



2019  
IMPACT  
REPORT



INVESTING IN  
CLIMATE CHANGE  
**SOLUTIONS**



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# PURPOSE-DRIVEN PROFITABILITY

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## Our Vision

Every investment improves our climate future

## Our Purpose

Make climate-positive investments with superior risk-adjusted returns



Hannon Armstrong is the first U.S. public company solely dedicated to investments in climate change solutions. Through the implementation of our investment strategy and conduct of our business operations, we embody a deep commitment to a sustainable and resilient future.

Thanks to our investors, customers, partners, and employees, Hannon Armstrong is proud to stand at the forefront of the transition to a low-carbon economy.

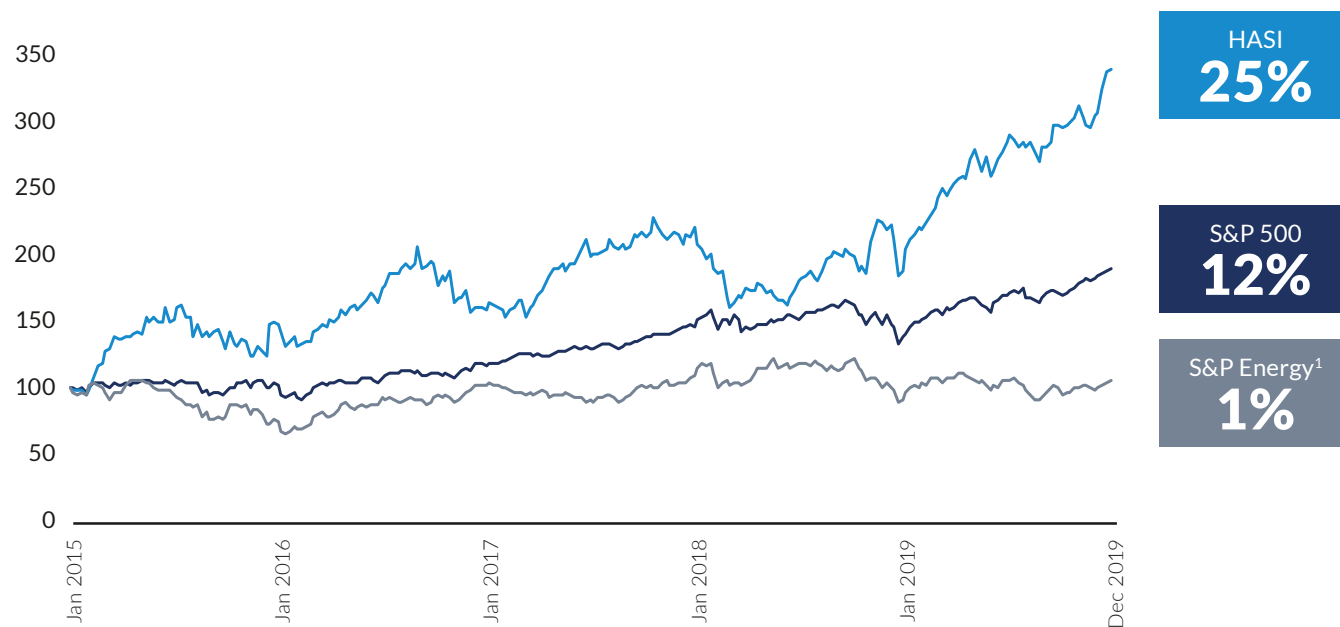


# HIGHLIGHTS 2019

- Financed \$1.3 billion in climate change solutions
- Became one of the few U.S. public companies with a female Lead Independent Director
- Incorporated enhanced quantitative TCFD scenario analysis into our financial filings
- Committed to become a signatory of the UN-supported Principles for Responsible Investment
- Successfully completed inaugural issuance of \$500 million in unsecured green bonds
- Signed the CEO Action for Diversity and Inclusion Pledge
- Received Ethical Corporation's Responsible Investment Award, ACORE's Renewable Energy Leadership Award, and CR Magazine's Responsible CEO of the Year Award
- Joined the UNGC's Business Ambition for 1.5°C: Our Only Future Campaign
- Launched employee clean transportation incentive for the purchase or lease of a zero-emissions electric vehicle

## Total Shareholder Return (5 Year)

Annual Average  
2015 - 2019



1) Reflects S&P Global 1200 Energy Index, a fossil fuel concentrated benchmark.



# A MESSAGE FROM OUR CEO

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## Dear Stakeholders:

There are so many positive developments in the burgeoning climate solutions market. As efficiency, wind, solar, and storage technologies continue to get cheaper, their deployment is spreading rapidly. Our client base in this sector is expanding, with established players growing and new entrants, from large multinationals to venture-backed digital companies, all investing heavily to drive our decarbonized electric power future. We see the transportation sector shifting to electric vehicles, which, when combined with lower carbon electricity sources, demonstrates a compelling decarbonization trend. In agriculture, the successful IPO of Beyond Meat affirms the potential to provide the world the protein it needs, at a fraction of the carbon cost of traditional agriculture.

Driven by younger generations who will have to live with climate change and increasingly by owners of capital, such as pension funds, the reallocation of capital based on a more realistic assessment of climate risk and opportunity to address climate change is starting. I believe this shift will accelerate much faster than many incumbents appreciate.

We believe our early adoption of climate-positive investing has attracted like-minded investors to become owners of Hannon Armstrong, contributing to our strong stock performance in 2019. In addition, our \$500 million inaugural corporate green bond issuance this year generated material demand from investors searching for investments with a verifiable carbon-reducing impact.

There was much debate over the last year of the usefulness of ESG Reporting given the range of standards and their

inconsistent application. I believe ESG Reporting should be standardized and, just as importantly, integrated into annual financial reporting — as we have done since 2018. Impact Reporting matters because its elements are material to financial results. At Hannon Armstrong, an emphasis on a durable social fabric, including a diverse, engaged, and fairly compensated staff, is a material factor in our financial success. Similarly, our top-notch corporate governance practices assure our shareholders that our team will stay on track and deliver results. And of course, the environmental impact of the firm is embedded in our DNA with CarbonCount®. We are proud to remain a leader in ESG performance and reporting.

Thank you for reading this report and joining us in the transition to a low-carbon and climate-resilient economy. It is enormously gratifying to be able to have an impact on the central issue of our time and to work with like-minded professionals who cannot separate what they do from why they do it. I am inspired and honored to work alongside this team every day.

Respectfully,

A handwritten signature in blue ink, appearing to be 'JE', with a long, sweeping horizontal line extending to the right.

Jeffrey W. Eckel  
Chairman and CEO  
Hannon Armstrong

# 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 some other tangible environmental benefit, such as reducing water consumption. As a result, since our IPO in 2013, we have invested \$7 billion in assets that have cumulatively avoided over 3 million metric tons of carbon emissions and saved over 3 billion gallons of water on annual basis – all while generating superior risk-adjusted returns for our shareholders.



“By driving climate-positive investments, Hannon Armstrong has embedded environmental stewardship into its business model since its founding. Our commitment to industry-leading ESG practices is a fundamental element of our stewardship that we believe enables Hannon Armstrong to generate superior risk-adjusted returns for shareholders and serves as a model for others to follow.”

**TERESA M. BRENNER**

Lead Independent Director

Chair, Nominating, Governance and Corporate Responsibility Committee

## Proven Track Record

### 2013

- Became first U.S. public company focused on climate-positive investing
- First HASI Sustainable Yield® Bond (SYB) Issued for energy efficiency assets

### 2015

- Launched CarbonCount® scoring tool
- Issued first rated HASI SYB for real estate assets

### 2017

- Became first U.S. public company to commit to Task Force on Climate-Related Financial Disclosures (TCFD)
- Became first U.S. public company to sign the “We Are Still In” declaration in support of climate action to meet the Paris Agreement
- Joined Climate Action 100+, an investor initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change
- HASI SYB receives Moody’s Green Bond Assessment (GB1 rating)

### 2019

- Appointed Teresa M. Brenner Lead Independent Director
- Launched clean transportation incentive for employee purchase or lease of a zero-emissions electric vehicle
- Inaugural \$500m corporate unsecured green bond issuance
- Received Ethical Corporation’s Responsible Investment Award
- Joined the UNGC’s Business Ambition for 1.5°C: Our Only Future Campaign

### 2014

- Published first Sustainability Report Card

### 2016

- Recognized by Climate Bonds Initiative as Green Bonds Pioneer

### 2018

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

# Roles and Responsibilities



Role	Responsibilities
Board of Directors	Formal adoption of new ESG policies and oversight of implementation
Nominating, Governance & Corporate Responsibility Committee	Recommendation of new ESG policies and oversight of implementation
President & CEO	Allocation, prioritization and oversight of staff and company resources dedicated to the implementation of ESG initiatives
ESG Staff Committee Leader	Direct report to the Chairman & CEO responsible for setting performance milestones and delegating responsibilities
Legal	Review of ESG disclosures and ensuring of adherence to ESG policies
Investor Relations	Development of ESG strategy and integration of it into engagement with debt and equity investors
Finance	Execution of green bond issuances
Human Resources	Cultivation of commitment to diversity and inclusion principles and employee and community engagement initiatives
Accounting	Tracking, verifying, and reporting ESG metrics in public financial filings and communications
Communications	Fostering and maintaining authentic and strategic stakeholder relationships
Investments	CarbonCount® assessments and monitoring of climate-related investment risks and opportunities
Portfolio Management	Assessment of portfolio exposure to climate-related risks and opportunities

# STAKEHOLDER ENGAGEMENT

## Committed to Climate Action

To enhance the continued evolution and effectiveness of our ESG commitments and disclosures, we believe it is important to integrate ESG practices into our engagement with all of our stakeholders.

We actively partner with a number of campaigns and coalitions that reflect our commitment to climate action, corporate sustainability progress, and clean energy expansion, which are all necessary to advance the goals of the Paris Agreement.

## Memberships and Partnerships

We establish partnerships with leading clean energy membership associations, and support other industry and environmental NGOs focused on the advancement of ESG initiatives. We also encourage the involvement of our employees in ESG-related initiatives within various industry working groups.

Association of Defense Communities	Energy Storage Association
Annapolis Green	Ethical Corporation
3BL Media	Grid Alternatives
American Council on Renewable Energy	The Hawthorn Club
American Wind Energy Association	National Association of Energy Service Companies
Alliance to Save Energy	National Council for Public-Private Partnerships
American Council for an Energy-Efficient Economy	Principles for Responsible Investment
Clean Energy Leadership Institute	Smithsonian Environmental Research Center
Ceres	Women of Renewable Industries and Sustainable Energy
Chesapeake Bay Foundation	UN Global Compact
Ecological Restoration Business Association	U.S. Green Building Council





# AWARDS AND RECOGNITION

In 2019, we were honored to be recognized by media and industry organizations around the world for our leadership on sustainable investing and ESG. Some of our most recent awards include:



Recipient of the Renewable Energy Leadership Award from the American Council on Renewable Energy for “setting the gold standard for clean energy finance, embracing an innovative, environmentally-conscious approach to our investments.”



Winner of the Investment Organization of the Year at The Cleanie Awards, the only comprehensive awards program focused exclusively on the clean energy industry.



Recipient of the Responsible Investment Award from Ethical Corporation: “Hannon Armstrong is the American pioneer of climate-friendly investment. The first U.S. public company to be solely dedicated to investing in carbon reduction and climate resilience, they are setting down a marker for others to follow – and achieving decent returns as they do so.”



Recognized for the second time as a Department of Energy (DOE) Better Buildings Challenge Financial Ally Goal Achiever. Through Better Buildings, DOE aims to make commercial, public, industrial, and residential buildings 20% more energy efficient over the next decade. This means saving billions of dollars on energy bills, reducing emissions, and creating thousands of jobs.



Recipient of the Heritage Stewardship Award for our partnership with Annapolis Green on the “Tread Lightly: Climate Change and You” community lecture series.

**STATE STREET GLOBAL ADVISORS**  
**R-FACTOR™**

**Outperformer**

Top 10th -30th Percentile



**Low Risk**

#1 Mortgage REIT  
Top 10th Percentile in  
Global Universe



**ESG Corporate Rating**

**B**

Top 10th Percentile  
in Industry

Ratings from State Street Global Advisors, Sustainalytics, and ISS reflect the views and remain the intellectual property of these respective organizations. Hannon Armstrong has no affiliation with these independent organizations and does not necessarily endorse their ratings or opinions.

# CHARTERS AND PLEDGES

Hannon Armstrong aligns with several charters that support and advance both our sustainability goals and the need for climate action.



CEO Action For Diversity and Inclusion is the largest CEO-driven business commitment to advance diversity and inclusion in the workplace, representing more than 450 CEOs and presidents.



UNGC's Business Ambition for 1.5°C: Our Only Future Campaign calls on businesses to step up and do their part in limiting global temperature rise to 1.5°C in response to the global climate crisis, and in the lead up to the upcoming UN Climate Action Summit.



Launched in December 2017 at the One Planet Summit, with 225 investors with \$26 trillion in assets under management, Climate Action 100+ is now backed by more than 360 investors with more than \$34 trillion in assets under management.



The Investor Agenda is a collaborative initiative to accelerate and scale up the investor actions that are critical to tackling climate change and achieving the goals of the Paris Agreement with the aim of keeping average global temperature rise to no more than 1.5 degrees Celsius. It provides investors with a set of actions that they can take in four key focus areas: Investment, Corporate Engagement, Investor Disclosure and Policy Advocacy.



Through Better Buildings, the US Department of Energy aims to make commercial, public, industrial, and residential buildings 20% more energy efficient over the next decade. This means saving billions of dollars on energy bills, reducing emissions, and creating thousands of jobs.



The UN Principles for Responsible Investment is a network of global investors committed to working together to put principles of responsible investing into practice. Signatories follow a set of six principles that protect the environment, benefit society, and promote sound governance through integrity and transparent reporting. As part of their commitment, signatories agree to an annual assessment of these principles.



The Financial Stability Board's Task Force on Climate-related Financial Disclosures is a market-driven initiative set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. The Task Force increases transparency to make markets more efficient, and economies more stable and resilient.



A special initiative of the UN Secretary-General, the United Nations Global Compact works with companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labor, environment and anti-corruption. Launched in 2000, the UN Global Compact guides and supports the global business community in advancing UN goals and values through responsible corporate practices. With more than 10,000 companies and 3,000 non-business signatories based in over 160 countries, and 68 Local Networks, it is the largest corporate sustainability initiative in the world.

# CLIMATE-POSITIVE INVESTING

Our capital solutions are purpose-built for the specific needs of companies and projects that help reduce the amount of carbon in the atmosphere or build our resilience to it. Every day, we strive to invest in a climate-positive future that generates truly sustainable prosperity for our investors, accelerated success for our clients, and a brighter future for all.

## 100%

Percentage of revenue from low-carbon assets

## 100%

Percentage of electricity sourced from renewable sources

## 83,000

Equivalent number of gasoline-powered cars taken off the road as a result of the CO<sub>2</sub> reductions from our investments in 2019





# IMPACTFUL INVESTMENTS

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## Community Solar



**\$43 million**

**0.39 CarbonCount®**

Investment in 250 MW of community solar projects across several U.S. markets. One of the fastest-growing market sectors in the U.S. solar industry, community solar allows commercial and residential customers to enjoy the carbon-reducing benefits of solar without having to install solar on their roofs by allowing multiple customers to purchase power from remotely sited solar plants.

## Green Real Estate



**\$18 million**

**0.54 CarbonCount®**

Joint venture to invest in Freddie Mac's securitized workforce housing loans made through Freddie Mac's Green Advantage® program, which provides incentives to multifamily housing borrowers to make water and energy efficiency improvements to existing properties thereby lowering expenses for workforce housing tenants.

## Energy Management-as-a-Service



**\$6 million**

**5.93 CarbonCount®**

Investment in a smart building technology leader's award-winning Energy Management-as-a-Service (EMaaS) platform which offers a more accessible behind-the-meter energy efficiency solution for small to mid-sized buildings. The EMaaS approach combines installation, equipment, software, and service costs into a bundled monthly payment that is designed to be significantly lower than the energy savings the solution provides.

# TCFD ASSESSMENT

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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 increase the analytical rigor and communications transparency associated with our environmental impacts. As a result, we became one of the

first public companies to report on and implement TCFD recommendations in our financial filings. In 2019, we furthered our commitment to TCFD best practices by quantifying the potential impact of climate change scenario assumptions on our portfolio. By remaining 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, as well as our public disclosures, including our 2019 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. For the last two years, an internal cross-functional ESG Committee has been tasked with implementing ESG strategies and policies.

A portion of all employee compensation is linked to the success in overall corporate performance in executing our business strategy, aspects of which include investments in climate change solutions. As a result, employee compensation is linked to progress in advancing our ESG initiatives.

For additional information regarding our governance structure and ESG best practices, please see our 2019 Form 10-K item 1 – Business – Environmental and Social Responsibility and Corporate Governance and our proxy statement for our 2019 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 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 quantified and verified 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 or remain neutral on carbon emissions or produce other tangible environmental benefits such as reducing water consumption.

Further discussion of our investment strategy is presented in our 2019 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. In addition, we are committed to 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 for food waste and mandate that carbon-intensive beef and pork dishes are not served at corporate events.

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**Employee compensation  
is linked to our progress in  
advancing ESG initiatives.**

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# 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

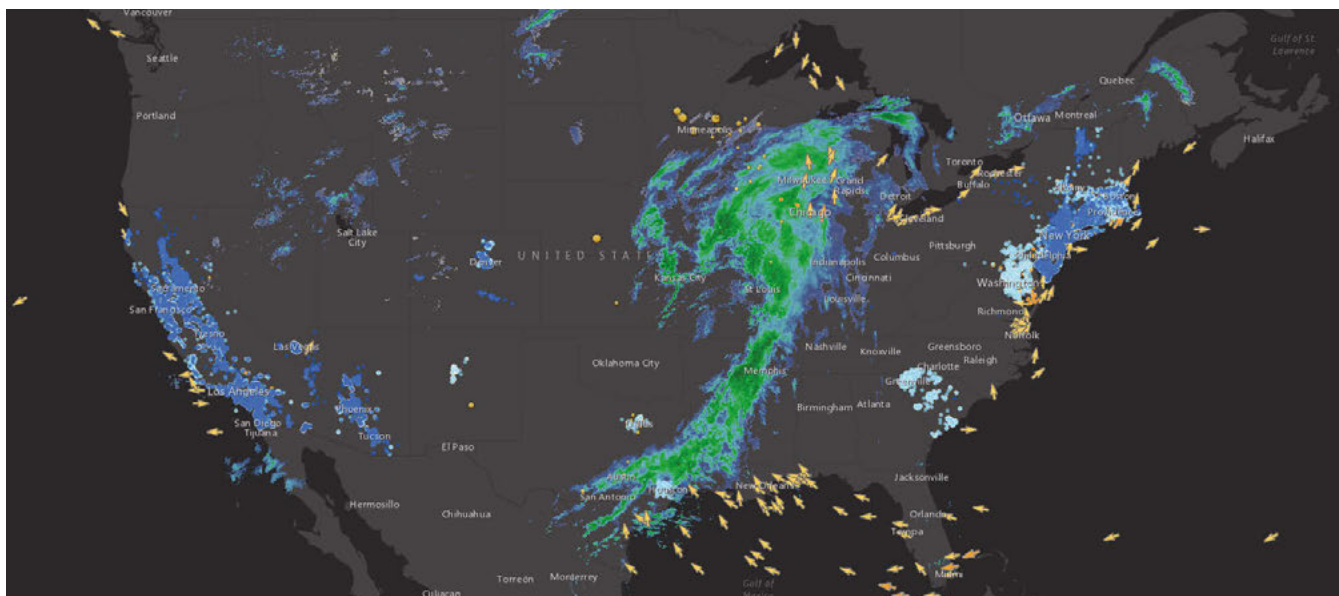
disruptions. The Board's Finance and Risk Committee reviews policies and guidelines with respect to our risk assessments and management, including those that address certain environmental risks.

We discuss our environmental risk management in more detail in our 2019 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.

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**We monitor large scale weather events that could damage assets in our portfolio with the goal of implementing appropriate safety procedures and threat mitigation measures.**

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“Our environmental focus combined with our leadership in integrating ESG reporting into our financial filings highlights why TCFD is the appropriate framework for us.”

**CHUCK MELKO,**  
Chief Accounting Officer





# 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, 2019, 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 2019 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 – Impact 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	TRANSITIONAL <sup>1</sup>
	    	    
Portfolio Impact	<ul style="list-style-type: none"> <li>Physical Asset Damage</li> <li>Reduced Power Generation Capacity</li> <li>Accelerated Operational Performance Degradation</li> <li>Natural Resource Price Volatility</li> </ul>	<ul style="list-style-type: none"> <li>Higher REC Prices</li> <li>Higher Energy Prices</li> <li>Greater Cost Competitiveness of Climate-Positive Technologies</li> <li>More Attractive Growth in Total Addressable Market</li> <li>Greater Quantity of High-Quality Investment Prospects</li> <li>Degraded Competitor and Counterparty Creditworthiness</li> </ul>
Bottom Line Impact	<ul style="list-style-type: none"> <li>Higher Operational Costs</li> <li>Higher Insurance Premiums</li> <li>Reduced and More Variable Cash Flows</li> <li>Increased Counterparty Default Risk</li> <li>Reduced Debt Capacity</li> <li>Diminished Long-Term Returns</li> </ul>	<ul style="list-style-type: none"> <li>Increased Investment Volumes</li> <li>Higher Variable Cash Flows</li> <li>Lower Operational and Insurance Costs</li> <li>Higher Asset and Portfolio Level Debt Capacity</li> <li>Higher Long-Term Returns</li> <li>Higher EPS Growth Potential</li> </ul>
Strategic Response	<ul style="list-style-type: none"> <li>Strengthen Climate Risk Considerations in Underwriting Process</li> <li>Implement Proactive Operational Maintenance and Extreme Weather Protection Procedures</li> <li>Procure Insurance Coverages</li> <li>Augment Geographic and Technological Portfolio Diversity Through Investment Pipeline</li> </ul>	<ul style="list-style-type: none"> <li>Optimize Investment Monetization and Debt Financing Strategy</li> <li>Optimize Investment Pricing Strategies</li> <li>Optimize EPS/DPS Growth and Payout Ratios</li> <li>Expand Climate-Positive Investment Universe</li> </ul>

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	TRANSITIONAL <sup>1</sup>
		
Portfolio Impact	<ul style="list-style-type: none"> <li>• Physical Asset Damage</li> <li>• Reduced Power Generation Capacity</li> <li>• Accelerated Operational Performance Degradation</li> <li>• Natural Resource Price Volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Greater Power Grid Instability</li> <li>• Higher Power Prices Driven by Extreme Climate Driven Disruptions</li> <li>• Greater Commodity and Natural Resource Price Levels and Volatility</li> <li>• Increased Demand for Climate-Positive Investments</li> </ul>
Bottom Line Impact	<ul style="list-style-type: none"> <li>• Higher Operational Costs</li> <li>• Higher Insurance Premiums</li> <li>• Reduced and More Variable Cash Flows</li> <li>• Increased Counterparty Default Risk</li> <li>• Reduced Debt Capacity</li> <li>• Diminished Long-Term Returns</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Investment Volumes</li> <li>• Higher Long-Term Financial Returns</li> </ul>
Strategic Response	<ul style="list-style-type: none"> <li>• Strengthen Climate Risk Considerations in Underwriting Process</li> <li>• Implement Proactive Operational Maintenance and Extreme Weather Protection Procedures</li> <li>• Procure Insurance Coverages</li> <li>• Augment Geographic and Technological Portfolio Diversity Through Investment Pipeline</li> </ul>	<ul style="list-style-type: none"> <li>• Optimize Asset Monetization Strategy, Risk Management and Underwriting Processes</li> <li>• Optimize Investment Pricing Strategy</li> </ul>

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 METRICS AND TARGETS

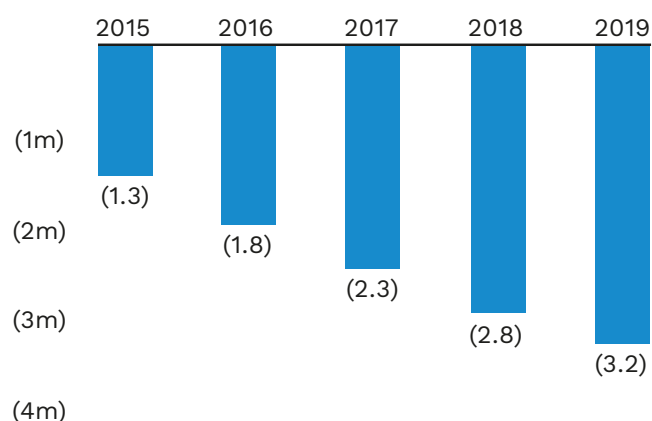
In assessing our operational and financial performance, we calculate the environmental profile of our business operations and infrastructure investments using a combination of well-established reporting protocols and proprietary tools for measuring carbon emissions and water savings.

## carboncount<sup>® 1</sup>

2019 = 0.30

### Carbon Reduction

Cumulative metric tons of CO<sub>2</sub> avoided annually

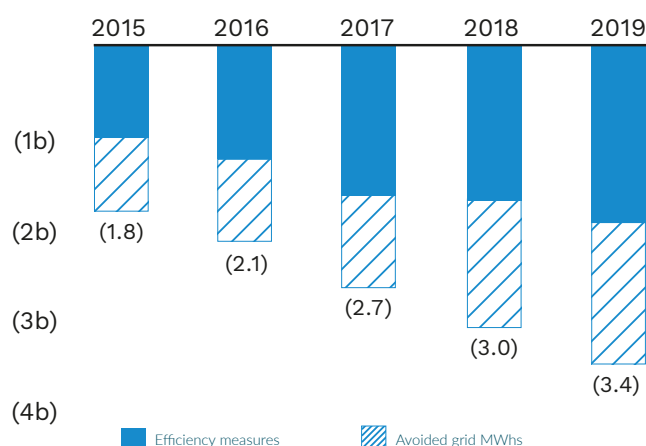


## watercount<sup>™ 2</sup>

2019 = 293

### Water Savings

Cumulative gallons of water saved annually



<b>Scope 1 Direct Emissions</b>	Emissions from operations that are owned or controlled by a reporting company.	Goal <sup>3</sup> 0 MT	Performance <sup>3</sup> 0 MT	Verification <sup>4</sup> Apex
<b>Scope 2 Indirect Emissions</b>	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.	Goal <sup>3</sup> 0 MT	Performance <sup>3</sup> 0 MT	Verification <sup>4</sup> Apex
<b>Scope 3 Indirect Emissions</b>	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. (~385,000 MT of CO <sub>2</sub> in 2019)	Goal <sup>3</sup> 0 MT	Performance <sup>3</sup> <600 MT	Verification <sup>4</sup> Apex

1) CarbonCount<sup>®</sup> is a scoring tool that evaluates investments in U.S.-based clean energy and sustainable infrastructure projects to determine how effectively they can be expected to reduce annual CO<sub>2</sub> emissions per \$1,000 of investment.

2) WaterCount<sup>™</sup> is a scoring tool that evaluates investments in U.S.-based projects to determine how effectively they can be expected to reduce annual water consumption 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).

# SUSTAINABLE DEVELOPMENT GOALS

In 2015, leaders across the globe agreed to 17 Global Goals to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

Administered through the United Nations Global Compact, these Sustainable Development Goals (SDGs) guide UN member states, and increasingly businesses, in developing and implementing supportive policies and efforts.

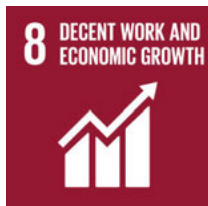
To formalize our alignment with these goals, we became a signatory to the UN Global Compact in 2018, and specifically committed to orient our business activities to support at least five of these goals.

Over the last two years, the SDGs have informed decisions made by our board and investment committee, allowing us to focus on leveraging our business model to promote a more equitable, safe, and sustainable world.

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



As a leading investor in climate-positive energy infrastructure assets in the United States, we provide solutions to enable the deployment of more reliable, resilient, and affordable clean energy. In 2019, our financing of community solar promoted the accessibility and adoption of clean energy for broad and diverse populations, typically at a discount to retail rates. The community solar model, already available in most U.S. states, provides customers with equal access to the benefits of clean energy, regardless of the physical structure or ownership status of their residence.



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 150,000 jobs across 48 U.S. states. Our ongoing financial and volunteer support of GRID Alternatives, a nonprofit that supports networking and skills development opportunities especially for traditionally marginalized communities, further demonstrates our commitment to high quality jobs in the sector.



We invest in infrastructure that reduces dependence on vulnerable grid-connected energy and enhances the reliable supply of distributed clean energy. In 2019, 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.



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 2019, the expansion of our distributed solar investments brought commercial and industrial solar to cities across the United States.



Climate action is the central pillar of our business model. Since our initial public offering in 2013, we have invested approximately \$7 billion in climate solutions. To advance climate policy, our advocacy in 2019 included bipartisan lobbying of lawmakers to support meaningful climate legislation and carbon pricing. Our investment thesis attests to the business case for climate solutions. Formalizing our belief that achieving the goals of the Paris Agreement requires investor collaboration, we committed in May of this year to the Global Investor Statement to Governments on Climate Change. In addition, we were among the first companies to sign the United Nations Global Compact's Business Ambition for 1.5°C pledge, which affirms the science-based targets needed to prevent catastrophic global warming change.

# INCLUSIVE AND RESILIENT COMMUNITIES

We are committed to building diverse and inclusive communities that are resilient to rapidly evolving global economic and environmental challenges.

>160,000

School children supported through energy efficiency upgrades to educational facilities funded by our investments

>140,000

Quality jobs created by our investments in 48 states

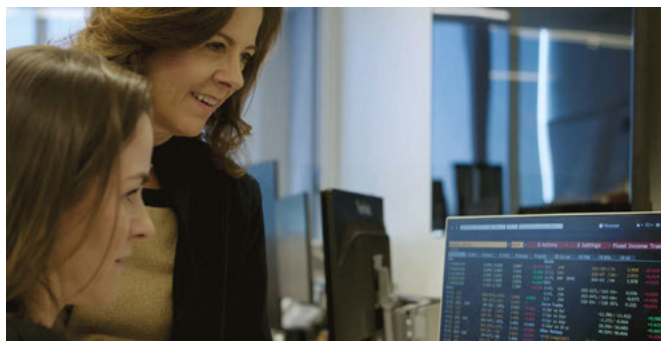
>1.6 Million

Veterans served by hospitals and other facilities which received energy efficiency upgrades funded by our investments





# DIVERSITY AND INCLUSION



## Employee Diversity Metrics<sup>1</sup>

Women, people of color, LGBTQ+, and veterans	52%
Women	38%
People of Color	23%

Financing innovative climate change solutions demands insights from employees with diverse backgrounds, experiences, and perspectives. With a comprehensive, values-driven approach to diversity and inclusion, our initiatives go beyond legal compliance to foster an environment that attracts and retains best-in-class talent. We endeavor to select qualified individuals sourced from broad, diverse, and inclusive recruitment efforts. We complete an annual audit of employee diversity to track our progress and delineate areas of potential improvement.

Since 2018, we have provided annual diversity-related training to all our employees. In 2019, to harness the power of thought diversity in our decision-making processes, all employees took a thinking style assessment administered by Herrmann International. Armed with a better understanding of individual thinking, communication, and working styles, employees then met as teams with a trained facilitator to learn how to best leverage individual approaches to improve teamwork,

creativity, and problem solving across our organization. This assessment built on an effort in 2018 when we engaged a nationally recognized expert in workplace diversity, inclusion, and equity to provide training to our employees.

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), we promote the education, professional development, and advancement of women in the renewable energy economy. In 2019, we hosted a regional networking event for WRISE, with a discussion led by our CEO Jeff Eckel and our Managing Director Susan Nickey.

Each year, all Hannon Armstrong employees are provided with channels for communicating any incidents of potential discrimination. In 2019, we received no such reports.

**We believe dissenting opinions foster innovative approaches to our investments and bolster our ability to find opportunities in a rapidly transforming market.**



2020 Women on Boards recognized Hannon Armstrong for our demonstrated commitment to gender diversity in 2019

<sup>1</sup> As of 12/31/2019.

# EMPLOYEE ENGAGEMENT

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Our people are our strongest differentiator, which is why we recognize the importance of selecting the best talent, developing their skills, and providing an inclusive culture where everyone can flourish. When you work at Hannon Armstrong, you experience an environment that is collaborative, rewarding, and transparent. We provide total rewards that support the health and well-being of our employees and their families, while consistently offering opportunities for growth in line with our mission.

We engage in open communications with our employees and seek their input and feedback on ways in which we can improve our work environment as well as how we can be a positive influence in our local communities. We also want them to be engaged to drive our business forward, to tell their friends that Hannon Armstrong is a great place to work, and to want to be employed with us for the long-term.

Collaborative, rewarding and transparent are often the words with which our employees describe our culture. From monthly lunch and learn discussions – where we learn about and share topics relevant to our business – to our sailing club – where we strengthen our bonds as a unified crew – to our monthly book club – when we meet to review topics impactful to our business – to our weekly guided meditations, we instill a sense of fulfillment beyond the day-to-day employee experience. In addition, our CEO hosts a collaborative company-wide discussion each quarter where employees are recognized for exceptional performance and key upcoming business priorities are reviewed. To measure employee engagement, we conduct company-wide surveys. We rely on responses, which are anonymous to encourage employees to provide honest, candid feedback, to drive cultural, professional development, and to inform benefit-related initiatives.

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**“These climate science, policy and innovation updates are not a top-down discussion. A culture of environmental literacy at Hannon Armstrong means everyone is well-versed in this space.”**

**TRIPLE  
PUNDIT**  
{ THE BUSINESS OF DOING BETTER }

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## Company Culture Highlights



BOOK CLUB



LUNCH AND LEARNS



MIDWEEK MEDITATION



SAILING CLUB



## Professional Development

We adhere to a model that incorporates the use of both internal and external coaches. We are also dedicated to cultivating our talent and supporting our employees in pursuing various professional development opportunities, such as:

- Educational programs, advanced degrees and professional certifications, including in the fields of accounting and finance; and
- Presentation, public speaking, sales effectiveness, leadership, strategic thinking, people development and communication skills.

## Employee Compensation and Benefits

Compensation for our employees is based on skill, experience, educational attainment and individual contributions, as well as company performance against established annual goals. In addition to competitive base salaries, cash bonuses and equity participation for our employees, we are committed to continuously evaluating and ensuring the competitiveness of our benefits offerings so that we meet the needs of each of our employees and their families. We also substantially subsidize employee health and welfare while our 401(k) Retirement Plan includes options for ESG-themed funds that align with our corporate commitments and values.

A portion of all employee compensation is linked to the success of overall corporate performance in executing our business strategy, aspects of which include investments in climate change solutions. As a result, employee compensation is linked to our progress in advancing ESG initiatives.

## Recruitment and Retention

We endeavor to select qualified individuals from a diverse pool of candidates derived from broad outreach efforts when we are recruiting. We also continue to seek highly qualified women, people of color, and individuals from historically marginalized and underrepresented groups for all, including management and Board-level, positions.

To identify any areas of improvement, we perform exit surveys of employees who resign.

## Human Rights

Respect for human rights is a fundamental value of Hannon Armstrong. We strive to promote human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact in our relationships with our employees, suppliers and the communities where we operate.

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**We expect our employees and business partners to uphold these ideals in accordance with our Code of Business Conduct and Ethics and Business Partner Code of Conduct.**

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# COMMUNITY ENGAGEMENT

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In 2019, we continued to engage with nonprofit organizations that share our passion for science-based climate change research, education, and advocacy. Through strategic partnerships with organizations including The Chesapeake Bay Foundation, GRID Alternatives, and Annapolis Green, we help galvanize our community, including future generations, to tackle climate change.

Every year, we are the Carbon and Nitrogen Neutral Sponsor of Chesapeake Bay Foundation's annual summer fundraiser, enabling the foundation to reduce its net carbon footprint by allocating a portion of our sponsorship dollars to plant approximately three acres of trees.

In July, employees joined Smithsonian Environmental Research Center scientists in supporting the world's longest-running climate change experiment. Our team analyzed marsh plants in an effort to understand how climate change impacts wetlands, including implications for projected sea level increases and carbon sequestration.

In September, a Hannon team worked with GRID Alternatives to install solar panels for lower income D.C. residents.



GRID Alternatives makes solar power more affordable while also training students for skilled jobs in the solar industry. We were proud to team with their crew to install rooftop solar panels and learn more about the technology that we finance. We also collaborated with GRID Alternatives for a resume workshop to help prepare students for careers in clean energy.



Building on our support of the Chesapeake Bay Foundation, we funded the installation of a beehive on the nonprofit's property. In addition to providing habitat for pollinators and educational opportunities, the hive generates data vital for researchers from the Urban Beekeeping Laboratory, NASA, and MIT researchers to study the impacts of climate change and examining ways to improve bee health.

In partnership with the nonprofit Annapolis Green, we sponsored a yearlong series of community forums on climate change. These events put the current science of climate change into context and spurred discussion on actions to mitigate local impacts.

Additionally, our team developed and taught lessons on climate change for dozens of sixth graders at the Two Rivers Charter School in Washington, D.C. To introduce climate change and establish a foundation for student curriculum on local environmental issues, the day centered on a discussion of how energy needs can be met in an environmentally and economically sustainable manner.



# RESPONSIBLE STEWARDSHIP

We are committed to responsible stewardship, upholding strong corporate governance practices and internal controls, and conducting our operations ethically and transparently.

## 86%

Board Directors who are Independent

## 33%

Independent Board Directors who are women

## 23x<sup>1</sup>

CEO to Median Employee Pay

<sup>1</sup>Refers to 2018 calculation as reported in our 2019 Proxy Statement and compares to an average of 142x for S&P companies according to As You Sow (2019).



# ETHICAL LEADERSHIP

## Board of Directors



**Steven G. Osgood**  
Chair, Audit  
Committee

**Teresa M. Brenner**  
Lead Independent  
Director and  
Chair, Nominating,  
Governance and  
Corporate  
Responsibility  
Committee

**Richard J. Osborne**  
Chair, Compensation  
Committee

**Jeffrey W. Eckel**  
Chairman

**Charles M. O'Neil**  
Chair, Finance and  
Risk Committee

**Simone F. Lagomarsino**

**Michael T. Eckhart**

## Leadership Team

**Jeffrey W. Eckel**  
Chairman, President  
and Chief Executive Officer

**J. Brendan Herron**  
Executive Vice President

**Jeff Martin**  
Senior Vice President  
and Chief Technology Officer

**Marc T. Pangburn**  
Managing Director

**Jeffrey A. Lipson**  
Executive Vice President  
and Chief Financial Officer

**Daniel K. McMahon, CFA**  
Executive Vice President,  
Portfolio Management

**Charles W. Melko, CPA**  
Senior Vice President  
and Chief Accounting Officer

**Steven L. Chuslo**  
Executive Vice President  
and General Counsel

**Nathaniel J. Rose, CFA**  
Executive Vice President  
and Chief Investment Officer

**Susan D. Nickey**  
Managing Director

## Management Approach

Internally managed, the business affairs of our company are conducted by our officers and employees under the direction of our President & CEO with the oversight of our Board. Our Board members are elected annually by our stockholders and 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. 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.

## Board Diversity

Hannon Armstrong believes in diversity and values the benefits that diversity can bring to its Board. For purposes of Board composition, diversity includes, but is not limited to, subject matter expertise, business experience, skills, age, gender, and ethnicity. In particular, the Board should include an appropriate number of women directors.

## Ethics and Compliance

It is expected that the highest legal, moral, and ethical standards of honesty, integrity and fairness are to be practiced in the conduct 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. On an ongoing basis, we also expect 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.

## ESG Governance

We recognize the importance of understanding, evaluating, and monitoring ESG-related opportunities and risks as part of our vision and strategy. As of 2018, the NGCR is responsible for periodically reviewing our strategies, activities, policies including our Sustainability Investment Policy, Environmental Policies, and Human Rights and Human Capital Management Policies as well as communications regarding sustainability and other ESG-related matters and make recommendations to the Board accordingly.

## Executive Compensation

We have designed our executive compensation program to be aligned with the interests of stockholders, focused on sustainable long-term growth, and to 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. As a result, executive compensation is linked to our progress in advancing ESG initiatives.

In addition, we monitor the relationship between the compensation of our executive officers and the compensation of our non-managerial employees. For 2018, the total compensation of Jeffrey Eckel, our President & CEO of \$5,226,786 was approximately 23 times the total compensation of the median employee whose compensation was calculated in the same manner and was \$230,951. Please refer to our 2019 Proxy Statement for more detail.

## Stockholder Engagement

We believe that engaging with investors is fundamental to good governance and essential to maintaining our industry-leading practices. Throughout the year, we seek opportunities to connect with our investors to gain and share valuable insights into current and emerging business and governance trends. In 2019, we met with nearly 150 investors, representing approximately 40% of our shares outstanding as of the end of the year. To enable the Board to consider direct stockholder feedback, Board members are updated on these conversations with investors and the chairperson of our NGCR participates directly in some of these conversations.

## Cybersecurity

Under the direction of the Finance and Risk Committee of the Board, we periodically update our information technology policies that are designed to sustain and protect our information technology systems, equipment and data.

## Whistleblower Policy

In 2018, we implemented a confidential hotline for reporting potential violations and concerns. All reports will be taken seriously, and, when appropriate, we will fully investigate each allegation and take appropriate action. More details can be found in the Code of Business Conduct and Ethics available on our website at:

<https://investors.hannonarmstrong.com/govdocs>.

### For Your Reference

Hannon Armstrong has published the following materials relevant to our ESG initiatives, which serve as additional background on our ESG-related policies, strategies and communications. Please visit [www.hannonarmstrong.com](http://www.hannonarmstrong.com) for more details.

- » [2019 Form 10-K](#)
- » [2019 Proxy Statement](#)
- » [Sustainability Investment Policy](#)
- » [Environmental Policies](#)
- » [Human Rights & Human Capital Management Policies](#)
- » [Code of Business Conduct and Ethics](#)
- » [Business Partner Code of Conduct](#)
- » [2019 Environmental Metrics](#)
- » [2019 Sustainability Report Card](#)

# SUSTAINABILITY REPORT CARD

The seventh 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 employed to reduce greenhouse gases by estimating the carbon dioxide ("CO<sub>2</sub>") emissions avoided annually per \$1,000 of investment.

## HANNON ARMSTRONG Sustainability Report Card 2019

MARKET	REGION	CARBONCOUNT®	MARKET	REGION	CARBONCOUNT®
BTM	National	6.15	BTM	West	0.29
BTM	National	5.12	BTM	West	0.27
BTM	Northeast	1.49	BTM	West	0.27
BTM	West	0.95	BTM	West	0.25
GC	West	0.78	BTM	Asia Pacific	0.25
GC	South	0.59	BTM	West	0.24
GC	South	0.59	BTM	West	0.24
GC	South	0.59	BTM	West	0.23
GC	South	0.59	BTM	West	0.20
BTM	South	0.58	BTM	South	0.20
BTM	Midwest	0.58	BTM	N/A	0.19
GC	West	0.57	BTM	West	0.19
BTM	National	0.54	GC	Northeast	0.18
BTM	Midwest	0.54	BTM	West	0.16
GC	Northeast	0.51	BTM	Canada	0.16
GC	Northeast	0.51	BTM	National	0.15
GC	Northeast	0.51	BTM	Asia Pacific	0.15
BTM	Midwest	0.50	BTM	Midwest	0.14
BTM	Midwest	0.48	BTM	South	0.13
BTM	Midwest	0.47	BTM	South	0.08
BTM	National	0.47	BTM	Midwest	0.06
BTM	South	0.45	BTM	Midwest	0.04
BTM	Midwest	0.44	BTM	National	0.04
BTM	South	0.42	BTM	South	0.03
GC	West	0.41	BTM	West	0.01
BTM	West	0.33	BTM	NE, S, MW, W	0
BTM	West	0.31	BTM	National	0
BTM	West	0.30	SI / Seismic	West	*

### Totals

Metric Tons of CO<sub>2</sub> Avoided  
**384,800**

carboncount®  
**0.30**

Gallons of Water Saved  
**381 Million**

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.

\*Investments in seismic retrofits provide resiliency in the event of an earthquake. A secondary benefit of such retrofits includes the preservation of carbon embedded in the built environment.

CarbonCount® is a scoring tool that evaluates investments in U.S.-based, energy efficiency and renewable energy projects to determine estimated CO<sub>2</sub> 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<sub>2</sub> 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 a 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 a Scientists.



# HANNON ARMSTRONG

## Environmental Metrics for Fiscal Year Ended December 31, 2019

### REPORTING BOUNDARY

% of Occupied Facilities Covered in Reporting	100.0%
Revenues Covered in Reporting	100.0%
Full Time Employees	60

### TOTAL ENERGY CONSUMPTION

Total Annual Energy Consumption (MWh)	218
Total Annual Renewable Energy Consumption	218
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<sub>2</sub> EQUIVALENT EMITTED OR (OFFSET) OVER ANNUAL REPORTING PERIOD<sup>1</sup>

Scope 1	0 <sup>1</sup>
Scope 2 - Location Based	75 <sup>1</sup>
Scope 2 - Market Based	0 <sup>1</sup>
Scope 3 - Total (excluding Category 15 - Investments)	532
Scope 3 Upstream - Subtotal	532
Scope 3 Category 1 - Purchased Goods and Services	37
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	2 <sup>1</sup>
Scope 3 Category 6 - Business Travel	326 <sup>1</sup>
Scope 3 Category 7 - Employee Commuting	167 <sup>1</sup>
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

1) FY 2019 Scope 1, Scope 2, and Scope 3 Emissions have been Verified by Apex

## HANNON ARMSTRONG

### Environmental Metrics for Fiscal Year Ended December 31, 2019

#### GREENHOUSE GAS EMISSIONS REPORTED IN METRIC TONS OF CO<sub>2</sub> EQUIVALENT EMITTED OR (OFFSET) OVER ANNUAL REPORTING PERIOD (CONTINUED)

Direct CO <sub>2</sub> Emissions	0
Indirect CO <sub>2</sub> Emissions	607 <sup>1</sup>
Total CO <sub>2</sub> Emissions	0
Methane	0
Direct Nitrous Oxide Emissions	0
Direct Sulfur Hexafluoride Emissions	0
Direct Methane Emissions	0
Direct Nitrous Oxide Emissions	0
Direct SF <sub>6</sub> Emissions	0
Direct HFC Emissions	0
Direct PFC Emissions	0

#### OTHER EMISSIONS REPORTED IN METRIC TONS

Criteria Pollutants	0
HFC	0
PFC	0
SF <sub>6</sub>	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 <sub>2</sub> Emissions	0

#### TOTAL WATER USE REPORTED IN KGALS

Total Water Withdrawal for Corporate Uses	89
Municipal Water Use	89
Groundwater Withdrawals	0
Salt Water Withdrawals	0
Surface Water Withdrawal	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 Ended December 31, 2019

#### TOTAL WATER USE REPORTED IN KGALS (CONTINUED)

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	4
Waste Recycled	3
Hazardous Waste	0
Waste Sent to Landfills	12
Post-Consumer Recycled Paper as Percentage of Total Paper	100%

#### 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

The content in Hannon Armstrong's Impact Report, including documents or reports incorporated herein by reference, is accurate as of December 31, 2019. This Impact Report should be read in conjunction with Hannon Armstrong's Annual Report for the year ended December 31, 2019 and 2019 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, 2019, which can be found at [www.hannonarmstrong.com](http://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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**Corporate Headquarters**

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Phone: 410 -571-9860

**Investor Relations**

[Investors@hannonarmstrong.com](mailto:Investors@hannonarmstrong.com)  
Phone: 410-571-6189

**Stock Listing**

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

**Impact Report Design**

Thomas Puckett Brand Intelligence



**HASI**  

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**LISTED**  

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**NYSE**

INVESTING IN  
**CLIMATE CHANGE**  
**SOLUTIONS**

**Hannon Armstrong**

1906 Towne Centre Boulevard, Suite 370

Annapolis, MD 21401

[hannonarmstrong.com](http://hannonarmstrong.com)