

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Hannon Armstrong (NYSE: HASI) makes investments in climate change solutions by providing capital to leading companies in the energy efficiency, renewable energy, and other sustainable infrastructure markets. Our goal is to generate attractive risk adjusted returns from a diversified portfolio of projects with long term, predictable cash flows from proven technologies that reduce carbon emissions or increase resilience to climate change. In addition to Net Investment Income from our portfolio, we also generate ongoing fees through gain-on-sale securitization transactions, asset management, and other services.

Our investments have taken many forms, including equity, joint ventures, land ownership, lending, or other financing transactions.

Our investments are focused on three areas:

-Behind-The-Meter ("BTM"): distributed building or facility projects, which reduce energy usage or cost through the use of solar generation and energy storage or energy efficient improvements including heating, ventilation and air conditioning systems ("HVAC"), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power systems;

-Grid-Connected ("GC"): projects that deploy cleaner energy sources, such as solar and wind to generate power where the off-taker or counterparty is part of the wholesale electric power grid; and

-Other Sustainable Infrastructure: upgraded transmission or distribution systems, water and storm water infrastructure, seismic retrofits and other projects, that improve water or energy efficiency, increase resiliency, positively impact the environment or more efficiently use natural resources.

We are internally managed, and our management team has extensive relevant industry knowledge and experience, dating back more than 30 years. We have long-standing relationships with the leading energy service companies ("ESCOs"), manufacturers, project developers, utilities, owners and operators. Our origination strategy is to use these relationships to generate recurring, programmatic investment and fee generating opportunities. Additionally, we have relationships with leading banks, investment banks, and institutional investors from which we are referred additional investment and fee generating opportunities.

We completed approximately \$1.9 billion of transactions during 2020, compared to approximately \$1.3 billion during 2019. As of December 31, 2020, we held approximately \$2.9 billion of transactions on our balance sheet, which we refer to as our "Portfolio." For those transactions that we choose not to hold on our balance sheet, we transfer all or a portion of the economics of the transaction, typically using securitization trusts, to institutional investors in exchange for a gain on the transfer and in some cases, ongoing fees. As of December 31, 2020, we managed approximately \$4.5 billion in these trusts or vehicles that are not consolidated on our balance sheet. When combined with our Portfolio, as of December 31, 2019, we manage approximately \$7.4 billion of assets, which we refer to as our "Managed Assets".

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Equity share

C-CN0.7/C-RE0.7

(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?

Other real estate or construction activities, please specify (We're a capital provider. Our investments have taken many forms, including equity, joint ventures, land ownership, lending, or other financing transactions.)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	As part of its Charter, the Nominating, Governance & Corporate Responsibility (NGCR) Committee periodically reviews the Company's strategies, activities, policies, and communications regarding sustainability and other environmental, social and governance ("ESG") related matters and makes recommendations. The Finance and Risk Committee of the board oversees environmental risk, including climate change induced risks, that have the potential to internalize within business. The committee receives periodic updates from ESG Staff Committee Leader, who reports directly to the Chairman and the CEO on development and execution of ESG initiatives. The Board formalized oversight of ESG policies, strategies, and activities through the NGCR in 2018, demonstrating commitment to ESG matters.
Chief Executive Officer (CEO)	The Chief Executive Officer is also the chairman of the Board of Directors. Our CEO oversees our strategies, activities, policies and communications regarding sustainability, climate-related issues and other environmental, social and governance ("ESG") related matters. The CEO receives periodic updates from the ESG staff committee leader. Our CEO also chairs the Board of the Maryland Clean Energy Center and serves the Board of the Trustees of The Nature Conservancy of Maryland and DC.
Board Chair	Hannon Armstrong's CEO also serves as Board Chair, so the information mentioned above also applies. Our Chair/CEO oversees the strategies, activities, policies and communications regarding sustainability, climate-related issues and other environmental, social and governance ("ESG") related matters. The Chair/CEO receives periodic updates from ESG staff committee leader. Our Chair/CEO also chairs the Board of the Maryland Clean Energy Center and serves the Board of the Trustees of The Nature Conservancy of Maryland and DC.
Other, please specify (Chief Investment Officer)	The Co-Chief Investment Officers are included among the company's Named Executive Officers (NEOs) and are jointly responsible for the company's investing activities. As part of the company's underwriting process, the officers also ensure that all investments adhere to the company's Sustainability Investment Policy. To meet the company's sustainability screen, a proposed investment must either reduce or be neutral on carbon emissions, or have some other tangible environmental benefit such as reducing water consumption. The officers oversee all analyses to this end, including the calculation of CarbonCount – proprietary scoring tools for evaluating the efficiency by which the company's invested capital reduces carbon emissions.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The ESG Committee meets at least four times in a year and reports to the Nominating, Governance and Corporate Responsibility (NGCR) Committee of the Board of Directors. The ESG Staff Committee leader discusses ESG issues during the scheduled meetings. The focused meetings alternatively lay emphasis on E, S and G issues to ensure robust Board-level management. The 2020 discussions covered topics ranging from climate justice, diversity, equity, and inclusion and included discussions to strengthen relationships with the stakeholders. The ESG Committee comprises of teams such as investor relations and ESG strategy, portfolio management, finance, and legal and human capital management. These teams meet regularly to review and discuss key ESG issues through reviewing quarterly data, processes, and scorecards. ESG performance metrics are a significant part of the employee compensation package, which is linked to the success in executing climate positive investments. Additionally, we are transparent towards the ESG risks and disclosures by including the recommendations from Task Force on Climate-related Financial Disclosures ("TCFD") in our Form 10-K.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (Chief Accounting Officer; Oversees ESG)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other committee, please specify (ESG Committee)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Chief Executive Officer oversees the allocation, prioritization, and oversight of staff and company resources dedicated to the implementation of climate-related issues for the Company and communicates such activities to our Board of Directors, as climate-related issues are fully integrated into the Company's business operations.

The Chief Accounting Officer, also a member of the senior management team, leads the Company's ESG committee and is responsible for implementing strategies and disclosures on climate-related issues. Our Chief Accounting Officer is also responsible for the Company's implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), recognizing the importance of quantifying the financial impact of climate related risks and opportunities. With respect to climate-related issues, the Chief Accounting Officer reports to the Chief Executive Officer. The ESG committee includes mid and senior level managers, and integrates various internal working groups such as legal, portfolio management, accounting, investor relations, and transaction teams. The ESG Committee reports to the Chief Accounting Officer.

The Portfolio Management group of our organization evaluates various climate-related risks and opportunities, including transitional risk and physical risk as well as opportunities related to mitigating and adapting to climate change. The ESG committee simultaneously works with the Portfolio management group in developing and implementing various environmental policies and implementing the recommendations of TCFD, for purposes of the scenario analysis.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Emissions reduction project Energy reduction project Efficiency project	The executive compensation program is designed to align with the interests of stockholders, focused on sustainable long-term growth. The executive compensation is linked in part to our progress in advancing environmental as well as other social and governance initiatives.
All employees	Monetary reward	Emissions reduction project Energy reduction project Efficiency project	All employees are incentivized with both short-term and long-term monetary rewards based upon corporate performance. The employee clean transportation incentive was launched in 2019 to incentivize employees towards the purchase or lease of zero-emission electric vehicle. Through the end of 2020, 8 out of 73 employees have chosen to adopt electric vehicles.
All employees	Non-monetary reward	Other (please specify) (Volunteer service)	In September 2019, Hannon Armstrong's employee team worked jointly with GRID Alternatives to install solar panels for low-income residents in Washington, D.C., addressing energy efficiency and developing capacities for skilled jobs training in the solar industry. Our employees continue to engage with the communities to help students develop careers in clean energy through resume workshops.
All employees	Non-monetary reward	Other (please specify) (Volunteer service)	Hannon Armstrong's employees have volunteered at the Smithsonian Environmental Research Center to support scientists in the research and analysis of marsh plants in order to better understand climate change impact on wetlands.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	
Medium-term	2	7	
Long-term	7	25	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

We understand impacts to be of substantive financial or strategic significance that exceeds a threshold of \$ 0.5 million of financial implications on our business. Therefore, when identifying or assessing climate-related risks, risks and opportunities with potential financial implications above \$ 0.5 million per year are considered substantive.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Hannon Armstrong works together with the management team and employees from a variety of departments including portfolio management, accounting, legal, origination, and in-house engineering to identify material climate change risks and opportunities for the organization as and when the company requires, but at least once a year. Once identified, we run upside and downside scenarios on our cashflows evaluating particular physical risks, such as assuming an existing 100 year flood plain becomes a 10 year flood plain and that our assets in this 100 year flood plain catastrophically flood during their useful life. Case Study: We evaluate transition risks/opportunities over a short-medium term horizon, with a multi-disciplinary management team, such as the implementation of a carbon tax and the impact due to an associated increase in the cost of wholesale electricity that would increase the returns on our preferred equity investments in utility-scale wind farms. We run upside and downside scenarios on our cashflows evaluating the particular risks and potential opportunities. We also manage our exposure to the implementation of a carbon tax by investing exclusively in assets that offset carbon emissions (or are neutral on carbon emissions), which positions us to potentially benefit in the event that a carbon tax is implemented. Case Study: With respect to managing the physical risk of increased flooding events, we manage our exposure with a short-medium term horizon by ensuring we have insurance policies sufficient to cover the outstanding balance of our investment in the event of a catastrophic flood. Hannon Armstrong considers the risks associated with investing in low lying areas and the risk of asset impairment as a result of sea level rise. As an investor in wind assets, we pursue a geographically diversified portfolio of investments in order to mitigate the potential impacts of shifting wind patterns caused by climate change. We make these evaluations as part of our investment process. We have disclosed this in our Impact report on pages 9 and 10. This is also disclosed beginning on page 12 in our 2020 Form 10-K filed with the SEC.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	This type of risk is relevant because we are directly exposed to regulation that could reduce demand for the projects in which we invest and are indirectly exposed to the repayment risk of investments that could be affected if appropriations for the projects are delayed or terminated. The projects in which Hannon Armstrong invest typically depend in part on various U.S. federal, state or local governmental policies and incentives that support or enhance economic feasibility. Such policies may include governmental initiatives, laws and regulations designed to reduce energy usage, encourage the use of renewable energy or encourage the investment in and the use of sustainable infrastructure. Incentives provided by the U.S. federal government may include tax credits (with some of these tax credits that are related to renewable energy scheduled to be reduced in the future), tax deductions, bonus depreciation as well as federal grants and loan guarantees. Incentives provided by state and local governments may include renewable portfolio standards, which specify the portion of the power utilized by local utilities to be derived from renewable energy sources as well as the state or local government sponsored programs where financing of energy efficiency or renewable energy projects is repaid through assessment in the property tax bill in a program commonly referred to as property assessed clean energy ("PACE"). Additionally, certain states have implemented feed-in tariffs, pursuant to which electricity generated from renewables is purchased at a higher rate than prevailing wholesale rates. The change in these regulations impact us in the following ways: • Governmental agencies, commercial entities and developers of sustainable infrastructure projects frequently depend on the policies and incentives to help defray the costs associated with, and to finance, various projects. • Government regulations also impact the terms of third-party financing provided to support these projects. • If any of these government policies, incentives or regulations are adversely amended, delayed, eliminated, reduced, or not extended beyond their current expiration dates, the demand for, and the returns available from, the financing we provide may decline, which could harm our business. • Changes in government policies, support, and incentives, including retroactive changes, could also negatively impact the operating results of the projects we finance and the returns on our assets.
Emerging regulation	Relevant, always included	This risk type is relevant and included in our risk assessment process. There are many emerging regulations specific to climate related risks that Hannon Armstrong considers. For example, a carbon pricing mechanism implemented by governmental authorities may lead to increase in power prices, operating costs for certain entities and the increased competition of renewable energy, energy efficiency and storage projects. In relation to new business, there is the potential that more competitors enter our markets and put pressure on our asset pricing strategies as renewable energy and energy efficiency projects become more cost competitive with fossil fuel electricity generation assets. We constantly review our pricing strategies and would continue to do so in this scenario to understand how we can continue to make investments with acceptable risk adjusted returns.
Technology	Relevant, always included	This risk type is relevant and included for companies operating low-carbon technologies in the market. As a part of physical risk assessment to assets, Hannon Armstrong has evaluated the impact that climate risks impose on renewable energy projects. For example, the increased average global temperatures impact the efficiency of solar panels. Additionally, changes in wind density and the potential of shifting wind patterns due to increased average temperature impact the efficiency of wind turbines. These risks are evaluated as part of due diligence process. We manage such risks by focusing on projects that use proven technology and that often have contractually committed agreements with an investment grade rated off-taker or counterparties.
Legal	Relevant, always included	This risk is relevant and is closely related to the reputational risk. Reputational risk may arise from negative stakeholder perception, including negative publicity of the renewable energy. Labor is a critical part for jurisdictions where our projects operate. Labor forces have a legal right to strike which may have a negative impact on our business, financial condition, and results of operations, either directly or indirectly. For example, a critical upstream or downstream counterparty subject to a labor disruption can impact the ability of our projects to operate. We mitigate the legal and reputational risks by actively engaging with stakeholders at regular intervals.
Market	Relevant, always included	Changes in market conditions can adversely affect the earnings from our investments. If the cost of energy generated by traditional sources of energy continues to stay or further decline from present levels, demand for the projects in which we invest may decline. If the market for various types of sustainable infrastructure projects or the investment techniques related to such projects do not develop as we anticipate, new business generation in this target area may be adversely impacted. Some projects in which we invest rely on net metering and related policies to improve project economics which if reduced could impact repayment of our investments or the return on our assets. Additionally, developments resulting from changes in interest rates could have material impact on our business, financial condition, and results of operations. The increase in interest rates can lead to increased interest expense, decline in the market value of fixed return assets, as well as reduced demand for our investments.
Reputation	Relevant, always included	As a pioneer in climate solutions investing, Hannon Armstrong has built a strong Environmental, Social and Governance ("ESG") reputation, and believes that it will be able to maintain a positive public status through focused investments. However, we can be subject to reputational risk due to negative publicity or public perception of the renewable energy industry in which we operate. For example, various forms of renewable energy and C-PACE financings have at times received less favorable media coverage, which because we are invested in these and/or adjacent asset classes, can impact our reputation. To address the indirect reputational risks, we are committed to support traditionally marginalized communities for skill development and other training needs to be able to work in the clean energy sector. We also engage with the stakeholders periodically to address various concerns.
Acute physical	Relevant, always included	This risk type is relevant and is an operational risk. Projects related to our investments in particularly vulnerable regions such as low-lying coastal areas may face climate change related physical risks. These locations might face risks from severe flooding and storm damages. Such events can cause construction delays, operational shutdowns, and more significant site damage. A portion of our investments are also in high wildfire risk regions and are exposed to catastrophic damage from wildfire events. We conduct annual assessments of physical risks to our investment portfolios through scenario analysis as a part of our TCFD disclosure. The assessment results and a business continuity plan are reviewed by the ESG strategy team. As a part of risk mitigation, when underwriting our investments, we negotiate structural protections to mitigate any loss we may incur from operations or inability of the projects to operate (this includes project insurance). For any new investment opportunities, we evaluate the exposure to acute physical risks such as wildfires and severe flooding and structure our investment terms such that we protect our invested capital.
Chronic physical	Relevant, always included	This risk type is relevant and is an operational risk because the risks resulting from sustained temperature increases such as sea level rise, extreme heat and drought could directly impact our operations. We conduct annual assessments of physical risks to our investment portfolios through scenario analysis as a part of TCFD disclosure. These assessment results and a business continuity plan are reviewed by the ESG strategy team.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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Primary potential financial impact

Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Extreme weather events such as earthquakes, floods, severe convective storms (including tornados and hail), and wildfire have the potential to impact our investments. At the end of 2019, we engaged an insurance consultant to perform an analysis based on Risk Management Solutions (RMS) and Swiss Re natural catastrophe risk models –

the primary natural catastrophe models used in the insurance industry- on our portfolio as of the beginning of 2020. Increased severity and frequency of both have been modelled along with respective financial implications. The outcome of this analysis indicates the below:

- Flood o Less than 3% of the Total Insurable Value (TIV) of ~\$8 billion of our portfolio (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in Special Flood Hazard Areas
- Severe Convective Storm and Hail o Approximately 4% of the TIV of \$8 billion (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in high or very high risk locations
- Fire o Less than 1% of the TIV of \$8 billion (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in high risk locations

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

15000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approximately, 8% of the TIV of \$8 billion (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in high fire risk locations, high or very high risk locations for severe convective storm and hail, or Special Flood Hazard Areas. It is highly unlikely that all assets would be impacted by increased meteorological events at the same time; however, indicatively, if 19% of the assets in high-risk fire locations were impacted at the same time, the TIV impacted would be \$15 million (i.e. \$8bn * 1% * 19% = \$15m). As a specific example of the above risk, at 31 December 2020, Hannon had \$15 million on the balance sheet with regard to banked mitigation assets which may be prone to natural meteorological events. Mitigation banking is the preservation, enhancement, restoration or creation of a wetland, stream, or habitat conservation area which offsets, or compensates for, expected adverse impacts to similar nearby ecosystems. The mitigation bank is the land area of conservation, which is typically established by a conservation easement. Hannon invested in contracted wetlands mitigation credits with a developer of wetland restoration projects. The credits are generated from areas of wetland and stream mitigation bands. Hannon has made investments in forward contracts for wetlands mitigation credits and receives monthly payments. As of December 31, 2020, Hannon had \$15 million on balance sheet in banked mitigation assets, and it is a future growth area for the Company. Although wetland banks are designed to be resilient to the natural elements, wildfires and floods are a natural occurrence within these systems. Any natural catastrophic event that damages the property such that the performance standards cannot be met may require a review of the event and a determination of fault and necessary corrective actions (if any). Our portfolio management team works to mitigate and manage the risk of natural disasters and their impact on our financial outcomes through the utilization and continuous evaluation of insurance policies that cover our various asset classes (including wetlands banks).

Cost of response to risk

70000

Description of response and explanation of cost calculation

We mitigate our liability to extreme weather events through geographic, technology and finance structure diversification as well as ensuring we have sufficient liability insurance to cover our investments against severe flooding or cyclone events. To protect against the potential impact of customary and climate change induced natural disasters on asset value and revenue, our assets typically have construction and operational all risk insurance that covers physical damage (to replacement cost) and business interruption (typically to one year of annual revenue) with specific sub limits for windstorm, earthquake, and flood, along with other usual and customary sub limits. With regard to new investment opportunities, we evaluate risks related to climate change induced natural catastrophe damage through internally developed tools as well as external models (such as those referenced above). Further, we seek diversification of assets by technology and geography. As of the 31 December, 2020, we have assets in 48 of 50 U.S. states and dispersed among nearly 10 different asset classes. When underwriting our investments, we also negotiate structural projections to mitigate any loss we may incur from operations or inability of the projects to operate. For example, although wetlands banks are designed to be resilient to the natural elements, wildfires and floods are a natural occurrence within these systems. Any natural catastrophic event that damages the property such that the performance standards cannot be met may require a review of the event and a determination of fault and necessary corrective actions (if any). One example of our management of a meteorological event was the restructuring of a mezzanine debt investment in a wind project located in Illinois following the major flooding of the project during the construction period. Following the flood, the insurance assessor re-evaluated the flood risk of the site and the projected cost of insurance increased materially. In response to the projected increased cost of insurance, we reduced the size of our debt investment to appropriately insulate our portfolio from the additional risk and insurance expense. Cost of response calculation: A subset of our portfolio management team, 6 employees at several different salary levels allocate approximately 5% of their time to such evaluation and management on an annual basis and the allocation of their salaries equates to the cost of management provided above.

Comment

With scientific consensus that climate-warming trends are linked to human activities and resulting in various extreme weather events, we believe our firm is well-positioned to generate attractive risk-adjusted returns by investing in the assets and providing services to the firms that reduce carbon emissions. Further, with increasing weather-related events affecting certain areas of our markets, we see similar investment and services opportunities in infrastructure assets that mitigate the impact of and increase the resiliency to, these weather events and climate change. In addition, we mitigate our liability to extreme weather events through geographic, technology and finance structure diversification as well as ensuring we have sufficient liability insurance to cover our investments against severe flooding or cyclone events.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Increased variability in wind speeds, and potential shift from historical wind pattern due to climate change pose a threat to our wind power projects. A portion of our portfolio is comprised of different types of solar PV projects. Rising mean temperatures decrease the efficiency of those panels because solar panel efficiency is degraded by higher temperatures. In addition, the increase in mean temperatures could result in wildfires causing damage to some of our investments. There could also be an impact on water scarcity, which could reduce the efficiency of our panels due to lack of water for cleaning the panels. We have disclosed the perceived impacts in our scenario analysis disclosed in accordance with TCFD in our 2019 Impact report. As of 31 December 2020, 50% of our \$2.9 billion balance sheet portfolio is comprised of grid-connected projects. Expected yields from a subset projects are directly connected to the productivity of the projects. Several recent industry studies along with independent engineer reports suggest that chronic increases in global temperatures impact the efficiency of solar and wind energy generating equipment as a result of ambient temperatures impacting equipment (in the case of solar) and air density (impacting wind); however, at the current time, we do not believe that we have experienced a material degradation in project performance as a result of these temperatures. Chronic temperature increase can, however, also increase the requirement to repair and maintain equipment, thus increasing operating costs. Our internal analysis (based on independent engineer reports) suggests that if there were both a decrease in production of 5% and higher operating expenses of 5%, our cash flows from wind equity and solar equity investments would be expected to decline by 5% and 16% respectively. Typically, we evaluate these impacts based on the weighted average life of our assets, which stood at 17 years as of the end of 2020.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

3000000

Potential financial impact figure – maximum (currency)

9000000

Explanation of financial impact figure

Increased variability and decrease in mean wind speeds should have minimal financial impact due to our geographic diversification and preferred equity investment structures. Since we structure our solar investments to mitigate our exposure to underlying panel performance by making investments that are senior in the capital stack or are supported by a performance guaranty, we have limited financial impact from decreased efficiency. As of 31 December 2020, 50% of our \$2.9 billion balance sheet portfolio is comprised of grid-connected projects. If the productivity of these projects were to decrease by 5% and operational costs were to increase by 5%, our cash flows from wind equity and solar equity investments would be expected to decline by 5% and 16% respectively (i.e., financial impact of \$3mn to \$9mn as calculated as 2020 Distributable Earnings of \$117.5mn * 50% allocated to such projects * 5% or 16% decline in cashflows equals \$3mn to \$9mn in negative annual financial impact). We have disclosed the perceived impacts in our scenario analysis disclosed in accordance with TCFD in our 2020 Impact report.

Cost of response to risk

810000

Description of response and explanation of cost calculation

Hannon Armstrong seeks to diversify its portfolio of wind assets geographically in order to reduce exposure to changes in wind patterns and impacts on financial returns. We also size our investments using conservative wind resource predictions that already assume the projects will produce less than the P50 scenario. In addition, our investments are structured as preferred equity investments which offer more stable returns and are less subject to wind resource. With increased sophistication of our TCFD scenario analysis in the future, we will be able to use that information to help guide our investments. When underwriting our investment opportunities, we make conservative assumptions regarding performance and operational expenses that protect our returns from a predetermined level of unexpected performance and operation issues in the future. We actively manage our existing portfolio to pre-emptively and proactively address any operational or maintenance issues. Specifically, our portfolio management team monitors performance on at least a monthly basis, and on this basis, we adjust our assumptions. For example, on a wind farm investment in West Texas, we noticed a decline in electricity output and increase in operating expenses that motivated weekly calls with the onsite management teams to identify and rectify the operational issues through additional maintenance procedures, among other modifications. Through our review, amendment, and approval of the operating budget, our portfolio management team continues to work to address the project issues. Another example, was a set of solar investments in Cape Cod where natural rainfall was insufficient to clean the bird droppings off of our solar investment, which caused a degradation in performance. To rectify this issue, we worked with the project operator to install a safe laser system that dissuaded the birds from soiling our solar panels thus improving performance. Cost of response calculation: A subset of our portfolio management team, approximately 7 employees at several different salary levels allocate 45% of their time to such evaluation and management on an annual basis and the allocation of their salaries equates to the cost of management provided above.

Comment**Identifier**

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Legal	Other, please specify (Increased insurance premiums)
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Due to the physical factors previously discussed, we may see an increase in insurance premiums. We have outlined the perceived impacts in our scenario analysis and have disclosed in accordance with TCFD in our 2020 Impact report. In anticipation of climate change related physical risks, projects related to our investments in particularly vulnerable regions, such as low-lying coastal areas may face increases in insurance costs. An increase in insurance costs may reduce the cash flows and

financial returns from these investments and may cause us to reduce the amount of financial leverage we utilize and cause a decline in our overall profitability. • Flood o Less than 3% of the Total Insurable Value (TIV) of ~\$8 billion (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in Special Flood Hazard Areas. • Severe Convective Storm and Hail o Approximately 4% of the TIV of \$8 billion (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in high or very high-risk locations. • Fire o Less than 1% of the TIV of \$8 billion (which includes projected replacement value and one year of annual revenue) of the projects in our portfolio is located in high risk locations.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1000000

Potential financial impact figure – maximum (currency)

1200000

Explanation of financial impact figure

An increase in insurance costs would drive an increase in total expenses. We have estimated that an increase in operating expenses of 5% would be expected to reduce our cash flows from wind equity and solar equity projects by 2% (i.e., financial impact calculated as 2020 Distributable Earnings of \$117.5mn * 50% allocated to such projects * 2% decline in cashflows equals \$1mn in negative annual financial impact).

Cost of response to risk

180000

Description of response and explanation of cost calculation

We negotiate insurance policies and structural protections into our investment agreements. We require that the projects in which we invest are insured against certain natural catastrophe events, such as flood, severe convective storm and hail, and fire that could impact our cash distributions. On at least an annual basis, our portfolio management team evaluates whether there are superior asset or portfolio level policies that are available that optimize our insurance coverage and premium costs. For example in 2020, we evaluated our insurance coverage across our portfolio and analyzed how damage to our investments caused by events such as wildfires in Southern California were covered by our insurance policies. We determined that we would benefit from taking out a comprehensive portfolio level policy to further insure some of our land investments from such catastrophic events and are currently in the process of procuring this additional insurance. Cost of response calculation: Assuming 7 employees on our portfolio management team at several different salary levels allocating 10% of their time to such evaluation and management on an annual basis.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Hannon Armstrong's core business is to provide financing for renewable energy and energy efficient assets that reduce emissions. Increased demand for renewable energy and energy efficiency assets would increase the potential pool of investments in which Hannon Armstrong can invest. We have disclosed the perceived impacts in our scenario analysis disclosed in accordance with TCFD in our 2020 Impact report. All of our revenue is linked to solar and wind renewable energy projects, energy efficiency systems or sustainable infrastructure, and demand for all of these is expected to increase as consumer preference shifts toward more sustainable investments. As a result of increasing global awareness of and aversion to climate change impacts, we believe the sustainable infrastructure markets in which we invest, and investment in climate solutions more broadly, will continue to grow as the impact of climate change increases. In January 2021, National Oceanic and Atmospheric Administration ("NOAA") reported that 2020 was the second warmest year on record, with all seven of the warmest years on record having occurred since 2014. Further, communities across the globe are increasingly experiencing the destructive economic impacts of climate change, which are only expected to increase in frequency and severity. According to the U.S. National Oceanic and Atmospheric Administration ("NOAA"), there were 22 natural disaster events in the United States in 2020, with an estimated individual cost of greater than \$1 billion and an aggregate cost of approximately \$95 billion. BloombergNEF ("BNEF") reported in January 2021, that carbon solutions investment exceeded \$500 billion annually with \$85 billion being invested in the United States. In its Energy Efficiency 2020 report, the International Energy Agency ("IEA") estimates global

spending on energy efficiency at approximately \$250 billion. Given that many projects are often self-financed (especially energy efficiency), we believe our total addressable market is likely a subset of these overall industry estimates. However, we believe these estimates are reliable indicators of market trends. These positive industry trends coupled with the increasing environmental and economic imperative to reduce carbon emissions are expected to further broaden our investable universe.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

26440000

Potential financial impact figure – maximum (currency)

38900000

Explanation of financial impact figure

The increased demand for renewable energy and energy efficiency financing associated with a climate scenario under which policies are implemented to stay within a 2°C increase would likely result in additional originations and associated fee income and interest income for Hannon Armstrong. Financing renewable energy and energy efficiency is our core competency, and we are well-positioned to finance the growth in this sector. A corporate objective of ours is to grow Distributable Earnings per Share by 7% to 10% per year. The growing investable universe in climate change solutions will help us achieve this objective. Given Distributable Earnings of \$117.5 million in 2020 (and assuming – for the purpose of this analysis – a constant share count), we anticipate this opportunity to support annual growth in Distributable Earnings of at least \$26.44 to \$38.90 million by the end of the next three years (i.e., $\$117.5m * ((1.07^3)-1) = \$26.44m$ and $\$117.5 * ((1.10^3)-1) = \$38.90m$).

Cost to realize opportunity

19000000

Strategy to realize opportunity and explanation of cost calculation

For over 20 years, Hannon Armstrong has been fostering relationships with the largest engineering firms and project development companies in the world. These companies, including ENGIE, Ameresco, Trane, Clearway, Schneider Electric, Siemens, and SunPower (to name a few), have a proven track record of specialization in renewable energy and energy efficiency projects. Hannon Armstrong has and continues to develop financing structures and master transaction documents with these firms and developers that can be utilized to streamline financial closings and make Hannon Armstrong our clients preferred financing partner. Our investment team manages greater than \$3 billion pipeline, 58% of which is related to Behind the Meter “BTM” assets and 33% of which is related to Grid-connected “GC” assets, with the remainder related to other sustainable infrastructure (as of the end of 2020). We prefer investments where the assets have a long-term, investment-grade rated off-taker or counterparties. In the case of BTM, the off-taker or counterparty may be the building owner or occupant, and we may be secured by the installed improvements or other real estate rights. In the case of GC, the off-taker or counterparty may be a utility or electric user who has entered into a contractually committed agreement, such as a power purchase agreement (“PPA”), to purchase power produced by a renewable energy project at a minimum price with potential price escalators for a portion of the project’s estimated life. We believe we have available a broad range of financing sources as part of our strategy that are designed to increase potential returns to our stockholders. We may finance our investments through the use of non-recourse debt, recourse debt, or equity and may also decide to finance such transactions through the use of off-balance sheet securitization structures. We believe that our long history of sustainable infrastructure investing, the experience, expertise and relationships of our management team, the anticipated credit strength of the obligors or investees involved in our investments and the size and growth potential of our market, position us well to capitalize on our strategy. Cost to realize calculation: Approximately 50% of Hannon Armstrong’s employees (including our management, legal, and investment teams) are directly working full time to capture this opportunity. The assumed cost equals 50% of our \$38 million in compensation and benefits in 2020.

Comment

Our climate-positive investment thesis is based on the following theories: • More efficient technologies are more productive and thus should lead to higher economic returns; • Lower portfolio risk is inherent in a portfolio of smaller investments, generated by trends of increasing decentralization and digitalization of energy assets, compared to larger, centralized utility-scale investments; • Investing in assets aligned with scientific consensus and society’s general beliefs will reduce potential regulatory and social costs through better internalization of externalities; and • Assets that reduce carbon emissions represent an embedded option that may increase in value if carbon regulations were to set a price on carbon emissions.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Energy source

Primary climate-related opportunity driver

Participation in carbon market

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

The vast majority of Hannon Armstrong’s investments offset carbon emissions and generate zero emission electricity. In the event that there is a price placed on carbon, either through a carbon tax or some similar mechanism such as a cap-and-trade scheme, Hannon Armstrong’s investments stand to benefit either through a higher sale price for the clean electricity our projects generate or through the sale of carbon credits into the carbon market. We have disclosed the perceived impacts in our scenario analysis disclosed in accordance with TCFD in our 2020 Impact report. A carbon tax or similar carbon pricing mechanism implemented by governmental authorities may cause an increase to (i) power prices, (ii) operating costs for certain entities, and (iii) the competitiveness of renewable energy, energy efficiency and storage projects. As a result, we assess the below as specific likely qualitative impacts: • Increased cash flows and financial returns from certain investments to the extent power is sold at higher market prices due to the increase in cost imposed on fossil fuel energy projects. • Increases in the debt/lease service coverage ratio for the obligors of our renewable energy debt investments and solar real estate leases that sell power at higher market pricing. • The resulting increase in cash flows may also allow us to apply greater financial leverage to these investments and enhance our profitability. • Increased energy cost savings from energy efficiency solutions. • Increased competitiveness of renewable energy projects with fossil fuel power plants, due to an increase in power prices. • An increase in the items mentioned above may increase the volume of assets available in which we can invest. However, the implementation of a carbon tax may also have a negative impact on the financial health of utilities and corporate entities who

also happen to purchase power from renewable energy projects in which we have invested. The credit ratings of these entities may be downgraded due to additional operating expenses resulting from a carbon tax. A credit rating downgrade may reduce the amount of financial leverage we are able to utilize. If this were to occur, our overall profitability could decline.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Under a carbon tax scenario, it is presumed that the price at which our wind projects can sell electricity on the spot market would increase which would result in higher cash distributions to Hannon Armstrong as an equity investor. For example, under a scenario where a carbon tax drives the price of power up by 10%, our wind equity investments may generate approximately 4% in additional cashflows over their life as compared to the cashflow the investments are expected to generate under the current baseline scenario. (i.e., financial impact calculated as 2020 Distributable Earnings of \$117.5mn * 17% allocated to such projects * 4% increase in cashflows equals less than \$1mn increase in distributable earnings). Similarly, our energy efficiency projects may generate carbon credits as the carbon markets develop and selling these credits may offer generate more revenue for Hannon Armstrong.

Cost to realize opportunity

30000

Strategy to realize opportunity and explanation of cost calculation

Hannon Armstrong exclusively pursues investment opportunities that reduce or are neutral on carbon emissions. We actively track the emissions offset by our projects and periodically assess our ability to sell available carbon offset credits into mandatory or voluntary emissions markets. As part of our investment process, we calculate the ratio of the estimated first year of metric tons of carbon emissions avoided by our investments divided by the capital invested to quantify the carbon impact of our investments. In this calculation, which we refer to as CarbonCount®, we use emissions factor data (expressed on a CO2 equivalent basis) from the U.S. Government or the International Energy Administration to estimate a project's energy production or savings to compute an estimate of metric tons of carbon emissions avoided. We estimated that our investments originated in 2020 have reduced annual carbon emissions by approximately 2 million metric tons. With regard to the impact of a price on carbon in relation to new business, we believe there is the potential that more competitors enter our markets and put pressure on our asset pricing strategies as renewable energy and energy efficiency projects become more cost competitive with fossil fuel electricity generation assets. We are constantly reviewing our pricing strategies and would continue to do so in this scenario to understand how we can continue to make investments with acceptable risk adjusted returns. Cost to realize calculation: A subset of our investment team and portfolio management team, approximately 6 employees, monitor policy developments and potential carbon pricing. The calculation is based on their 2.5% allocation of their time and respective salaries.

Comment

In addition, to the extent that our investments become more valuable we would consider whether it would be more economical to our stockholders to either monetize the investment given the increase in value or continue to hold in our portfolio and maximize our returns from adding additional leverage to our financing. For instance, if a price on carbon increases the merchant price of electricity and associated cash distributions from our wind equity investments, we may elect to issue more debt given the increased value our assets such that we maintain target leverage ratios and improve our return on equity. We currently model upside scenarios on our investments including merchant power price curves from third party economic modelling experts, such as ABB, that incorporate an escalating carbon pricing. We currently model and present the additional debt service coverage offered by carbon pricing to our lenders and this has potentially helped improve our debt terms.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Hannon Armstrong currently finances resiliency projects and storm water management projects that help various facilities and communities adapt to the effects of climate change. Climate change-related extreme weather events are increasing in number and strength. As more land is paved and rain has fewer places to soak in, water runs off faster. Our recent investments in storm water infrastructure installed at project locations in four different U.S. states will help to decrease the flow of storm water, while also filtering out many contaminants before entering downstream waterways. As of the end of 2020, these sorts of Sustainable Infrastructure assets comprise 1% of our \$2.9 billion balance sheet portfolio. Going forward, our existing relationships and cultivation of new relationships with the environmental engineering firms that develop these sorts of assets will support the growth of these assets in our portfolio.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

270000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Increased demand for climate change adaptation projects due to continued extreme weather events, such as storm water management projects, would increase the potential pool of investments in which Hannon Armstrong can invest. We expect the growing market for adaptation and resiliency projects to grow Hannon Armstrong's annual investment opportunities and associated fee income and interest income. Within a greater than \$3 billion pipeline, 9% is related to Sustainable Infrastructure. \$270 million represents the potential increase in balance sheet portfolio as a result of conversion of projects currently in our pipeline.

Cost to realize opportunity

575000

Strategy to realize opportunity and explanation of cost calculation

Hannon Armstrong has been fostering relationships with the largest engineering firms and project developers that specialize in climate change adaptation projects, such as storm water management systems, for several years. Hannon Armstrong has and continues to develop financing structures and master documents with these firms and developers that can be utilized to streamline financial closings and make Hannon Armstrong our clients preferred financing partner. At least two members of our investment team are focused on converting these sorts of opportunities by regularly interfacing with the leading developers of such projects and structuring financials solutions that best accommodate the developers needs and goals. Given the composition of our 12-month \$3 billion pipeline, we hope to make at least \$270 million of investments in these sorts of assets over the next year. Cost to realize calculation: A subset of our investment team and portfolio management team, approximately 7 employees, evaluate resiliency and adaptation investments. The calculation is based their 15% allocation of their time and respective salaries.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	Yes	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
IEA 450	As an investor in clean energy and energy efficiency, Hannon Armstrong is focused on being well prepared for the potential growth and driving factors in our market as modeled by the International Energy Agency in their IEA 450 Scenario. To analyze how climate-related transition risks can impact our operations, we evaluated scenarios compatible with both 1.5 deg C and below 2 deg C. One such scenario involved increase in the price of Renewable Energy Credits (RECs) or similar structures due to implementation of aggressive renewable energy targets. As per our analysis, if REC prices increase by 5%, there will not be material impact to the overall cash flows from existing investments due to lower value of RECs compared to power prices in markets where the investments are located. The second scenario evaluated is the implementation of a carbon pricing mechanism that might influence power prices, operating costs for certain entities and the competitive landscape for renewables. Our analysis showed that cashflows from wind equity investments will increase by 6% if the carbon tax drives up power price by 10%. However, there would not be a material impact on solar equity, renewable energy debt, or energy efficiency investments. Another scenario assessed is the impact of global temperature increase on the operational performance of projects in which we invest. The analysis showed that solar and wind projects can be affected by an increase in global temperature. If the efficiency of solar grids decreases by 5%, the expected cash flows from solar equity investments drop down 11%. Similarly, high temperature faults create more wear and tear on wind turbines. A decrease of wind production by 5% negatively impacts the cash flows from wind equity investments by 7%. These scenario analyses have informed our strategy to increase our focus on energy efficiency investment in commercial buildings given this is predicted to be an area of large growth under the IEA 450 scenario and many others. Scenario analyses have also influenced management’s objective to build our asset management’s ability to monitor and manage wind investments. For example, given estimated increases in wind project investments, we have licensed a portfolio modeling tool called Mercatus that will help us best monitor and optimize the investment opportunities suggested by the IEA 450 scenario and other similar scenarios. Time horizons in the scenario analyses span up to the year 2050 and 2100.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	How strategy has been influenced: Increased awareness of the impacts due to climate change, reputational risks, and internalization of climate change risks in the businesses are driving increased demand for low-carbon products and services. Hannon Armstrong has one of the biggest opportunities to have a positive impact on the environment through deploying and mobilizing climate positive investments. Our investments are focused on energy efficiency projects, solar and wind power projects, as well as sustainable infrastructure projects (seismic retrofits, water and storm water infrastructure and upgraded transmission and distribution networks). We have long-standing relationships with leading energy service companies, manufacturers, project developers, utilities, owners and operators to ensure that we generate recurring, programmatic climate positive investments and fee generating investments. Time horizon of strategy: Our strategy considers the short-term, medium-term, and long-term horizon (0-18 years). Case study: The expansion of our energy efficiency projects, sustainable infrastructure and solar and wind portfolios since 2013 demonstrate our significant strategic investment decisions driven by climate-related risks and opportunities. In 2013, we became the first capital provider to evaluate the efficiency by which each of our investments reduce carbon emissions through our proprietary tool CarbonCount®. As of December 31, 2020, our portfolio consisted of over 230 investments, of which 48% was invested in BTM assets and 52% in GC assets, (which includes our land holdings). The portfolio accounts for a cumulative capacity of more than 13 GW of renewables across the U.S. till date.
Supply chain and/or value chain	Yes	How strategy has been influenced: The value of our firm is derived through our relationships with suppliers and other significant stakeholders such as the engineering firms that develop renewable energy and energy efficiency projects. We have integrated the Code of Business Conduct and Ethics Policy in the value chain of our business. In addition, our ESG Committee team continually reviews environmental and social issues in the supply chain and leads initiatives to integrate with the business process. We are a signatory to the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact, and we strive to promote human rights in our value chain, which includes suppliers and the communities where we operate. We have also initiated conversations with suppliers on disclosing the ESG-related aspects of their business. Through transparent disclosures, we seek to promote diversity, equity, and inclusion in our value chain. Time horizon of strategy: Our strategy considers the short, medium, and long-time horizons (0-10 years). Case Study: The company made the decision several years ago, to actively reflect Hannon Armstrong’s climate and ESG ethos in its procurement strategy, for example, in our decisions not to serve meat in the staff canteen of our headquarters and to start the process of re-locating our office to new energy efficient premises. In addition, we achieved our 100% renewable energy procurement target in 2018. Launched in 2013, the CarbonCount® scoring tool is also integral to our value chain investments. We only work with clients who develop assets that are neutral to negative on carbon emissions (as determined by our CarbonCount® scoring tool). In fact, last year (2020), when our \$1.9b of investments in climate solutions generated a CarbonCount of 1.03, has turned out to be the most efficient use of capital to reduce carbon in our history as a public company.
Investment in R&D	Yes	How strategy has been influenced: The transition to a low carbon economy requires innovative financial solutions. This creates opportunities for us to address the persistent challenges of clean energy access for low- and medium-income households, which has in turn influenced our business strategy. For example, in 2020, we financed community solar projects at a discount to retail rates that led to the accessibility and adoption of clean energy for a diverse array of communities. We also invest in sustainable infrastructure such as seismic retrofits, stormwater mitigation and other energy efficiency projects to improve the sustainability of cities and communities. We actively leverage commercial property assessed clean energy (C-PACE) financing programs to provide services to undeserved markets. Additionally, our strategy also focuses on investments to deploy innovative energy efficiency technologies. Time horizon of strategy: Our strategy considers short, medium, and long-time horizons (0-10 years). Case Study: A significant investment in the deployment of innovative building technologies is our \$85 million investment in the Marine Corps Recruit Depot Parris Island facility. We financed a bundled energy solution, including efficiency upgrades, lighting upgrades, chiller improvements, an Energy Management Control System, on-site solar PV generation and battery storage. We also financially support and volunteer with GRID Alternatives to bolster skill development opportunities for traditionally marginalized communities. As per our estimate, our investments support over 200,000 jobs in the clean energy sector across 48 U.S. states.
Operations	Yes	How strategy has been influenced: Given we are a financial services firm with approximately 73 employees, our direct day-to-day operations, are unlikely to be significantly impacted by climate change. However, climate-related risks and opportunities have influenced our operations in several ways. In response to physical climate risks, we are increasingly investing in upgrading transmission and distribution systems, stormwater infrastructure, seismic retrofits, and other similar projects. As part of our effort to rethink strategies to use energy efficiently, we are in the process of getting our office building certified as per LEED standards. The emissions due to electricity consumption for office operations are negligible or zero. This is because the electricity comes from the supplier who provides renewable energy by purchasing Renewable Energy Credits (RECs) to offset 100% of the electricity usage. Additionally, to encourage employees to reduce emissions due to their commute, we have launched a employee clean transportation incentive for the purchase of Electric Vehicles (\$1,000 per employee). We also recycle 50-75% of the office paper used. Time horizon of strategy: Our strategy considers the short, medium, and long-time horizons (0 to 10 years). Case study: We have set operational targets to minimize our direct impact on the climate. These targets are continuously discussed and assessed in the ESG committee meetings to align our business with the scientific consensus of limiting the temperature boundary within 1.5-2 degree Celsius. This involves reducing energy usage, procuring renewable electricity for operating offices, efficient consumption of water and periodic employee surveys to find opportunities to reduce emission hotspots due to commuting. In 2019 and 2020, our total scope 1 and 2 emissions totaled to zero. This has been due to practically zero scope 1 emissions and zero emissions from scope 2, because of consumption of renewable electricity.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	Capital expenditure and revenue: Our climate positive investments are represent our biggest opportunity to drive significant positive environmental impacts. These capital deployments are a part of our financial planning process because there is better risk adjusted returns and revenues realized by investing in projects that are beneficial for the environment. Since, 2013, we have invested approximately \$9 billion on climate change adaptation and mitigation solutions, covering solar and wind projects, energy efficiency projects and sustainable infrastructure projects. We completed approximately \$1.9 billion of transactions during 2020, compared to approximately \$1.3 billion during 2019. As of December 31, 2020, we held approximately \$2.9 billion of transactions on our balance sheet, which we refer to as our "Portfolio." When combined with our Portfolio, as of December 31, 2020, we manage approximately \$7.2 billion of assets, which we refer to as our "Managed Assets." These incremental investments are a part of our targets over the years which demonstrate our commitment to address climate change impacts. We have achieved the targets that we have set over the years with impactful results, that include at present over 13 GW of renewables and 292 energy efficiency investments across U.S. The significant growth in our managed assets shows the significance of the opportunity to our strategy. The weighted average life of assets in our portfolio is 17 years (as of the end of 2020), and there is a consistent time scale for assessing our assets. Operating costs: We have direct operating costs related to internal resources, who work together in collaboration to effectively manage risks and opportunities presented to our business due to climate change. Acquisitions and divestments: Hannon Armstrong has made the active decision to exclusively acquire assets that are neutral or negative on carbon emissions as part of our financial planning process. Access to capital: We currently have a large base of ESG -minded investors that purchase our publicly traded shares given the positive impact of our investments on the environment. These ESG investors help to broaden our access to capital and provide a stable base of long-term focused investors. Liabilities: We believe that there could be direct impacts on our suppliers, facilities, or product lines due to climate change risks. Our assumptions regarding increasing wind variability as a result of climate change drives how we size many of our liabilities to ensure we can comfortably pay our obligations in the event of downside events. We consider environmental risks as part of our discussions with the Finance and Risk committee of the Board of Directors and adjust our insurance policies as appropriate. The weighted average life of assets in our portfolio is 17 years (as of the end of 2020), and there is a consistent time scale for assessing potential liabilities.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

We had targets to effectively manage our office stationary wastes through increased recycling and reuse. We also do not serve carbon intensive beef and pork dishes at corporate events and manage food wastes through composting program. We have also set targets for energy efficient office buildings through LEED certification program.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2017

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2016

Covered emissions in base year (metric tons CO2e)

0.01

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2018

Targeted reduction from base year (%)

100

Covered emissions in target year (metric tons CO2e) [auto-calculated]

0

Covered emissions in reporting year (metric tons CO2e)

0

% of target achieved [auto-calculated]

100

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

<Not Applicable>

Please explain (including target coverage)

Hannon Armstrong set a target to have zero scope 1 and scope 2 emissions in 2018 and achieved this target. (We have assumed base year emissions as 0.01 TCO₂e as the base year emissions were negligible. We have no direct onsite operations so, scope 1 emissions were zero. Market-based scope 2 emissions were zero due to the purchase of 100% renewable electricity.)

Target reference number

Abs 2

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based) +3 (upstream & downstream)

Base year

2019

Covered emissions in base year (metric tons CO₂e)

75

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

26

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

55.5

Covered emissions in reporting year (metric tons CO₂e)

66

% of target achieved [auto-calculated]

46.1538461538462

Target status in reporting year

Underway

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

<Not Applicable>

Please explain (including target coverage)

We intend to reduce our location-based scope 2 emissions and scope 3 emissions resulting from purchased goods, business travel, waste emissions and employee commuting. Since we have zero market-based scope 2 emissions, we have set this target to further improve our footprint and enhance our impact towards carbon neutrality.

Target reference number

Abs 3

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based) +3 (upstream & downstream)

Base year

2019

Covered emissions in base year (metric tons CO₂e)

75

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2050

Targeted reduction from base year (%)

80

Covered emissions in target year (metric tons CO2e) [auto-calculated]

15

Covered emissions in reporting year (metric tons CO2e)

66

% of target achieved [auto-calculated]

15

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

We have set a target in line with a Science-Based Target trajectory (Well-below 2°C aligned). We have already achieved zero Scope 1 and zero market-based Scope 2 carbon emissions. We have set this target using scope 1 and location-based scope 2 emissions data and the relevant scope 3 categories that we report on.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2020

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Please select

Target denominator (intensity targets only)

<Not Applicable>

Base year

2019

Figure or percentage in base year

1

Target year

2030

Figure or percentage in target year

100

Figure or percentage in reporting year

100

% of target achieved [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Is this target part of an overarching initiative?

Other, please specify (Internally developed commitment to procure 100% renewable electricity.)

Please explain (including target coverage)

We have been purchasing electricity for our business operations from an energy supplier committed to providing 100% of the electricity from renewable sources, including solar, wind, and geothermal energy. Our goal is to purchase 100% of the electricity from renewables that encourages solar and wind project investments.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	30
Implementation commenced*	0	0
Implemented*	2	28.4
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Transportation	Teleworking
----------------	-------------

Estimated annual CO2e savings (metric tonnes CO2e)

20.4

Scope(s)

Scope 2 (location-based)
Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

6978

Investment required (unit currency – as specified in C0.4)

150000

Payback period

21-25 years

Estimated lifetime of the initiative

Ongoing

Comment

We maintained a flexible work-from-home (WFH) policy that enables employees (with manager approval) to work remotely for certain periods of time. This saved approximately 28,000 kWh electricity consumption in our offices in 2020.

Initiative category & Initiative type

Transportation	Employee commuting
----------------	--------------------

Estimated annual CO2e savings (metric tonnes CO2e)

8

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

1000

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

We provide \$1,000 subsidy to employees who switch from ICE to electric vehicles (EVs), to reduce our per employee commuting emissions. Last year, we spent approximately \$300-\$400 per employee on EV subsidy programs and expect to subsidize more as greater number of employees are showing interest this year. Resulting carbon emission savings are assumed to be up to 20% of gross total commuting emissions. Final total commuting emissions in 2020 was estimated at 32 TCO2e, which decreased by 79% compared to last year. This was in part due to employees working remotely and in part due to switching to low emission EV. In a survey conducted at the end of 2019, around 12% of employees reported that they use EVs for office commute.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	The importance of climate action and awareness is regularly emphasized in company meetings and communications. In addition, Hannon Armstrong offers relocation bonuses if employees move to the immediate area surrounding our office and in the process incentivizes shorter less environmentally impactful commutes.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

Hannon Armstrong has developed financing solutions and products that fund the installation of renewable energy and energy efficiency projects that reduce GHG emissions.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

100

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

0

Comment

Scope 2 (location-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

68

Comment

Scope 2 (market-based)

Base year start

January 1 2015

Base year end

December 31 2015

Base year emissions (metric tons CO2e)

68

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

0

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Data and information supporting the Scope 1 emissions statement were historical in nature.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Data and information supporting the Scope 2 GHG emissions statement were historical in nature.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

66

Scope 2, market-based (if applicable)

0

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Data and information supporting the Scope 2 GHG emissions statement were historical in nature.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

7

Emissions calculation methodology

We estimated cradle to gate emissions from purchased goods and services through the average-data method. The products are non-production related such as office supplies, and IT support. The amount of the products that are purchased are estimated based on the assumed average usage by the employees. The emission factor for each of those products are sourced from EPA, which lists the emission associated with each of these products from raw material acquisition to manufacturing. Emissions are estimated by multiplying the activity data (aggregated amount of products) with the respective emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Data and information supporting the Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable. As a financial services firm our operations are limited to offices which we rent and we do not own manufacturing machinery, buildings, facilities, vehicles, or other capital goods.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

De minimis for electricity. As a financial services company, we do not extract, generate, or distribute fuels or energy.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable. We are a financial services company and do not have a supply or associated emissions.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

0.3

Emissions calculation methodology

Emissions associated with waste management is due to recycling and composting. The emissions do not include landfilling. Data on different categories of waste, and quantities of waste are estimated based on the average annual consumption by employees. The emission factors are sourced from the EPA's Waste Reduction Model. We used the waste-type-specific methodology to calculate the emissions from waste by multiplying the waste quantities data with the emission factor.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Data and information supporting the Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

70

Emissions calculation methodology

Business travel involves air and rail travels, car rentals and hotel stay (optional). We estimated emissions from business travel through spend-based method. The expense data on air, train and car travel was sourced from the Expensify portal of Hannon Armstrong, that includes all the records of the expenses incurred by employees for business purposes. The emission factors were sourced from the guidelines to Defra/DECC's GHG conversion factors for company reporting and EPA emission factors for GHG inventories. We estimated the emissions from business travel by multiplying the activity data (the expense on modes of travel) with the emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Data and information supporting the Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

32

Emissions calculation methodology

Emissions from commuting include emissions based on distances travelled to work by all the employees. Data on miles driven to work were sourced from the survey results filled by employees. For employees owning an EV car, emission factors are estimated by multiplying the Kg CO2 per KWh of Maryland (location based) with the miles per gallon (KWh per mile) of 2019 Tesla Model 3 EV. For employees driving a non-EV car, emission factors were sourced from the Inventory of US Greenhouse Gas Emissions and Sinks (Kg CO2/vehicle mile). The emissions were calculated using the distance-based method, that is by multiplying the activity data (vehicle miles) with the emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Data and information supporting the Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable. We are a financial services company and do not have any upstream leased assets.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable. We are a financial services company and do not distribute products nor do we have a downstream transportation and distribution network.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable. We are a financial services company and do not sell any physical products.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We are a financial services company and do not sell any physical products.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We are a financial services company and do not sell any physical products.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We are a financial services company and do not have any downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable. We are a financial services company and do not have any franchises.

Investments

Evaluation status

Relevant, calculated

Metric tonnes CO2e

0

Emissions calculation methodology

We utilize energy savings data as well as renewable energy project data supplied from our investment partners who either construct or operate the project.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

We utilize energy savings data as well as renewable energy project data supplied from our investment partners who either construct or operate the project. We utilize US EPA eGrid data to calculate the location specific emissions impact of our investments. We calculate the avoided annual emissions for the investments we make. The annual avoided emissions of our investments over the course of 2020 was 1,957,626 metric tons of CO2

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We have no other relevant Scope 3 emissions

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We have no other relevant Scope 3 emissions

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

0

Metric denominator

unit total revenue

Metric denominator: Unit total

186907000

Scope 2 figure used

Market-based

% change from previous year

0

Direction of change

No change

Reason for change

No change. Retained zero market-based emissions due to zero Scope 1 emissions and 100% purchase of certificate backed renewable electricity.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	0

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

- By business division
- By facility
- By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Hannon Armstrong Capital LLC	0

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
1906 Towne Centre Blvd., Ste. 370 Annapolis, MD 21401	0	38.981283	-76.541571

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Financing Sustainable Infrastructure Projects	0

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United States of America	66	0	190	190

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By business division
- By facility
- By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Hannon Armstrong Capital LLC	66	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
1906 Towne Centre Blvd., Ste. 370 Annapolis, MD 21401	66	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Financing Sustainable Infrastructure Projects	66	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Remained the same overall

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	In 2019 we already purchased 100% of our electricity consumption from a green (renewable energy) tariff. This remained the same in 2020, so there have been no additional purchases to record.
Other emissions reduction activities	0	No change	0	Other emissions reduction activities in 2020 related to Scope 3 emissions only.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	No
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired electricity	<Not Applicable>	190	0	190
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	190	0	190

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

190

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (The carbon emissions avoided by the renewable energy, efficiency, and other sustainable infrastructure in which we invest per \$1,000 invested by our firm in the calendar year. Also, referred to as CarbonCount.)

Metric value

1.03

Metric numerator

1,957,626 MTs CO2e avoided by HA's investments

Metric denominator (intensity metric only)

\$1,904,296,309 invested in 2020

% change from previous year

343

Direction of change

Increased

Please explain

Carbon Count® is a metric which estimates total TCO2e avoided as a result of Hannon Armstrong's investments per total amount invested. Carbon Count for FY20 was 1.03 compared to 0.30 in FY19, which is a 3.4-fold improvement. The incremental annual Reduction in carbon emissions was approximately 2.0 million MT in 2020 compared to 385000 MT CO2 in 2019. The metric gives an indication of how much of an impact our investments are making on reducing carbon emissions per unit of investment, so an increase is a positive impact. This metric fluctuates based upon the location specific emissions factors and underlying project cost of our investments.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CN9.6a/C-RE9.6a

(C-CN9.6a/C-RE9.6a) Provide details of your organization's investments in low-carbon R&D for real estate and construction activities over the last three years.

Technology area

Unable to disaggregate by technology area

Stage of development in the reporting year

<Not Applicable>

Average % of total R&D investment over the last 3 years

61 - 80%

R&D investment figure in the reporting year (optional)

Comment

Of our \$3 billion pipeline, 58% of is related to behind the meter (BTM) assets, include distributed building or facility projects, which reduce energy usage or cost through the use of solar generation and energy storage or energy efficiency improvements including heating, ventilation and air conditioning systems ("HVAC"), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power systems. A recent example of our investment in the deployment of innovative building technologies is our \$85 million investment in the Marine Corps Recruit Depot Parris Island facility. We financed a bundled energy solution, including efficiency upgrades, lighting upgrades, chiller improvements, an Energy Management Control System, on-site solar PV generation and battery storage.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/ section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/ section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/ section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Hannon Armstrong CDP Verification 2020 Final.pdf

Page/section reference

P1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, other partners in the value chain

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Clients

- As detailed in our Sustainability Investing Policy, the quantification of potential environmental impacts is one of the initial steps in our investment screening process. To meet our sustainability screen, a proposed investment must either reduce or be neutral on carbon emissions, or have some other tangible environmental benefit such as reducing water consumption. As a result, we only work with clients who develop these climate-positive projects.
- Recently, we've initiated conversations with potential clients who have legacy fossil-fuel-heavy projects. These potential clients are interested in meaningfully reducing their carbon footprint and entering climate positive asset classes. We believe that our engagement with them on climate and its environmental and economic benefits has spurred their interest in developing climate positive assets and working with us to finance them.

Other Business Partners

- We expect all our business partners to abide by our Business Partner Code of Conduct. We ask business partners to promptly report violations of this Code or any unethical behavior to our Chief Legal Officer.
- Recently, a potential business partner was pitching their services to us. We did not believe this potential partner valued environmental responsibility as strongly as our Code requires them to do so as they had not historically disclosed financed emissions related to their investments. After our encouragement, they changed their practices and began disclosing their financed emissions. We eventually initiated a relationship and now growing a strong relationship with them.
- In addition, we encourage all our financial sector business partners to join us in the Partnership for Carbon Accounting Financials (PCAF), a global partnership of financial institutions working together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

Industry Associations

- American Clean Power (ACP): Our Chief Client Officer sits on the Board of the American Clean Power (ACP) Association. As concerns over forced labor in the solar supply chain originating from the Xinjiang Uyghur Autonomous Region of China became more apparent, we worked with ACP to develop a strong policy on the issue. We also stand with ACP in its commitment to the Solar Supply Chain Traceability Protocol. Our commitment to climate stands in strong alignment with our commitment to human rights.
- Partnership for Carbon Account Financials (PCAF): We are working with PCAF to develop standardized metrics for reporting on financed emissions across multiple asset classes.

Investors

- In 2020, we held over 300 meetings with stockholders whose ownership represent approximately 42% of shares outstanding as of the end of the year to discuss various key corporate matters. A significant portion of these investors (~25% or more) are investors focused on ESG and climate action.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support	Our CEO and key staff members participated in politician engagement days on Capitol Hill, such as the May LEAD on Carbon Pricing as facilitated by CERES, whereby Hannon Armstrong employees met with members of the U.S. Congress and staffers to communicate the importance of putting a price on carbon emissions. Here is summary of that engagement in InsideClimateNews: https://insideclimatenews.org/news/23052019/carbon-pricing-microsoft-pepsi-stonyfield-corporate-lobbying-congress-climate-change-solutions We also engage directly with policymakers on the issue of carbon pricing through our work with the American Clean Power Association and the American Council on Renewable Energy.	We propose that there should be a national tax on carbon emissions and that the tax receipts should be distributed back as dividends to U.S. citizens. With a Carbon Tax and Dividend, the economists get the program they want, U.S. citizens get cash rebates, and we all benefit from reduced risk of climate change.
Energy efficiency	Support	Through our membership with the Alliance to Save Energy, Hannon Armstrong was a signatory of a May 1 letter to congressional leaders urging them to modernize and extend key tax incentives for energy efficiency that expired in 2017.	Along with the Alliance to Save Energy and other signatories, we called for the updates to the 25C incentive for homeowner efficiency improvements and 45L incentive for new home construction. Additionally, we called on Congress to pass forward-looking, multi-year extension of the 179D incentive for commercial building efficiency improvements. Doing so would provide the certainty needed for consumers, manufacturers, contractors and others to fully capitalize on the incentives. The expired incentives, as written, are outdated and no longer reflect the current market for high-efficiency equipment and building technologies. In some cases, such as for water heaters, the efficiency metrics referenced are obsolete.
Energy efficiency	Support with minor exceptions	Through our membership with the Alliance to Save Energy, Hannon Armstrong was a signatory of a January letter to congressional leadership urging them to prioritize energy efficiency, whether through infrastructure and transportation policy, tax incentives, public-private partnerships, R&D investments, or other initiatives.	While the we did not advocate for a specific piece of legislation in this case, Hannon Armstrong and other signatories reminded U.S. Congressional leaders that opportunities for advancing energy efficiency exist across a broad range of policy areas, including: <ul style="list-style-type: none"> • Infrastructure: Infrastructure is more than roads and bridges – it’s our utility grid, water and wastewater facilities, transit hubs, public buildings, ports, and other structures. These facilities use enormous amounts of energy, and a nationwide infrastructure initiative presents an opportunity to “get it right” and save consumers and taxpayers decades of wasted energy costs. In some cases, infrastructure projects can pay for themselves through public-private partnerships and innovative financing of energy savings investments. Incorporating energy efficiency can also provide a host of additional benefits, such as improving power grid reliability and resilience by stabilizing demand, and reducing emissions – all while creating good-paying jobs. • Built Environment: Existing homes and buildings – and new ones under construction – will be in use for decades to come, with enormous implications for U.S. energy consumption. The built environment currently accounts for about 40 percent of our energy use, and as with the transportation sector, innovation and technology are creating new opportunities for savings in residential, commercial and industrial applications that can play a significant role in decarbonizing the economy. • Federal Program Funding: Federal investments in energy efficiency drive gains throughout the economy and stimulate billions of dollars in economic activity. Third-party, peer-reviewed studies show that total taxpayer investment of \$12 billion to date in R&D at the Department of Energy’s Office of Energy Efficiency and Renewable Energy has yielded more than \$388 billion in net U.S. economic benefits. Public private partnerships such as the ENERGY STAR and Better Plants/Better Buildings Initiative have delivered equally impressive results. For example, in addition to helping Americans save more than \$30 billion in 2016, ENERGY STAR saved 400 billion kWh of electricity, delivering carbon emission reductions of 320 million metric tons – or the equivalent of the entire energy use of nearly 35 million homes for one year.
Other, please specify (Cross-cutting focus - including Carbon Tax, Mandatory Carbon Reporting, Clean Energy Generation)	Support with minor exceptions	In advance of the Group of Twenty (G20) Summit in Osaka, Japan in June 2019, Hannon Armstrong joined 477 investors with \$34 trillion (USD) in assets, a record number of signatories, to reiterate our full support for the Paris Agreement and strongly urge all governments to implement the actions that are needed to achieve the goals of the Agreement, with the utmost urgency.	We joined other investors in the "Global Investor Statement to Governments on Climate Change" to ask world government leader to take action in three different policy areas: <ul style="list-style-type: none"> • Achieve the Paris Agreement’s goals • Update and strengthen nationally-determined contributions to meet the emissions reduction goal of the Paris Agreement, starting the process now and completing it no later than 2020, and focusing swiftly on implementation • Formulate and communicate long-term emission reduction strategies • Align all climate-related policy frameworks holistically with the goals of the Paris Agreement • Support a just transition to a low carbon economy • Accelerate private sector investment into the low carbon transition • Incorporate Paris-aligned climate scenarios into all relevant policy frameworks and energy transition pathways • Phase out thermal coal power worldwide by set deadlines • Put a meaningful price on carbon • Phase out fossil fuel subsidies by set deadlines • Commit to improve climate-related financial reporting • Publicly support the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the extension of its term • Commit to implement the TCFD recommendations in their jurisdictions, no later than 2021 • Request the FSB incorporate the TCFD recommendations into its guidelines • Request international standard-setting bodies incorporate the TCFD recommendations into their standards.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

The Alliance to Save Energy

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association’s position

The Alliance to Save Energy promotes energy efficiency worldwide to achieve a healthier economy, a cleaner environment and energy security. To achieve this mission, the Alliance:

- Leads worldwide energy efficiency initiatives in policy advocacy, research, education, technology deployment and communications that impact all sectors of the economy
- Provides vision and activism which includes active and engaged members of Congress, leaders from business, the public interest sector and academia
- Initiates and participates in public-private partnerships, collaborative efforts and strategic alliances to optimize resources and expand its sphere of influence
- Executes its mission through a team of recognized energy efficiency experts and professionals

How have you influenced, or are you attempting to influence their position?

Alliance to Save Energy's position aligns with that of Hannon Armstrong.

Trade association

American Clean Power Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The American Clean Power Association works to champion policies that will transform the U.S. power grid to a low-cost, reliable and renewable power system. The organization's policy priorities include the below: Expand demand for renewable energy technologies at a national, regional and state level Remove barriers of entry through regulatory, permitting and siting reforms Establish long-term market certainty to ensure increased investment and manufacturing of renewable energy technologies Invest in a national electric grid that is reliable, secure, clean, and designed for a renewable future Develop a robust, stable, and diverse renewable energy workforce

How have you influenced, or are you attempting to influence their position?

ACPs position aligns with that of Hannon Armstrong.

Trade association

Ceres

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Ceres Investor Network includes over 170 institutional investors and manages more than \$26 trillion in assets. Some of our key investor coalitions and initiatives include the Global Investor Coalition on Climate Change, Climate Action 100+ and The Investor Agenda. Ceres is a sustainability non-profit organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. Through powerful networks and advocacy, Ceres tackles the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and human rights abuses. We are a part of the Ceres Investor Network, which includes over 170 institutional investors, managing more than \$26 trillion in assets, advancing leading investment practices, corporate engagement strategies, and key policy and regulatory solutions. Our Chairman, President & CEO also serves on the Ceres President's Council.

How have you influenced, or are you attempting to influence their position?

Ceres' position aligns with that of Hannon Armstrong. Notably, in May 2019, we joined with 75 businesses including eBay, Exelon, Gap, Levi's, Nike, Mars Incorporated, Microsoft, PepsiCo, Tesla and others to meet with a bipartisan group of federal lawmakers to call on Congress to pass meaningful climate legislation, including a price on carbon. Collectively, the Lawmaker Education & Advocacy Day (LEAD) on Carbon Pricing was largest business gathering on the Capitol Hill to advocate for climate legislation in over a decade. Along with staff meetings, our CEO also participated in a closed-door meeting with other CEOs and top congressional leaders from both sides of the aisle. More information here: <https://www.ceres.org/news-center/press-releases/LEAD-on-carbon-pricing>

Trade association

American Council on Renewable Energy

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The American Council on Renewable Energy (ACORE) is a national non-profit organization that unites finance, policy and technology to accelerate the transition to a renewable energy economy. Founded in 2001, ACORE is the focal point for collaborative advocacy across the renewable energy sector, supported by hundreds of members spanning renewable energy technologies and constituencies. ACORE's Partnership for Renewable Energy Finance (PREF) is a coalition of senior-level officials with companies that finance, develop, manufacture, and use renewable energy. PREF members focus on increasing capital formation and investment in renewable energy and educating the public sector to ensure that policy impacts the market as efficiently and effectively as possible. Our managing director serves on the board of ACORE and our membership includes the PREF Group. In 2018, we supported the American Council on Renewable Energy in a new campaign that aims to reach \$1 trillion in U.S. private sector investment in renewable energy and enabling grid technologies by 2030. Through \$1T 2030: The American Renewable Investment Goal, the country's major providers of capital for energy infrastructure projects have come together in a coordinated effort to accelerate the investment and deployment of renewable power as the sector moves to the next stage of market maturity. \$1T 2030 is managed through the Partnership for Renewable Energy Finance (PREF), a senior-level ACORE member program widely regarded as the nation's most credible educational resource on renewable energy finance. The campaign leverages the network of ACORE members and supporters, highlighting a combined set of common-sense policy reforms and distinct market drivers that are necessary to reach this ambitious goal. In the absence of new policies, most analysts expect the recent booming pace of renewable investment to decline in the early 2020s, but if we adopt the pathway for growth articulated by this campaign, America will close the innovation and investment gap with other nations, build on the impressive track record of job creation in wind, solar and related fields, and stay within striking distance of the U.S. commitment for greenhouse gas emission reductions outlined in the Paris Accord.

How have you influenced, or are you attempting to influence their position?

ACORE's position aligns with that of Hannon Armstrong

Trade association

Urban Green Council

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Urban Green Council's mission is to transform buildings for a sustainable future in New York City and around the world. They help develop cutting-edge policy, educate a broad range of professionals, and research solutions that drive policy and best practices nationally and globally. Urban Green Council was a key partner in getting the New York City Council to pass the most ambitious climate legislation enacted by any city in the world by placing NYC buildings on a path to reduce overall carbon emissions 80 percent by 2050. Buildings in New York City represent nearly 70 percent of the total emissions in the city. This new law sets tough requirements for buildings to reduce carbon emissions with innovative policy approaches that make it possible. The ability to offset requirements with renewable power is an important incentive to green the grid, and the provision for building carbon trading is a breakthrough approach relevant to cities nationally and globally. The legislation sets limits on carbon emissions per square foot in 2024 and 2030 for buildings greater than 25,000 square feet (about 50,000 buildings). Many of the law's provisions came out of the Blueprint for Efficiency, a suite of recommendations from the 80x50 Buildings Partnership convened by Urban Green.

How have you influenced, or are you attempting to influence their position?

Urban Green Council's position aligns with that of Hannon Armstrong

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Investing in assets that are beneficial from a GHG and climate change perspective is part of Hannon Armstrong's core mission as a company. Hannon Armstrong evaluates any prospective investments against our sustainability screening process, which ensures that all direct and indirect activities are aligned with our overall climate change strategy implicit in our core mission.

All political contributions from the Hannon Armstrong Climate Solutions PAC must be approved both by the Chief Legal Officer (who serves as PAC Treasurer) and Chief Client Officer (who serves as PAC Chair). In addition, all lobbying activities are overseen by the company's cross-functional Policy Strategy Committee as well as the Chief Legal Officer and Chief Client Officer. If any contributions or lobbying activities are reported to contradict the company's well-established climate positive mission and policy priorities, both the Policy Strategy Committee and the Chief Legal and Client Officers have a duty to immediately cease such actions. If they fail to act, the company's CEO, who is the Executive Chair of the PAC and reports to the Board, has a duty to cease such actions. If the CEO fails to act, the Nominating Governance and Corporate Responsibility Committee of the Board of Directors has the responsibility to take action. To date, no such violations have occurred.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

HASI-Annual-Report-2020-2.pdf

Page/Section reference

p4-10 Form 10-K

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

Hannon-Armstrong-2020-Impact-Report.pdf

Page/Section reference

p3-28 Appendix40-42

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Accounting Officer	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms