

Sustainable Development Policy

February 19, 2020

The Board of Directors of Avangrid, Inc. (“AVANGRID”) oversees the management of AVANGRID and its business with a view to enhance the long-term value of AVANGRID for its shareholders. The Board of Directors of AVANGRID (the “Board of Directors”) has adopted this Sustainable Development Policy (this “Policy”) to assist in exercising its responsibilities to AVANGRID and its shareholders. This Policy is subject to periodic review and modification by the Board of Directors from time to time. This Policy and AVANGRID’s certificate of incorporation, by-laws, corporate governance guidelines and other policies pertaining to corporate governance and regulatory compliance, risk, and social responsibility (collectively, the “Corporate Governance System”) form the framework of governance of AVANGRID and its subsidiaries (collectively, the “AVANGRID Group”). AVANGRID’s Corporate Governance System is inspired by and based on a commitment to ethical principles, transparency and leadership in the application of best practices in good governance and is designed to be a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.

1. Purpose

This Policy establishes the basic principles and general framework of activities for the management of the AVANGRID Group’s sustainable development strategy, corporate social responsibility practices, and incorporation of the Sustainable Development Goals (SDGs) approved by the member states of the United Nations into the AVANGRID Group’s business model and strategy.

2. Sustainable Development Objectives

AVANGRID seeks to create value in a sustainable manner, with a long-term vision that achieves a better future for employees, customers, shareholders and other stakeholders, and focuses on providing a high-quality service through the use of environmentally-friendly energy sources and other innovations. In this respect, AVANGRID strives for the sustainable development of the communities in which the AVANGRID Group does business and endeavors to foster local economic development, the generation of employment, and prosperity.

In addition, the AVANGRID Group is committed to:

- a) contributing to the achievement of the Sustainable Development Goals (SDGs) adopted by the member states of the United Nations with particular focus on goal seven (Affordable and Clean Energy) and goal thirteen (Climate Action);
- b) offering safe, reliable, and high-quality energy that is respectful of the environment;
- c) adopting management practices based on equal opportunity, innovation, productivity, profitability, and sustainability;
- d) responsibly managing and controlling risk; and
- e) encouraging a culture of ethical behavior and transparency in our actions.

3. General Principles of Sustainable Development

To achieve these goals, the AVANGRID Group will:

- a) comply with all applicable federal, state and local laws and regulations;



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- b) support the principles of the Sustainable Development Goals (SDGs) adopted by the member states of the United Nations, the United Nations Global Compact, and other international commitments in human rights, labor practices, protection of the environment, and anti-corruption;
- c) inspired by and built on our three specific core values set forth in the AVANGRID Group's Purpose and Values, work together towards achievement of our corporate purpose to deliver a more accessible clean energy model that promotes healthier, more sustainable communities;
- d) favor free market practices and implement effective measures for the prevention, investigation, and discipline of fraudulent or illegal acts;
- e) adopt and comply with corporate governance best practices that are based on ethical principles, transparency and leadership; and
- f) involve all our stakeholders in our enterprise, engaging in continuous and constructive dialogue to understand the expectations and build strong bonds in order to generate trust and a sense of belonging as an integral part of the AVANGRID Group.

4. Sustainable Development Policies

- a) We want to lead the creation of value in a sustainable manner, with a long-term vision that achieves a better future for employees, customers, shareholders and other stakeholders without compromising present results. The fundamental principles guiding our how we sustainable create value are set forth in the Sustainability Policy adopted by the Board of Directors.
- b) We engage communities, customers, suppliers, employees and shareholders in the governance of our company, demonstrating leadership and transparency in our actions. Specifically, the AVANGRID Group is committed to publicly disseminating relevant, reliable and timely information regarding the AVANGRID Group's performance and activities in a manner that is consistent with applicable U.S. Securities and Exchange Commission rules and regulations. The principles guiding the AVANGRID Group's fair disclosure of information are set forth in the Fair Disclosure Policy adopted by the Board of Directors.
- c) The effective development, dissemination, sharing and protection of AVANGRID's intellectual capital enhances operational efficiency through the proper use of intellectual capital and is a key element in creating sustainable value for AVANGRID's shareholders. The main principles governing the development, dissemination, sharing and protection of AVANGRID's intellectual capital are set forth in the Knowledge Management Policy and Corporate Security Policy adopted by the Board of Directors.
- d) We believe that innovation focused on sustainable development, the promotion of renewable energy and the development of opportunities offered in digitalization, automation, and new technologies and business models is one of the AVANGRID Group's principal tools for creating sustainable value for AVANGRID's shareholders. The principles guiding the AVANGRID Group's innovation efforts are set forth in the Innovation Policy adopted by the Board of Directors.
- e) We are committed to the application of good tax practices and recognize that the payment of taxes in the communities in which the AVANGRID Group does business is a one way that AVANGRID Group can positively contribute to such communities. The Corporate Tax Policy adopted by the Board of Directors sets forth AVANGRID's corporate tax strategy and the principles guiding the AVANGRID Group's tax practices.
- f) We aspire to be the preferred U.S. energy company because of, among other reasons, our respect for and protection of the environment. We are committed to leading in the fight against climate change and the development of clean energy.. The Environmental Policy, Climate Change Policy, and Biodiversity Policy adopted by the Board of Directors sets forth the principles guiding these commitments.



5. Relationships with Employees

The AVANGRID Group considers its employees to be a key strategic asset and we place great importance on offering a safe and healthy working environment and fostering development and continuous training, work-life balance, and equal opportunity. The AVANGRID Group is committed to recruiting, promoting and retaining the most qualified talent and encouraging professional growth, making our workforce participants in a successful business enterprise. These principles are further developed in the Human Resources Framework Policy, the Equal Opportunity Policy, the Recruiting and Hiring Policy, Human Rights Policy, and the Environmental, Health and Safety Policy, each of which is described below:

- a) We respect and acknowledge internationally recognized human rights principles and are committed to treating people with dignity and respect. We respect employees' right to associate, form or join trade unions and workers' right to collective bargaining, subject to applicable law and regulations. The Human Rights Policy adopted by the Board of Directors sets forth the principles underpinning these commitments.
- b) The Board of Directors believes that our employees are our most strategic asset and a skilled, diverse, and motivated workforce is critical to developing a successful business enterprise. Recruiting, hiring, training, and promoting the most qualified people is essential achieving AVANGRID's strategic goals. The Recruiting and Hiring Policy adopted by the Board of Directors sets forth principles the AVANGRID Group will respect in recruiting, hiring, training, and promoting procedures and practices.
- c) AVANGRID believes that employment relationships based on equal opportunity, non-discrimination, and respect for diversity is a strategic priority and fundamental to our competitive success. The Equal Opportunity Policy adopted by the Board of Directors articulates AVANGRID's commitment to the principle of equal employment opportunity for all employees and to providing employees with a work environment free of discrimination and harassment.
- d) The effective development, dissemination, sharing, and protection of our intellectual capital enhances operational efficiency through the proper use of intellectual capital and is a key element in creating sustainable value for our shareholders. The Knowledge Management Policy adopted by the Board of Directors outlines the main principles guiding the AVANGRID Group in the appropriate dissemination, sharing, and protection of existing knowledge and the implementation of initiatives, procedures and tools that enable continuous learning and cultural exchange.
- e) We are committed to providing a safe and healthy work environment for all employees. The Environmental, Health and Safety Policy adopted by the Board of Directors sets forth the main principles guiding our efforts to create a safe and healthy work environment for all employees.

6. Relationships with Local Communities

The AVANGRID Group does business in a number of different local communities. In our operations, we seek to:

- a) build strong relationships within the communities in which the AVANGRID Group does business in order to generate confidence and a sense of belonging as an integral part of our company;
- b) be honest, professional, respectful, and trustworthy and act in good faith with all government and regulatory agencies;
- c) promote access to affordable energy for low income and rural communities;
- d) respect and acknowledge internationally recognized human rights principles and treat people with dignity and respect;
- e) promote employee participation in corporate volunteering programs and support the conservation of the cultural and artistic heritage of the communities in which the AVANGRID Group does business;



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- f) support initiatives that contribute to the creation of a more equal, healthy and just society such as the measures to help employees balance their responsibilities at work and their personal and family responsibilities; and
- g) collaborate on specific projects in emerging and developing countries and areas undergoing humanitarian crises and actively participate in the search for sustainable solutions for access to modern forms of energy.

7. Relationship with Customers

We are committed to understanding the needs and expectations of our customers so that we can offer them better solutions within a free market, continuously working to maintain and increase satisfaction and connection to our company. In our communications with customers, we will:

- a) comply with the applicable laws and regulations governing communication and marketing activities and adopt best practices that to ensure transparency and truthfulness to such activities;
- b) contribute to the health and safety of our customers by complying with all applicable health and safety laws and providing training and information to customers through the AVANGRID Group's corporate websites, invoices, and training and informational campaigns;
- c) provide information to customers that promotes the rational, efficient, and safe use of electricity and gas;
- d) pay attention to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to energy and gas supply according to the policies established by the competent government administrations in each case;
- e) make information regarding the services provided by the AVANGRID Group in alternative formats so that it is accessible to all customers;
- f) adopt measures to protect the confidentiality of customer data as required by applicable law and the Code of Business Conduct and Ethics;
- g) work to offer high-quality service and energy to our customers within a safe and reliable environment; and
- h) monitor the quality of the service provided to customers through various measures including, without limitation, targeted customer service efforts and surveys measuring customer satisfaction.

8. Relationship with Suppliers

We view our suppliers as strategic business partners and our suppliers play an essential role in creating sustainable value and providing a high-quality service. We require all our suppliers to comply with applicable law, generally accepted ethical and social responsibility principles, and our Corporate Governance System. In our relationships with our suppliers, we will:

- a) adopt responsible practices in the management of the supply chain; and
- b) require all participants in the supply chain to comply with the principles and values set forth in the Supplier Code of Ethics regarding business ethics and transparent management, labor practices, health and safety, the environment, the quality and safety of the products and services sold, and development of responsible practices in the supply chain, promoting strict respect for the human rights, in performing its activities.



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