

# Environmental Sustainability

Throughout our 25 years working in impact investing, we have developed a series of impact themes in which one or more themes aligns with each of our investments.<sup>1</sup> Themes are evaluated individually for alignment based on each investment's use of or intent of proceeds.

## Common Characteristics in CCM's Impact

- Each theme strives to have positive societal outcomes because of capital provided by our investors.
- We look for high credit quality, liquid investment opportunities that contribute to the portfolio's overall risk/return and align with at least one impact theme.
- We must be able to measure, monitor, and track the expected positive outcome(s) to maintain transparency in our client impact reporting.
- We must believe that market-rate opportunities exist so that client commitments to individual themes can be fulfilled over time.

## Opportunity Set and Impact Themes

Our investment opportunity set includes securities that are liquid, financially sound, and that meet our impact criteria. We have found such securities in the following fixed income sectors: asset-backed securities, agency commercial mortgage-backed securities (CMBS), agency mortgage-backed security (MBS), corporate bonds, and taxable municipals.

Impact Themes		ABS	Agency CMBS	Agency MBS	Corporate Bonds	Taxable Municipals
Affordable Health and Rehabilitation Care		•	•		•	•
Affordable Housing		•	•	•	•	•
Arts, Culture, and the Creative Economy			•		•	•
Disaster Recovery, Resilience, and Remediation			•	•	•	•
Education and Childcare		•	•		•	•
Enterprise Development and Jobs		•	•		•	•
Environmental Sustainability		•	•	•	•	•
Gender Lens		•	•	•	•	•
Human Empowerment		•	•		•	•
Minority Advancement		•	•	•	•	•
Poverty Alleviation		•	•	•	•	•
Rural Community Development		•	•	•		•
Seniors, Veterans, and People with Disabilities		•	•		•	•
Sustainable Communities		•	•	•	•	•

### Impact Theme Description:

### Environmental Sustainability

Investments aligned with this theme support activities that look to conserve natural resources, protect ecosystems and biodiversity, and achieve net-zero emissions. It also includes investments financing properties, projects, companies, and small businesses implementing sustainable initiatives.

### Examples of bond financing activities in alignment with this theme (this list is not exhaustive):

- Projects that conserve and develop water resources or wastewater services for communities, often in economically distressed areas where services are unavailable or inadequate.
- Projects that support renewable energy, energy efficiency, clean transportation, or reduction of carbon emissions.
- Funding for projects and organizations that support land conservation and working forest protection.
- Properties or projects that have earned a green building certification/standard, are being built to a green standard/expect certification, or have on-site renewable energy.
- Housing properties that have a Walk Score of 70 or higher and are considered "very walkable," so that most errands can be accomplished on foot.
- Housing with sustainability, energy-efficiency, or renewable energy features.
- Loans for residential solar energy systems.
- Activities that reduce the net emission of carbon linked to energy generation.

# Case Studies: Environmental Sustainability

We believe real-world examples are one of the most powerful ways to demonstrate how a bond aligns with a specific impact theme. This perspective highlights two impact investments that exemplify the impact theme of **Environmental Sustainability**.

For details on our impact in this theme or to see additional examples, please email us at [info@ccminvests.com](mailto:info@ccminvests.com).

## Hannon Armstrong Sustainable Infrastructure Capital

Nationwide | Corporate Bonds

Hannon Armstrong Sustainable Infrastructure Capital (HASI) is a climate-positive investor in sustainable infrastructure assets that advance the energy transition.

For more than 30 years, HASI has channeled capital toward energy transition infrastructure and other investments that make a positive impact on the climate. It invests in three key markets: behind-the-meter, which includes investments in energy efficiency, residential solar, and community solar; grid-connected, which includes investments in wind and solar energy and storage of that energy; and fuels, transport, and nature, which includes renewable natural gas, fleet decarbonization, and ecological restoration. As of March 31, 2025, it manages approximately \$14.5 billion in assets; 48% of its portfolio finances behind-the-meter investments; 38% finances grid-connected investments; and 13% finances fuels, transport, and nature investments.

In June 2025, HASI issued a \$1 billion Green Bond to acquire, invest in, or refinance projects in renewable energy, energy efficiency, pollution prevention and control, clean transportation, terrestrial and aquatic biodiversity, and sustainable water and wastewater management. Projects to be financed must fall into any of these eligible categories:

**Renewable Energy:** 1) Grid-connected generation and storage of onshore and offshore wind energy, solar energy and solar-plus-storage; and standalone storage. 2) Behind-the-meter distributed generation and storage of commercial and industrial solar, community solar, or residential solar energy.

**Energy Efficiency:** Behind-the-meter distributed building or facility projects in both the public and private sectors that reduce energy usage or cost through energy-efficient improvements including in HVAC systems, lighting, energy controls, roofs, windows, and building shells.

**Pollution Prevention and Control:** Renewable natural gas (RNG) projects including anaerobic digestion of food waste to RNG, landfill gas to RNG, or wastewater treatment biogas to RNG. To be considered eligible, RNG projects are required to uphold certain emissions thresholds: 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.

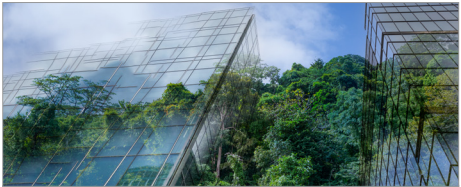
**Clean Transportation:** Transportation fleet decarbonization and optimization. Sustainable transportation comprises modernization of vehicle fleets through software and the eventual electrification of entire fleets.



**Terrestrial and Aquatic Biodiversity:** Ecological restoration projects designed to protect wetlands and to create and restore habitats for protected species.

**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.

HASI's 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 the company's IPO in 2013, it has invested more than \$12 billion into climate positive assets that collectively avoid more than 8 million metric tons of carbon emissions each year (equivalent to eliminating emissions from over 1.7 million passenger vehicles) and conserve over 7 billion gallons of water each year (equivalent to eliminating the annual water consumption of more than 171,000 U.S. homes). In 2024, HASI's investments avoided 856,000 metric tons of CO2 emissions and saved 382 million gallons of water.

In addition to environmental benefits, the company's investments result in healthier communities while supporting and sustaining job growth across the country. In total, HASI investments have created approximately 400,000 quality jobs, supported 300,000 school children with energy efficiency upgrades to educational facilities and bus fleets, and served some two million veterans at hospitals and other facilities that received energy efficiency upgrades funded by HASI investments.



Impact Themes
 Environmental Sustainability
 Sustainable Communities
Impact Designations
N/A
Walk, Bike, Transit Scores®
N/A

# State of Michigan General Obligation Environmental Program Bonds

Statewide, MI | Taxable Municipal


The Bonds were issued to provide financing for certain Environmental Programs of the State of Michigan. The State administers the following environmental, natural resource and water quality programs, collectively referred to as the Environmental Programs:

- 1. Clean Michigan Initiative Program:** Provides financing for environmental and natural resources protection programs that clean-up and redevelop contaminated sites, protect and improve water quality, prevent pollution, abate lead contamination, reclaim and revitalize community waterfronts, make state park infrastructure improvements, enhance local recreational opportunities, and clean-up contaminated sediments in lakes, rivers and streams.
- 2. Great Lakes Water Quality Program:** Provides financing for environmental programs that improve water quality by financing sewage treatment projects, storm water projects and water pollution projects.
  - State Water Pollution Control Revolving Fund: Established to provide a low interest loan financing program to assist qualified local municipalities with the construction of needed water pollution control facilities.
  - Strategic Water Quality Initiatives Fund: Established in order to make loans to governmental units to finance improvements to reduce the amount of groundwater or storm water entering sanitary sewer leads and improvements or replacements of failing on-site septic systems and to make grants to governmental units for the preparation of applications for such loans.
- 3. Environmental Protection Program:** Provides financing for environmental protection programs that clean-up sites of toxic and other environmental contamination, contribute to a regional Great Lakes protection fund, address solid waste problems, treat sewage and other water quality problems, and reuse industrial sites and preserve open space.

The State's water resources are monitored by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) and partnering organizations to determine the water quality, the quantity and quality of aquatic habitat, the health of aquatic communities, and compliance with state laws.

Michigan has over 36,000 miles of streams, and more than 11,000 lakes and ponds. The Great Lakes, known for their beauty and the wealth of resources, contain one-fifth of the world's surface fresh water, with more than 3,000 miles of shoreline. These precious water resources and the benefits they provide are protected by several state laws from impairment due to pollution, physical alterations and nuisance aquatic species.



Impact Themes
 Environmental Sustainability
Impact Designations
N/A
Walk, Bike, Transit Scores®
N/A

**About CCM:** Founded in 1998, Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. The firm's mission seeks to deliver superior risk-adjusted returns through investment strategies that contribute to positive societal outcomes. For more information, please visit: [www.ccminvests.com](http://www.ccminvests.com).

<sup>1</sup> Impact criteria exceptions are only applicable to transitional assets that are used for portfolio management purposes.

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