Award winners

Part of the mission

Best ESG reporting (small to mid-cap)

Hannon Armstrong

Jeffrey Eckel, Hannon Armstrong

ESG reporting at Annapolis, Maryland-based Hannon Armstrong is very much part of the mission. After all, it describes itself as 'the first US public company solely dedicated to investments in climate solutions, providing capital to leading companies in energy efficiency, renewable energy and other sustainable infrastructure markets'.

As part of that business model, Hannon Armstrong was the first US public company to report the emissions that are avoided as a result of its investments. 'It's essential to do it,' explains chair and chief executive Jeffrey Eckel.

The company discloses this information in its sustainability report card using CarbonCount, its proprietary scoring tool for evaluating investments in US-based renewable energy, efficiency and climate resilience projects to identify the efficiency by which each dollar of invested capital reduces annual carbon dioxide-equivalent emissions.

It also advocates for financial services institutions and asset managers to report emissions that are avoided as a result of their investments through its membership of the Partnership for Carbon Accounting Financials. Eckel says the CarbonCount data has become something the company's investors expect, and it features on the first page of its earnings presentation each quarter.

Looking to standardization

Hannon Armstrong was also an adopter of TCFD in its reporting. 'By being at the forefront of climate-related disclosures, we believe we will be able to more prudently manage emerging risks and proactively develop strategies to generate attractive risk-adjusted returns for our shareholders,' the company states.

But it remains conscious – as are many investors and other stakeholders – of the lack of global standardized reporting metrics regarding the material aspects of ESG.

As a result, Hannon Armstrong's 2020 Impact Report was intended to help reduce fragmentation and move toward a generally accepted ESG reporting standard in alignment with the UN Sustainable Development Goals by being designed around the four pillars of common metrics for consistent reporting of sustainable

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value creation that were developed by the World Economic Forum's International Business Council. These are the principles of governance, planet, people and prosperity.

'We hope our comprehensive reporting on the above-mentioned and many other recommended metrics helps to drive transparency and alignment among companies, investors and all other stakeholders – with the goal of building a more sustainable and inclusive global economy,' the firm says.

Hannon Armstrong also takes part in initiatives and coalitions targeting action on climate change, corporate sustainability and climate-risk disclosure and reporting, including the United Nations-supported Principles for Responsible Investment and the reporting framework established by an international consortium of business and environmental non-government organizations known as the Climate Disclosure Standards Board.

Companies with effective ESG reporting typically have useful buy-in from their boards. The nominating, governance and corporate responsibility committee of Hannon Armstrong's board is responsible for ESG oversight, including related policies and communications. At least once a quarter, the committee reviews disclosures to external stakeholders on progress toward the company's climate-related initiatives. The company each year publishes a report explaining its progress in these areas.

The board has grown since the company's IPO in 2013 to having nine members. This growth has helped move the company's focus beyond the E and G of ESG to include the S, Eckel says. In part this has involved the company ramping up disclosures of its workforce demographics. It includes this information in the company's Form 10K as well as other reports.