

Corporate Risk Policies

February 15, 2024

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 these risk policies to assist in exercising its responsibilities to Avangrid and its shareholders. These policies are 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.

Corporate Credit Risk Policy

The Avangrid *Corporate Credit Risk Policy* provides the framework for evaluating, monitoring and managing credit risk for the entire Avangrid Group. Credit risk includes all counterparty risks that, in the event of insolvency of such counterparty, might cause the Group to sustain an economic or financial loss.

In particular, the *Corporate Credit Risk Policy* establishes the identification and segmentation into homogeneous groups of the principal types of relationships that give rise to credit exposure within the Group, the implementation of mechanisms to identify common counterparties, the application of corporate guidelines for acceptance of counterparties, as well as the allocation of risk limits in the aggregate and by counterparty, in accordance with credit quality standards, such as the requirement to reduce the risk of investment losses by considering possible re-use of components installed at customer facilities.

Corporate Market Risk Policy

The Avangrid *Corporate Market Risk Policy* provides the framework for monitoring and managing market risk for the entire Avangrid Group. Market risk includes any potential loss of margin and/or value due to adverse changes in price-determining factors.

In particular, the *Corporate Market Risk Policy* sets out guidelines for the management of market risk associated with the various activities connected to the energy value chain:

- Activities associated with the core business, including electric generation from owned facilities, purchase and sale of electricity and natural gas, natural gas storage, related ancillary services and hedging transactions.
- Discretionary electric and natural gas trading have a stop-loss limit.

Operational Market Transaction Risk Policy

The Avangrid *Operational Market Transaction Risk Policy* provides the framework for the operational and reputational risks deriving from all market-related activities by the Avangrid Group. The policy is based upon a sound risk culture, proper segregation of duties, formalized clear processes and policies, and secure information technology systems. In particular, the *Operational Risk in Market Transactions Policy* applies to the following short-term and long-term energy management and treasury operations:

- Buying and selling in wholesale energy and financial markets
- Cash placements and derivative operations for treasury
- Commodity hedging operations

Operational Insurance Risk Policy

The Avangrid *Operational Insurance Risk Policy* provides the framework for monitoring and managing, through insurance, the exposures that impact of the operational risks associated with all the activities and businesses of the Group.

It includes limits for the following insurance programs, among others:

- Comprehensive General Liability Insurance
- Environmental Liability Insurance
- Directors and Officers Liability Insurance
- Cyber Liability/Data Security Liability Insurance

Investment Risk Policy

The Avangrid *Investment Risk Policy* provides the framework for analysis, approval, and monitoring of the investment or divestment projects within the Avangrid Group. In particular, this *Investment Risk Policy* sets general limits in terms of profitability and risk for each project, as well as the manner in which it fits into the Avangrid Group strategy, and the requirement for new investments to incorporate an analysis of risks related with climate change.

Equity Share Risk Policy

The Avangrid *Equity Share Risk Policy* provides the framework for purchase and/or sale of Avangrid stock under the ticker symbol "AGR" on the New York Stock Exchange (NYSE).

Treasury Risk Policy

The Avangrid *Treasury Risk Policy* provides the framework for the control and management of financial risk for Avangrid and its subsidiaries. The framework identifies risk and guidelines related to:

- Interest rates
- Foreign currency exchange
- Liquidity
- Solvency
- Financial operations

Reputational Risk Policy

The Avangrid *Reputational Risk Policy* provides the framework for the monitoring and management of reputational risk for Avangrid and its subsidiaries.

Reputation is a cornerstone for the creation and protection of the value of Avangrid. Reputation risk includes the potential public negative impact on the company value and brand resulting from internal or external factors.

Information Technology (IT) Risk Policy

The Avangrid *Information Technology Risk Policy* provides an overall framework for the governance and management of the processes and actions relating to information technology (IT) within the Avangrid Group. It contemplates the

management of risks associated with the use, ownership, operation, participation, influence, and adoption of specific information technology, as well as the processes for the management and control.

Cybersecurity Risk Policy

The Avangrid *Cybersecurity Risk Policy* provides an overall framework for the control and management of the cybersecurity risks applicable to the Avangrid Group. In particular, it refers to the risks arising from threats to and vulnerabilities in information, information and communications systems, facilities, and any other asset that forms part of the Avangrid Group cyber-infrastructure. It also establishes the guidelines for a cybersecurity management model, including rules and standards to be applied within all the businesses and corporate functions.

The *Cybersecurity Risk Policy* is based upon the following basic principles:

- Raising awareness among all employees, contractors and collaborators of cybersecurity risks and ensuring that they have the knowledge, skills, experience and technological abilities needed to support the Avangrid's cybersecurity goals.
- Ensuring that Avangrid's information and telecommunications systems have an appropriate level of cybersecurity and resilience and applying the most advanced standards to those that support the operation of critical cyber-infrastructure.
- Fostering appropriate cybersecurity and resilience mechanisms for the systems and operations managed by third parties that provide services to Avangrid.
- Strengthening capacities for prevention, detection, reaction, analysis, recovery, response, investigation, and coordination against terrorist activities and criminality in cyberspace.
- Providing procedures and tools that permit rapid adaptation to changing conditions in the technological environment and to new threats.
- Collaborating with relevant governmental bodies and agencies in order to contribute to the improvement of cybersecurity.

Purchasing Risk Policy

The Avangrid *Purchasing Risk Policy* provides the overall framework for risks derived from the purchase of materials and equipment as well as from contracting for products and services, with emphasis on adherence to the ethical commitments of the AVANGRID Group and of its suppliers.

The *Purchasing Risk Policy* rests upon the following basic principles:

- Promoting a strong risk culture based on ethics and honesty across the entire Avangrid Group.
- Establishing the standards and controls associated with the activities of purchasing and contracting for equipment, materials, work, and services for the benefit of the companies making up the Avangrid Group.
- Implementing the mechanisms required for purchasing decisions to ensure the achievement of balance between technical competence, quality, price, and supplier qualifications as a key condition for the contribution of value.
- Establishing supplier selection procedures that conform to standards of objectiveness, impartiality, and equal opportunity, ensuring at all times the professionalism of employees.
- Promoting strict compliance by suppliers with contractual terms and conditions and with applicable law, as well as with the guidelines for action set forth in the *Supplier Code of Ethics*.

Health and Safety Risk Policy

The *Avangrid Health and Safety Risk Policy* provides the overall framework for risks the control and management of health and safety risks and is established under the basis of complying with and exceeding all applicable health and safety regulations, policies and other related requirements and standards, particularly ISO 45001:2018 Standard, that specifies requirements for health and safety management systems.

The *Health and Safety Risk Policy* rests upon the following basic principles:

- Internalizing the health and safety of employees and protection of the environment as a core values, inseparable from Avangrid's vision, mission and goals.
- Centralizing in the Environmental, Health and Safety department, the development and maintenance of the EHS Management System, including its monitoring and system effectiveness evaluation, thereby reinforcing a culture continuous improvement.
- Striving to eliminate recognized hazards and reduce EHS risks throughout our operations and facilities.
- Encouraging a culture of shared responsibility, starting with a firm commitment from the executive team and extending to the bargaining units, management, contractors and each individual employee.
- Consulting and seeking the participation of all levels of personnel in the review of events and opportunities, thereby empowering employees to reduce incidents through the control of hazards and risks.
- Promoting the competency of all employees on issues relating to the management of Environmental, Health and Safety through training and awareness.
- Complying with or exceeding all applicable health and safety regulations, internal policies and other related requirements.
- Communicating risks, accidents and incidents in a clear and transparent way.
- Evaluating the performance to monitor and measure the status of the organization's capacity to meet its objectives and targets in terms of the management of risk.
- Fostering a culture of continuous improvement through engagement and analysis.