

Hannon Armstrong Environmental Policies

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General Environmental Policy

Hannon Armstrong's mission is to reduce the impact of, or increase resiliency to, climate change by investing in sustainable infrastructure assets. We are committed to enabling tangible emissions reductions, water savings, and other positive environmental outcomes and transparently reporting the impact of, not only our corporate operations, but the entirety of our investment portfolio. A copy of our Sustainability Investment Policy is available for viewing on our website at www.hannonarmstrong.com. In addition, we promote a corporate culture focused on environmental stewardship through regular company-wide education on environmental issues, continuous evaluation of the impact of our corporate processes, and facilitating the ongoing support of various community engagements that positively impact the environment.

This policy is guided by the requirements of local, state and federal regulations as well as the principles of the United Nations Global Compact, to which Hannon Armstrong is a signatory.

Responsibilities for this Policy

Our President and CEO and other members of our senior management are responsible for the promotion and implementation of our Environmental Policy, and reporting on activities and results to the Board of Directors on an annual basis. Our senior management team reviews our progress towards our Environmental Policy on a quarterly basis, including assessing progress towards targets and suggests adjustments to programs. Any concerns regarding compliance with this policy should be addressed to the Director of Investor Relations.

The Nominating, Governance and Corporate Responsibility Committee of the Board of Directors reviews this Policy on an annual basis.

Emissions Reduction and Climate Change Policy

Our policy is to have zero Scope 1 & Scope 2 emissions and negative Scope 3 emissions. To achieve zero Scope 1 emissions Hannon Armstrong heats its office space with electric heating systems and does not own any facilities or vehicles that generate net GHG emissions. To achieve zero Scope 2 emissions Hannon Armstrong purchases exclusively renewable energy to power our office. Our Scope 3 emissions are negative because the carbon reductions attributable to our investments in renewable energy and energy efficiency projects heavily outweigh our emissions attributable to the other Scope 3 emissions categories such as business travel or the purchase of goods and services. We are committed to reduce not only our corporate GHG emissions, but also through our innovative financing, we work to accelerate the adoption of sustainable infrastructure that slows the pace of climate change. A copy of our Sustainability Investment Policy is available for viewing on our website at www.hannonarmstrong.com.



Renewable Electricity Target Policy

Hannon Armstrong is committed to purchasing 100% of its electricity from renewable energy resources and offsetting the emissions of any unavoidable purchases of fossil fuel generated electricity through the purchase of renewable energy credits. In the past year we have permanently switched to a provider that supplies 100% renewable (solar, wind, hydro-electric, geothermal, wave, and tidal) energy to our office.

Energy Efficiency Policy

Our policy regarding energy efficiency has two primary elements. First, Hannon Armstrong will continue to invest in energy efficiency in both public and private sector projects throughout the United States and its territories. Such projects include new installations utilizing state-of-the-art efficiency technologies as well as upgrading and installing equipment, systems and controls within or adjacent to buildings and facilities, including heating, ventilation and air conditioning systems (“HVAC”), lighting, energy controls, roofs, windows, building shells, and combined heat and power systems. We typically track the energy and cost savings associated with these projects and publicly report the GHG reductions expected to be achieved in accordance with the Carbon Count® methodology. A copy of our Sustainability Investment Policy is available for viewing on our website at www.hannonarmstrong.com.

Second, internally, we will take all cost-effective measures to ensure that our office space operates efficiently and we will periodically evaluate and implement incremental efficiency improvements such as purchasing energy efficient TVs and computer monitors, putting all computers and printers into an energy efficient sleep mode when they are inactive, utilizing motion sensors that control the lighting fixtures, and installing LED lights throughout the office space.

Environmental Supply Chain Management Policy

When procuring materials and services for internal use, wherever possible and economically sensible, Hannon Armstrong will seek to purchase environmentally beneficial or less-impactful materials, including materials with recycled content, reusable and non-toxic materials, and/or responsibly sourced food products.

Green Building Policy

Hannon Armstrong actively funds the retrofits of existing building and the construction of new buildings that achieve the necessary energy savings required by performance contracts as well as meeting numerous state and local government property assessed clean energy (PACE) standards. We will continue to invest in projects that meet our financial and strategic objectives. We additionally support organizations that are promoting the development of green buildings such as the Alliance to Save Energy and the U.S. Green Building Council.



Regarding our own office spaces, when sourcing new offices, or retrofitting existing office spaces, we will endeavor to achieve the highest feasible energy and environmentally-relevant performance standards.

Waste Reduction and Sustainable Management Policy

Hannon Armstrong seeks to improve our waste impact generated from our office even though, as a 50-person financial services firm, our waste stream is minimal. We will seek to reduce our waste generation by 10% by 2020 versus a 2017 baseline as well increase the collection and processing of recyclable waste and employ composting for food waste.

Water Policy

Hannon Armstrong invests in a variety of projects that both conserve water and help to improve the environmental quality of receiving bodies of water. We finance storm water remediation projects designed to help slow the flow of polluted water during and after heavy storms that will capture or decrease pollutants that otherwise would be deposited into downstream bodies of water, such as the Chesapeake Bay.

In our own offices, when replacing equipment or purchasing new equipment, we will seek the most-water efficient equipment available to perform a given task, also taking cost into account.

Biodiversity Policy

Our project development partners perform, as appropriate, in-depth environmental site assessments and, in accordance with applicable laws and regulations, local wildlife studies in order to secure appropriate environmental permitting. For instance, Federal efficiency and renewable energy projects in which Hannon Armstrong has made substantial investments, are all required to comply with the National Environmental Policy Act (NEPA) which includes protection of certain native and all endangered species. In addition, our wind projects are evaluated, sited, and operated to reduce the impact on various bird and bat species and some of our wind projects located in migratory paths stop rotating during migration periods. Moreover, our investments in storm water projects have and will continue to benefit the local biodiversity by decreasing the nutrient heavy dead-zones and promoting an ecosystem that supports a diverse population of native species.

Adopted: October 30, 2018