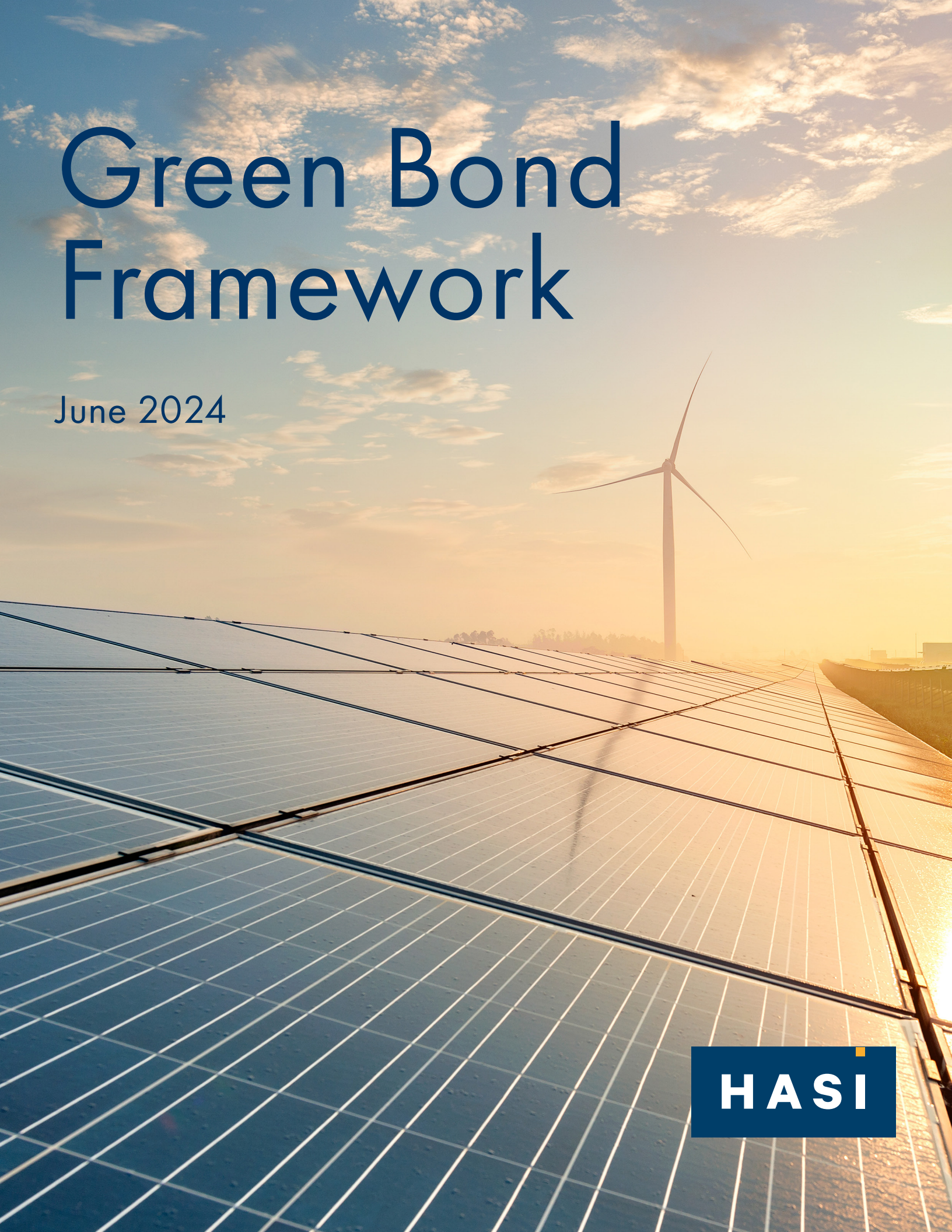
Green Bond Framework

June 2024



HASI

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Overview

HASI (NYSE: HASI) is a leading climate positive investment firm that actively partners with clients to deploy real assets that facilitate the energy transition. With more than $12 billion in managed assets, our vision is that every investment improves our climate future.

For over three decades, HASI has channeled capital towards investments that make a positive impact on our climate. It's not just a part of our business model; it's at the very heart of who we are. Our initial investment screen mandates that every proposed investment must actively reduce carbon emissions, maintain a neutral impact or deliver other tangible environmental benefits, such as reducing water consumption.

Since our IPO in 2013, we have invested over $12 billion into climate positive assets that collectively avoid 7.4 million metric tons of carbon emissions and cumulatively conserve over 7 billion gallons of water each year, annually. As a result, a HASI internal analysis found our investments to be in full eligibility and alignment with the EU Taxonomy for Sustainable Activities. As we continue to consistently deliver superior risk-adjusted returns for our shareholders in shaping a sustainable future, we have proven that we can create value far beyond the bottom line.

HASI believes in the power of transparency and accountability in driving sustainable investment practices. As part of our ongoing commitment to Sustainability and Impact principles, we are dedicated to embracing the concept of double materiality in our reporting. Double materiality recognizes the interconnectedness between financial materiality and environmental and social materiality. It emphasizes not only the impact of environmental and social factors on financial performance but also the influence of financial decisions on environmental and social outcomes.

This Green Financing Framework (the "Framework") sets out the guidelines for HASI's green financing issuances in accordance with the Green Bond Principles (2021)[1] and Green Loan Principles (2023)[2] to inform our best-efforts alignment to the EU Taxonomy[3].

The primary green financing issuances that HASI expects to issue under this Framework comprise the following: (1) Corporate Green Bonds (e.g., senior unsecured or convertible bonds issued as corporate obligations); and (2) Other Green Debt (e.g., Green Commercial Paper Program).

This Framework describes:

1 Use of Proceeds

2 Process for Project Evaluation and Selection

3 Management of Proceeds

4 Allocation and Impact Reporting

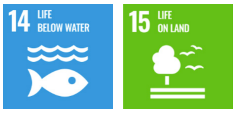
5 External Review

Use of Proceeds

We will use cash equal to the net proceeds from this offering to acquire, invest in or refinance, in whole or in part, new and/or existing "Eligible Green Projects". Consistent with our publicly available Sustainability Investment Policy and the categories referenced by the International Capital Markets Association ("ICMA") Green Bond Principles ("GBP") and the Loan Syndications and Trading Association ("LSTA") Green Loan Principles ("GLP"), Eligible Green Projects means projects intended to reduce carbon emissions or provide other environmental benefits as outlined in the table below. Eligible Green Projects are expected to be located in the United States.

The United Nations has established 17 Sustainable Development Goals (SDGs), which serve as the blueprint to achieve a better and more sustainable future for all. Of the 17 SDGs, we have identified at least seven that closely align with our strategy and where we have the opportunity to create impact through our green financings.

These Eligible Green Projects may include projects with disbursements made during the 12 months preceding the issue date of the green financing and projects with disbursements to be made within two years following the issue date.

Eligible Categories	Eligibility Criteria
Renewable Energy 	Grid-Connected ("GC") Generation and Storage • Onshore and Offshore Wind • Solar and Solar-plus-Storage • Standalone Storage[4] Behind-the-Meter ("BTM") Distributed Generation and Storage[5] • Commercial and Industrial Solar and Solar-plus-Storage • Community Solar and Solar-plus-Storage • Residential Solar and Solar-plus-Storage
Energy Efficiency 	BTM distributed building or facility projects in both the public and private sectors that reduce energy usage and/or cost through energy efficient improvements, including: • HVAC • Lighting • Energy controls • Roofs • Windows • Building shells
Pollution Prevention and Control 	Renewable Natural Gas ("RNG") projects[6], including: • Anaerobic digestion facilities to recycle organic material and produce RNG • Landfill Gas (LFG)-to-RNG • Wastewater Treatment Biogas (WWTPB)-to-RNG
Clean Transportation 	Transportation fleet decarbonization and optimization[7]
Terrestrial and Aquatic Biodiversity 	Ecological restoration projects designed for wetland protection and protected species habitat creation and restoration
Sustainable Water and Wastewater Management 	Ecological restoration projects designed to improve water quality, mitigate pollution runoff into downstream waterways, improve the ecology of freshwater streams, and improve flood control infrastructure

Process for Project Evaluation and Selection

The HASI Investment team, which is responsible for evaluating all investments, works with the Sustainability and Impact team to assess whether specific projects meet the established eligibility criteria to qualify as Eligible Projects. This group is responsible for verifying the suitability, eligibility, and categorization of such projects in collaboration with internal experts and stakeholders. The Investment Committee, comprised of representatives of the HASI Leadership Team, is responsible for issuing formal approval for each investment.

Our investment process is guided by our Sustainability Investment Policy, which mandates the quantification of potential environmental impacts as one of the initial steps in our investment screen. To meet our sustainability investment screen, a proposed investment must either reduce or be neutral on carbon emissions or have some other tangible environmental benefit, such as reducing water consumption. We calculate avoided carbon emissions efficiency using CarbonCount®, an independently verified metric. Similarly, for investments with quantifiable water use reduction benefits, we calculate the investment's WaterCount™, a methodologically similar scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment. In addition to CarbonCount and WaterCount, we also consider other environmental benefits, such as climate resilience and biodiversity protection and enhancement.

As part of the project evaluation and selection process, HASI collaborates with partner law firms to identify, mitigate, and manage perceived environmental and social risks through diligence of project partners, project siting, environmental impact assessments, location permitting, and community engagement.

Management of Proceeds

Cash equal to the net proceeds from a green financing in HASI's general account will be earmarked for allocation to Eligible Green Projects in accordance with the Framework. Allocation of proceeds is done on a specific identification basis, with deals being identified as they are funded after the closing of the green financing. Unallocated proceeds will be tracked and may be temporarily used to repay certain indebtedness and/or held in cash or cash equivalents in accordance with HASI policies until they are allocated.

As long as the green financing instrument remains outstanding, our internal records will show the allocation of such proceeds from such financing to Eligible Green Projects. We intend to allocate the proceeds from any green financing within two years following each issuance.

Prior to the full investment of an amount equal to such net proceeds, we intend to invest an amount equal to such net proceeds in interest-bearing accounts and short-term, interest-bearing securities and/or may be temporarily used to repay certain indebtedness.

Payment of principal and interest on any green financing will be made from our general funds and will not be directly linked to the performance of any Eligible Green Projects.

Allocation and Impact Reporting

During the term of each green financing, until such time as an amount equal to the net proceeds of this offering have been fully allocated to Eligible Green Projects, we will publish annual updates on our website and thereafter as necessary in case of material developments, detailing at a minimum the allocation of such net proceeds from this offering to specific Eligible Green Projects along with the associated CarbonCount score.

Project impacts are reported on an anonymized project level in our annual Sustainability & Impact Report using CarbonCount. While baseline emissions are included in the CarbonCount calculation, such baseline emissions may not be publicly reported for each project.

Where feasible, annual reporting will also include qualitative and quantitative impact indicators. Examples of impact indicators that may be included are below:

Eligible Categories	Impact Reporting Metrics
Renewable Energy Energy Efficiency Pollution Prevention and Control Clean Transportation	CarbonCount (metric tons of CO_2e avoided annually per $1,000 invested) Avoided Emissions (metric tons of CO_2e avoided annually) Renewable or Avoided Generation (MWh)
Terrestrial and Aquatic Biodiversity	Qualitative summary of biodiversity benefits
Sustainable Water and Wastewater Management	WaterCount (gallons of avoided water consumption per $1,000 invested)

We also intend to report on the geography, market, and technology of projects that receive allocation.

External Review

Second-Party Opinion

HASI has obtained a Second-Party Opinion on our Green Bond Framework to ensure its alignment with the 2021 Green Bond Principles. This Second-Party Opinion is publicly accessible on the HASI Green Bond website. Our commitment to best practices mandates that we review our Green Bond Framework periodically to align with the most up-to-date versions of the Green Bond Principles. Such periodic reviews may lead to necessary updates or amendments to the Framework. In the event of a substantial amendment to the Framework, HASI will seek an updated Second-Party Opinion.

Third-Party Assurance

Annually, HASI plans to engage a qualified independent third party to assure the allocation of net green financing proceeds to Eligible Investments, following the Eligibility Criteria specified in this Framework, with the assurance statement published alongside HASI's annual Sustainability & Impact Report. These updates will include a management assertion that an amount equal to the net proceeds from this offering was allocated to qualifying Eligible Green Projects and a report from an independent accountant about their examination of management's assertion following attestation standards established by the American Institute of Certified Public Accountants.

Endnotes

1. The Green Bond Principles ("GBP") were created by the International Capital Markets Association ("ICMA") and updated in June 2021 with Appendix 1 updated in June 2022. According to ICMA's website, the GBP are "voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond".

2. The Green Loan Principles ("GLP") is administered by the Loan Syndications and Trading Association ("LSTA") and was published in February 2023 at https://www.lsta.org/content/green-loan-principles/

3. Investments in the technologies/processes previously described will seek to consider specifications in alignment with activity level technical screening criteria for climate mitigation as recommended within the EU Taxonomy.

4. Standalone storage projects that are connected to the electric grid will charge and discharge in systems that are not always 100% renewable electricity. There are still tangible long term climate benefits attributable to these projects: (1) Renewables are an intermittent resource, so increased penetration of storage assets improves the reliability of the grid and allows for (a) more deployment of low-cost renewables and (b) more retirements of thermal (higher emissions) assets. (2) Standalone storage projects can charge during hours of the day when renewables are the marginal unit, and discharge later when a fossil-fuel generator is on the margin, creating calculable emissions benefits by replacing dirtier electricity with energy from cleaner sources. Note we are also a member of the Energy Storage Solutions Consortium (ESSC), which is seeking to develop an independently verified methodology for quantifying the carbon benefits of storage projects.

5. BTM storage projects that are connected directly to renewable generating assets charge on clean energy and, when discharged, replace energy from the grid that would likely have a higher emissions rate.

6. To be considered eligible projects, RNG projects are required to uphold certain emissions thresholds. Such thresholds maintain that (1) the RNG must be derived from renewable feedstocks, such as biogas from landfills, wastewater treatment plants, biomass, or agricultural or animal waste. The feedstock must be considered renewable and not from fossil-based sources; (2) RNG projects must comply with all relevant environmental regulations and permitting requirements. This includes obtaining any necessary permits for the collection, processing, and distribution of RNG; (3) RNG projects may need to undergo certification by an accredited third-party auditor to verify that they meet the necessary emissions thresholds and environmental criteria; and (4) RNG projects must maintain detailed records and documentation of feedstock sourcing, emissions calculations, and other relevant information. The generated fuel is primarily used in the transportation market although use cases are expanding to other fuel uses.

7. Sustainable transportation comprises modernization of vehicle fleets through software and the eventual electrification of entire fleets.