

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 \$1.7 billion of transactions during 2021, compared to approximately \$1.9 billion during 2020. As of December 31, 2021, we held approximately \$3.6 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 cash and, in certain cases, residual interests in the trusts and ongoing fees. As of December 31, 2021, we managed approximately \$5.2 billion in these trusts or vehicles that are not consolidated on our balance sheet. When we combine these assets with our Portfolio, as of December 31, 2021, we manage approximately \$8.8 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 2021	December 31 2021	Yes	3 years

C0.3

(C0.3) Select the countries/areas in which you operate.

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 are a capital provider. Our investments have taken many forms, including equity, joint ventures, land ownership, lending, or other financing transactions.)

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a CUSIP number	41068X100

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 reviews quarterly the Company's strategies, activities, policies, and communications regarding sustainability and other environmental, social and governance ("ESG") related matters and makes recommendations and decisions. 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 quarterly 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 the Company's longstanding commitment to ESG priorities. The NGCR is responsible for decisions regarding our broad climate strategies, activities, and policies including our Sustainability Investment Policy, Environmental Policies, and Human Rights and Human Capital Management Policies.
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 no less than quarterly updates from the ESG Staff Committee Leader. An example of a climate-related decision made in the last two years includes utilizing the CarbonCarbon methodology as part of our investment analysis and our Investment Committee, which includes the Chief Executive Officer, to decide whether to approve each investment. In addition, our CEO recently made the decision to approve our internal carbon pricing methodology. Our CEO also 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 no less than quarterly updates from ESG Staff Committee Leader. CarbonCount is part of our investment analysis and our Investment Committee, which includes the Board Chair, makes decisions to approve each investment, including in the last two years. In addition, our Board Chair made the decision to approve our internal carbon pricing methodology. Our Chair/CEO also 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 application of CarbonCount – a proprietary scoring tool for evaluating the efficiency by which the company's invested capital reduces carbon emissions - to weigh the climate-related impacts when making investment decisions.

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 Leadership Team typically meets monthly and reports to the Nominating, Governance and Corporate Responsibility (NGCR) Committee of the Board of Directors. The ESG Leadership Team discusses ESG issues during the scheduled Board meetings. The focused meetings alternatively lay emphasis on E, S and G issues to ensure robust Board-level management. The 2021 discussions covered topics ranging from climate justice, diversity, equity, inclusion, and anti-racism (DEIJA), and included discussions to strengthen relationships with all stakeholders. The ESG Leadership Team comprises representatives from internal departments including Legal, Strategic Initiatives and ESG, Accounting and Corporate Finance, and Human Resources. The larger ESG team includes representatives from departments including Legal, Strategic Initiatives and ESG, Accounting and Corporate Finance, Human Resources, the Hannon Armstrong Foundation Leadership Team, the DEIJA Working Group, the TCFD Committee, Investor Relations, Investments, Communications, and Portfolio Management. These respective teams meet regularly to review and discuss key ESG issues through reviewing quarterly data, processes, and scorecards. ESG performance metrics are a meaningful 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.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	Board member competence on climate-related issues is assessed through an appraisal of each board members' respective risk management expertise, energy industry experience, and sustainable finance knowledge. At least three Hannon Armstrong Board Members all demonstrate particular competence on climate-related issues. Determination criteria to assess competence on climate-related issues include board members' backgrounds in Enterprise Risk Management, which encompasses ever more prevalent climate-related risks, and also experience with Power/Utility/Natural Resources Industries whose technologies present differential impacts and solutions to climate change and inform the sustainable finance posture emblematic of Hannon Armstrong's investing strategy.	<Not Applicable>	<Not Applicable>

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.

Members of the senior management team, including the Chief Accounting Officer and Chief Human Resources Officer, as well as the Vice President – Strategic Initiatives and ESG, the Vice President – Corporate Communications & Public Affairs, and Vice President & Deputy Chief Legal Officer, head the Company's ESG Leadership Team and are 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 implementing strategies and disclosures on climate-related issues, the ESG Leadership Team reports to the Chairman and Chief Executive 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 Leadership Team 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 2021, approximately 27 out of 97 employees have chosen to adopt electric or hybrid-electric vehicles.
All employees	Non-monetary reward	Other (please specify) (Volunteer service)	In October 2021, The Hannon Armstrong Foundation expanded its partnership with the Chesapeake Bay Foundation (CBF) in 2021 to include support for Claggett Farm, a 285-acre CBF-owned regenerative farm located in Maryland. Claggett Farm provides a community supported agriculture program, volunteer opportunities, individual farmer-to-farmer support, and outreach and education events to advance regenerative agriculture and directly improve the local environment and community health of those who live near the Chesapeake Bay watershed. Hannon Armstrong employees volunteered at Claggett Farm and helped harvest fresh produce for food donations to the Capital Area Food Bank while learning about the regenerative farming techniques used to combat agricultural pollution—the largest source of pollution to the Chesapeake Bay.
All employees	Non-monetary reward	Other (please specify) (Climate Education Scholarship Program)	The Hannon Armstrong Foundation established the Hannon Armstrong Climate Solutions Scholarship Program to provide financial assistance for high-achieving, sustainability-focused students from underrepresented communities. Applications for the scholarship program are open to rising undergraduate juniors and seniors who have demonstrated interest in sustainability. The needs-based scholarships typically cover the balance of full-year tuition and room and board expenses for undergraduate students interested in pursuing careers related to climate action and sustainability. At launch, the participating schools include Baltimore-based Morgan State University and Miami University in Oxford, Ohio. Morgan State and Miami University fully administer the scholarships, and recipients are encouraged to seek mentorship opportunities with Hannon Armstrong employees.
All employees	Non-monetary reward	Other (please specify) (ESG-related performance review)	All employees are required to report on ESG contributions as part of their annual performance review.

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 define impacts to be of substantive financial or strategic significance when such impacts exceed a threshold of \$1.0 million of financial implications on our business. Therefore, when identifying or assessing climate-related risks, risks and opportunities with potential financial implications above \$1.0 million per year are considered substantive. Quantifiable indicators that inform our identification and assessment of such substantive financial or strategic impacts include \$USD revenue projections, climate scenario analysis measured by temperature fluctuations, increased insurance costs due to climate-related risk appraisals, and our portfolio's exposure to changes in the market price of power due to increased demand driven by climate change.

C2.2

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

Value chain stage(s) covered

Direct operations
Upstream
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, Investments, and in-house Engineering to identify material climate change risks and opportunities affecting our direct business operations, our upstream value chain, as well as downstream of our business operations as and when the company requires, but at least once a year. Once identified, we stratify such climate-related risks and opportunities by their short-, medium-, or long-term impacts, before we run upside and downside scenarios on our cashflows to evaluate the nuances of particular physical risks. One such example of long-term time horizon climate risk identification, assessment, and response includes assuming an existing 100-year flood plain becomes a 10-year flood plain and that our assets in this 100-year flood plain would be subject to catastrophic flood effects during their useful life. By leveraging our internal enterprise risk management expertise to identify the risk, then applying the discipline of actuarial science to assess insurance premium fluctuations engendered by this flood-plain risk, we are in a position to respond to such a climate-related risk by adapting our short-, medium-, and long-term projections to this new financial reality as well as engineering physical safeguards to prolong the useful life of our investment in this climate scenario. By applying this assessment, identification, and response to our direct business operations, our upstream value chain, and downstream results, we adequately manage our exposure to climate-related risks. 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 by 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 because all of our investments reduce or avoid carbon emissions. 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 2021 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 can 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 by increasing our exposure to basis risk on projects with fixed delivery/volume hedges. 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?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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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

With our investments' geographic context limited to just the United States, extreme weather events such as earthquakes, floods, severe convective storms (including tornados and hail), and wildfire have the potential to impact our investments. We previously engaged an insurance consultant to perform an analysis based on Risk

Management Solutions (RMS) and natural catastrophe risk models – the primary natural catastrophe models used in the insurance industry- on our portfolio. 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 our ~\$9 billion 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 \$9 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 \$9 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)

17100000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approximately, 1% of the TIV of \$9 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. Our investments' geographic context is limited to the United States. 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 \$17.1 million (i.e. \$9bn * 1% * 19% = \$17.1m). As a specific example of the above risk, at 31 December 2021, Hannon had approximately \$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. 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

799190

Description of response and explanation of cost calculation

We mitigate our liability to extreme weather events through geographic, technology and finance structure diversification. We also ensure that 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 all have construction and operational 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. For new investment opportunities, we evaluate risks related to climate change induced natural catastrophe damage through internally developed tools, external models (such as those referenced above), and diversification of assets by technology and geography. As of the 31 December, 2021, our assets in 48 of 50 U.S. states are 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, wildfires and floods are a natural occurrence within wetlands. 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 major flooding of the project during the construction period. After the flood, the insurance assessor re-evaluated the site's flood risk, which materially increased the projected cost of insurance. In response to the projected increased cost of insurance, we reduced the size of our debt investment to insulate our portfolio from the additional risk and insurance expense. Cost of response calculation: Our portfolio management team of about 29 employees allocates approximately 10% of its time to such evaluation and management on an annual basis. Our median employee salary as disclosed in our latest Proxy Statement was \$275,583. We multiplied this median salary figure by 29 employees (\$7,991,907), multiplied by 10% of the total median salaries to determine the response cost of approximately \$0.8m 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?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Changing wind 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. With our investments' geographic context limited to the United States, 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 TCFD scenario analysis, which is included in our 2021 Impact Report. As of 31 December 2021, 47% of our \$3.7 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 18 years as of the end of 2021.

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)

3729450

Potential financial impact figure – maximum (currency)

11934240

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 2021, 47% of our \$3.7 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 follows: 2021 Distributable Earnings of \$158.7mn * 47% allocated to such projects * 5% or 16% decline in cashflows equals \$3.7mn to \$11.9mn in negative annual financial impact). We have disclosed the perceived impacts in our scenario analysis disclosed in accordance with TCFD in our 2021 Impact report.

Cost of response to risk

799190

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: Our portfolio management team, which consists of about 29 employees, allocates 10% of its time to such evaluation and management on an annual basis and the allocation of their salaries equates to the cost of management provided above. Our median employee salary as disclosed in our latest Proxy Statement was \$275,583. We multiplied this median salary figure by 29 employees (\$7,991,907), and then apportioned 10% of the total median salaries to determine the response cost of approximately \$0.8m provided above.

Comment**Identifier**

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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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 and our investments' geographic context limited to the United States, 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 2021 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 ~\$9 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 \$9 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 \$9 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, a single figure estimate

Potential financial impact figure (currency)

1491780

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 2021 Distributable Earnings of \$158.7mn * 47% allocated to such projects * 2% decline in cashflows equals \$1.5mn in negative annual financial impact).

Cost of response to risk

799190

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 2021, 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: Our portfolio management team, which consists of approximately 29 employees, allocates approximately 10% of its time to such evaluation and management on an annual basis. Our median employee salary as disclosed in our latest Proxy Statement was \$275,583. We multiplied this median salary figure by 29 employees (\$7,991,907), multiplied by 10% of the total median salaries to determine the response cost of approximately \$0.8m provided above.

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

With our full investment portfolio geographically limited to the United States, 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 TCFD scenario analysis, which is included in our 2021 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 2022, National Oceanic and Atmospheric Administration ("NOAA") reported that 2021 was the sixth 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 20 natural disaster events in the United States in 2021, 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 2021 report, the International Energy Agency (“IEA”) estimates global spending on energy efficiency at approximately \$302 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)

35714324

Potential financial impact figure – maximum (currency)

52529700

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 \$158.7 million in 2021 (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 \$35.7 to \$55.5 million by the end of the next three years (i.e., $\$158.7m * ((1.07^3)-1) = \$35.7m$ and $\$158.7 * ((1.10^3)-1) = \$55.5m$).

Cost to realize opportunity

26487500

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 \$4 billion pipeline, 48% of which is related to Behind the Meter “BTM” assets and 37% of which is related to Grid-connected “GC” assets, with the remainder related to other sustainable infrastructure (as of the end of 2021). 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 \$52.9 million in compensation and benefits in 2021.

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 TCFD scenario analysis, which is included in our 2021 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)

1713960

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 2021 Distributable Earnings of \$158.7mn * 27% allocated to such projects * 4% increase in cashflows equals a \$1.7mn 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

199797

Strategy to realize opportunity and explanation of cost calculation

With our full portfolio located within the United States, 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 2021 have reduced annual carbon emissions by approximately 817,000 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: Our portfolio management team, which consists of approximately 29 employees, monitors policy developments and potential carbon pricing. The calculation is based on their 2.5% allocation of their time and respective salaries. Our median employee salary as disclosed in our latest Proxy Statement was \$275,583. We multiplied this median salary figure by 29 employees (\$7,991,907), multiplied by 2.5% of their time spent of the total median salaries to determine the realization cost of approximately \$0.2m provided above.

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 of 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 price (as one scenario). 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

With our full portfolio located within the United States, 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 2021, these sorts of Sustainable Infrastructure assets comprised 1% of our \$3.7 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)

260000000

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 \$4 billion pipeline, 13% is related to Sustainable Infrastructure. \$260m represents the potential increase in balance sheet portfolio as a result of conversion of 50% of these projects currently in our pipeline. (e.g. \$4b * 13% * 50% = \$260m)

Cost to realize opportunity

551166

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 focus 100% of their time 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 \$4 billion pipeline, we hope to make at least \$260m of investments in these sorts of assets over the next year. Cost to realize calculation: 2 employees on our Investment team evaluates resiliency and adaptation investments. The calculation is based on their 100% allocation of their time and the median employee salary as disclosed in our latest Proxy Statement of \$275,583. We multiplied this median salary figure by the number of investment team employees (2) who spend 100% of their time completing this work to determine the realization cost of approximately \$0.5m provided above.

Comment**C3. Business Strategy****C3.1****(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?****Row 1****Transition plan**

Yes, we have a transition plan which aligns with a 1.5°C world

Publicly available transition plan

Yes

Mechanism by which feedback is collected from shareholders on your transition plan

Our transition plan is voted on at Annual General Meetings (AGMs)

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your transition plan (optional)

<https://www.hannonarmstrong.com/wp-content/uploads/2022/04/Hannon-Armstrong-2021-Impact-Report-1.pdf#page=15>
Hannon-Armstrong-2021-Impact-Report-1.pdf

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

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

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

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

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices		
<table border="1"> <tr> <td>Transition scenarios</td> <td>IEA 450</td> </tr> </table>	Transition scenarios	IEA 450	Company-wide	<Not Applicable>	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 degrees C and below 2 degrees 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.
Transition scenarios	IEA 450				
<table border="1"> <tr> <td>Physical climate scenarios</td> <td>Customized publicly available physical scenario</td> </tr> </table>	Physical climate scenarios	Customized publicly available physical scenario	Company-wide	2.1°C - 3°C	Given the assessments of the United Nations' Intergovernmental Panel on Climate Change (IPCC) and other leading climate research organizations regarding the probability of limiting the global temperature increase to 1.5 Celsius and likely serious climatic impacts even with aggressive emissions reduction initiatives, we believe our investment portfolio will be impacted by physical risks regardless of the actions taken. We assume the types of risks to which our investment portfolio is exposed are similar under either Scenario 1 or 2 (albeit at varying degrees of severity).
Physical climate scenarios	Customized publicly available physical scenario				

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Transition Risks and Opportunities Focal Question - How will our Portfolio be impacted by the transition risks and opportunities contemplated by the Paris Accords and the achievement of its objectives? Physical Risks and Opportunities Focal Question - Given the assessments of the United Nation's Intergovernmental Panel on Climate Change and other leading climate research organizations regarding the probability of a 1.5 Celsius increase in global temperature and serious climatic impacts even with the most aggressive emissions reduction initiatives, how will our Portfolio be impacted by physical risks regardless of the actions taken as discussed above?

Results of the climate-related scenario analysis with respect to the focal questions

Transition Risks and Opportunities - Scenario 1 - Global action is taken to limit the global temperature increase to 1.5 degrees Celsius above pre-industrial levels: Assumption: The price of Renewable Energy Credits ("RECs") or similar structures increase as more aggressive renewable portfolio standards and corporate renewable energy targets are implemented. Qualitative Impacts: Increased debt/lease service coverage ratio for the obligors of our renewable energy debt investments and solar real estate leases that sell RECs 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; If there was a material increase in value associated with RECs, it is likely that more renewable energy projects would be developed in geographic areas where the RECs were more valuable, leading to more potential investment opportunities for us. Quantitative Impacts: If the overall price level of RECs increased by 5% we would not expect a material impact to the overall cashflows from our existing investments. This is largely due to the lower value of RECs in comparison to power prices in most of the markets where our investments are located. Physical Risks and Opportunities - Scenario 1 - Global action is taken to limit the global temperature increase to 1.5 degrees Celsius above pre-industrial levels: Assumption: Increased (i) flooding events due to heavier rainfalls and increased storm surge due to rising sea levels, (ii) the probability and severity of wildfires and (iii) increased frequency and severity of storms and other weather-related events. Qualitative Impacts: Our existing investments in low lying areas are exposed to potential flooding events and other storm damage. Such events may cause construction delays, operational shutdowns, and more significant site damage; A portion of our investments are located in high wildfire risk regions and are exposed to catastrophic damage from wildfire events; solar energy assets that are not in the direct path of wildfires but are within the proximity thereof may have reduced power production due to ash soiling on the panels or reduced solar insolation due to ash clouds; If the events above were to occur, we may experience reduced cash flows and financial returns from these investments, which may cause us to reduce the amount of financial leverage we utilize and cause a decline in our overall profitability. Quantitative Impacts: We would not expect a material risk to the cash flows from our investments as we typically require insurance coverage for these events where the project owner bears this cost. The potential impact of additional soiling of panels or ash clouds was assessed and is not expected to have a material impact on the cashflows and value of our portfolio. Complete qualitative and quantitative scenario analyses can be found on page 51-57 of our 2021 Form 10-K filed with the US SEC.

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, 2022, our portfolio consisted of over 290 investments, of which 54% was invested in BTM assets, 45% in GC assets, (which includes our land holdings) and 1% in sustainable infrastructure projects. The portfolio accounts for a cumulative capacity of more than 16 GW of renewables across the U.S. to 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 Leadership 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 re-locate our office to new energy efficient premises. In addition, we achieved our 100% renewable energy procurement target several years ago in 2018. Launched in 2013, our 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).
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 2021, 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 underserved 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. In addition, the Hannon Armstrong Foundation established the Hannon Armstrong Climate Solutions Scholarship Program to provide financial assistance for high-achieving, sustainability-focused students from underrepresented communities. Applications for the scholarship program are open to rising undergraduate juniors and seniors who have demonstrated interest in sustainability. The needs-based scholarships typically cover the balance of full-year tuition and room and board expenses for undergraduate students interested in pursuing careers related to climate action and sustainability. At launch, the participating schools include Baltimore-based Morgan State University and Miami University in Oxford, Ohio, fully administer the scholarships, and recipients are encouraged to seek mentorship opportunities with Hannon Armstrong employees. As per our estimate, our investments support over 400,000 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 97 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 an 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 2020 and 2021, our total scope 1 and 2 (market-based) emissions totaled to zero. This has been due to practically zero scope 1 emissions and zero emissions from scope 2 (due to 100% renewable energy procurement through the purchase of renewable energy credits (RECs)).

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 represent our biggest opportunity to drive significant positive environmental impacts. These capital deployments are a part of our financial planning process because there are 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 \$1.7 billion of transactions during 2021, compared to approximately \$1.9 billion during 2020. As of December 31, 2021, we held approximately \$3.5 billion of transactions on our balance sheet, which we refer to as our "Portfolio." When combined with our Portfolio, as of December 31, 2022, we manage approximately \$8.8 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 16 GW of renewables and 320 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 18 years (as of the end of 2021), 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 -focused investors that purchase our publicly traded shares driven in part by 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 18 years (as of the end of 2021), and there is a consistent time scale for assessing potential liabilities.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?

No, but we plan to in the next two years

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

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

0

Base year Scope 2 emissions covered by target (metric tons CO2e)

0.12

Base year Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

0.12

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

100

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

0

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

0

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

0

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

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.)

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the emissions reduction initiatives which contributed most to achieving this target

Our purchase of 100% renewable electricity to power our office site has resulted in achievement of our target.

Target reference number

Abs 2

Year target was set

2019

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

<Not Applicable>

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

0

Base year Scope 2 emissions covered by target (metric tons CO₂e)

75

Base year Scope 3 emissions covered by target (metric tons CO₂e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

75

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

26

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

55.5

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

100

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

100

Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

61

% of target achieved relative to base year [auto-calculated]

71.7948717948718

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 target coverage and identify any exclusions

We intend to reduce our location-based scope 2 emissions. 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.

Plan for achieving target, and progress made to the end of the reporting year

With our flexible working environment, the number of employees commuting to the office at any one time has decreased, which has contributed to our Scope 2 location-based emissions reduction.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

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

Net-zero target(s)

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: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

218

% share of low-carbon or renewable energy in base year

99

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Yes, this target is part of our continued initiative to operate using 100% renewable electricity.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

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.

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the actions which contributed most to achieving this target

We purchase 100% renewable energy through RECs with our public utility.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Int1

Target year for achieving net zero

2030

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Please explain target coverage and identify any exclusions

We have committed to achieve SBTs in project finance for electricity generation by 2030 from a 2019 base year. Hannon Armstrong's portfolio of wind and solar energy project finance amounted to 82% of our total balance sheet portfolio as of the end of 2019.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)

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*	0	0
Implementation commenced*	0	0
Implemented*	2	37.87
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

Company policy or behavioral change	Other, please specify (We maintained a flexible work-from-home (WFH) policy that enables employees (with manager approval) to work remotely for a certain percentage of their time.)
-------------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

30.87

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 7: Employee commuting

Voluntary/Mandatory

Voluntary

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

0

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

150000

Payback period

21-25 years

Estimated lifetime of the initiative

Ongoing

Comment

Though our flexible working arrangement will reduce our employee commuting emissions on a longer time horizon, our year-over-year increase of full-time employees from 60 to 97 (a 42% expansion in the workforce) combined with a greater proportion of employees returning to work in office (after vaccination), our overall employee commuting emissions increased in 2021. Through a new policy, employees are able to work remotely up to 49% of the time, which we believe, all else equal, will reduce employee commuting emissions over a longer time horizon. We estimate that our flexible working arrangements have saved up to 26.46 tons CO2e due to our employees' ability to work from home up to 49% of the time. We achieved this calculation by multiplying our 2021 employee commuting Scope 3 emissions of 63 MT CO2e by 49% of the time employees are required to be in the office to arrive at 30.87 estimated tons CO2e saved annually. (i.e., $63 * 0.49 = 30.87$)

Initiative category & Initiative type

Company policy or behavioral change	Other, please specify (Electric Vehicle Subsidy for Employees)
-------------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

7

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 7: Employee commuting

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, 5% of our employees took advantage of this program, resulting in an aggregate spend of \$5000 on EV subsidy programs. We expect to subsidize more as a greater number of employees are showing interest this year. Resulting carbon emission savings are assumed to be approximately 10% of gross total commuting emissions. In an internal survey conducted at the end of 2021, approximately 28% of employees reported that they use EVs or HEVs for their office commute. However, our overall employee commuting emissions were shown to have increased in 2021 due to more employees returning to work in the office (after vaccination) and our hiring of 37 additional employees year-over-year, a 42% staffing increase in a single year. To determine our estimate, we reverse calculated the total 2021 employee commuting Scope 3 emissions of 63 MT CO2e to include the 10% CO2e emissions savings (based on respective emissions factors for EVs and HEVs) to arrive at 7 MT CO2e annual savings. (i.e., a 10% reduction in emissions to arrive at 63 MT CO2e would posit that the emissions without the EV subsidy would be approximately 70 MT CO2e).

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, which incentivizes shorter and less environmentally impactful commutes.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Other, please specify (Hannon Armstrong has developed financing solutions and products that fund the installation of renewable energy and energy efficiency projects that reduce GHG emissions.)

Type of product(s) or service(s)

Other	Other, please specify (Financing for GHG-reducing projects including distributed solar and wind, energy efficiency upgrades, energy storage solutions, and other sustainable infrastructure projects.)
-------	---

Description of product(s) or service(s)

Hannon Armstrong's business is solely dedicated to investments in climate solutions, providing capital to assets developed by leading companies in energy efficiency, renewable energy, and other sustainable infrastructure markets.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify (CarbonCount is a proprietary scoring tool for evaluating the efficiency by which the company's invested capital reduces carbon emissions, which uses emissions factors (expressed on a CO2 equivalent basis) from the U.S. EPA & IEA the MT CO2e avoided.)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Use stage

Functional unit used

MT CO2e avoided

Reference product/service or baseline scenario used

CarbonCount comprises 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.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Use stage

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

817000

Explain your calculation of avoided emissions, including any assumptions

The CarbonCount calculation is expressed as: (Annual Hourly MWh Generation Avoided by Underlying Renewable Energy and/or Efficiency Project(s) * Location Specific Hourly Grid Emissions Factor Metric Tons of CO2/MWh) / Total Capital Cost of the Projects = Metric Tons of CO2 Offset Annually per \$1,000 invested

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

100

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

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

Scope 1

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 2 (location-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

75

Comment

Scope 2 (market-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0.12

Comment

Scope 3 category 1: Purchased goods and services

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

37

Comment

Scope 3 category 2: Capital goods

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

2

Comment

Scope 3 category 6: Business travel

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

326

Comment

Scope 3 category 7: Employee commuting

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

167

Comment

Scope 3 category 8: Upstream leased assets

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 10: Processing of sold products

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 11: Use of sold products

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 13: Downstream leased assets

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 14: Franchises

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 15: Investments

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

29066

Comment

In 2020, we joined the Partnership for Carbon Accounting Financials (PCAF), a global financial industry-led coalition of values-based financial institutions, standard setting organizations, and leading climate groups. In November 2020, PCAF implemented a global standard for a consistent and transparent disclosure framework to report carbon emissions and avoided emissions resulting from financed assets: the first edition of the Global GHG Accounting and Reporting Standard for the Financial Industry. While the vast majority of our portfolio produces zero associated emissions, we are still in the process of quantifying emissions associated with the remaining 5% of our portfolio. As always, all investments must pass our Investment Committee's strict screening process with negative or neutral incremental impact on emissions. Our company's emissions targets reflect this organizational commitment. Our stated actual performance for Scope 3 emissions does not include the avoided emissions as a result of our investments. The first year estimated carbon emissions avoided as a result of our investments originated in 2021 is ~817,000 MT. We look forward to continuing to report these results and using this information to inform our climate strategies. Though we have assessed 95% of our balance sheet portfolio's financed emissions, we expect to implement our reporting in full accordance with PCAF (i.e. 100% of our balance sheet portfolio) by 2023.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) 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

January 1 2021

End date

December 31 2021

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

0

Start date

January 1 2020

End date

December 31 2020

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)

0

Start date

January 1 2019

End date

December 31 2019

Comment

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)

0

Start date

January 1 2018

End date

December 31 2018

Comment

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 are 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

61

Scope 2, market-based (if applicable)

0

Start date

January 1 2021

End date

December 31 2021

Comment

Past year 1

Scope 2, location-based

66

Scope 2, market-based (if applicable)

0

Start date

January 1 2020

End date

December 31 2020

Comment

Past year 2

Scope 2, location-based

75

Scope 2, market-based (if applicable)

0

Start date

January 1 2019

End date

December 31 2019

Comment

Past year 3

Scope 2, location-based

71

Scope 2, market-based (if applicable)

0

Start date

January 1 2018

End date

December 31 2018

Comment

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

Emissions in reporting year (metric tons CO2e)

12

Emissions calculation methodology

Average data method

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

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons CO2e)

1

Emissions calculation methodology

Average data method
Waste-type-specific method

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. 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.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

41

Emissions calculation methodology

Spend-based method

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 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 our employee expense portal, which includes all 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.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

63

Emissions calculation methodology

Distance-based method

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. Emissions from commuting include emissions based on distances travelled to work by all the employees. Data on miles driven to work were sourced from employee survey results. For employees driving an electric vehicle, emission factors are estimated by multiplying the kg CO2 per kWh of Maryland (location based) with the miles per gallon (kWh per mile) of the 2021 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.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons 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 process physical intermediate products to resell downstream.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons 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

Emissions in reporting year (metric tons CO2e)

29066

Emissions calculation methodology

Other, please specify (PCAF Global GHG Accounting and Reporting Standard for the Financial Industry)

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

95

Please explain

While the vast majority of our balance sheet portfolio produces zero associated emissions, we are still in the process of quantifying emissions associated with the remaining 5% of our balance sheet portfolio. As always, all investments must pass our Investment Committee's strict screening process with negative or neutral incremental impact on emissions. Our company's emissions targets reflect this organizational commitment. Our stated actual performance for Scope 3 emissions does not include the avoided emissions as a result of our investments. The first year estimated carbon emissions avoided as a result of just our investments originated in 2021 is ~817,000 MT. We look forward to continuing to report these results and using this information to inform our climate strategies. Though we have assessed 95% of our balance sheet portfolio's financed emissions, we expect to implement our reporting in full accordance with PCAF (i.e. 100% of our portfolio) by 2023.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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 relevant. As a financial services company, we do not have any further upstream emissions to calculate.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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 relevant. As a financial services company, we do not have any further upstream emissions to calculate.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

January 1 2020

End date

December 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)

7

Scope 3: Capital goods (metric tons CO2e)

0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

Scope 3: Upstream transportation and distribution (metric tons CO2e)

0

Scope 3: Waste generated in operations (metric tons CO2e)

0.3

Scope 3: Business travel (metric tons CO2e)

70

Scope 3: Employee commuting (metric tons CO2e)

32

Scope 3: Upstream leased assets (metric tons CO2e)

0

Scope 3: Downstream transportation and distribution (metric tons CO2e)

0

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

We did not begin calculating our Scope 3: Investments (category 15) emissions until 2021.

Past year 2

Start date

January 1 2019

End date

December 31 2019

Scope 3: Purchased goods and services (metric tons CO2e)

37

Scope 3: Capital goods (metric tons CO2e)

0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

Scope 3: Upstream transportation and distribution (metric tons CO2e)

0

Scope 3: Waste generated in operations (metric tons CO2e)

2

Scope 3: Business travel (metric tons CO2e)

326

Scope 3: Employee commuting (metric tons CO2e)

167

Scope 3: Upstream leased assets (metric tons CO2e)

0

Scope 3: Downstream transportation and distribution (metric tons CO2e)

0

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

We did not begin calculating our Scope 3: Investments (category 15) emissions until 2021.

Past year 3

Start date

January 1 2018

End date

December 31 2018

Scope 3: Purchased goods and services (metric tons CO2e)

30

Scope 3: Capital goods (metric tons CO2e)

0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

Scope 3: Upstream transportation and distribution (metric tons CO2e)

0

Scope 3: Waste generated in operations (metric tons CO2e)

2

Scope 3: Business travel (metric tons CO2e)

183

Scope 3: Employee commuting (metric tons CO2e)

150

Scope 3: Upstream leased assets (metric tons CO2e)

0

Scope 3: Downstream transportation and distribution (metric tons CO2e)

0

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

We did not begin calculating our Scope 3: Investments (category 15) emissions until 2021.

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

2.86e-8

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

61

Metric denominator

unit total revenue

Metric denominator: Unit total

213166000

Scope 2 figure used

Location-based

% change from previous year

7.6

Direction of change

Decreased

Reason for change

The reason for the decrease in Due to the COVID-19 pandemic, when fewer employees used electricity in our office due to remote working arrangements. We reduced our Scopes 1& 2 emissions by 5 tCO2e from the 66 tCO2e we reported for our total Scopes 1 & 2 location-based emissions the prior year (2020). As a result, we arrived at the 7.6% emissions value by the following calculation: $(61/66)*100 = -7.6\%$ (i.e. a 7.6% decrease in emissions)

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	0	Other, please specify (World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard)

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)
United States of America	61	0

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	61	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	61	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	61	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?

Decreased

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 2020 we already purchased 100% of our electricity consumption from a green (renewable energy) tariff. This remained the same in 2021, so there have been no additional purchases to record.
Other emissions reduction activities	5	Decreased	7.6	Due to the COVID-19 pandemic, when fewer employees used electricity in our office due to remote working arrangements, we reduced our Scopes 1& 2 emissions by 5 tCO2e from the 66 tCO2e we reported for our total Scopes 1 & 2 location-based emissions the prior year (2020). As a result, we arrived at the 7.6% emissions value by the following calculation: $(-5/66) \times 100 = -7.6\%$ (i.e. a 7.6% decrease in emissions)
Divestment		<Not Applicable >		Not Applicable
Acquisitions		<Not Applicable >		Not Applicable
Mergers		<Not Applicable >		Not Applicable
Change in output		<Not Applicable >		Not Applicable
Change in methodology		<Not Applicable >		Not Applicable
Change in boundary		<Not Applicable >		Not Applicable
Change in physical operating conditions		<Not Applicable >		Not Applicable
Unidentified		<Not Applicable >		Not Applicable
Other		<Not Applicable >		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?

Location-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>	204	0	204
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>	204	0	204

C8.2e

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

Sourcing method

Green electricity products from an energy supplier (e.g. green tariffs)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify (Based in the US state of Maryland, our renewable energy mix comprises hydroelectric power and utility-scale solar photovoltaic generation.)

Country/area of low-carbon energy consumption

United States of America

Tracking instrument used

US-REC

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

204

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

United States of America

Consumption of electricity (MWh)

204

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

204

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

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

0.5

Metric numerator

816,560 MT CO2e avoided by HA investments in 2021

Metric denominator (intensity metric only)

\$1,623,708,928.91 invested in 2021

% change from previous year

49

Direction of change

Decreased

Please explain

Carbon Count® is a metric which estimates total megatons (MT) of CO2e avoided as a result of Hannon Armstrong's investments per total amount invested. Carbon Count for FY21 was 0.5 compared to 1.03 in FY20, which is a decrease in the efficiency of our investment capital to avoid carbon emissions. The incremental annual Reduction in carbon emissions was approximately 817,000 MT CO2e in 2021 compared to 2.0 million MT in 2020. The metric gives an indication of how much of an impact our investments are making on reducing carbon emissions per unit of investment. 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

41 - 60%

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

Of our approximately \$4 billion pipeline, 48% 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-Statement-2021-Final.pdf

Page/ section reference

1-3

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-Statement-2021-Final.pdf

Page/ section reference

1-3

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-Statement-2021-Final.pdf

Page/ section reference

1-3

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

Scope 3: Waste generated in operations

Scope 3: Business travel

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-Statement-2021-Final.pdf

Page/section reference

1-3

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?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	ISO14064-3	We verify the year-on-year change in emissions (Scope 1 and 2) annually. Emissions data verification of our Scope 1 and 2 emissions data supports our disclosed decrease in Scope 2 (location-based) CO2 emissions, as well as reinforces our four-year publicly disclosed record of zero Scope 1 and zero Scope 2 (market-based) emissions data.

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?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Drive low-carbon investment

Other, please specify (Instituting an internal carbon price encourages both transparent emissions reporting and long-term climate positive investments.)

GHG Scope

Scope 1

Scope 2

Scope 3

Application

We have set an internal carbon price of \$100/tCO₂e, which is in line with the top of this range and what we believe to be current best-in-class internal corporate carbon prices. At the end of each year, we sum our Scope 1, Scope 2 (Market-Based), and Scope 3 (Categories 1-15) carbon emissions. We then net the avoided emissions associated with our investments (sometimes referred to as "Scope 4" emissions) as of the end of the previous year against only our Scope 3 Category 15 emissions, if any. If the result of this calculation is less than zero, we assign a value of zero to this subtotal. Note that we do not net "Scope 4" avoided financed emissions against Scope 1, Scope 2 (Market-Based), or Scope 3 (Categories 1-14) emissions.

Actual price(s) used (Currency /metric ton)

100

Variance of price(s) used

We only employ a single internal carbon price and do not use an internal carbon price variance. Our rationale for foregoing an internal carbon price variance is based on the following considerations: According to a recent McKinsey analysis, nearly 30% of financial services firms surveyed have instituted an internal carbon price. Of these firms, the median price per metric ton of CO₂e is just \$6, whereas the internal corporate carbon price range required to meet Paris Agreement emissions goals spans from \$50 to \$100 (set by 2030). We have set an internal carbon price of \$100/tCO₂e, which is in line with the top of this range and what we have determined to be current best-in-class internal corporate carbon prices. More information about our internal carbon price is publicly available (<https://www.hannonarmstrong.com/wp-content/uploads/2022/06/HASI-Internal-Carbon-Price-vFinal.pdf>)

Type of internal carbon price

Internal fee

Impact & implication

As a financial services-focused real estate investment trust (REIT) operating solely in the US, we are aware of our peer group's relatively slow adoption of internal carbon prices and have established our internal carbon price as a means to continue our historic leadership in the financial services industry regarding both climate positive investing and adoption of climate-related best practices. Establishing an internal price of carbon for the emissions associated with both business operations and investments sets a positive example for our peer group and encourages both transparent emissions reporting and long-term climate positive investments. Each year, use of proceeds from our Internal Carbon Price for CO₂e emissions will be donated to the Hannon Armstrong Foundation (<https://www.hannonarmstrong.org/>) as a supplement to the company's annual Social Dividend. Our internal carbon price is meant to positively impact our philanthropic efforts by tying a financial incentive to the implications of our business operations.

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

We conduct research to assess the environmental, social, and governance practices of our 35 separate suppliers and vendors in order to determine whether the organizations we patronize align with our company values. We take into account the operational context of our supplier relationships including the history of our business relationship, the progress suppliers have made toward any stated climate-related objectives, how the nature of their respective business sector might influence or constrain their behavior, as well as the regional factors that might inform our respective suppliers' climate-related postures.

Impact of engagement, including measures of success

We disclose that we evaluate our suppliers on their handling of climate-related issues in our 2021 Impact Report (pg. 20). In conducting an initial assessment of our suppliers' focus and reporting on ESG issues, we first identified our key commercial relationships, which include professional service providers and other supplier relationships. Our engagement plan is based on (1) the magnitude and materiality of each relationship to our business operations, and (2) each supplier/vendor's specific ESG focus. In evaluating our suppliers, we assess the following information sources: • Publicly disclosed ESG content, • Organizational carbon reduction statements, Science-Based Targets initiative (SBTi) commitments, and Net Zero targets, • DEIJA disclosures and targets, • ESG rating agency scores, and • Direct knowledge of ESG practices obtained through our historic relationships. In 2021, we assessed over 50% of our suppliers and vendors, surpassing our 50% target threshold of success in this, the assessment program's, first full year. While we operate solely in the US, and our suppliers and vendors are sometimes found to operate as multinational entities, the impact of conducting such supplier assessment activities is to ensure that our respective organizations' climate priorities are aligned. For those suppliers and vendors that are determined to have insufficient focus and initiatives to improve upon ESG policies and practices, we will request direct discussions with their executive management to provide for the opportunity to align our ESG focus with our continued commercial relationship. In the event we cannot align our ESG focus, we may consider termination of a commercial relationship.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to education customers about your climate change performance and strategy
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% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

We actively share information on our own climate-related performance with our 65 customers (including clients and finance parties) to reinforce our commitment to climate solutions as a means of maintaining trust through transparency. We also hold conversations with our customers on climate-related issues in order to learn about their objectives and progress toward their own climate goals. Our goal for this mutual information sharing is to pursue alignment where possible on climate-related issues by sharing initiatives (such as reporting on our full Scope 3 emissions) and also adopting best practices including an internal carbon price. When conducting these information sharing conversations, we are mindful of each customers' operational context, how the nature of their respective business sector might influence or constrain their behavior or stance toward certain climate-related issues, as well as the regional factors that might inform our respective customers' climate-related postures.

Impact of engagement, including measures of success

The impact of this climate-related customer engagement aligns our organizations. We view our engagement with our customers as an additional means to build relationships and share climate-related best practices. We measure success by our ability to surpass a 50% engagement threshold goal in this, the engagement strategy's, first full year. The impact of conducting such supplier engagement activities is to ensure that our respective organizations' climate priorities are aligned. Once we have selected specific business partners for comprehensive engagement, members of our team will initiate a discussion at least annually with the appropriate business partner personnel. These discussions include: • Sharing organizational ESG values, including our expectation of aligning our practices in accordance with these values, • Sharing best practices and ESG initiatives at our respective organizations, and • Discussing the importance of transparent ESG reporting. In 2021, we engaged greater than 50% of our key customers to educate them about our ESG initiatives detailed in our Impact Report. This engagement rate surpassed the 50% engagement threshold target that we established as a measure of success when implementing this engagement program. While we operate solely in the US, and some of our customers operate as multinational entities, the impact of engaging our customers is to ensure that our respective organizations' climate priorities are aligned. For customers who share our beliefs and employ leading policies and practices, we will continue discussions on a periodic basis to learn from each other and seek out opportunities to collaborate on various initiatives. For those customers that are determined to have insufficient focus and initiatives to improve upon ESG policies and practices, we will request direct discussions with their executive management to provide for the opportunity to align our ESG focus with our continued commercial relationship. In the event we cannot align our ESG focus, we may consider termination of a commercial relationship.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

No, but we plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

First U.S. public company to sign the "We Are Still In" declaration in support of climate action to meet the Paris Agreement (page 12 of 2021 Impact Report)

Hannon-Armstrong-2021-Impact-Report-1.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

While our company has long engaged in public policy debates on climate and energy issues, we have significantly increased our policy engagement over the past three years. To be a corporate climate leader, we believe our company needs to meaningfully engage on policy. Most of our corporate political activity takes place through 501(c)(6), 501(c)(4), 501(c)(3), trade associations, nonprofits, and NGOs as a member company (see list on page 23 of 2021 Impact Report). Our association memberships aid policy tracking and support advocacy efforts that span a range of issues, including climate change, building and efficiency standards, defense authorizations, energy and environmental regulation, infrastructure, regulatory reform, energy tax incentives, trade, transportation, labor, and legal and voting reforms. Our lobbying efforts, which include in-person and virtual meetings, trade association initiatives, direct responses to Congressional bills and reports, and sign-on letters, are designed to educate policymakers. In 2021, Hannon Armstrong team members directly participated in 46 meetings with U.S. legislators, Executive Branch officials, and their staffs on topics such as (in order of prominence) carbon pricing, comprehensive climate legislation, corporate ESG and climate disclosures, Energy Savings Performance Contracting (EPSC), REIT regulations, and voting rights. Additionally, through the Hannon Armstrong Climate Solutions Political Action Committee (Climate Solutions PAC), which launched in 2020, we make limited contributions to the campaigns of candidates for U.S. federal office who share our company's climate and clean energy priorities, and other company values. The Climate Solutions PAC collects voluntary contributions from certain eligible employees and files a monthly public report of its receipts and disbursements with the Federal Election Commission. In 2021, Climate Solutions PAC contributed \$19,500 to candidate campaign committees. The company also reported \$258,000 in expenses related to federal lobbying during the year.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate

Adaptation and/or resilience to climate change

Subsidies for renewable energy projects

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Clean energy and climate provisions in the 2022 budget reconciliation bill

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

We have met with US Senators, Representatives, and their respective staffs directly, discussed several aspects of the bill, including advocacy for strong climate-related provisions in line with the Paris Accord as well as advocacy for robust clean energy tax incentives. We have also worked with a coalition of like-minded companies represented by industry associations such as ACP, CERES, and ACORE to drive engagement, including the drafting of memos on the importance of taking action. In May 2022, we joined 100+ companies in a Capitol Hill advocacy day for a strong climate and clean energy package. See: <https://www.ceres.org/news-center/press-releases/business-leaders-make-urgent-call-federal-clean-energy-investments-lead>

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate

Adaptation and/or resilience to climate change

Other, please specify (Emissions reductions to mitigate climate change)

Specify the policy, law, or regulation on which your organization is engaging with policy makers

SB0348/HB0653: The Conservation Finance Act of 2022 (US State of Maryland); SB0528: Climate Solutions Now Act of 2022 (US State of Maryland);

Policy, law, or regulation geographic coverage

Sub-national

Country/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Conservation Finance Act of 2022: We engaged policy makers directly, as well as through lobbyists, and met with state legislators to detail our support of the then-proposed bill. Our CEO also testified before the sub-committee considering the legislation to advance its passage. Read more about the bills successful package and our support here: <https://www.policyinnovation.org/blog/cfa-signed>; Climate Solutions Now Act of 2022: In March 2022, we signed a letter of support for Maryland's Adoption of Legislation to Require Net-Zero Emissions by 2045. Read more: www.ceres.org/news-center/press-releases/major-companies-and-investors-maryland-urge-adoption-net-zero-emissions

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate

Mandatory climate-related reporting

Transparency requirements

Verification and audits

Specify the policy, law, or regulation on which your organization is engaging with policy makers

The Enhancement and Standardization of Climate-Related Disclosures for Investors (US Securities and Exchange Commission)

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

We met with three SEC Commissioners and/or their respective staffs in concert with our industry associations to discuss our broad support for the proposal, and also how to improve it. During the public comment periods, we submitted comments directly to the Commission expressing our support, as well as comments during a separate period after reviewing the proposal to detail specific improvement suggestions.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

1) New required disclosures should be complementary to existing disclosures. 2) New required disclosures should be principles-based, varying by industry. 3) The 11 recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) should be incorporated into Regulation S-K. 4) Disclosure of progress on announced science-based targets and other corporate climate commitments, in the form of clear, periodic updates on the status of and progress towards meeting those commitments should be required. 5) Tabular disclosure of a company's estimated Scope 1, 2 and 3 greenhouse gas (GHG) emissions based on the GHG Protocol's widely-accepted framework for measuring and reporting emissions, which covers direct and indirect emissions and the percentage of carbon, methane, and other gases, should be required. Also provide credit for avoided emissions. 6) The SEC should establish an external Climate and ESG Advisory Group to advise the Commission on the materiality of and investor interest in a range of sustainability issues. 7) The SEC should consider the interaction of human capital and environmental disclosures in developing a framework for disclosure. For example, given TCFD's value in guiding environmental disclosures, it could – if expanded – also serve as a framework for human capital.

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (American Clean Power Association (ACP))

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

American Clean Power (ACP) is an association of clean power sector companies that aims to provide cost-effective solutions to address climate.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

150000

Describe the aim of your organization's funding

The aim of our organization's funding for ACP is to strengthen its position as a climate policy advocate through our membership contribution.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (CERES)

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

Ceres is a nonprofit organization focused on steering the economy toward a sustainable future by solving the world's greatest sustainability challenges through equitable market-based and policy solutions.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

34800

Describe the aim of your organization's funding

The aim of our organization's funding for Ceres is to strengthen its position as a climate policy advocate through our membership contribution.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (American Council on Renewable Energy (ACORE))

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

The American Council on Renewable Energy (ACORE) is a nonprofit organization that addresses climate change by accelerating the transition to a renewable energy economy.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

27500

Describe the aim of your organization's funding

The aim of our organization's funding for ACORE is to strengthen its position as a climate policy advocate through our membership contribution.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

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

Hannon Armstrong 2021 SEC Form 10K.pdf
Hannon-Armstrong-2021-Impact-Report-1.pdf

Page/Section reference

SEC Form 10K Pgs: 50-57; Impact Report Pgs: 14-17; 26-37; 55-57;

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	No, but we plan to have both within the next two years	<Not Applicable>	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	No, but we plan to do so within the next 2 years	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	No, but we plan to assess biodiversity-related impacts within the next two years	<Not Applicable>

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify (We are in the process of implementing enhanced environmental review criteria as part of our investment screening process.)

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	Please select

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
Other, please specify (Hannon Armstrong Environmental Policies)	Governance Impacts on biodiversity Biodiversity strategy	Governance (pg 2); Biodiversity Impacts & Strategy (pg 4);

C16. 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.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Operating Officer/Chief Financial Officer	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms