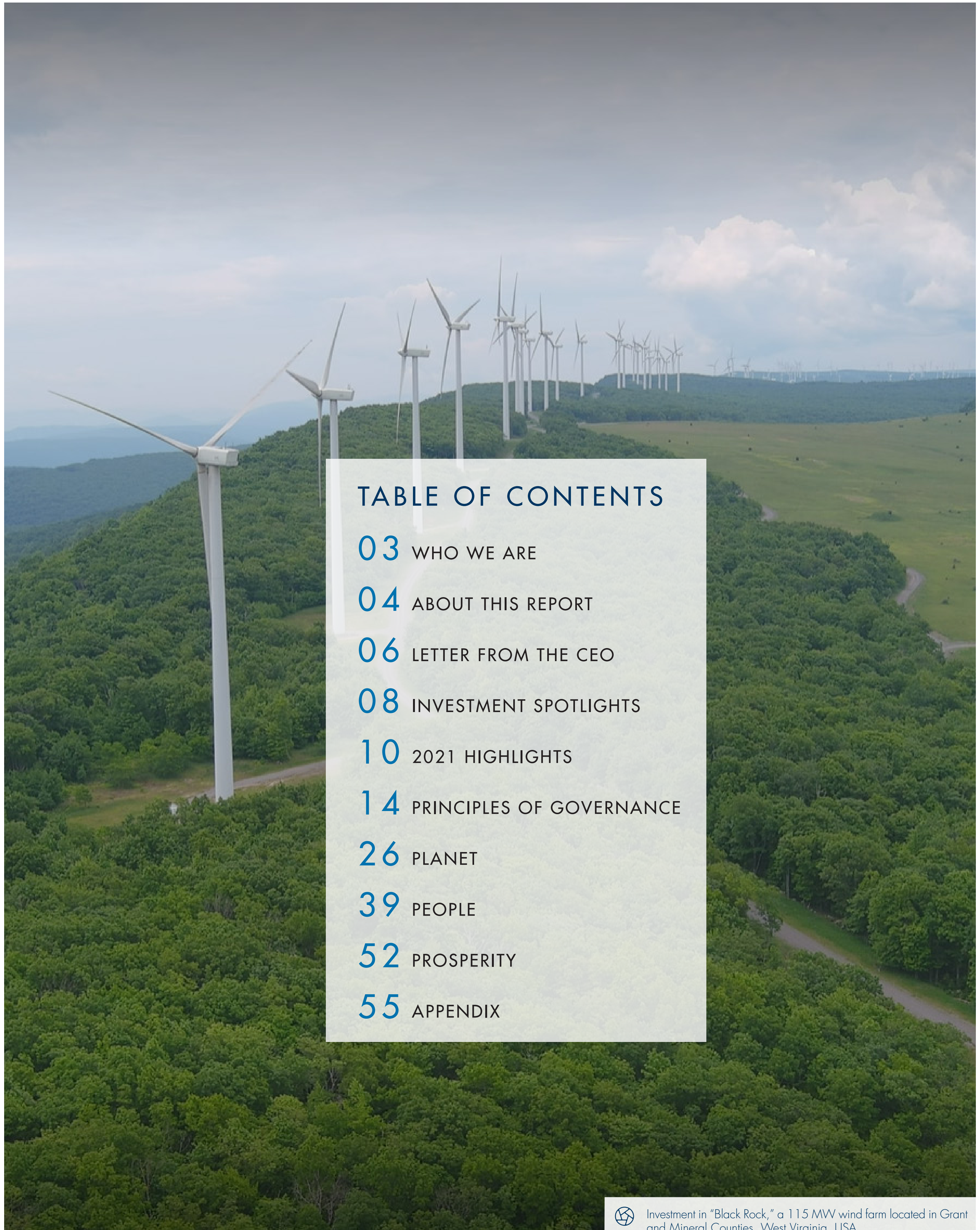
2021
IMPACT REPORT

HANNON
ARMSTRONG



Investment in "Black Rock," a 115 MW wind farm located in Grant and Mineral Counties, West Virginia, USA.

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WHO WE ARE

Climate Positive Investors

Hannon Armstrong (NYSE: HASI) is the first U.S. public company 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. With more than $8 billion in managed assets, our core purpose is to make climate positive investments with superior risk-adjusted returns.

Investment Strategy

Our vision is that every investment should improve our climate future, which is why our first investment screen requires that all prospective investments either reduce carbon emissions or provide other tangible environmental benefits, such as reducing water consumption.

Our Impact

6 million
Cumulative metric tons of carbon dioxide (CO_2) avoided annually through our investments, the equivalent to eliminating emissions from over 700,000 average U.S. homes every year

4.2 billion
Cumulative gallons of water saved annually from our investments, the equivalent to eliminating the annual water consumption of nearly 40,000 U.S. homes every year

~400,000
Quality jobs created by our investments in 48 states

~400,000
School children supported by our energy efficiency upgrades to educational facilities funded by our investments

~2 million
Veterans served by hospitals and other facilities that received energy efficiency upgrades funded by our investments

ABOUT THIS REPORT

At Hannon Armstrong, we have historically and consistently aspired to be a leader in transparent reporting on financially material and comparable ESG metrics.

In fact, we were the first U.S. public company to report the avoided emissions resulting from our investments (through our propriety CarbonCount® methodology) — a disclosure too many financial service companies and asset managers still neglect to provide.

We were also one of the first to commit to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, importantly, to incorporate TCFD reporting into our SEC filings. As many stakeholders, investors, and companies have noted, however, the current lack of global standardized reporting metrics regarding the material aspects of ESG stands in stark contrast to the well-established standards that exist for reporting on financial performance.

Over the last year, we have been encouraged by two important developments on this front. The U.S. Securities and Exchange Commission has solicited public comments from investors, corporates, and all other stakeholders as it seeks to develop and publish mandatory ESG and climate-related disclosures. To support this effort, we have both submitted written thoughts and met with multiple Commissioners and their staffs to directly deliver our recommendations.

In addition, with the support of several leading sustainability standards organizations, the International Sustainability Standards Board (ISSB) has been formed to develop — in the public interest — a comprehensive global baseline of high-quality sustainability disclosure standards to meet the needs of investors and other stakeholders. We are very supportive of these and related efforts to reduce fragmentation and accelerate progress toward a broadly accepted ESG reporting standard that is in full alignment with the UN Sustainable Development Goals (SDGs).

Similar to last year, our 2021 Impact Report has been designed around the four pillars of the common metrics for consistent reporting of sustainable value creation as developed by the World Economic Forum's International Business Council: Principles of Governance, Planet, People, and Prosperity.

Further, for the ninth consecutive year, we have disclosed the avoided emissions resulting from each of our investments (see our Sustainability Report Card on page 37) while also continuing to advocate for standardized reporting of this metric by all financial service companies and asset managers through our membership in the Partnership for Carbon Accounting Financials (PCAF).

We continue to hope that our comprehensive reporting on these and many other recommended metrics helps to drive transparency and alignment among companies, investors, and all stakeholders – with the ultimate goal of building a more sustainable and inclusive global economy.

Sustainable Development Goals

Through this report, our CEO Jeff Eckel reaffirms his support of Hannon Armstrong's ongoing commitment to these goals of the United Nations Global Compact. In addition, the report constitutes Hannon Armstrong's "Communication on Progress" (COP1) under the UN Global Compact.

5 GENDER EQUALITY

GENDER EQUALITY

Over the last two years, we have begun in earnest to track and report on several gender equality metrics impacting our employees, including the percentage of female employees at all levels of our company and associated compensation, to support gender equity. To promote the advancement of female leaders in a traditionally male-dominated industry, we launched a new internal program whereby our female Board members mentor high-achieving female mangers and continue our multi-year sponsorship of Women of Renewable Industries and Sustainable Energy (WRISE) and the membership of our female executives in the Hawthorn Club.

6 CLEAN WATER AND SANITATION

CLEAN WATER AND SANITATION

Our portfolio includes investments in stormwater remediation and ecological restoration, which reduce pollution runoff into downstream waterways, restore wetlands and streams, and ensure equitable access to clean water resources. We actively seek additional investment opportunities in this space to drive positive environmental and social impact through our client relationships with leading environmental development firms.

7 AFFORDABLE AND CLEAN ENERGY

AFFORDABLE AND CLEAN ENERGY

As a leading investor in climate positive infrastructure assets in the United States, we provide solutions to enable the deployment of more reliable, resilient, and affordable clean energy. Our continued financing of community solar, which represents 7% (or approximately $250 million) of our $3.6 billion portfolio (as of the end of 2021), promotes the accessibility and adoption of clean energy for a diverse array of communities, typically at a discount to retail electricity rates. The community solar model provides customers with equal access to the benefits of clean energy — regardless of the specific physical structure or ownership status of their residence.

8 DECENT WORK AND ECONOMIC GROWTH

DECENT WORK AND ECONOMIC GROWTH

Industries related to the clean energy economy continue to experience steady growth in the United States and create new employment opportunities. We estimate our investments support over 400,000 jobs across 48 U.S. states. The Hannon Armstrong Foundation's Climate Solutions Scholarship program, which provides financial support to sustainability-focused undergraduate students from historically disadvantaged backgrounds at Morgan State and Miami Universities, further demonstrates our commitment to supporting high quality jobs in this sector.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

INDUSTRY, INNOVATION AND INFRASTRUCTURE

We invest in infrastructure that reduces dependence on vulnerable grid-connected energy and enhances the reliable supply of distributed clean energy. In 2021, our energy efficiency investments modernized aging infrastructure for residential, retail, industrial, and government customers. Improved performance across these sectors saves money, reduces carbon emissions, and enhances local infrastructure resilience. In addition, integrating proven battery energy storage systems into our projects allows for the deployment of intermittent renewable resources during off-peak hours.

10 REDUCED INEQUALITIES

REDUCED INEQUALITIES

The Hannon Armstrong Foundation is funded by an annual Social Dividend declared by Hannon Armstrong. The Foundation seeks to accelerate a just transition toward an equitable, inclusive, and climate positive future, and focuses on three areas: Climate Solutions for Disadvantaged Communities, Climate Solutions Career Pathways, and Local Impact. Last year, the Foundation supported multiple nonprofit organizations operating at the intersection of climate action and social justice. In addition, Hannon Armstrong supports organizations focused on removing discriminatory barriers to voting and other equity-enhancing democracy reforms.

11 SUSTAINABLE CITIES AND COMMUNITIES

SUSTAINABLE CITIES AND COMMUNITIES

Our investments in energy efficiency, renewable energy, seismic retrofits, and stormwater mitigation improve the sustainability of cities and communities. To provide these services to underserved markets, we actively leverage commercial property assessed clean energy (C-PACE) financing programs. In 2021, the expansion of our distributed solar investments brought commercial and industrial solar to cities across the United States.

13 CLIMATE ACTION

CLIMATE ACTION

Climate action is the central pillar of our business model. Since our initial public offering in 2013, we have invested over $10 billion in climate solutions. To advance climate policy, our advocacy in 2021 included bipartisan lobbying of lawmakers to support meaningful climate legislation and carbon pricing. Our investment thesis attests to the business case for climate solutions.

15 LIFE ON LAND

LIFE ON LAND

Our portfolio includes investments in ecological restoration, which restores wetlands and streams. We actively seek additional investment opportunities in this space to drive positive environmental and social impact through our client relationships with leading environmental development firms.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

PEACE, JUSTICE AND STRONG INSTITUTIONS

Through our lobbying efforts, client engagement, and support for advocacy organizations such as Business for America, we support pro-democracy reforms, such as reducing voting barriers, and bipartisan legislation to promote effective, accountable, and transparent institutions that ensure responsiveness to climate risks and the peaceful transfer of power.

LETTER FROM THE CEO

The truly mission-driven don't want to make a superficial difference, they want to make a real difference.

Dear Stakeholders:

HASI continued its strong financial performance in 2021, increasing Distributable Earnings per Share by 21%. The market opportunity for climate solutions has never been larger, and we continue to see an attractive and diversified set of expanding markets in which to invest. Despite the well noted supply chain and inflation issues impacting most industries, strong demand for climate solutions will continue for many, many decades. There are two essential elements for investing in climate solutions at scale: a competitive cost of capital and a strong and committed team. Over the past few years, our capital markets strategy has achieved significant reductions in our cost of capital. This success is enhanced by our demonstrated ability to develop, retain and expand our team.

As a client-centric (as opposed to product-centric) firm focused on repeat, programmatic investing, **limiting staff turnover** is crucial for **developing client relationships, solving client problems, building institutional memory, and achieving operating efficiencies**. We have been very successful in maintaining and growing our team as we expand the business. Of course, we offer competitive compensation, but that is merely a prerequisite for expanding and retaining top talent. Instead, I believe the reason for our successful retention is the appeal of our vision, "Every investment improves our climate future" and the integrity with which we approach **Environmental, Social, and Governance** issues. A few examples of HASI's commitment to the "**E**" and the "**S**" should illustrate the point.

Our team believes that **CarbonCount**®, our metric for measuring the efficiency with which we deploy capital to reduce carbon, is the best metric for capital providers to measure their environmental impact. That is why we are doubling down on CarbonCount, working to transform it into a dynamic, multi-year metric focused on actual carbon emissions avoided at the asset level. CarbonCount represents an important tool in mitigating climate change, and we are making the calculation more sophisticated to inform more impactful investment decisions. Our team wants to work at a firm that is sincerely focused on getting the "**E**" right.

Our team also insisted that one of our three 2021 Key Strategic Initiatives focus on the intersection of climate change and social justice. There were many hours spent across every department developing an analytical framework for a meaningful quantitative measure of social justice. In 2022, we plan to launch a **Social Justice** score for every investment. Drawing on a consistent dataset and framework, this score will highlight if and how our investments are improving the social and economic fabric of local communities impacted by our investments. Our team wants to work at a firm that integrates the "**S**" into its business.

The truly mission-driven don't want to make a superficial difference, they want to make a **real difference**. People who care about mitigating climate change also tend to have a **strong empathy towards advancing social justice**. HASI is a place where these two issues converge, creating an engaging culture that retains passionate employees. **Our profitability is enhanced by high employee retention**.

The HASI team is a tight, collaborative group with a deep commitment to solving client problems, creating shareholder value, and making a real difference. We have a tremendous opportunity to grow our business while making the world a better place.

I could not be prouder of this company.

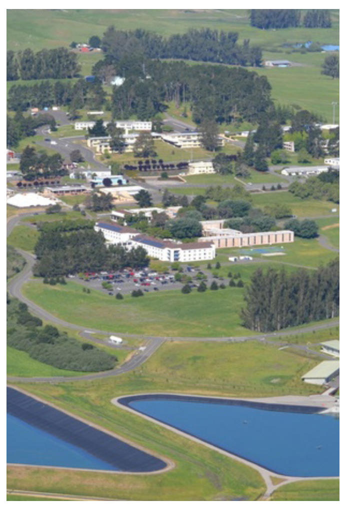
Respectfully,

Jeffrey W. Eckel
Chairman & CEO
April 2022

Hannon Armstrong employees and family members harvest produce for the local food bank at the Chesapeake Bay Foundation's Clagett Farm.

INVESTMENT SPOTLIGHTS

BEHIND-THE-METER



>$20m

CARBONCOUNT: 0.13

Energy Savings Performance Contract with Ameresco to significantly enhance electric infrastructure and resiliency posture of the U.S. Coast Guard Training Center in Petaluma, California. The microgrid combines existing distributed backup generators with a new 5 MW solar array and co-located Battery Energy Storage System to power the entire site in the event of a loss of utility.

GRID-CONNECTED

>$660m

CARBONCOUNT: 1.06

Preferred equity investment with Clearway Energy in a 2 GW portfolio of contracted, grid-connected wind, solar, and solar-plus-storage projects, located across four states, with predominantly investment-grade counterparties and a weighted-average contract life of 14 years. Our first grid-connected solar-plus-storage investment brings continued programmatic deal flow with a large, ambitious partner focused on the U.S. market.

BEHIND-THE-METER

>$200m

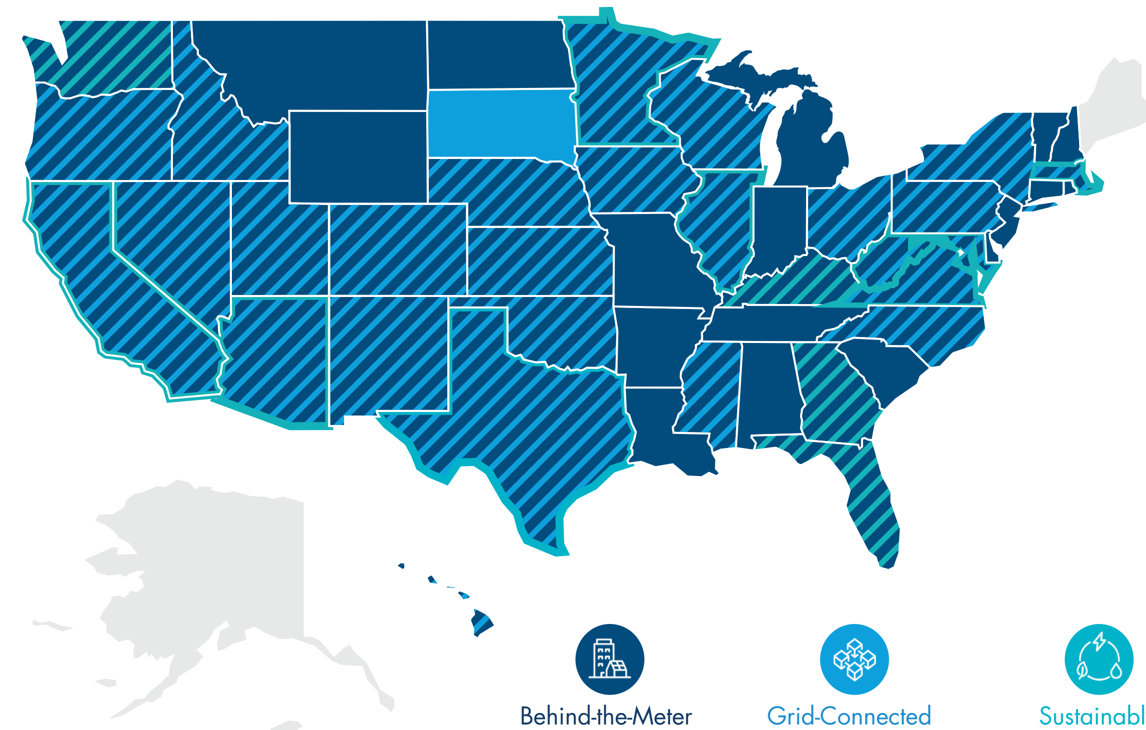
CARBONCOUNT: 0.20

Mezzanine loan investment in a Sunrun residential solar portfolio located across 20 states and serving approximately 34,000 U.S. homeowners. Our investment in this high-credit quality portfolio of residential solar projects allows us to expand our partnership with an industry leader by leveraging our transaction structure for additional follow-on opportunities.

MANAGED ASSETS

With Managed Assets across the U.S. that support **>16 gigawatts (GW)** of renewables, and >290 energy efficiency investments, we benefit from significant technological, geographic, and resource diversity[1].

>290	4.1 GW	1.6 GW	2.8 GW	7.7 GW
Energy Efficiency Investments	of Wind	of Grid-Connected Solar	of Distributed Solar	Wind and Solar Land



Investment in "The Bomber," a 9 MW rooftop community solar project with Summit Ridge Energy, located in Carroll County, Maryland, USA.

[1] States that feature multiple colors from the legend indicate Managed Assets from two or more markets.

2021 IMPACT HIGHLIGHTS

$1.7b invested in climate solutions

>800k MT[1] of incremental annual reductions in carbon emissions

>$1.5b in CarbonCount-based debt raised

Submitted Scope 1 and 2 emissions targets to SBTi[3]

Enhanced DEIJA[2] disclosures in public filings

Reported a majority of new hires as women or people of color

$1.6m Social Dividend declared to support Hannon Armstrong Foundation

Joined Net Zero Asset Managers initiative

Amended bylaws to enhance shareholder rights

1) Metric Tons
2) Diversity, Equity, Inclusion, Justice, and Anti-Racism
3) Science Based Targets initiative

Investment in distributed solar-plus-storage project with ENGIE North America located in Holyoke, Massachusetts, USA.

AWARDS AND RECOGNITION

- Winner of the 2021 *Corporate Secretary Magazine* Corporate Governance Awards for Best ESG Reporting (small to mid-cap)
- Winner of the *IJGlobal* ESG Award 2021 – Environment
- Winner of the Climate Change Business Journal Business Achievement Award for Financial Partnerships
- Named to *Real Leaders®* Top 150 Impact Companies List for 2021
- Named the 2021 Corporate Philanthropist of the Year by *The Community Foundation of Anne Arundel County*
- Named to the All-America Executive Team Most Honored Companies Small-Cap List for 2021 by *Institutional Investor*
- Listed among Greater Baltimore's Fastest-Growing Public Companies for 2021 by the *Baltimore Business Journal*
- Shortlisted for *Project & Finance Risk* 2021 Renewable Energy Deal of the Year for both ENGIE Jupiter and Clearway Lighthouse projects
- Named to *Fast Company's* Annual List of the World's Most Innovative Companies for 2022

ESG RATINGS

STATE STREET GLOBAL ADVISORS R-Factor™	SUSTAINALYTICS	ISS ESG
Leader	Low Risk	B+
Top 10th Percentile		Top 10th Percentile

PROVEN TRACK RECORD

Our ESG Journey

2013
- First U.S. public company focused on climate positive investing
- Launched CarbonCount scoring tool
- First HASI Sustainable Yield Bond (SYB) issued for energy efficiency assets

2014
- Published first Sustainability Report Card

2015
- Issued first rated HASI SYB for real estate assets

2016
- Recognized by Climate Bonds Initiative as the Green Bonds Pioneer

2017
- One of first U.S. public companies to commit to Task Force on Climate-Related Financial Disclosures (TCFD)
- First U.S. public company to sign the "We Are Still In" declaration in support of climate action to meet the Paris Agreement

2018
- Formalized Board oversight of ESG strategies, activities, policies, and communications
- Implemented TCFD recommendations and integrated into SEC filings
- Achieved 100% renewable energy procurement target
- Became a signatory to the UN Global Compact (UNGC)

2019
- Appointed Teresa M. Brenner Lead Independent Director
- Issued inaugural $500m corporate unsecured green bond
- Joined the UNGC's Business Ambition for 1.5°C: Our OnlyFuture Campaign

2020
- Invested $1.9b in climate solutions
- Recorded highest annual CarbonCount in company history
- Issued >$900m green bond
- Joined Partnership for Carbon Accounting Financials (PCAF)
- Enhanced DEIJA with Board appointments, management realignment, and expanded SEC filing disclosures
- Declared Social Dividend of $1m to capitalize newly launched Hannon Armstrong Foundation

2021
- Invested $1.7b in climate solutions
- 800k MT of incremental annual reductions in carbon emissions through our closed transactions
- Raised >$1.5b in CarbonCount-based debt
- Submitted Scope 1 and 2 emissions targets to SBTi
- Enhanced DEIJA through expanded public disclosures and reported a majority of new hires as women or people of color
- Joined Net Zero Asset Managers initiative
- Amended bylaws to enhance shareholder rights
- Declared Social Dividend of $1.6m to support Hannon Armstrong Foundation

PRINCIPLES OF GOVERNANCE

STRATEGIC ESG INTEGRATION

For over 30 years, Hannon Armstrong has placed sustainability and, more specifically, deploying capital to drive climate positive investments at the core of our business model. In fact, our initial investment screen mandates that any proposed investment either reduce or at least have a neutral impact on carbon emissions or provide other tangible environmental benefits, such as reducing water consumption. As a result, since our IPO in 2013, we have invested more than $10 billion in assets that cumulatively avoid 6 million metric tons of carbon emissions and save over 4 billion gallons of water on an annual basis — all while generating superior risk-adjusted returns for our shareholders.

BOARD OF DIRECTORS

JEFFREY W. ECKEL
Chairman

TERESA M. BRENNER
Lead Independent Director
Chair, Nominating, Governance, and Corporate Responsibility Committee
Member, Compensation Committee

CLARENCE D. ARMBRISTER
Member, Nominating, Governance, and Corporate Responsibility Committee

MICHAEL T. ECKHART
Member, Finance and Risk Committee
Member, Nominating, Governance, and Corporate Responsibility Committee

NANCY C. FLOYD
Member, Audit Committee
Member, Finance and Risk Committee
Financial Expert

SIMONE F. LAGOMARSINO
Member, Audit Committee
Member, Finance and Risk Committee
Financial Expert

CHARLES M. O'NEIL
Chair, Finance and Risk Committee
Member, Nominating, Governance, and Corporate Responsibility Committee

RICHARD J. OSBORNE
Chair, Compensation Committee
Member, Audit Committee
Financial Expert

STEVEN G. OSGOOD
Chair, Audit Committee
Member, Compensation Committee
Financial Expert

LEADERSHIP TEAM

JEFFREY W. ECKEL
Chairman
Chief Executive Officer

JEFFREY A. LIPSON
Chief Operating Officer
Chief Financial Officer

STEVEN L. CHUSLO
Executive Vice President
Chief Legal Officer

AMANUEL HAILE-MARIAM
Managing Director

KATHERINE McGREGOR DENT
Senior Vice President
Chief Human Resources Officer

DANIEL K. McMAHON, CFA
Executive Vice President,
Co-Head – Portfolio Management
Head – Syndications

SUSAN D. NICKEY
Executive Vice President
Chief Client Officer

MARC T. PANGBURN
Executive Vice President
Co-Chief Investment Officer

NATHANIEL J. ROSE, CFA
Executive Vice President
Co-Chief Investment Officer

RICHARD R. SANTOROSKI
Executive Vice President,
Chief Risk Officer
Co-Head – Portfolio Management

ROBERT L. JOHNSON
Senior Vice President

JEFFREY Z. MARTIN
Senior Vice President
Chief Technology Officer

CHARLES W. MELKO, CPA
Senior Vice President
Treasurer
Chief Accounting Officer

"Since our founding, we have embedded an unshakeable commitment to ESG into our business model and operations. We believe our demonstration of this commitment has driven our ability to generate superior risk-adjusted returns for shareholders and continues to serve as a model for others in our industry."

TERESA M. BRENNER,
Lead Independent Director
Chair, Nominating, Governance, and Corporate Responsibility Committee

Roles and Responsibilities

Hannon Armstrong Board of Directors

Nominating, Governance, and Corporate Responsibility Committee

Chairman and CEO

ESG Leadership Team

Hannon Armstrong Foundation Leadership Team — TCFD Committee — Diversity, Equity, Inclusion, Justice, and Anti-Racism (DEIJA) Working Group

ROLE	RESPONSIBILITIES
Board of Directors	Formal adoption of ESG strategy and policies and oversight of implementation
Nominating, Governance, and Corporate Responsibility Committee	Recommendation of new ESG policies and oversight of implementation
Chairman and CEO	Allocation, prioritization, and oversight of staff and company resources dedicated to the implementation of ESG initiatives
ESG Leadership Team	Reports to the Chairman and CEO and Nominating, Governance, and Corporate Responsibility Committee and responsible for informing strategy, setting performance milestones, and designating reponsibilities
Strategic Initiatives and ESG	Development of ESG strategy, execution of initiatives, and integration of engagement with ESG rating agencies, ESG-focused investors, and other stakeholders
Accounting	Tracking, verifying, and reporting ESG metrics (including PCAF-aligned emissions metrics) in public financial filings
Legal	Review of ESG disclosures and ensuring validation of adherence to ESG policies
Human Resources	Development and implementation of DEIJA principles in employee recruitment, retention, promotion, and engagement initiatives
Hannon Armstrong Foundation Leadership Team	Development and implementation of corporate philanthropic strategy
Diversity, Equity, Inclusion, Justice, and Anti-Racism (DEIJA) Working Group	Development and implementation of DEIJA initiatives
TCFD Committee	Assessment of how climate change-related risks and opportunities impact investments
Capital Markets	Execution of green and CarbonCount-based debt issuances
Investor Relations	Collection of investor feedback on ESG performance and initiatives
Investments	CarbonCount assessments and monitoring of climate investment risks and opportunities
Communications	Fostering and maintaining authentic and strategic stakeholder relationships in support of ESG strategy
Portfolio Management	Assessment of portfolio exposure to climate risks and opportunities

MANAGEMENT APPROACH

The business affairs of our company are internally managed and conducted by our officers and employees under the direction of our CEO and with the oversight of our Board. Our Board members — eight (or 89%) of whom are Independent — are elected annually by our shareholders and each participate in at least one of the following four standing committees: Audit Committee, Compensation Committee, Finance and Risk Committee, and Nominating, Governance, and Corporate Responsibility Committee (NGCR). In 2018, the Board formalized its oversight of ESG strategies, activities, policies, and communications through the NGCR, further demonstrating our steadfast commitment to such matters through leadership from our organization's highest levels.

ESG GOVERNANCE

We recognize the importance of understanding, evaluating, and monitoring ESG-related opportunities and risks as part of our vision and strategy. The NGCR is responsible for periodically reviewing our strategies, activities, and policies including our Sustainability Investment Policy, Environmental Policies, and Human Rights and Human Capital Management Policies.

BOARD DIVERSITY

Hannon Armstrong recognizes the value that diversity continues to bring to our Board. For the purposes of Board composition, diversity includes, but is not limited to, subject matter expertise, business experience, education background, relevant skills, age, gender identity, race, ethnicity, and LGBTQ+, veteran, and disability identification or status.

As our company maintains its growth, the importance of expanding the number of members of our Board of Directors, with a focus on their respective competencies and diversity, remains paramount. 2021 saw us welcome two new Board members — Clay Armbrister, President of Johnson C. Smith University, and Nancy Floyd, founder of one of the first clean energy venture capital platforms.

Our latest Board members and our refreshed leadership alignment position us to best serve our clients, investors, and employees in delivering on our climate positive investing vision.

» 89% Independent

» 33% Female

» 11% Racial or Ethnic Minority

ETHICAL BEHAVIOR

We expect the highest legal, moral, and ethical standards of honesty, integrity, and fairness to be implemented across all of our affairs. Our Code of Business Conduct and Ethics details the ethical and legal standards of behavior and business activities that are required of all our directors, officers, and employees, and each of them receive training on these policies on an annual basis.

We also require our business partners to comply with our Business Partner Code of Conduct, which outlines the expected practices of our agents, distributors, dealers, contractors, intermediaries, joint venture partners, and suppliers in the areas of ethical business practices, environmental responsibility, human rights, labor, and health and safety.

WHISTLEBLOWER POLICY

We maintain a confidential hotline for reporting potential violations and concerns relating to our Code of Business Conduct and Ethics as well as our policies addressing our accounting and auditing controls. Depending on the nature and departmental applicability of the concern, any whistleblower reports are respectively fielded by our Audit Committee, Nominating, Governance, and Corporate Responsibility Committee (NGCR), or our Chief Legal Officer. All reports are taken seriously, we will fully investigate each allegation, and, when necessary, take appropriate action.

Note that in our history as a public company (from 2013 through 2021), we have received zero reports on our confidential whistleblower hotline.

More details can be found in the Code of Business Conduct and Ethics available on our website.

EXECUTIVE COMPENSATION

We have designed our executive compensation program to align with the interests of shareholders, focus on sustainable long-term growth, and attract and maintain effective executives in a competitive market for talent. A portion of all executive compensation is linked to our success in overall corporate performance in executing our business strategy, aspects of which include investments in climate change solutions. In this way, executive compensation is linked, in part, to our progress in advancing environmental as well as other related social and governance initiatives. In addition, we monitor the relationship between the compensation of our executive officers and the compensation of our non-managerial employees. For 2021, the total compensation of Jeffrey Eckel, our Chairman and CEO, was approximately 34 times the total compensation of the median employee. Note that according to data compiled by Executive Paywatch, the average ratio of CEO-to-median-worker compensation for Russell 3000 companies in Maryland was 131-to-1 in 2020. For S&P 500 companies in Maryland, it was 339-to-1 in 2020.[1] Please refer to our most recent Proxy Statement for more detail.

»34x CEO-to-Median-Employee Compensation

Executive Compensation Governance Timeline

In 2018, our Board of Directors' Compensation Committee engaged Pay Governance LLC, a compensation consulting firm[2], to assist the Compensation Committee on the setting of certain annual bonus targets for our Named Executive Officers, which includes our CEO.

In July 2019, the Compensation Committee also engaged Pay Governance to provide analysis and recommendations regarding (1) base salaries, annual bonuses, and long-term incentive compensation for our executive management team, and (2) the director compensation program for independent members of our Board of Directors.

In March 2021, Pay Governance was also engaged to evaluate the benefits of adopting various performance standards related to our DEIJA efforts with respect to the Board and leadership team composition, against which annual CEO compensation would be evaluated by our Board of Directors.

1) Internal calculations derived from Executive Paywatch Report 2021 (https://aflcio.org/executive-paywatch).
2) Pay Governance reports directly to the Compensation Committee and the Compensation Committee has determined that Pay Governance is independent pursuant to the Company's Compensation Committee charter.

CYBERSECURITY

Board Oversight of Cybersecurity

As a publicly traded financial services company, we recognize how critical cybersecurity and cyber resilience are to the well-being of our organization, our stakeholders, and the information we rely on to profitably operate.

The proliferation of global cyber risks continually transforms the cyber risk landscape, which requires our cybersecurity and training programs to constantly adapt and evolve, under the strategic direction of the Finance and Risk Committe of our Board of Directors.

Identifying and addressing these cyber threats while upholding our principles of governance, internal controls, and transparency is a priority for our cybersecurity program. Through the Finance and Risk Committee, our Board of Directors, along with our Leadership Team, collectively provide oversight of our information technology and cybersecurity program, which is led by our Chief Technology Officer and supported by a skilled and high-performing team of technology professionals.

Cybersecurity Approach

Developed by our Chief Technology Officer and his team, our focused cyber and information security strategy incorporates components of the National Institute of Standards and Technology (NIST) Cybersecurity Common Standards Framework, certain Center for Internet Security (CIS) benchmarks, as well as Information Technology Infrastructure Library (ITIL) components to suit our organization's unique cybersecurity needs. Our deliberately limited public disclosure of specific framework alignments is meant to minimize risks to our IT security.

Our IT infrastructure deploys a best-in-class technology stack supported by proven vendors whose services address the range of risks identified by our Board's Finance and Risk Committee and internal cybersecurity apparatus.

We deploy a multi-layered security and backup approach to redundantly safeguard our data and business assets from cyber threats, which ensures business operation continuity.

This forward-thinking design helped to support our resilience and growth amidst the COVID-19 pandemic by enabling our team to transition to virtual work on day one of the pandemic-induced shutdown. As we emerge from the pandemic, our IT team's diligence in maintaining our virtual work infrastructure has enhanced the organization's workforce flexibility.

Protecting against social engineering attack vectors by fostering a culture of cybersecurity awareness is an important part of our security program. On this front, we educate our team through a combination of instructor-led training, quarterly training modules, phishing identification courses, and ongoing testing to keep our entire organization well informed of emerging and relevant threats.

Our cybersecurity team takes every attempt to infiltrate our IT infrastructure seriously and reports all attacks to authorities and relevant service providers. We continuously assess the evolving threats and risks in the cybersecurity domain to rapidly adjust our strategic approach to preserve our essential day-to-day business functions.

Cybersecurity Program Highlights

We deploy an in-depth defensive strategy that comprises checks and controls to identify, protect, detect, respond to and recover from information and cybersecurity risks and incidents. Program highlights include:

- Leadership and engineering resources dedicated to the ongoing development of our program;
- Incorporation of external expertise in our ongoing cyber risk assessment;
- Actionable threat intelligence developed from partnerships with leading third-party firms;
- Routine drills and exercises to counter potential threats with an agile response strategy;
- Completion of comprehensive cybersecurity training by employees spanning all levels of our organization; annual cybersecurity awareness training and frequent threat identification exercises have led to dramatically reduced risk among end users, who remain the first line of defense against cybersecurity attacks;
- Our cybersecurity team provides the Board's Finance and Risk Committee with comprehensive updates on an at-least bi-annual basis;
- In 2021, we reported no data breaches affecting end users, including those involving Personal Identifiable Information (PII).

BUSINESS PARTNER ESG ENGAGEMENT

Objective and Goals

In 2022, we are instituting our Business Partner Engagement Program. Because we recognize that our organizational beliefs and values should be integrated into our operations and our commercial relationships, we are committed to aligning our operations with ESG best practices. Our commitment to ESG extends to where environmental, social and/or governance issues may overlap, such as diversity, equity, inclusion, justice, and anti-racism ("DEIJA"). We expect that our business partners hold values consistent with our own and are focused on maintaining and sharpening their focus on ESG reporting. Additionally, we view our engagement with our business partners as an additional means to build relationships and share ESG best practices.

The goals of our business partner engagement program include:

- Identify and assess the current practices of our business partners in relation to ESG issues,
- Develop a rapport with key business partner contacts to share best practices on improving organizational alignment with respect to ESG issues, and
- Establish and communicate the importance of transparent reporting on ESG issues.

Business Partner Assessment

In conducting an initial assessment of our business partners' focus and reporting on ESG issues, we first identified our key commercial relationships, which include clients, capital providers, professional service providers, and other commercial relationships. Our engagement plan is based on (1) the magnitude and materiality of each relationship to our business operations, and (2) each business partner's specific ESG focus.

In evaluating our business partners and prioritizing our resulting engagement strategy, we consider 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.

Engagement Strategy

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.

For business partners 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 business partners 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.

HUMAN RIGHTS

Diligence on Forced Labor

As affirmed in our Human Rights policy, we do not tolerate violations of basic human rights in our business activities.

When evidence of forced labor in the global solar supply chain surfaced, we began to implement strong safeguards in our business practices and investments to adopt human rights standards that go beyond legal compliance. Along with our clients and the industry associations in which we're members, we subsequently supported the U.S. Customs and Border Protection's 2021withhold-release order (WRO) for solar products with silica produced by Hoshine Silicon Industry Co.

To ensure, to the best of our organizational ability, that forced labor is not used to support the projects we finance, we review that our clients conduct forced labor diligence on their suppliers. Often through deep engagement with the American Clean Power (ACP) and Solar Energy Industries Association (SEIA), our clients work to map their supply chains and ensure, to the degree possible, both product traceability and that no content from the Xinjiang region of China has been used in the manufacture of the solar components installed.

To this end, we require from our clients diligence plans that provide information on their respective supply agreement, audits, and codes of conduct. Engagement on some combination of the following points informs our own forced labor diligence process:

- **Traceability protocol:** Published in April 2021, the SEIA Solar Supply Chain Traceability Protocol outlines the traceability requirements that vendors must implement to demonstrate that product being imported into the U.S. is free of forced labor. As signatories to the Protocol, our clients and their module suppliers have attested that their products do not include forced labor, do not include Hoshine Silicon Industry inputs, and do not include inputs from Xinjiang region of China. Additionally, we are signatories to the American Clean Power Forced Labor Prevention Pledge, which reaffirms our commitment to eradicating forced labor from any part of the solar industry value chain.
- **Third party audits:** Our clients generally engage with one or more of the three independent audit firms to support ongoing verification of the attestations made by their suppliers regarding their traceability programs, controls, and the traceability of the products provided to them.
- **Independent factory audits:** Our clients have conducted onsite independent audits of solar module suppliers as part of their ongoing reliability programs. These audits generally review process controls and onsite production review. They are designed to ensure compliance with quality control standards, materials specifications, and performance. In addition, many of our clients have added a Certificate of Compliance process requiring their suppliers to update their audit programs and contractual agreements. This also includes requirements for end-to-end material traceability of subcomponents and raw materials incorporated into solar products.
- **Contractual language:** Many of the Master Supply Agreements developed by our clients require that suppliers participate in Vendor Quality Management Programs (VQMPs). Such programs mandate and require independent oversight of supplier production processes, annual or more frequent factory audits, and extensive third party reliability testing.
- **Business Partner Code of Conduct:** In addition, our clients are subject to our Business Partner Code of Conduct. This document requires that they not use slave labor, forced labor, prison labor, or indentured labor, and requires that they will not support such human rights violations in their supply chains.

Though we acknowledge the inherent limitations in proving a negative (i.e., evidence of absence), we subject every transaction we finance to forced labor diligence. Working with global clients who also care to address this issue has allowed us to supplement our diligence work often with contractual language to create covenants, which advance both parties toward the goal that advances both parties toward the goal of eliminating forced labor from the global solar supply chain.

ANTI-CRIME

KYC/CIP Protocols

In order to verify that entities with whom Hannon Armstrong enters into business relationships do not engage in money laundering or terrorism financing, the Company conducts due diligence through the following Know Your Customer/Customer Identification Process (KYC/CIP) protocols. In addition, we are subject to KYC/CIP protocols required by the banks with whom we transact.

In both cases, a combination of the following materials is necessary for the KYC/CIP in which we respectively initiate and participate in:

- New Client Questionnaire
- Certificate of Formation and other entity formation documents
- Entity Operating Agreement
- W-9
- Entity Organizational Chart
- Country or Politically Exposed Person (PEP) Questionnaire
- Names of Member/Manager/Controlling Party
- Certification of Beneficial Owner
- Purpose of the Entity and where funds are coming from (usually applicable to special purpose entities)
- Engagement letter
- Office of Foreign Assets Control (OFAC) form

All documents utilized during the KYC process are retained by the Company's relevant Assets Management individual.

SHAREHOLDER ENGAGEMENT

Amended Bylaws to Enhance Shareholder Rights

In recent years, we have had discussions with certain shareholders and ESG rating agencies in which they noted that a provision in our bylaws was not in line with ESG best practices. This legacy provision gave our Board of Directors the exclusive power to adopt, alter, or repeal any provision of our bylaws and make new bylaws.

In response, our Board of Directors amended our bylaws in late 2021 to now also permit shareholders to amend our bylaws by majority shareholder vote pursuant to a binding proposal submitted by a shareholder that satisfies ownership and other eligibility requirements of Securities Exchange Act Rule 14a-8.

We remain eager to ensure our governance provisions remain in line with emerging ESG best practices and that shareholders continue to have a meaningful voice on governance issues.

In 2021, we met with over 190 investors, representing over 50% of our shares outstanding as of the end of the year.

For Your Reference

For additional information on our ESG strategy, policies, and initiatives (including the below documents), please visit investors.hannonarmstrong.com and hannonarmstrong.com/ESG.

- Annual Report
- Proxy Statement
- Sustainability Investment Policy
- Environmental Policies
- Human Rights & Human Capital Management Policies
- Code of Business Conduct and Ethics
- Business Partner Code of Conduct
- Environmental Metrics
- Sustainability Report Card

PARTNERSHIPS AND MEMBERSHIPS

Hannon Armstrong actively participates as a member in a range of industry groups and other organizations. Through these partnerships, we seek to advance unified efforts on climate action, sustainable investing, clean energy, voting rights and democracy reform, corporate diversity, equity, justice, and diversity, equity, inclusion, justice, anti-racism, and more.

A Hannon Armstrong executive serves on a board leadership position at several of these organizations, including the Alliance to Save Energy (ASE), American Clean Power Association (ACP), Ceres, and the National Association of Energy Service Companies (NAESCO). The list below provides illustrative examples.

- Alliance to Save Energy (ASE)
- American Clean Power Association (ACP)
- American Council on Renewable Energy (ACORE)
- Americans for a Clean Energy Grid
- Association of Defense Communities
- Association for Governmental Leasing and Finance
- CEO Action for Diversity and Inclusion
- Ceres
- Clean Energy Leadership Institute (CELI)
- Coalition for Renewable Natural Gas
- Ecological Restoration Business Association
- National Association of Corporate Directors
- National Association of Energy Service Companies (NAESCO)
- Out in Energy
- Women of Renewable Industries and Sustainable Energy (WRISE)

CLIMATE CHARTERS AND PLEDGES

BUSINESS AMBITION FOR 1.5°C

Climate Action 100+

GFANZ Glasgow Financial Alliance for Net Zero

PCAF Partnership for Carbon Accounting Financials

The Net Zero Asset Managers initiative

WE SUPPORT UN GLOBAL COMPACT

SCIENCE BASED TARGETS

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

POLICY ADVOCACY

Public Policy and Political Engagement

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). 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. In January 2021, following the insurrection at the U.S. Capitol, our PAC suspended any future contributions indefinitely to members of Congress who voted against 2020 election certification.

POLICY MISSION:

Hannon Armstrong advocates for policies that will harness private capital investment to address the climate crisis — creating jobs and boosting the economy through an accelerated build-out of sustainable and resilient infrastructure.

POLICY PRIORITIES:

- **Price Carbon:** Put a price on carbon to correct the failure of the market to account for the costs of unmitigated pollution
- **Drive Demand:** Increase demand for climate positive projects via renewable energy and energy efficiency standards
- **Boost Investment:** Facilitate private investment in climate change mitigation and resilient infrastructure projects through federal programs, agency procurement mandates, public-private partnerships, and other policy instruments
- **Modernize the Grid:** Establish a national electric grid that is reliable, secure, and clean
- **Reduce Regulatory Barriers:** Remove barriers to entry for clean energy through regulatory, permitting and siting reform
- **Promote Democracy Reforms:** Build a healthier, more responsive democracy to facilitate ambitious climate action with a focus on enacting campaign finance reform, protecting & expanding voting rights, and strengthening federal ethics laws

Political Contributions and Policymaker Engagement

Climate Solutions PAC Contributions

YEAR	CANDIDATE	STATE	OFFICE	AMOUNT
2021	Sean Casten	Illinois	U.S. House	$ 2,000
	Chuck Schumer	New York	U.S. Senate	$ 5,000
	Martin Heinrich	New Mexico	U.S. Senate	$ 2,500
	Brian Schatz	Hawaii	U.S. Senate	$ 3,500
	Chris Van Hollen	Maryland	U.S. Senate	$ 1,000
	Peter Welch	Vermont	U.S. House	$ 2,000
	Ron Wyden	Oregon	U.S. Senate	$ 3,500
				$19,500
2020	Sean Casten	Illinois	U.S. House	$ 1,000
	John Hickenlooper	Colorado	U.S. Senate	$ 500
	Mike Braun	Indiana	U.S. Senate	$ 1,000
	Brian Schatz	Hawaii	U.S. Senate	$ 1,000
				$ 3,500
2019				**$ 0**
2018				**$ 0**

Corporate Lobbyist Expenditures

YEAR	TOTAL
2021	$258,000
2020	$ 76,000
2019	$ 63,250
2018	$ 95,000

Direct Policymaker Engagement

YEAR	ENGAGEMENT COUNTERPARTY	NUMBER OF MEETINGS	DISCUSSION TOPICS
2021	U.S. Senate	29	Build Back Better, Carbon Fee & Dividend, Clean Energy Tax Package, Clean Electricity Performance Program (CEPP), Clean Energy and Sustainability Accelerator, Energy Savings Performance Contracting (EPSC), REIT Regulations, Voting Rights
	U.S. House of Representatives	10	Carbon Pricing, Comprehensive Climate Legislation, REIT regulations
	U.S. Securities and Exchange Commission	3	ESG and Climate Disclosures
	U.S. Executive Branch (EPA, CEQ, USDT, DOE)	4	Carbon Pricing, Social Cost of Carbon (SCC), Build Back Better, Climate Risk Disclosures, Justice40, Energy Savings Performance Contracting (EPSC)
	TOTAL	**46**	

PLANET

TCFD ASSESSMENT

In 2018, under the direction of our Board and in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD), we became one of the first public companies to adopt TCFD to increase the analytical rigor and transparency associated with our environmental impacts.

By being at the forefront of climate-related disclosures, we believe we will be able to more prudently manage emerging risks and proactively develop strategies to generate attractive risk-adjusted returns for our shareholders.

The TCFD was established by the Financial Stability Board with the goal of developing voluntary, consistent, climate-related financial disclosures that would be useful to all relevant stakeholders.

The recommendations of the TCFD are focused on four thematic areas representing core operational pillars, including: (1) governance; (2) strategy; (3) risk management; and (4) metrics and targets. We believe that our core principles are in substantial alignment with the goals and objectives contemplated in TCFD's thematic areas of focus, and we address each of them in our management efforts, decision-making processes, and our public disclosures, including our 2021 Form 10-K.

Governance

Our Board is responsible for the formal adoption of our ESG policies, including oversight of climate-related opportunities and risks.

At least once each quarter, the Board's Nominating, Governance, and Corporate Responsibility Committee reviews disclosures on progress toward our climate-related initiatives to external stakeholders.

Our President and CEO is responsible for overseeing the implementation of our environmental initiatives and for prioritizing internal resources committed to the advancement of our ESG objectives. An internal cross-functional ESG Committee is tasked with implementing our ESG strategies and policies. An internal TCFD working group/committee convenes quarterly to assess the environmental impacts of each reporting period's investments.

A portion of all employee compensation is linked to the success in overall corporate performance in executing our business strategy, which is focused on investing in climate change solutions.

As a result, employee incentive compensation is implicitly linked to progress in advancing our ESG initiatives.

For additional information regarding our governance structure and ESG best practices, please see our 2021 Form 10-K item 1 – Business – Environmental and Social Responsibility and Corporate Governance and our proxy statement for our 2022 annual meeting.

Strategy

With scientific consensus that climate warming trends are driven by human activities and result in extreme weather events, we believe our firm is well positioned to generate attractive risk-adjusted returns by investing in and managing a portfolio of investments that reduce climate-altering carbon emissions. Further, with increasing weather-related events affecting certain aspects of our markets, we see similar investment opportunities in infrastructure assets that mitigate the impact of and increase our resiliency to these extreme weather events and climate change.

Hannon Armstrong's investments have verifiable quantified impacts that address or mitigate the effects of climate change as we believe the opportunities and risks associated with such investments are material to our stakeholders.

Our Sustainability Investment Policy sets forth the underwriting criteria for our investments, which include processes for evaluating opportunities and risks uniquely related to environmental matters. To pass our sustainability screen, a proposed investment must either reduce carbon emissions or produce other tangible environmental benefits such as reducing water consumption.

Further discussion of our investment strategy is presented in our 2021 Form 10-K, in Item 1 – Business – Investment Strategy. Starting in 2018, we formalized policies that minimize the impacts of our business operations on climate change including purchasing 100% of our electricity from renewable energy sources. We also committed to and then achieved reducing waste generation 10% by the end of 2020 (versus a 2017 baseline) through increasing the collection and processing of recyclable waste.

We also operate a composting program that diverted 1,971 lbs of food waste in 2021. In addition, carbon-intensive beef and pork dishes are not served at corporate events, and we encourage team members to refrain from consuming carbon-intensive food products in the staff canteen.

TCFD Governance

Hannon Armstrong Board of Directors

Nominating, Governance, and Corporate Responsibility Committee

Chairman and CEO

ESG Leadership Team

TCFD Committee

Accounting | Portfolio Management | Strategic Initiatives and ESG

Climate Risk Management

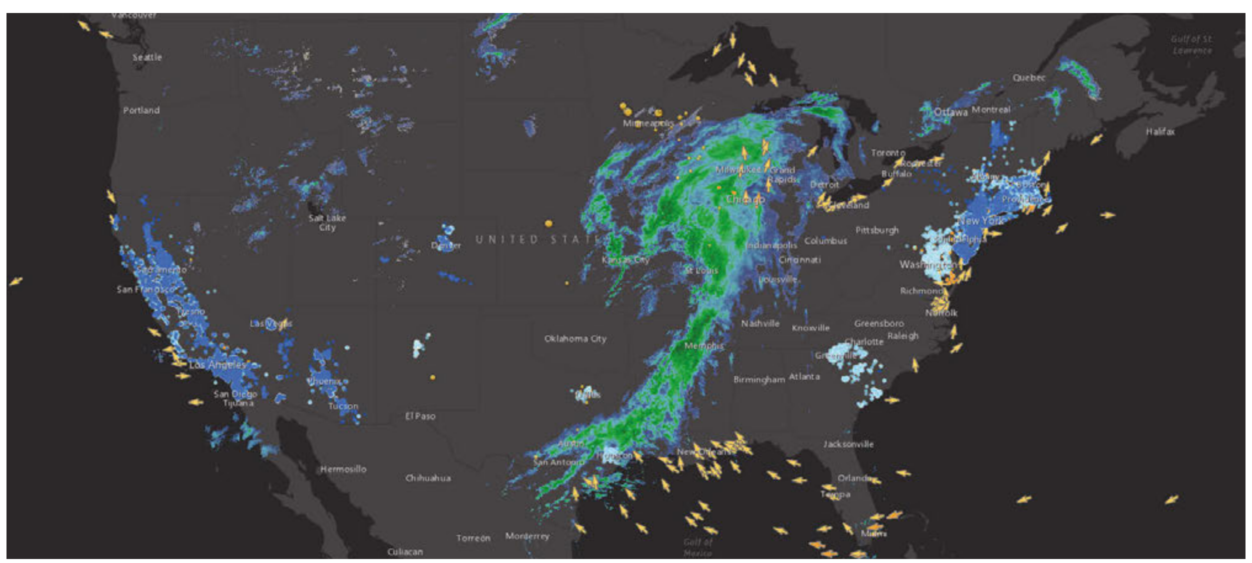
As infrastructure projects are subject to environmental forces, many assets in our portfolio are exposed to climate change-related risks, including floods, wildfires, and hurricanes. Our due diligence process seeks to appropriately mitigate these risks by relying on independent subject matter experts to conduct engineering and weather analyses and insurance reviews.

After a transaction closes, we continue to monitor the environmental risks to which our portfolio is exposed. We periodically analyze the impact of seasonal climate trends on the portfolio, including drought, El Niño/La Niña phases, and changes in regional wind regimes. We also monitor large scale weather events that could negatively impact assets in our portfolio with the goal of implementing, together with our project partners, appropriate safety procedures and other threat mitigation measures.

We have also focused on improving the resiliency of our business operations by implementing cloud-based information technology systems to allow our employees to work from remote locations in the event of weather or other workplace disruptions. The Board's Finance and Risk Committee reviews policies and guidelines with respect to our risk assessments and management, including those that address certain environmental risks.

We discuss our environmental risk management in more detail in our 2021 Form 10-K, in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Impacting our Operating Results – Impact of climate change on our future operations.

Where quantitative data is unavailable, Hannon Armstrong's TCFD committee relies on stakeholder interviews, outputs of the scenario workshop discussion, desk research, and benchmarking to inform the risk and opportunity timelines and financial impact level.



"Transparent disclosure of a company's comprehensive environmental impact is essential to addressing climate change. The consistent application of a global reporting framework will be necessary to positively impact corporate behavior, and we believe our disclosures are a model for accomplishing this goal."

CHUCK MELKO, TCFD Committee Chair

TCFD SCENARIO ANALYSIS

In implementing TCFD and assessing the opportunities and risks related to climate change, we have considered the objectives of the Paris Agreement, which aims to hold the global average temperature to well below 2 degrees Celsius above pre-industrial levels and to work to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels. In the following analysis, we have illustrated potential impacts to our investment portfolio as of December 31, 2021, from the physical impacts of climate change and the transition to a low-carbon economy.

Risks and Opportunities

PHYSICAL

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).

FLOODING | STORMS | EXTREME HEAT AND DROUGHT | WILDFIRES | SEA LEVEL RISE

TRANSITIONAL

A transition to a low-carbon economy may entail changes in market regulations, legal and regulatory frameworks, and reputational risks and technology. The impact of these changes will vary by scenario. In Scenario 1, sufficient globally coordinated action is taken to limit the global temperature increase to 1.5 degrees Celsius above pre-industrial levels. In Scenario 2, global action is insufficient to prevent global temperatures from increasing more than 2 degrees Celsius above pre-industrial levels.

Additional information, including highlights of quantitative impacts, can be found in our 2021 Form 10-K in Item 1A. Risk Factors and Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Impacting our Operating Results – Impacts of climate change on our future operations.

MARKET | REGULATORY | LEGAL | REPUTATION | TECHNOLOGY

TCFD Scenario 1

Sufficient globally coordinated action is taken to limit the global temperature increase to 1.5 degrees Celsius above pre-industrial levels.

PHYSICAL

PORTFOLIO IMPACT

- Physical Asset Damage
- Reduced Power Generation Capacity
- Accelerated Operational Performance Degradation
- Natural Resource Price Volatility

BOTTOM LINE IMPACT

- Higher Operational Costs
- Higher Insurance Premiums
- Reduced and More Variable Cash Flows
- Increased Counterparty Default Risk
- Reduced Debt Capacity
- Diminished Long-Term Returns

STRATEGIC RESPONSE

- Strengthen Climate Risk Considerations in Underwriting Process
- Implement Proactive Operational Maintenance and Extreme Weather Protection Procedures
- Procure Insurance Coverages
- Augment Geographic and Technological Portfolio
- Diversity Through Investment Pipeline

TRANSITIONAL[1]

PORTFOLIO IMPACT

- Higher REC Prices
- Higher Energy Prices
- Greater Cost Competitiveness of Climate Positive Technologies
- More Attractive Growth in Total Addressable Market
- Greater Quantity of High-Quality Investment Prospects
- Degraded Competitor and Counterparty Creditworthiness

BOTTOM LINE IMPACT

- Increased Investment Volumes
- Higher Variable Cash Flows
- Lower Operational and Insurance Costs
- Higher Asset and Portfolio Level Debt Coverage Ratios
- Higher Long-Term Returns
- Higher EPS Growth Potential

STRATEGIC RESPONSE

- Optimize Investment Monetization and Debt Financing Strategy
- Optimize Investment Pricing Strategies
- Optimize EPS/DPS Growth and Payout Ratios
- Expand Climate Positive Investment Universe

1) A transition to a low-carbon economy may entail changes in market regulations, legal and regulatory frameworks, reputational risks, and technology. The impact of these changes will vary by scenario.

TCFD Scenario 2

Global action is insufficient to prevent global temperatures from increasing more than 2 degrees Celsius above pre-industrial levels.

PHYSICAL

PORTFOLIO IMPACT

- Physical Asset Damage
- Reduced Power Generation Capacity
- Accelerated Operational Performance Degradation
- Natural Resource Price Volatility

BOTTOM LINE IMPACT

- Higher Operational Costs
- Higher Insurance Premiums
- Reduced and More Variable Cash Flows
- Increased Counterparty Default Risk
- Reduced Debt Capacity
- Diminished Long-Term Returns

STRATEGIC RESPONSE

- Strengthen Climate Risk Considerations in Underwriting Process
- Implement Proactive Operational Maintenance and Extreme Weather Protection Procedures
- Procure Insurance Coverages
- Augment Geographic and Technological Portfolio
- Diversity Through Investment Pipeline

TRANSITIONAL[1]

PORTFOLIO IMPACT

- Greater Power Grid Instability
- Higher Power Prices Driven by Extreme Climate Driven Disruptions
- Greater Commodity and Natural Resource Price Levels and Volatility
- Increased Demand for Climate Positive Investments

BOTTOM LINE IMPACT

- Increased Investment Volumes
- Higher Long-Term Financial Returns

STRATEGIC RESPONSE

- Optimize Asset Monetization Strategy, Risk Management and Underwriting Processes
- Optimize Investment Pricing Strategy

1) A transition to a low-carbon economy may entail changes in market regulations, legal and regulatory frameworks, reputational risks, and technology. The impact of these changes will vary by scenario.

Transitional Opportunities

Scenario 1 Transitional Opportunities

	QUALITATIVE AND QUANTITATIVE OPPORTUNITIES
Higher Renewable Energy Credits ("RECs") prices	• Increased expected cash flows and financial returns for certain investments to the extent the RECs are sold at higher market prices. • 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. • Resulting cash flow increases allow us greater financial leverage and enhanced profitability.
Carbon Tax Increases (i) Power Prices, (ii) Operating Costs for Certain Entities, and (iii) Competitiveness of Renewable Energy	• Resulting cash flow increases allow us greater financial leverage and enhanced profitability. • Increased energy cost savings from energy efficiency solutions. • An increase in the above items may increase the volume of assets available in which we can invest. • A carbon tax that increases the price of power by 10% may allow our wind equity investments to generate approximately 6% in additional cashflows over their life compared to the current baseline scenario.
Significant increase in research and development in renewable energy, energy storage, and energy efficiency technologies by public and private entities	• More cost competitive renewable energy technologies may increase investment opportunities available to us.
Significant growth in positive public sentiment for sustainable infrastructure investment	• Increased demand for sustainable infrastructure investment would increase the volume of transactions in which we may invest, reduce our overall cost of capital, and increase our profitability.

Scenario 2 Transitional Opportunities

	QUALITATIVE OPPORTUNITIES
No meaningful government policy to shift the trajectory of global climate change	• With the current trend of improved economics and cost competitiveness of climate solutions, a growth in demand may increase the volume of investment opportunities available to us, increase the number of transactions, and positively affect our profitability.
Greater variability and instability in the commodity market	• Climate change-related impacts to the amount of potable water supplies, such as irregular rainfall and salt water intrusion, may drive increases in the price of water. These increases in cost may increase the demand for assets that increase water use efficiency, resulting in an increase in the volume of investment opportunities available to us, an increase in the number of transactions we process, and increased profitability.

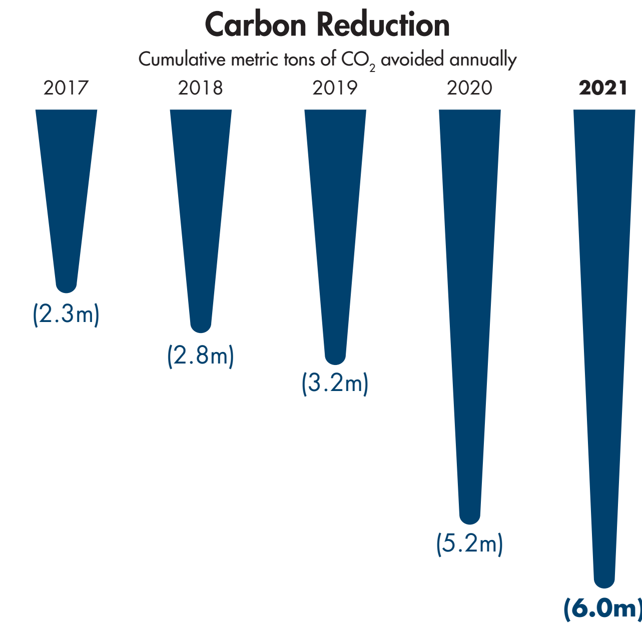
Physical Opportunities

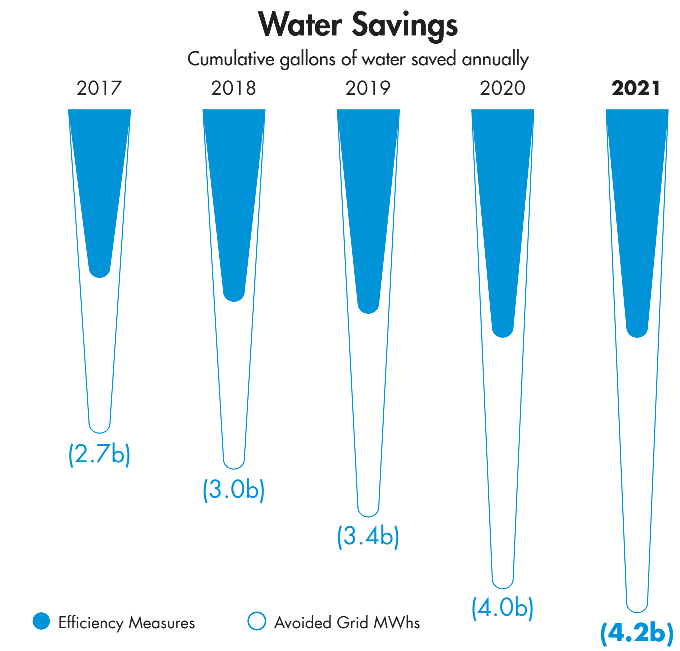
Scenarios 1 and 2 Physical Opportunities

	QUALITATIVE OPPORTUNITIES
An increase in water scarcity potentially resulting in an increase in the price of water	• Climate change related price increases to potable water supplies may increase the demand for assets that increase water use efficiency resulting in an increase in the volume of investment opportunities available to us, which would increase the number of transactions we process, and positively affect our profitability.

TCFD METRICS AND TARGETS

In assessing our operational and financial performance, we calculate the environmental profile of our business operations and infrastructure investments using a combination of well-established reporting protocols and proprietary tools for measuring carbon emissions and water savings.





carboncount®

2021: 0.5

watercount™

2021: 140

		Goal[3]	Performance[3]	Verification[4]
SCOPE 1 Direct Emissions	Emissions from operations that are owned or controlled by a reporting company.	0 MT	0 MT	APEX
SCOPE 2 Indirect Emissions	Emissions from the generation of purchased or acquired energy such as electricity, steam, and heating and cooling, consumed by a reporting company, but excluding the impact of the purchase of renewable energy credits.	0 MT	0 MT	APEX
SCOPE 3[5] Indirect Emissions	All other indirect emissions that occur in the value chain of a reporting company, including both upstream and downstream emissions, but excluding the emissions avoided as a result of our investments. (>800k MTs of CO_2 in 2021)	0 MT	178 MT	APEX

1) CarbonCount is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO2 emission reduction per $1,000 of investment.
2) WaterCount is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.
3) Expressed in metric tons (MT).
4) In addition to our internal review, Apex Companies, LLC was commissioned as an independent organization to verify our GHG emissions reporting as estimated in accordance with GHG measurement and reporting protocols of the World Resources Institute (WRI) / World Business Council for Sustainable Development Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2) and Corporate Value Chain Accounting and Reporting Standard (Scope 3).
5) Scope 3, Categories 1-14. See PCAF-Aligned Scope 3, Category 15 Emissions table on page 36 for additional reporting. Verification in progress.

SCIENCE-BASED TARGETS INITIATIVE

In 2021, we submitted Scope 1 and 2 emissions reduction targets for verification by the Science-Based Targets Initiative (SBTi). SBTi defines and promotes best practices in emissions reductions and net-zero targets in line with the latest climate science to provide companies with independent assessment and target validation.

Decarbonizing with science-based targets solidifies our GHG emissions reduction roadmap, another key step to combat climate change that competitively positions us as leaders in the broader transition to a net-zero economy.

Target Classification

Per the Science-Based Target (SBT) guidance for the financial sector, our corporate portfolio is classified into three asset class categories:

- Project finance for electricity generation (wind and solar power);
- Other project finance (energy efficiency projects); and
- SME loans.

Our Baseline

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.

- Project Finance for electricity generation includes financing activities for solar and wind projects across the United States. The portfolio for electricity generation project finance represented 82% of our total balance sheet portfolio as of the end of 2019.
- Other project finance includes financing activities for energy efficiency projects such as energy upgrades and sustainable infrastructure across the United States. The portfolio for other project finance represented 17% of our total balance sheet portfolio as of the end of 2019.
- SME Loans comprised 1% of our total balance sheet portfolio as of the end of 2019.

Asset Class Targets

Hannon Armstrong has set targets related to our electricity generation asset class, which involves financing electricity generation projects from solar and wind power.

We employed the Sectoral Decarbonization Approach for this target, and relied on the SBTi tool for the B2DS scenario. Our portfolio of solar and wind power project finance came to $1.7 billion as of the end of 2019, while aggregate wind and solar power generation from these investments totaled 2.8 million MWh. Over the six-year period from 2013 to 2019, the Cumulative Annual Growth Rate (CAGR) of electricity generation exceeded 48%. Assuming an annual average growth rate of 48% remains constant going forward, electricity generation from solar and wind projects can be expected to hit 217 million MWh in 2030.

Emissions Scopes

Scope 1 emissions result from the direct onsite combustion of fuels at these projects, estimated from the total fuel used and a fuel emissions factor (MT CO_2e per million btu).

2019 Scope 1 emissions: 0 MT CO_2e.

Scope 2 emissions result from electricity usage and are calculated by considering the total electricity used and an electricity emissions factor (MT CO_2e per KWh).

Scope 2 Methodology:

- For our portfolio, the Scope 2 emissions factor provided by the Partnership for Carbon Accounting Financials (PCAF) amounts to 0.000192 TCO_2/$m.
- We then calculated emissions in terms of TCO_2/KWh of electricity generation.
- Used our total electricity generated of 2.8 million MWh and a **Scope 2** emissions factor of 1.15 e-10 TCO_2/KWh.

2019 Scope 2 emissions: 0.0000033 MT CO_2e.

Target (2030)

Since our total Scope 1 and Scope 2 emissions from electricity generation project finance is not material (0.0000033 TCO_2), we intend to maintain this functionally zero level of Scope 1 and Scope 2 emissions for our portfolio over the target period.

Scope 3 Emissions

We intend to submit Scope 3 emissions reduction targets for verification by SBTi later in 2022 after we have aligned with PCAF on the appropriate methodology for all Category 15 emissions.

PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS (PCAF)

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. With this methodology complete, there is now a pathway for financial institutions to quantify their full Scope 1, 2, and 3 emissions; identify means to reduce their emissions; set decarbonization goals; and ultimately align their business with a livable future and net-zero emissions by no later than 2050, as identified by the UN IPCC and the Paris Climate Accord. We expect to implement our reporting in accordance with PCAF by 2023.

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.

PCAF-Aligned Scope 3, Category 15 Emissions

	TOTAL OUTSTANDING LOAN AND INVESTMENTS COVERED (x $M)	% OF TOTAL PORTFOLIO	EMISSIONS (tCO_2E)	EMISSION INTENSITY (tCO_2E/$M)	WEIGHTED DATA QUALITY SCORE[2]	AVOIDED EMISSIONS (tCO_2E)	AVOIDED EMISSION INTENSITY (tCO_2E/$M)
Project Finance	3,393	94%	28,487	8	3	2,319,117	1,916
Business Loans and Preferred Equity	33	1%	579	18	5		
TOTAL ASSESSED	**3,426**	**95%**	**29,066**	**8**	**3**		
UNASSESSED[1]	**190**	**5%**					
	3,616						

1) Unassessed portion of our portfolio includes energy efficiency projects which employ solar power generation, electric storage, or energy efficiency improvements such as heating, ventilation, and air conditioning systems (HVAC), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power system for which emissions data is not presently available.
2) By its very nature, the calculation of greenhouse gas emissions is subject to various estimates and assumptions. In order to inform users of the emissions data as to the nature of the estimates and assumptions used, the PCAF standard prescribes Data Quality scores which reporting companies are to use (from 1 – 5, with 1 being the best quality data) reflecting the extent to which calculations are reliant on estimates and assumptions. We plan to increase our data quality scores in subsequent years as we increase our access to emissions data associated with our projects.

Investment in Bacon Ridge stream restoration project located in Anne Arundel County, Maryland, USA.

SUSTAINABILITY REPORT CARD

The ninth annual edition of our Sustainability Report Card discloses the CarbonCount® associated with each investment. CarbonCount is an award-winning tool that evaluates the efficiency with which capital is deployed to reduce greenhouse gases by estimating the carbon dioxide (CO_2) emissions avoided annually per $1,000 of investment.

HANNON ARMSTRONG | SUSTAINABILITY REPORT CARD 2021

MARKET	REGION	CARBONCOUNT®	MARKET	REGION	CARBONCOUNT®
BTM	National	2.93	BTM	Midwest	0.41
BTM	National	2.87	BTM	South	0.40
BTM	National	2.82	BTM	South	0.40
BTM	National	2.74	BTM	West	0.38
BTM	National	2.73	BTM	South	0.34
BTM	National	2.73	BTM	South	0.31
BTM	National	2.73	BTM	Northeast	0.30
BTM	National	2.72	BTM	West	0.28
GC	South	1.87	BTM	South	0.25
GC	South	1.67	BTM	South	0.24
GC	Midwest	1.67	BTM	National	0.24
GC	South	1.65	BTM	South	0.20
BTM	Midwest	1.49	BTM	Northeast	0.20
GC	South	1.41	BTM	West	0.20
GC	South	1.25	GC	Northeast	0.18
GC	West	1.04	BTM	Midwest	0.14
BTM	West	0.78	BTM	National	0.14
GC	West	0.77	BTM	West	0.13
BTM	West	0.76	BTM	National	0.12
GC	West	0.74	BTM	Midwest	0.04
BTM	West	0.67	BTM	Northeast	0.02
GC	West	0.63	BTM	National	0.00
BTM	South	0.56	BTM	National	0.00
GC	West	0.54	BTM	National	0.00
BTM	South	0.48	BTM	National	0.00
BTM	South	0.47	SI	National	0.00
BTM	Northeast	0.45	BTM	National	0.00

TOTAL

817k
Metric Tons of CO_2 Avoided
2021 Investments

0.5
CarbonCount®
2021 Investments

228m
Gallons of Water Saved
2021 Investments

BTM = Behind-the-Meter, which includes energy efficiency, distributed solar, and storage investments.

GC= Grid-Connected, which includes solar land and onshore wind investments.

SI = Sustainable Infrastructure, which includes clean water, ecological restoration, and other resiliency investments.

CarbonCount is a scoring tool that evaluates investments in U.S.-based, energy efficiency and renewable energy projects to determine estimated CO_2 emissions avoided annually per $1,000 of investment.

Estimated carbon savings are calculated using the estimated kilowatt hours ("kWh"), gallons of fuel oil, million British thermal units ("MMBtus") of natural gas and gallons of water saved as appropriate, for each project. The energy savings are converted into an estimate of metric tons of CO_2 equivalent emissions based upon the project's location and the corresponding emissions factor data from the U.S. Government and International Energy Administration. Portfolios of projects are represented on an aggregate basis.

Estimated water savings are calculated as the sum of the direct annual estimated water savings from energy efficiency measures such as low-flow water fixtures and the annual indirect water savings associated with the annual kWh generated and saved by our investments. The annual kWh of electricity generated and saved by our investments are multiplied by the amount of water withdrawn and not returned to local water systems based upon the project's location and the existing grid electricity generating units in that region. Indirect water savings is estimated using data prepared by the U.S. Government's Energy Information Administration and the Union of Concerned Scientists.

GREEN DEBT LEADERSHIP

Overview

At Hannon Armstrong, we are committed to ensuring all debt we issue is dedicated to eligible green projects. For corporate unsecured debt, we typically pursue independent verification to ensure alignment with our Green Bond Framework, which has been developed in accordance with the ICMA's Green Bond Principles. Since 2013, we have raised approximately $7.4 billion of green debt, including securitizations and non-recourse and corporate issuances.

In 2021, we issued more than $1.5 billion in green CarbonCount-based debt.

Green Debt Issuances

Sustainable Yield Bonds Off Balance Sheet

Securitizations typically of public sector receivables and managed off balance sheet

Sustainable Yield Bonds On Balance Sheet

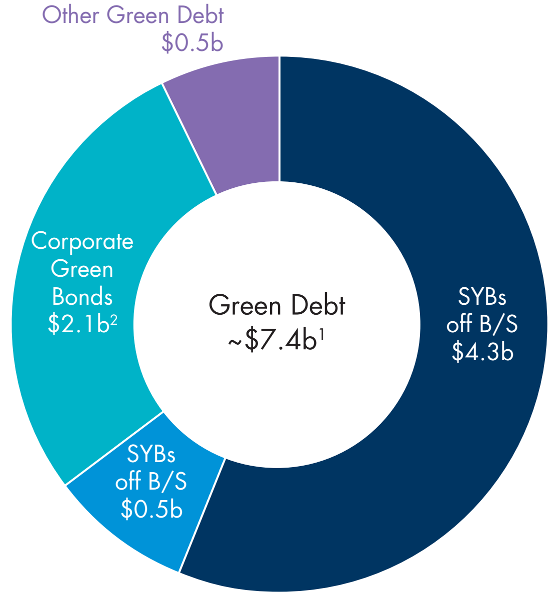
Non-recourse, asset-backed debt managed on balance sheet

Corporate Green Bonds

Senior unsecured or convertible bonds issued as corporate obligations

Other Green Debt

Senior unsecured syndicate revolving line of credit[3]



1) From 2013 IPO through 12/31/21.
2) ICMA's Green Bond Principles applicable to corporate unsecured green bonds and convertible green bonds due 2023 but not necessarily to convertible green bonds due 2022.

Corporate Green Bond Series[4]

SECURITY NAME	INDEPENDENT VERIFIER	CUSIP	MATURITY DATE	ISSUED VOLUME	COUPON RATE	CONVERSION PREMIUM	BOND TYPE	RATINGS	CarbonCount®[5]
HASI-GRB-002	Ernst and Young	418751 AB9	4/15/2025	$400,000,000	6.00%	N/A	Senior Unsecured	S&P: BB+ Fitch: BB+	2.01
HASI-GRB-003	Ernst and Young	418751 AD5	9/15/2030	$375,000,000	3.75%	N/A	Senior Unsecured	S&P: BB+ Fitch: BB+	0.35
HASI-GRB-004	Ernst and Young	41068X AD2	8/15/2023	$143,750,000	0.00%	27.5%	Convertible Senior Unsecured	S&P: BB+ Fitch: BB+	0.29
HASI-GRB-005	Ernst and Young (in process)	418751 AE3	6/15/2026	$1,000,000,000	3.375%	N/A	Senior Unsecured	S&P: BB+ Fitch: BB+	TBD

3) Represents total commitments of our Sustainability Linked Unsecured RLOC and Green Carbon Count Commercial Paper Program. As of 12/31/21, our outstanding debt under the Sustainability Linked Unsecured RLOC and Green Carbon Count Commercial Paper Program was $50m and $50m, respectively.
4) Excludes convertible green bonds due 2022.
5) This is the CarbonCount metric resulting from the allocation of the net proceeds from this offering to specific Eligible Green Projects. CarbonCount is the ratio of the estimated first year of metric tons of carbon emissions avoided (or that will be avoided) by the investment divided by the capital to be invested to understand the impact the investment is expected to have on climate change. In this calculation, we use emissions factor data, expressed on a CO_2 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 that will be avoided. In addition to carbon, we also consider other environmental attributes, such as water use reduction, stormwater remediation benefits, or stream restoration benefits.

DIVERSITY, EQUITY, INCLUSION, JUSTICE, AND ANTI-RACISM (DEIJA)

Mission Statement

Hannon Armstrong's recognition of the importance of diversity, equity, inclusion, justice, and anti-racism are essential to the success of our business. Our company is more than just the sum of individual roles, skills, and productivities. We are also a team that values the mutually reinforcing empowerment of people of all races, cultures, identities, gender expressions, sexual orientations, and learning and engagement styles. By opening ourselves to the broadest range of talent, we improve both our company performance and our ability to attract and retain talent. We know it is inherently the right way to conduct business.

Strategic Implementation

Our comprehensive, values-driven approach to diversity, equity, inclusion, justice, and anti-racism comprises initiatives that aim to go beyond and to foster an innovative, creative culture where every member of our team can bring their best and most authentic selves to work.

We incorporate our efforts throughout all levels of our organization by:

- Informing our management training through the work of the DEIJA Working Group to ensure such training includes, but is not limited to, focus on multicultural leadership, understanding bias, and anti-racism;
- Supporting consistent conversations within our team and facilitated by outside experts to better learn from and understand our different respective experiences and perspectives;
- Actively expanding the sources of our candidate pool to increase the breadth of its diversity;
- Challenging our counterparties to share our DEIJA values and practices;
- Tracking, analyzing, and furthering employee pay equity;
- Ensuring our philanthropic efforts consider all views on how to address the intersection of climate and equity;
- Regularly reviewing existing company policies and practices to make updates where and as needed to align our actions with our values; and
- Persistently engaging on a corporate level in protection of voting rights to support a vibrant democracy.

Comprehensive Plan for Multiyear Impact

2021

1. HR handbook review
2. Implemented Anti-Bias training throughout company and new hires
3. Launch of Heritage Month Series
4. Analyzed and revised interview process through DEIJA lens
5. Reviewed performance competencies through DEIJA lens
6. Launched DEIJA-focused onboarding
7. Launched Pay Equity Audit
8. Included DEIJA dimensions in employee engagement survey
9. Increased diversity in new hires
10. Launched implementation of employee management software to analyze DEIJA-specific data to showcase performance and success
11. Developed DEIJA statement
12. Expanded philanthropic focus on equity

2022

1. Strategic Action Plan
2. Develop and implement training on updated interview process
3. Develop DEIJA dashboard
4. Provide leadership with dashboard updates
5. Integrate DEIJA into performance evaluation and/or company recognition efforts as part of year-end reporting for 2022
6. Conduct annual cultural/climate survey
7. Prepare to publish 2022 DEIJA annual report in 2023
8. Business Resource Group start-up (including handbook development, training, and launch)
9. Develop mentoring framework
10. Create framework for and implement additional DEIJA training

2023

1. Program Evaluations
2. Quarterly dashboard updates
3. Integrate DEIJA in performance evaluation

Board Oversight

In accordance with its charter, the Nominating, Governance, and Corporate Responsibility Committee (NGCR) of our Board of Directors supervises all matters related to DEIJA, including identifying and vetting Director candidates (in anticipation of vacancies), helping formulate the company's DEIJA strategy, and monitoring DEIJA performance metrics. The NGCR Committee meets at least quarterly to exercise its oversight, and the Committee's Chair periodically participates in meetings with investors particularly concerned about discussing DEIJA-related topics.

Goals and Metrics

Our commitment to advancing DEIJA advances Hannon Armstrong's overall business strategy by a more inclusive company whose employees are unified in pursuing equitable climate solutions in the communities in which we invest.

To this end, we internally track and report on key talent metrics including workforce demographics, critical role pipeline and diversity data, and engagement and inclusion indices. Our Human Resources team manages and reports these metrics to our named executive officers (NEOs) and our Board of Directors at least quarterly.

Identifying and developing the talents of our next generation of leaders requires that we endeavor to select qualified individuals from a diverse pool of candidates when we recruit. We are particularly committed to the sourcing and promotion of highly qualified women, people of color and other underrepresented groups for management and Board positions. Of the 24 new employees we hired in 2021, 29% were women and 41% were people of color.

This renewed focus on diversity requires that we continually challenge ourselves to support our female and underrepresented employees in their onboarding, training, development, and progression within the Company.

Currently, our Board of Directors is now 33% female and 11% racial or ethnic minority. We understand there is more we must accomplish on this front, but we are devoted to making progress.

Workforce Representation

	BOARD OF DIRECTORS		LEADERSHIP TEAM		MANAGERIAL ROLES		WORKFORCE	
	12/31/21	12/31/19	12/31/21	12/31/19	12/31/21	12/31/19	12/31/21	12/31/19
Female	33%	29%	17%	22%	37%	29%	37%	38%
Racial or Ethnic Minority	11%	0%	0%	0%	25%	14%	29%	22%
LGBTQ+	0%	0%	0%	0%	3%	0%	3%	2%
Employees with Disabilities[1]	0%	0%	0%	0%	0%	0%	2%	2%

1) Self-reported

2021 Workforce Age

AGE	BREAKDOWN
18-24	4%
25-34	32%
35-44	42%
45-54	12%
55-64	7%
65+	3%

» 100% retention of our women employees in 2021

2021 New Hires

Female	29%
Racial or Ethnic Minority	38%
Black/African American	23%
Asian	9%
Hispanic/Latino	3%
Multiracial	3%
LGBTQ+	3%

2021 Promotion Rates

AGE	BREAKDOWN
25-34	37%
35-44	26%
45-54	26%
55-64	11%

Equal Pay Audit

In 2021, we engaged with a pay auditing firm to conduct a thorough review of our equal compensation practices. Our goal is to identify potential gender pay gaps that we can potentially work to correct. We anticipate reporting results from the equal pay audit sometime in 2022.

Company DEIJA Engagement

Underscoring our organizational commitment to climate justice and social equity, we actively encourage employees of all backgrounds to contribute to our DEIJA efforts. Whether our team members join the DEIJA Working Group, initiate diversity-focused business resource groups (BRGs), participate in Hannon Armstrong Foundation service days, or engage the DEIJA topics often discussed in our company book club, we view these initiatives as ways to unify our employees by expanding their worldviews. Our DEIJA Working Group is comprised of team members from all departments who meet regularly with our equity consultant. Together, this team reviews our company policies and culture through a DEIJA lens, and helps determine how best to impellent changes to align with our DEIJA values and commitments.

To promote the advancement of women in a traditionally male-dominated industry, we seek to develop and mentor the next generation of women leaders in clean energy and finance. Through our sponsorship of Women of Renewable Industries and Sustainable Energy (WRISE) and the membership of our women executives in the Hawthorn Club, we promote the education, professional development, and advancement of women in the renewable energy economy.

DEIJA Recognition Dates

To recognize the diverse backgrounds of our employees and increase awareness of issues impacting them, our organization observes DEIJA Recognition Dates to affirm our commitment to advancing diversity in the workplace and society at large. These celebrations include but are not limited to: Black History Month, International Women's Day, Islamic Heritage Month, LGBTQ+ Pride Month, Juneteenth, Hispanic Heritage Month, and others.

Implicit Bias Training

In 2021, we implemented mandatory company-wide training on understanding bias in furtherance of our DEIJA initiatives. The multi-modal learning focused on questioning assumptions, breaking down bias, and bringing global perspectives to improve our team's cultural responsiveness. The months-long training concluded with small-group sessions facilitated by our equity consultant. Following the program's conclusion, all new hires have been assigned the same training as part of their onboarding activities.

Climate Justice

In early 2022, we adopted an organizational Climate Justice Statement to affirm our commitment to advancing social justice in tandem with our mission of investing in climate solutions.

Hannon Armstrong Climate Justice Statement

We recognize that the effects of pollution, environmental degradation, increased climate-fueled extreme weather events, and the economic transition away from fossil fuels fall most heavily on marginalized communities in our society, especially communities of color. We know that the effects of climate change are already disproportionately impacting disadvantaged communities, and these adverse outcomes will be exacerbated if we don't eliminate harmful greenhouse gas emissions. Equally so, we acknowledge the legacy of discriminatory policies in creating and perpetuating this imbalance.

We believe in every person's inherent worth and dignity and that we should all have access to clean water, clean air, healthy food, resilient and reliable shelter and energy, and good-paying jobs. We believe these disparities must be addressed while society works to accelerate the transition to a net-zero economy, both here in the United States and across the globe.

We know change will not happen without deliberate effort, and Hannon Armstrong recognizes its responsibility to act. That is why we are committed to advancing climate justice in our organization and through impactful engagement with the many stakeholders we serve.

With the above acknowledgement, we are determined to incorporate climate justice ideals and actions across our entire business, including in our process for underwriting investments, our engagement with business partners, our human capital strategy, and our philanthropic and policy advocacy efforts. Our vision is that investment improves our climate future. And to realize this vision, we aim to make progress in the following ways:

- In an effort to (1) acknowledge research that indicates growing up in a low-income community makes one less likely to have access to opportunities one will need to succeed later in life and (2) align with renewed government, industry, and client efforts to drive investment in these disadvantaged communities, we are exploring methods to measure the social justice impact of our new investments. Our use of the developed metric could be similar to our CarbonCount score, which measures each investment's environmental impact.
- We are updating our Business Partner Code of Conduct and rolling out a new Business Partner Engagement Program to align our operational actions and commercial relationships on Environmental, Social, and Governance ("ESG") best practices (including climate justice). We expect that our business partners hold the same beliefs and values as us, and we are focused on improving and maintaining their focus on ESG and the related reporting. Our goals with the Business Partner Engagement Program are to:
  - Identify and assess the current practices of our business partners concerning ESG matters;
  - Develop a rapport with key business partner contacts to share best practices on improving organizational standing for ESG matters; and
  - Establish and communicate the importance of transparent reporting on ESG matters.
- As part of our broader human capital strategy, we recognize that diversity, equity, inclusion, social justice, and anti-racism are critical to the success of our business. We emphasize consistent conversations with experienced professionals, outside consultants, and management training focused on situational leadership, understanding bias, diversity, equity, inclusion, social justice, and anti-racism. We are also undertaking a review of existing company policies and practices and making updates where needed to align them with those areas of focus.
- Through the Hannon Armstrong Foundation launched in January 2021, we seek to accelerate a just transition toward an equitable, inclusive, and climate positive future. Our foundation provides cash and in-kind support to programs that align with our three philanthropic priorities: (1) Climate Solutions for Disadvantaged Communities; (2) Climate Solutions Career Pathways; and, (3) Local Impact.
- As part of our political advocacy efforts at a federal and state level, we have publicly established a key policy pillar reflecting our climate justice values and beliefs. Through direct and indirect lobbying efforts and association memberships, we advocate for a range of policy reforms that are necessary for building a healthier, more responsive democracy, which in turn facilitates ambitious climate action. These policies include, but are not limited to, the enactment of campaign finance reform, protecting and expanding voting rights, and strengthening federal ethics laws.

HEALTH AND WELL-BEING

As a mission-driven organization, we recognize how important our people are to supporting the long-term health of our business. Recruiting the best talent — employees who share our passion for advancing climate solutions — and investing in their professional development bolsters our inclusive company culture as an environment where everyone can flourish. Employees who choose to elevate their careers at Hannon Armstrong experience a workplace that is at once collaborative, rewarding, and transparent. We provide total rewards designed to support the health and well-being of our employees and their families, while consistently offering opportunities for meaningful career growth in line with our mission.

For all full-time employees, our attractive non-salary benefits supplement the compelling career opportunities we offer. We compensate our team members in line with our fair remuneration policies and believe in rewarding elite performance in multiple ways. In addition to competitive base salaries and cash bonuses, employees also generally receive a portion of their compensation in the form of equity grants tied to performance. Our goal that every single employee who is with the company for at least one year become a shareholder further distinguishes our compensation packages and employee retention efforts.

We are committed to continuously evaluating the competitiveness of our benefits offerings to meet the various needs of our employees and their families. Despite a healthcare environment characterized by rising expenses, we continue to pay almost all employee healthcare insurance costs.

Our total rewards include:

- Medical/Prescription Drug Insurance
- Dental Insurance
- Vision Insurance
- Group Life/AD&D Insurance
- Long-Term Disability (LTD) Insurance
- 401k Retirement Plan (including match and immediate vesting of individual contributions)
- Flexible unlimited vacation
- Tuition reimbursement
- Employee assistance program (including mental health, wellness, legal, and financial tools and resources)
- Flu shot clinics on-site
- Leave policies include 11 paid holidays, maternity and paternity plans, and paid time off (including sick leave)
- $0 Employee Contribution to Health Plan

» 97
Full-time employees

» 100%
Employees eligible for Employee Stock Ownership Plan

» 4 years
Average employee tenure

Hannon Armstrong employees learn to play pickleball in Annapolis, Maryland, USA.

Measuring Employee Satisfaction

We conduct quarterly Employee Satisfaction Measurement Surveys to help us adapt our work environment to the varied needs of our employees. We believe that anonymously collecting such information via confidential personal surveys encourages our team to respond directly and honestly. This level of forthrightness enables us to more quickly make the necessary adjustments to ensure employee satisfaction.

	EMPLOYEE SATISFACTION METRICS AND RESULTS
I feel encouraged and supported to speak up.	81%
I feel there is a common understanding as to our purpose as an organization.	90%
It is clear to me how my work contributes to our stated purpose.	90%
Based on my experience, leadership consistently demonstrates the organization's stated values in everyday behavior.	81%
Based on my experience, leadership engages with the workforce about our culture and values in a meaningful way.	79%
I am clear on what is expected of me from a performance perspective.	91%
I receive timely feedback that strengthens my performance.	81%
I feel support in developing my long-term career.	76%
I feel I am contributing to the success of the company.	95%

* Results of February 2022 Employee Satisfaction Survey, excluding employees hired in 2022

Employee Stock Ownership Plan

To foster a collective sense of ownership commensurate with the work each of our employees contribute to our success, 100% of full-time employees are eligible for Employee Stock Ownership Plan (ESOP) participation within their first year.

SKILLS FOR THE FUTURE

Our blended learning approach acknowledges that our people learn from a varied curriculum comprising experiences (at both work and in life), mentors, supportive managers, as well as formal learning and training programs. We understand that learning is highly individualized and strive to provide professional guidance in ways most conducive to the specific needs of individual learners.

Managers hold performance conversations with their employees at least quarterly. These conversations ensure that employees receive the level of performance feedback they deserve. Insights gleaned during these performance discussions also enhance our approach to supporting employee development, clarifying expectations that align with the company's overarching objectives. We also facilitate continuous dialogue between these formal touchpoints.

Our dedication to cultivating our talent and supporting our employees encompasses various professional development opportunities, such as:

- Formal educational programs, advanced degrees and professional certifications, including in the fields of accounting and finance; and
- Internal trainings on DEIJA, implicit bias, leadership, finance, information technology, strategic thinking, managerial development, and communication skills.

» 18
Average number of training hours per employee

» 1,582
Cumulative number of training hours

» $1,326
Average number of training dollars invested per employee in 2021

In 2021, we inaugurated a formal employee mentorship program to encourage learning between all levels of team members and our more senior leaders. This mentorship program functions as support to our formal succession planning procedures, which our Board continually oversees.

We also initiated a project, led by an interdepartmental working group, to assess and initiate the implementation of a new company-wide learning platform, with the desired goals of:

1. Increasing the scalability of our training and development opportunities
2. Providing learning pathways for team members working towards lateral or upward advancement in our team
3. Enhancing training delivery for varying learning styles

ENGAGEMENT

Engaged employees actuate our sustainability mission. Our people advance our business, recruit from their networks, and grow their careers with us. We gather the company at least quarterly to inform our entire team about progress on our mission, strategic planning, and financial results. We proactively seek team member input on how we can enhance our work environment and implement feedback on how we can positively influence our local communities. Because our employees embody our organization, our employees are who ultimately uphold our purpose, values, strategy, and talent leadership expectations.

Our employees characterize our company culture as collaborative, rewarding, and transparent. People from all departments connect through:

Lunch and Learns
Monthly lunch and learn discussions about topics relevant to our business

Sailing Club
Our sailing club strengthens our bonds as a unified crew

Book Club
Monthly multimedia and book club meetings, which focus on sustainability and social justice themes

Midweek Meditation
Weekly guided meditations gather virtually to instill a sense of fulfillment beyond the day-to-day employee experience

GIVING BACK

We created the Hannon Armstrong Foundation in early 2021 to add a long-term strategic lens to our maturing corporate philanthropy efforts targeted at the intersection of climate action and social justice — tied to specific focus areas and committed to impact measurement.

This effort flowed from an organic expression of shared values that fits naturally within our culture of fierce curiosity and rigor about outcomes in climate investing. The foundation is funded by annual Social Dividends declared by the company and tied to the prior year's profitability. To date, the company has contributed approximately $2.6 million to the foundation.

HANNON ARMSTRONG FOUNDATION

Vision

The Hannon Armstrong Foundation seeks to accelerate a just transition toward an equitable, inclusive, and climate positive future.

Focus Areas

	CLIMATE SOLUTIONS FOR DISADVANTAGED COMMUNITIES	CLIMATE SOLUTIONS CAREER PATHWAYS	LOCAL IMPACT
Description	Support for organizations providing direct access to affordable energy efficiency, renewable energy, and health-enhancing products and services to LMI and disadvantaged communities	Support for programs targeted at historically underrepresented communities and communities impacted by climate change and/or the energy transition that provide education on climate change impacts and training for careers in climate solutions	Support for organizations within the D.C., Maryland, and Virginia region that strengthen the social fabric and promote economic and climate resilience
Current Grantees	Southface, Groundswell, Native Renewables	Climate Solutions Scholarship Program (Morgan State and Miami Universities), Strategic Energy Innovations (SEI), Rumie	CBF's Clagett Farm, ReBUILD Johnston Square, YWCA, Fair Chance

In 2021, the Hannon Armstrong Foundation granted nearly $300,000 to the below and other organizations.

	FOCUS AREA(S)
Climate Solutions Scholarship Program (Morgan State and Miami Universities)	Climate Solutions Career Pathways, Local Impact
YWCA of Annapolis and Anne Arundel County	Local Impact
Johnston Square	Climate Solutions for Disadvantaged Communities, Local Impact
Native Renewables	Climate Solutions for Disadvantaged Communities
Chesapeake Bay Foundation Clagett Farm	Climate Solutions for Disadvantaged Communities, Local Impact
Fair Chance	Local Impact

Hannon Armstrong Foundation Initiatives

Climate Solutions Scholarship recipients from Morgan State University visit Hannon Armstrong office and staff.

Hannon Armstrong Establishes Climate Solutions Scholarship Program to Support Sustainability-Focused Students from Historically Underrepresented Communities

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, Maryland's Preeminent Public Urban Research University, and Miami University in Oxford, Ohio, recently named to the Top 40 "Best Value Public Colleges" list by Princeton Review Reports. Morgan State and Miami University fully administer the scholarships, and recipients are encouraged to seek mentorship opportunities with Hannon Armstrong employees.

Off-grid solar PV system installation by Native Renewables team (courtesy of Native Renewables).

Hannon Armstrong Foundation Partners with Native Renewables to Support Solar Projects and Education for Indigenous Families

The Hannon Armstrong Foundation partnered with Native Renewables, an Arizona-based non-profit organization that empowers Native American families to achieve energy independence by expanding renewable energy capacity and affordable access to off-grid power. Access to electricity for Navajo families is expensive as power-line extension is costly and limited financing options exist for low- and moderate-income families to pay for power. The Hannon Armstrong Foundation's two-year grant will help Native Renewables scale their work to provide families the affordable, reliable, and clean electricity necessary to catalyze a just transition.

Employee Charitable Match Program

Established in 2020, our Employee Charitable Match program encourages full-time employees and board members to generously support charitable (501(c)(3)) organizations addressing issue areas of their choice. A portion of the Company's up-to-$1,000 annual match is dedicated to organizations confronting racial and economic injustice, voter suppression, and other civil rights violations.

EMPLOYEES IN ACTION

Hannon Armstrong employees and family members participate in the 2021 Chesapeake Bay Foundation's Walk the Watershed event.

Walk the Watershed

HANNON ARMSTRONG PROUDLY SPONSORS WALK the WATERSHED
RUN | WALK | BIKE | SWIM | PADDLE

Hannon Armstrong Collaborates with Chesapeake Bay Foundation to Walk the Watershed

Though the Chesapeake Bay region is home to more than 18 million inhabitants, environmental problems remain for this 4,500-square mile estuary. Reversing the poor water oxygen levels symptomatic of the Bay's imbalance requires a robust community response.

Hannon Armstrong joined with the conservation group Chesapeake Bay Foundation (CBF) to help restore the Bay's ecological health with its annual Walk the Watershed event. As a two-month fundraising event, Walk the Watershed invited community members outside to case the lands that drain into the Chesapeake Bay. While each of the 165 teams courted donations and respectively walked 200 miles (a distance roughly equivalent to the Bay), Hannon Armstrong's team alone clocked an impressive 1,595 miles on foot, raising more than $40,000.

In total, participants covered more than 30,000 miles to raise $174,000 for the CBF's conservation initiatives. Funds from the event helped the CBF educate 2,320 students, plant 34,800 trees, and seed the Bay's sanctuary reefs with 1.7 million juvenile oysters.

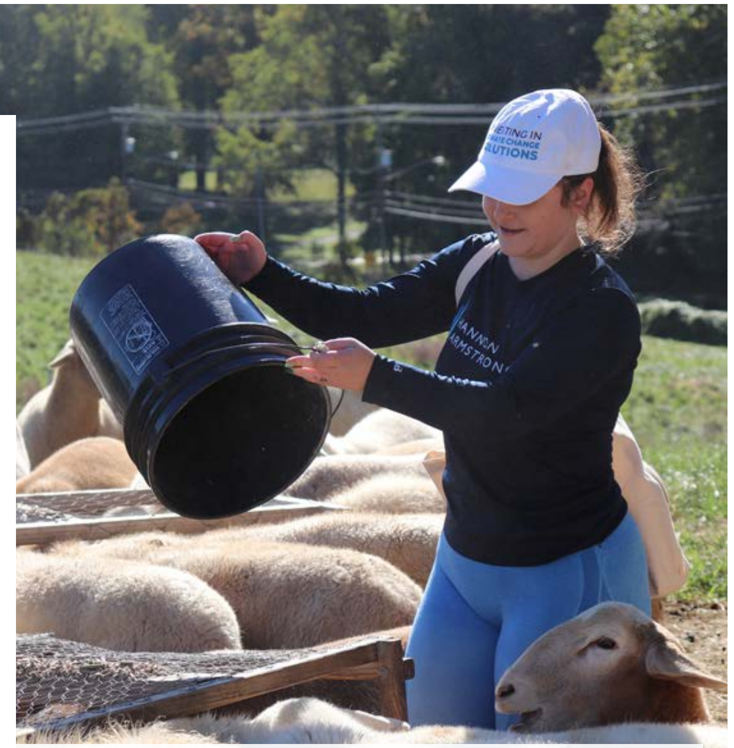
Clearing pollutants from the Chesapeake's waters and restoring healthy oxygen levels for its 3,600 flora and wildlife species is a goal both audacious and worthy. Hannon Armstrong's proud partnership with the CBF to Walk the Watershed forwards our shared mission to Save the Bay.

Clagett Farm – Regenerative Farming

Hannon Armstrong Harvests Produce for Food Bank

The Hannon Armstrong Foundation expanded its partnership with the Chesapeake Bay Foundation (CBF) in 2021 to include support for Clagett Farm, a 285-acre CBF-owned regenerative farm located in Maryland. Clagett 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.

For two days in October, Hannon Armstrong employees volunteered at Clagett 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.



Hannon Armstrong employees and family members volunteer at the Chesapeake Bay Foundation's Clagett Farm located in Upper Marlboro, Maryland, USA.

Hannon Armstrong employees plant trees and clear vacant lots in Baltimore, Maryland, USA.

ReBuild Johnson Square – Community Reinvestment

Hannon Armstrong Transforms Vacant Lots into Community Gardens

The Hannon Armstrong Foundation partnered with ReBUILD Metro and ReBUILD Johnston Square Neighborhood Organization (RSJNO) on their efforts to convert vacant lots in distressed neighborhoods in East Baltimore into pocket parks, gardens, and landscaped stormwater facilities to promote community sustainability.

During a cold day in November, Hannon Armstrong employees helped to plant trees, spread compost, and clear raised beds in an effort to enliven and beautify the Johnston Square neighborhood.

THOUGHT LEADERSHIP

In 2021, to bolster our mission-driven thought leadership, we launched Climate Positive — a biweekly podcast featuring candid conversations with the leaders, innovators, and changemakers driving our climate positive future.

Hosted by our employees (Chad Reed, Hilary Langer, and Gil Jenkins), the podcast has featured a diversity of guests, including business leaders, venture capitalists, nonprofit executives, authors, and industry veterans — and topics — including ESG investing, carbon removal, sustainable agriculture, sustainable ocean farming, green urban building, and many more.

Climate Positive has also received notable recognition from both outside and inside the company, including:

- Featured on Canary Media's Best of Playlist for Energy Climate Podcasts
- Ranked on Feedspot's Best 30 Climate Change Podcasts

Climate Positive is available for subscription wherever you get your podcasts

hannonarmstrong.com/newsroom/podcast/

link.chtbl.com/climatepositive

PROSPERITY

FINANCIAL PERFORMANCE

We invested more than $1.7 billion in climate solutions in 2021, resulting in a 24% increase in our Portfolio and a corresponding 52% increase in Distributable Net Investment Income. As a result, HASI continued its strong financial performance in 2021, increasing Distributable Earnings per Share by 21%. The market opportunity for climate solutions has never been larger, and we continue to see an attractive and diversified set of expanding markets in which to invest. Despite the well-noted supply chain and inflation issues impacting most industries, strong demand for climate solutions will continue for decades.

We invested heavily in talent and technology in 2021, increasing our capacity to grow our business and serve our clients. As a result, we maintained our Portfolio yield at 7.5% and expect it to remain attractive if interest rates move higher. We also reduced our average cost of funds, primarily driven by a large fixed-rate borrowing issued at a very low coupon and by obtaining a revolving line-of-credit and a first-of-its-kind CarbonCount®-based Commercial Paper program.

We look forward to strong growth in 2022 as our dual revenue business model continues to perform in the growing climate solutions investment market. HASI's breadth of end markets generates diverse investment opportunities, increasing the stability of our business. As an example, our Portfolio of almost 300 discrete investments across all our end markets provides robust recurring revenue streams. Finally, the flexibility we enjoy in funding our liabilities, including our securitization platform, allows us to grow in any interest rate environment. Considering all of this, we increased and extended our Distributable Earnings guidance to 10%-13% through 2024. Given the strong earnings growth, our Board felt it appropriate to also raise our dividend by 7% in the first quarter of 2022.

Key Performance Indicators

		FY21	FY20	Growth (YOY)
EPS	GAAP	$1.51	$1.10	
	Distributable[1]	$1.88	$1.55	+21%
NII	GAAP-based	$11m	$29m	
	Distributable[1]	$134m	$88m	+52%
Portfolio Yield[1]		7.5%	7.6%	
Portfolio[2]		$3.6b	$2.9b	+24%
Managed Assets[1]		$8.8b	$7.2b	
Distributable ROE[3]		11.2%	10.7%	
Pipeline		**>$4b**	>$3b	
Transactions Closed		$1.7b	$1.9b	

carboncount®[4]

FY21	FY20
0.5	1.0

Incremental Annual Reduction in Carbon Emissions

~817k MT	~2.0m MT

watercount™[5]

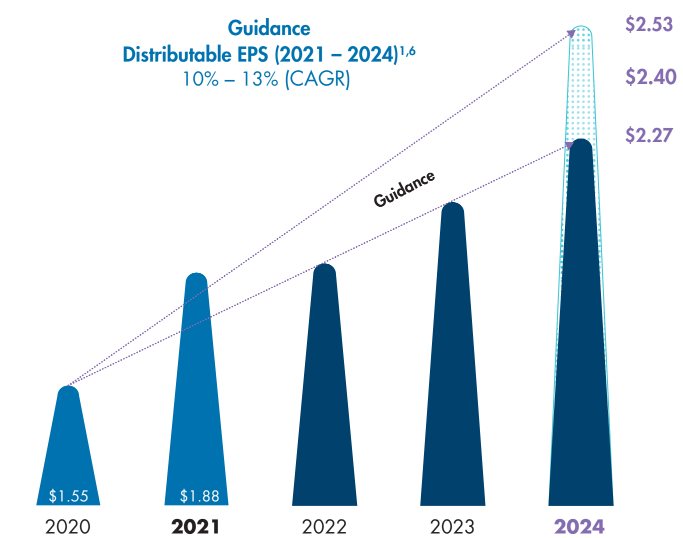
FY21	FY20
140	303

Incremental Annual Water Savings

~228 MG	~576 MG

Increase and Extension of Guidance

Distributable EPS



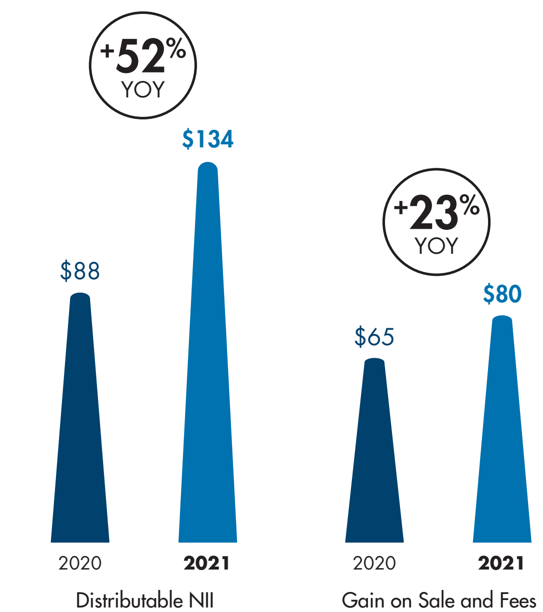
Dividends Per Share
Guidance:
5% - 8%

1) See Hannon Armstrong Form 10-K, Item 7, filed with the SEC on February 22, 2022 for an explanation of Distributable Earnings, Distributable Net Investment Income, Portfolio Yield and Managed Assets, including reconciliations to the relevant GAAP measures, where applicable.
2) GAAP-based.
3) Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances for the period.
4) CarbonCount is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO_2 emission reduction per $1,000 of investment.
5) WaterCount is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.
6) Relative to the 2020 baseline.

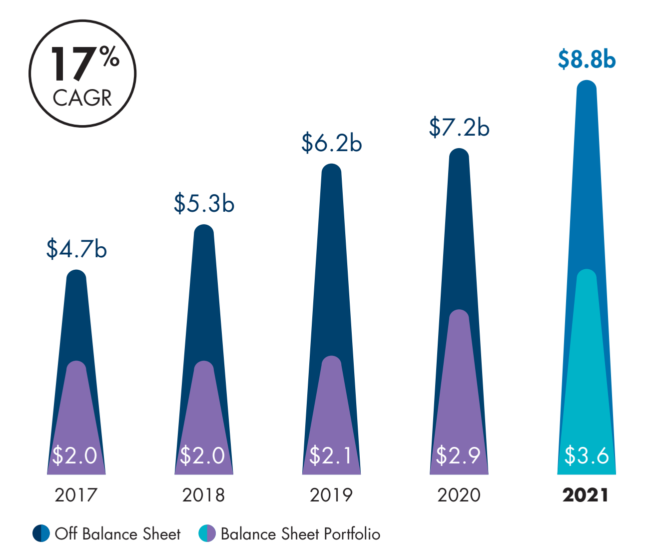
GROWTH HIGHLIGHTS

GAAP and Distributable EPS[1]

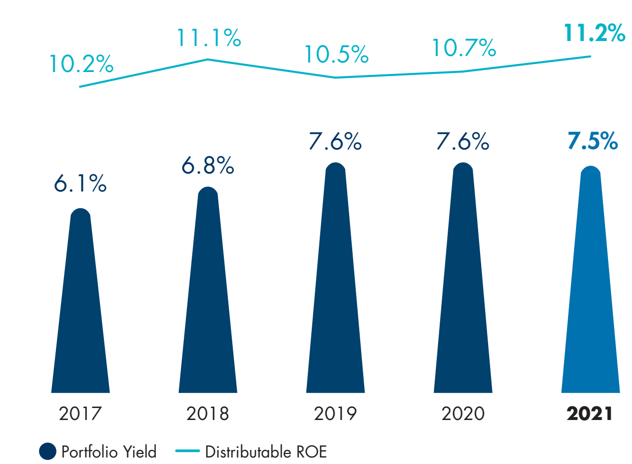
NII[1] and Gain on Sale and Fees



Managed Assets[1]



Portfolio Yield[1] and Distributable ROE[2]



1) See Hannon Armstrong Form 10-K, Item 7, filed with the SEC on February 22, 2022 for an explanation of Distributable Earnings, Distributable Net Investment Income, Managed Assets, and Portfolio Yield, including reconciliations to the relevant GAAP measures, where applicable.
2) Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances for the period.

APPENDIX

HANNON ARMSTRONG | ENVIRONMENTAL METRICS FOR FISCAL YEAR ENDING DECEMBER 31, 2021

	DECEMBER 31, 2021
REPORTING BOUNDARY	
% of Occupied Facilities Covered in Reporting	100.0%
Revenues Covered in Reporting	100.0%
Full Time Employees	97[1]
TOTAL ENERGY CONSUMPTION	
Total Annual Energy Consumption (MWh)	204
Total Annual Renewable Energy Consumption	204
Percentage of Total Energy Consumed Supplied by Renewable Energy	100.0%
Total Onsite Power Generated (MWh)	0
Self Generated Renewable Electricity	0
Onsite Fuel Used - Natural Gas (mmbtu)	0
Onsite Fuel Used - Oil/Diesel (mmbtu)	0
Onsite Fuel Used - Coal/Lignite (mmbtu)	0
Onsite Fuel Used - Biomass (mmbtu)	0
Renewable Energy Certificates (MWh)	0
Renewable Energy Purchased Under Power Purchase Agreement	0
Alternative Fuel Use %	0.0%
Solar % Total Energy	0.0%
Nuclear % Total Energy	0.0%
Biomass Fuel Use %	0.0%
GREENHOUSE GAS EMISSIONS REPORTED IN METRIC TONS OF CO_2 EQUIVALENT EMITTED OR (OFFSET) OVER ANNUAL REPORTING PERIOD	
Scope 1	0[2]
Scope 2 - Location Based	61[2]
Scope 2 - Market Based	0[2]
Scope 3 - Total (excluding Category 15 - Investments)	117
SCOPE 3 UPSTREAM - SUBTOTAL	117
Scope 3 Category 1 - Purchased Goods and Services	12
Scope 3 Category 2 - Capital Goods	0
Scope 3 Category 3 - Fuel and Energy Related Activities	0
Scope 3 Category 4 - Upstream Transportation and Distribution	0
Scope 3 Category 5 - Waste Generated in Operations	1[2]
Scope 3 Category 6 - Business Travel	41[2]
Scope 3 Category 7 - Employee Commuting	63[2]
Scope 3 Category 8 - Upstream Leased Assets	0
SCOPE 3 DOWNSTREAM - SUBTOTAL	0
Scope 3 Category 9 - Downstream transportation and distribution	0
Scope 3 Category 10 - Processing of sold products	0
Scope 3 Category 11 - Use of sold products	0
Scope 3 Category 12 - End of life treatment of sold products	0
Scope 3 Category 13 - Downstream leased assets	0
Scope 3 Category 14 - Franchises	0

HANNON ARMSTRONG | ENVIRONMENTAL METRICS FOR FISCAL YEAR ENDING DECEMBER 31, 2021

	DECEMBER 31, 2021
Direct CO_2 Emissions	0
Indirect CO_2 Emissions	178[2]
Total CO_2 Emissions	0
Methane	0
Direct Nitrous Oxide Emissions	0
Direct Sulfur Hexafluoride Emissions	0
Direct Methane Emissions	0
Direct Nitrous Oxide Emissions	0
Direct SF6 Emissions	0
Direct HFC Emissions	0
Direct PFC Emissions	0
OTHER EMISSIONS REPORTED IN METRIC TONS	
Criteria Pollutants	0
HFC	0
PFC	0
SF6	0
VOC Emissions	0
Sox Emissions	0
NOx Emissions	0
Particulate Matter	0
HAPs	0
CO Emissions	0
ODS Emissions	0
Particulate Emissions	0
Gas Flaring	0
SO_2 Emissions	0
TOTAL WATER USE REPORTED IN KGALS	
Total Water Withdrawal for Corporate Uses	36
Municipal Water Use	36
Groundwater Withdrawals	0
Salt Water Withdrawals	0
Surface Water Withdrawals	0
Reclaimed Water Use	0
Total Water Recycled	0
Process Water Use	0
Water/Unit of Prod	0
Cooling Water Inflow	0
Cooling Water Outflow	0
Water Discharged	0
Discharges to Water	0
Biological Oxygen Demand of Discharges	0

HANNON ARMSTRONG | ENVIRONMENTAL METRICS FOR FISCAL YEAR ENDING DECEMBER 31, 2021

	DECEMBER 31, 2021
Chemical Oxygen Demand of Discharges	0
Nitrogen Discharges	0
Phosphorus Discharges	0
% Water Recycled	0
Water Stress Exposure %	0
TOTAL WASTE REPORTED IN METRIC TONS	
Total Paper Consumed	7
Waste Recycled	3
Hazardous Waste	0
Waste Sent to Landfills	20
Post-Consumer Recycled Paper as Percentage of Total Paper	100.0%
FINES	
Environmental Fines #	0
Environmental Fines $	$0
INVESTMENTS/COSTS	
Investments in Operational Sustainability	0
Certified Sites	0
Number of Sites	0
ISO 14001 Certified Sites	0
% Sites Certified	0

1) As of 12/31/2021 we employed 97 people. However, during the period from 1/1/2021 to 12/31/2021 when our office was open, we calculated that an average of 20 people occupied the office each day, which figure we used for calculating Scope 3 emissions, water usage, and office waste.
2) FY 2021 Scope 1, Scope 2, and Scope 3 Emissions have been verified by Apex.

The content in Hannon Armstrong's Impact Report, including documents or reports incorporated herein by reference, is accurate as of December 31, 2021. This Impact Report should be read in conjunction with Hannon Armstrong's Annual Report for the year ending December 31, 2021 and our 2022 Proxy Statement, both of which contain additional information about our company. This report uses certain terms, including those that reflect the issues of greatest importance to Hannon Armstrong and our stakeholders. Used in this context, these terms should not be confused with the terms "material" or "materiality," as defined by or construed in accordance with securities law, or as used in the context of financial statements and financial reporting. Furthermore, any forward-looking statements contained in this report should not be unduly relied upon, as actual results could differ materially from expectations. For more information about such statements, please refer to the "Forward-Looking Statements" and "Risk Factors" sections of our Form 10-K in Hannon Armstrong's Annual Report for the year ended December 31, 2021, which can be found at www.hannonarmstrong.com.

This material does not constitute an offer or solicitation in any jurisdiction where or to whom it would be unauthorized or unlawful to do so. Nothing in this material is incorporated by reference or shall be deemed to be incorporated by reference into the documents that we have filed or will file with the U.S. Securities and Exchange Commission.

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Stock Listing
Hannon Armstrong Sustainable Infrastructure Capital, Inc.'s common stock is listed on the New York Stock Exchange under the symbol "HASI".

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PCF

PERMANENT