

# OUR APPROACH TO MATERIALITY

Transparently determining ESG materiality aligns the issues most relevant to our stakeholders and HASI's financial performance. Our materiality assessment categorizes the issues identified as important to stakeholders along the four sustainable value creation pillars developed by the World Economic Forum's International Business Council: Principles of Governance, Planet, People, and Prosperity.

## Materiality Assessment Methodology

To determine the materiality and priority of each of the ESG issues mapped on the materiality matrix, we gathered the perspectives of internal and external stakeholders. These formal conversations reinforced the baseline goals of our ESG program as they align with our financial goal of delivering superior risk-adjusted returns from our investments in climate solutions. Also guided by ESG frameworks including TCFD, PCAF, CDP, S&P, and the U.N. Global Compact, our disclosure priorities informed the topics we have concluded are most material to our ESG goals.

Relying on the foundation of our proven Enterprise Risk Management program enhanced our Materiality Assessment methodology with necessary rigor. We mapped the following ESG issues by their respective relevance to HASI's stakeholders and business success. The results of HASI's Materiality Assessment are illustrated in the below Materiality Matrix. Prioritizing these ESG issues aligns HASI's long-term focus on sustainable business operations with dependably delivering value to our stakeholders.

HASI MATERIALITY MATRIX	
Relevance to HASI Stakeholders	Financial Reporting    Enterprise Risk Management ESG & CarbonCount Reporting Corporate Governance Community & Philanthropic Engagement    Ethical Behavior Business Partner ESG Engagement Sustainable Finance Talent Attraction & Retention
	Policy Advocacy Corporate Culture & Environment Investor Engagement
Relevance to Business Success	

## Categories & Definitions Table

ESG Materiality Category	ESG Materiality Sub-Categories	Definition	Category	Associated Category for ERM
<b>Enterprise Risk Management</b>		Comprises our ongoing active asset management and portfolio monitoring processes that provide investment and cashflow oversight, capital market risk management and valuable insight into our origination, underwriting and structuring processes.	Governance	Quarterly Risk Assessment and Reporting to the Finance and Risk Committee of the Board of Directors
<b>Corporate Governance</b>	Board Diversity and Independence Executive Compensation DEIJA/Workforce Representation Targets Equal Pay Targets	Comprises our commitment to Board Diversity and Independence, Executive Compensation and internal targets for DEIJA/Workforce Representation and Equal Pay.	Governance	Organizational Design/Talent Management/Corporate Leadership
<b>Ethical Behavior</b>	Whistleblower Policies Fraud/Misconduct Anti-Crime/KYC/CIP	Comprises our Whistleblower Policies, our stance against Fraud/Misconduct as well as our Anti-Crime/KYC/CIP measures.	Governance	Fraud/Misconduct
<b>Talent Attraction &amp; Retention</b>	Employee Satisfaction Employee Training Employee Compensation and Incentives	Comprises our commitment to measuring and enhancing Employee Satisfaction, providing adequate Employee Training as well as Employee Compensation and Incentives.	Social	Talent Management
<b>Corporate Culture &amp; Environment</b>	Alignment to Core Values Employee Knowledge of and Engagement with ESG Issues	Comprises communication and training to align employees to HASI's core values and develop employee knowledge and understanding of key ESG issues and risks.	Social	Talent Management
<b>ESG &amp; CarbonCount Reporting</b>	TCFD Assessment/Scenario Analysis GHG Emissions Reporting/Reduction PCAF Disclosures ESG Integration into Financial Analysis	Comprises Transparency and Accountability regarding TCFD Assessment/Scenario Analysis, GHG Emissions Reporting/Reduction, PCAF Disclosures, and ESG Integration into Financial Analysis by employing and reporting on the CarbonCount metric.	Governance	Financial and ESG Reporting
<b>Business Partner ESG Engagement</b>	Human Rights Diligence Mission Alignment to Energy Transition and Diversity goals	Comprises human rights diligence, assessing the current practices of our business partners in relation to ESG issues, mission alignment to energy transition and diversity goals, sharing best practices with respect to ESG issues and transparent ESG reporting.	Environmental/ Social/ Governance	Headline/ Public Perception Strategic Investments
<b>Sustainable Finance</b>	Green Bonds Other Sustainability-Linked Financing Vehicles	Comprises ensuring that all debt HASI issues is dedicated to eligible green projects with adequate verification of alignment with our Green Bond Framework, developed in accordance with the ICMA's Green Bond Principles.	Environmental	Capital Markets/ Liquidity
<b>Investor Engagement</b>	Investor Activism/Proxy Voting	Comprises active voting of proxies on behalf of investors that involve specific ESG issues.	Governance	Compliance/ Regulatory/Org. Design
<b>Policy Advocacy</b>	Public Policy & Political Engagement	Comprises the lobbying efforts initiated by HASI and political contributions made by HASI's PAC to governments and institutions of political influence, its relationships with public authorities and its public policy and market influence.	Governance	Regulatory Risk/Strategic Investment/ Financial & ESG Reporting
<b>Community &amp; Philanthropic Engagement</b>	Employee Engagement Philanthropy/Volunteerism	Comprises company-funded philanthropic initiatives and efforts to encourage employee volunteering in their local communities or making monetary contributions to charitable organizations.	Social	
<b>Financial Reporting</b>	Quarterly and Annual Financial Disclosures	Comprises the timely and accurate reporting of all Governance financial metrics required by the U.S. SEC.	Governance	