cash" LTIP	
Constance H. Lau	\$	4,576,365
Gregory C. Hazelton	\$	1,538,175
Alan M. Oshima	\$	2,272,842
Richard F. Wacker	\$	2,447,840

The "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column sets forth the change in value of pension and executive death benefits, which can fluctuate significantly from year-to-year based on changes in discount rates and other actuarial

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assumptions and do not necessarily reflect the benefit to be received by the executive. "Total Without Change in Pension Value" shows total compensation as determined under SEC rules minus the change in pension value and executive death benefits.

The following chart shows 2017 "Total Without Change in Pension Value" excluding the 2015-17 "cash" LTIP and only including the 2017-19 "equity" LTIP award:

Name		2017 "Total Without Change in Pension Value" Without 2015-17 "cash" LTIP
Constance H. Lau	\$	4,044,602
Gregory C. Hazelton	\$	1,451,726
Alan M. Oshima	\$	2,085,336
Richard F. Wacker	\$	2,447,840

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2017 SUMMARY COMPENSATION TABLE

Name and 2017 Principal Positions	Year	Salary (\$1)	Bonus (\$2)	Stock Award (\$3)	Nonequity Incentive Plan Compensation (\$4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$5)	All Other Compensation (\$6)	Total Without Change in Pension Value (\$7)	Total (\$)
Constance H. Lau HEI President & CEO	2017	893,533		2,151,295	2,337,155	531,763		5,381,983	5,913,746
ASB Chair	2016	864,700		648,531	1,182,753	364,325		2,695,984	3,060,309
Hawaiian Electric Chair	2015	839,450		629,588	1,246,773			2,715,811	2,715,811
Gregory C. Hazelton* HEI Executive Vice President & CFO	2017	487,500		597,967	327,163	86,449	39,096	1,451,726	1,538,175
	2016	84,836	256,670	508,320	70,169	16,711	115,210	1,035,205	1,051,916