



Tax Strategy and Governance

Hannon Armstrong has elected and qualified to be organized as a REIT, allowing investors to participate in the ownership of climate solutions in a tax efficient manner. A portion of our interest and rental income from our assets held at the REIT is paid to our shareholders in the form of a dividend distribution. Income from assets we own through our Taxable REIT Subsidiaries are taxed at the corporate rate, plus any applicable local tax rates. Our company actively monitors our business units for compliance with REIT regulations, and to maintain sufficient commercial substance with our transactions. As a responsible corporate citizen, Hannon Armstrong has adopted tax principles to ensure that we comply with both the letter and spirit of tax laws and regulations.

Hannon Armstrong operates within the federal jurisdiction of the United States of America and its states, territories and local jurisdictions. Our tax policies and strategies comply with the statutes outlined within the United States Internal Revenue Code and applicable jurisdictions in which the Company has an obligation to file. Hannon Armstrong utilizes internal and external resources to develop tax positions that facilitate reasonable taxation of our activities while minimizing unnecessary tax exposure designed to increase the stakeholder value of our organization. We do not utilize tax structures that lack commercial substance to transfer value to low tax jurisdictions or “tax havens” to lower our corporate tax burden, nor do we enter transactions which would intentionally cause an avoidance of tax. Intercompany transactions are priced based on an “arms-length” basis, representing what we believe third-parties would pay for similar services. Our company maintains internal tax analyses for management’s use to monitor compliance with tax regulations on both a current and forward-looking basis.