

Climate Action Policy

October 18, 2023

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. Avangrid is a member of the group of companies controlled by Iberdrola, S.A. The Board of Directors of Avangrid (the “Board of Directors”) has adopted this Climate Action 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, sustainable development, and social responsibility (collectively, the “Governance and Sustainability System”) form the framework of governance of Avangrid and its subsidiaries (collectively, the “Avangrid Group”). Avangrid’s Governance and Sustainability 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

Climate change is a serious threat and one of the most significant challenges of the 21st century. Scientific evidence shows that greenhouse gas emissions have accelerated global warming and that action to address climate change must occur. Avangrid is committed to the fight against climate change. The Board of Directors, upon the recommendation of the Governance and Sustainability Committee, reviews and approves Avangrid’s environmental, social and governance goals including, without limitation, Avangrid’s goals related to climate change. This commitment is aligned with the Paris Agreement as well as goal seven (Affordable and Clean Energy) and goal thirteen (Climate Action) of the Sustainable Development Goals approved by the member states of the United Nations. Avangrid seeks to contribute actively and decisively to a low-carbon and sustainable future, delivering clean, low emission energy, minimizing the environmental impact of our activities and supporting and promoting actions that address climate change. Such efforts must be compatible with social and economic growth. This Policy sets the framework for Avangrid’s actions to fight climate change.

2. Principles

To implement Avangrid’s commitment to leadership in the fight against climate change, Avangrid will:

- a) reduce Scope 1¹ greenhouse gas emissions intensity of our generation capacity by 35% by the year 2025, compared to a year 2015 baseline, and be Scopes 1 and 2 carbon neutral by the year 2030;
- b) continue to focus on renewable energy, targeting an increase in renewables installed capacity of more than 70% by the year 2025 compared to a year 2015 baseline;
- c) contribute to the electrification of the economy, maintain leadership in renewable energy and continue with investment and operation of smart grids, which allow for strong integration of renewable energy and promote efficiencies in generation, transmission, and energy usage;
- d) support innovation, initiatives, and legislative and regulatory actions that support balanced electrification of consumer energy uses (including, among other things, electric vehicles, railway electrification, and heating systems) that contribute to the decarbonization of the economy;

¹ Scope 1 emissions include all direct greenhouse gas emissions from sources that are owned or controlled by the AVANGRID Group such as power generation facilities, offices and fleet vehicles. Greenhouse gases include carbon dioxide (CO₂), Sulfur hexafluoride (SF₆), and methane (CH₄).

- e) integrate climate science and adaptation and resilience standards, as well as technical improvements, in the design, construction and management of energy generation, storage and distribution networks and infrastructure in order to reduce or avoid the potential impacts of climate change on their functionality and enable the Avangrid to adapt to changes in energy demand caused by climate change;
- f) regularly review Avangrid's greenhouse gas emissions inventory and continue to establish and improve control and monitoring mechanisms;
- g) analyse the risks and opportunities for Avangrid arising from climate change and regularly review and disseminate information regarding Avangrid's actions contributing to the fight against climate change;
- h) actively promote and encourage efficient and responsible use of energy by all Avangrid stakeholders;
- i) raise awareness and promote training and education on climate change and the social problems related thereto, and encourage contractors to adopt climate change policies consistent with the principles contained in this Policy;
- j) foster, participate and undertake research, development and innovation activities that address climate change;
- k) maintain a constructive dialogue with governmental agencies, non-profit organizations, local communities, and other stakeholders to raise awareness about the importance of taking measures to reduce greenhouse gas emissions and fighting climate change; and
- l) publicly and transparently support the public policies and strategies that address climate change and deal in a coordinated and consistent manner with the social problems relating to climate change.