

Legal Compliance Approach

Our approach to anti-crime requires that we verify that entities with whom HASI enters into business relationships do not engage in money laundering or terrorism financing, we conduct due diligence through Customer Identification Process/Know Your Customer (CIP/KYC) protocols.

CIP/KYC process where a lending institution supplies the funds for the transaction

HASI Customer Identification Process (CIP) uses a risk-based approach and involves both the Know Your Customer (KYC) elements required by the USA PATRIOT Act and the verification of the information provided by our clients. As a non-bank financial institution working with several banks and lending institutions in the United States, we employ this risk-based approach to assure both HASI and the lending institutions that we are not inadvertently working with a company that is engaged in terrorist financing or money laundering activities.

The Legal Department receives a counterparty CIP request from the bank to be completed that most often includes completion of a CIP/KYC notice or questionnaire and submission of documents which include, but are not limited to, the following:

- New Client Questionnaire (may be called Due Diligence Questionnaire, Customer Verification or similar name) which will include one or more of the following elements:
 - Full legal name of the entity
 - Address
 - Description of the type of business or commerce
 - Confirmation of source of funds and use for the named business
 - Ownership information including Beneficial Owners and Control Persons
 - Legal Representatives / Senior Managers (natural persons)
 - Legal Representatives (non-natural persons)
 - Country Questionnaire (as applicable)
- Certificate of Formation / Articles of Organization or any other organizational document for the entity in the state where the entity is formed. A Business Entity Search will be conducted if the Certificate of Formation or organizational document is not readily available.
- An executed Entity Operating Agreement
- Current W-9
 - Entity Organizational Chart
 - Certification of Beneficial Owner

Our CIP process also includes a required OFAC (Office of Foreign Assets Control) search of the Specially Designated Nationals and Blocked Persons List (SDN) as required by the USA Patriot Act as described below.

Internal CIP/KYC process when HASI funds a transaction directly

In the rare instance that HASI funds a transaction directly, we follow a similar process of acquiring KYC information from the client directly using in-house documents and searches. The Legal Department submits a customer identification process request to the counterparty that includes completion of a CIP notice or questionnaire and submission of several documents which include, but are not limited to, the following:

- HASI Know Your Customer Questionnaire that includes the following elements:
 - Full legal name of the entity
 - Address
 - Description of the type of business or commerce
 - Confirmation of source of funds and use for the named business
- Ownership information including beneficial owners and control persons
 - Legal Representatives / Senior Managers (natural persons)
 - Legal Representatives (non-natural persons)
 - Country Questionnaire as applicable
- Certificate of Formation or other entity formation documents including a certificate of good standing in the state where the entity is registered. A Business Entity Search will be conducted if the Certificate of Formation is not readily available.
- An executed Entity Operating Agreement
- Current W-9
- Entity Organizational Chart
- Beneficial Ownership Certification

Additional Due Diligence Where HASI Capital Funds a Transaction

In addition to the steps outlined above where HASI acts as the lender, there may be instances when we are uncertain about whether we know the true identity of our client. In these instances, we may use nondocumentary means such as checking references with other financial institutions, verifying the client's information in public databases or using other means available at the time of the transaction. This additional due diligence would take place regardless of whether we conducted in-person or non-face-to-face meetings during our customer identification process.

OFAC and Special Measures Searches

In addition to the document requests, HASI will also perform a sanctions list search of the entity and all named natural persons in the customer identification documents using the Sanctions List Search tool located on the Office of Foreign Assets Control (OFAC) website and any other U.S. Government lists available and required at the time of the engagement. HASI may also refer to the 311-Special Measures list maintained by the Financial Crimes Enforcement Network (FinCEN) if there is a concern about the regulatory status of a lending institution.

Senior Management Review

If an entity or individual is included in either the OFAC or Special Measures search results, senior management will be consulted regarding termination of the relationship.

Politically Exposed Persons (PEPs)

It is important to note that HASI only conducts business with domestic entities, or the U.S.-based offices or subsidiaries of select foreign companies. Therefore, our customer identification process does not include considerations for senior foreign political figures which are a subset of Politically Exposed Persons (PEPs).

Further, HASI relies on the guidance in the Joint Statement on Bank Secrecy Act Due Diligence Requirements for Customers Who May Be Considered Politically Exposed Persons,¹ which states that FinCEN and four banking agencies do not interpret the term "politically exposed persons" to include U.S. public officials.

If, in the future, HASI's business model changes to include working directly with foreign lenders and clients, we will update our customer identification process to include steps specific to evaluating the risk of working with these foreign entities and individuals as well as any additional documentation we would be required to perform as enhanced due diligence.

Record Keeping

HASI retains the evidence of our Customer Identification Process in our firm books and records by transaction for the life of the transaction and several years afterward. These records include the documents obtained in the process as well as results of online searches or other non-documentary evidence used to complete the customer identification process. Results of all regulatory searches conducted are retained in the appropriate transaction folder.

Process Assessment

Since HASI is a non-banking financial institution, we are not required to conduct an annual independent assessment of our customer identification process. However, since we work with lending institutions who, as financial institutions under the U.S. PATRIOT Act, are required to assess their programs, HASI reviews our process and requirements on a regular basis to ensure that our program is up to date, effective and adequately robust to meet current regulatory requirements.

1: https://www.fincen.gov/sites/default/files/shared/PEP%20Interagency%20Statement_FINAL%20508.pdf