

Materiality Assessment

Methodology

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

Integrated within our Enterprise Risk Management (ERM) process, we conduct Materiality Assessments every two years. Senior management signs off on the findings of this Materiality Assessment. We mapped the following Sustainability and Impact issues by their respective relevance to HASI's stakeholders and business success. The results of HASI's Materiality Assessment are listed below as priorities both crucially relevant to HASI Stakeholders and critical to our business success. Prioritizing these Sustainability and Impact issues aligns HASI's long-term focus on sustainable business operations with reliably delivering value to our stakeholders.

Sustainability and Impact Materiality Assessment and Matrix

Sustainability Materiality Category	Sustainability Materiality Sub-Categories	Definition	Associated Category for ERM
Enterprise Risk Management (ERM)	Climate Risk Assessment Climate Scenario Analysis	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.	Quarterly Risk Assessment and Reporting to the Finance and Risk Committee of the Board of Directors
Corporate Governance	Board Diversity and Independence Executive Compensation DEI/Workforce Representation Targets Equal Pay Targets	Comprises our commitment to Board Diversity and Independence, Executive Compensation and internal targets for DEI/Workforce Representation and Equal Pay.	Organizational Design/Talent Management/Corporate Leadership
Ethical Behavior	Whistleblower Policies Fraud/Misconduct Anti-Crime/KYC/CIP	Comprises our Whistleblower Policies, our stance against Fraud/Misconduct as well as our Anti-Crime/CIP/KYC measures.	Fraud/Misconduct
Talent Attraction & Retention	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.	Talent Management
Corporate Culture & Environment	Alignment to Core Values Employee Knowledge of and Engagement with Sustainability and Impact Issues	Comprises communication and training to align employees to HASI's core values and develop employee knowledge and understanding of key Sustainability and Impact risks and opportunities.	Talent Management
Sustainability and Impact (including CarbonCount) Reporting	TCFD Assessment/ Scenario Analysis GHG Emissions Reporting/ Reduction PCAF Disclosures Sustainability and Impact Integration into Financial Analysis	Comprises Transparency and Accountability regarding TCFD Assessment/Scenario Analysis, GHG Emissions Reporting/Reduction, PCAF Disclosures and Sustainability and Impact Integration into Financial Analysis by employing and reporting on the CarbonCount metric.	Financial, Sustainability and Impact Reporting

Sustainability Materiality Category	Sustainability Materiality Sub-Categories	Definition	Associated Category for ERM
Business Partner Engagement	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 sustainability issues, mission alignment to energy transition and diversity goals, sharing best practices with respect to Sustainability and Impact issues and transparent reporting.	Headline/ Public Perception Strategic Investments
Sustainable Finance	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, which obtained a dark green SPO rating.	Capital Markets/ Liquidity
Investor Engagement	Investor Activism/Proxy Voting	Comprises active voting of proxies on behalf of investors that involve specific Sustainability and Impact issues.	Compliance/ Regulatory Org. Design
Policy Advocacy	Public Policy & Political Engagement	Comprises the lobbying efforts supported 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.	Regulatory Risk/Strategic Investment/ Financial & Sustainability and Impact Reporting
Community & Philanthropic Engagement	Employee Engagement Philanthropy/Volunteerism	Comprises company-funded philanthropic initiatives and efforts to encourage employee volunteering in local communities and making financial contributions to charitable organizations.	Headline/Public Perception
Financial Reporting	Quarterly and Annual Financial Disclosures	Comprises the timely and accurate reporting of all financial metrics required by the U.S. SEC.	Compliance



Material Issues for Enterprise Value Creation

As part of our Materiality Assessment to identify opportunities for long-term value, we identified the following material opportunities to create value for our business and stakeholders:

Material Opportunity

Enterprise Risk Management (ERM) serves as the umbrella under which we address risk factors and engage in proactive crisis management.

Business Case	ERM comprises our ongoing active asset management and portfolio monitoring processes that provide investment and cashflow oversight, capital market risk management and valuable insights into our origination, underwriting and structuring processes.
Business Impact	Risk: We rationalize the business case for ERM as addressing the company's exposure to any factors that might impact our operation, and therefore our profitability.
Business Strategies	We strategically address Enterprise Risk Management through a process of ongoing interviews (with both internal employees and external stakeholders) and market analysis to continually amend how we address the evolving risks HASI faces as a company.
Metric/Target	Align Sustainability Materiality Analysis with internal Enterprise Risk Management framework.
Target Year	2025
Progress	HASI has expanded the scope of its interdepartmental communications to reinforce the connection of ERM to our Sustainability and Impact team with formal quarterly meetings with the Chief Credit Officer and Chief Risk Officer.

Material Opportunity

Sustainable Finance encompasses sustainable financial products including green bonds and other sustainability-linked financing vehicles.

Business Case	The business case for the material issue of Sustainable Finance is directly linked to our CarbonCount sustainability reporting, the results of which impact our cost of capital.
Business Impact	Cost: Because Sustainability Reporting directly impacts (and typically lowers) our cost of capital, our cost of capital directly impacts our financial results.
Business Strategies	We strategically address this issue through a combination of our Sustainability Investment Policy, which mandates an investment screen based on our CarbonCount methodology to determine investments' carbon avoidance, and additional environmental benefits associated with each potential investment.
Metric/Target	In 2024, we issued more than [\$2.6] billion in green, CarbonCount-based debt.
Target Year	2025
Progress	After updating our Green Bond Framework to more precisely detail our use of proceeds, we are currently pursuing a Second-Party Opinion (SPO) to externally verify the reputability of our Green Debt leadership.

Material Issues for External Stakeholders

Sustainable Finance

Category	Sustainable Products & Services
Business Value Chain	Operations, Products/Services, Supply Chain
External Stakeholders/ Impact Areas Evaluated	Environment, Society, Consumers/End Users/Clients
Materiality of Externalized Impact on Stakeholders	The positive environmental impacts characteristic of our sustainable products and services benefit both our upstream financing partners as well as our downstream clients and society at large
Type of Impact	Positive
Output Metric	872K MT CO2 avoided from Investments funded by Green Debt Use of Proceeds
Impact Valuation Assessed	Green Debt deployed toward Eligible Green Projects
Impact Metric Linked to Material Issue	[\$2.6] in Green Bonds Issued
Target Year	2024

Employee and Community Engagement

Category	Society & Community Relations
Business Value Chain	Operations, Stakeholder Engagement
External Stakeholders/ Impact Areas Evaluated	Environment, Society
Materiality of Externalized Impact on Stakeholders	Positive community engagement through volunteerism and philanthropic giving is a key component of what HASI views as our Social License to Operate (SLO) and to recruit and retain an engaged, high performing mission-driven workforce
Type of Impact	Positive
Output Metric	\$USD granted to philanthropic initiatives
Impact Valuation Assessed	Local Impact Climate Solutions & Career Pathways
Impact Metric Linked to Material Issue	\$1.2 granted by HASI Foundation in 2024
Target Year	2024