

# Related Party Transaction 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 Related Party Transaction 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

Under Avangrid's Code of Business Conduct and Ethics and Corporate Governance Guidelines, all directors and employees must report any activity that would cause or appear to cause a conflict of interest on his or her part. The Board of Directors recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof. Therefore, the Board of Directors has adopted this Policy to ensure that all Related Party Transactions (as defined below) shall be subject to review, approval or ratification in accordance with the procedures set forth below. The requirements and procedures set forth in this Policy are non-exclusive of and should be read in conjunction with the other documents that comprise the Governance and Sustainability System. This Policy supports the achievement of goal sixteen (Peace, Justice and Strong Institutions) of the Sustainable Development Goals (SDGs) adopted by the member states of the United Nations.

## 2. Definitions

For the purposes herein:

- A "Related Party" includes any person who is, or at any time since the beginning of Avangrid's last fiscal year was, a director, director nominee, executive officer, beneficial owner of more than 5% of any class of Avangrid's voting securities ("Significant Stockholder") or any Immediate Family Member of any such person.
- An "Immediate Family Member" includes any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and any person sharing the household of the director, executive, nominee or Significant Stockholder (except tenants and employees).
- A "Related Party Transaction" is any individual or series of financial transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which any Avangrid Group company was, is or will be a participant and in which any Related Party had, has or will have a direct or indirect interest. Notwithstanding the foregoing, a Related Party Transaction does not include transactions available to all employees generally.

## 3. Identification of Potential Related Party Transactions

Each director, nominee for director and executive officer is responsible for providing written notice to the general counsel of Avangrid (the "General Counsel") of any potential Related Party Transaction involving themselves, or their Immediate Family Member. In addition, each director, nominee for director and executive officer is required to complete a questionnaire on an annual basis designed to elicit information about any potential Related Party Transactions. The General Counsel, in consultation with other members of Avangrid management and with outside counsel, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

## 4. Review and Approval of Related Party Transactions

Anyone seeking approval of a potential Related Party Transaction shall provide notice to the General Counsel of the facts and circumstances relative to the proposed Related Party Transaction, including, to the extent known:

- the name of the Related Party and the Related Party's relationship to the Company;
- the Related Party's interest in the transaction;
- the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved;
- the approximate dollar value of the Related Party's interest in the transaction;
- the benefits to the Company of the proposed Related Party Transaction; and
- any other information regarding the transaction or the Related Party in the context of the transaction that is material to investors in light of the circumstances of the particular transaction.

If the General Counsel affirms that the proposed transaction is a Related Party Transaction, the proposed Transaction shall be submitted to the Audit Committee or the Audit Committee's authorized delegate for consideration as soon as practicable. The Audit Committee or delegate (as the case may be) shall consider all of the relevant factors, including but not limited to (if and to the extent applicable):

- the benefits to Avangrid;
- the impact on a director's independence in the event the Related Party is a director, an Immediate Family Member of a director or an entity in which a director is a partner, shareholder or executive officer;
- the opportunity costs of other sources for comparable products or services, including whether the transaction is made on terms no less favorable than terms that would be generally available to an unaffiliated third-party under the same or similar circumstances;
- the terms of the transaction; and
- the actual or apparent conflict of interest of the Related Party.

No director shall participate in any review, discussion, consideration or approval of any Related Party Transaction with respect to which such director or any of his or her Immediate Family Members is the Related Party, except to the extent that such director is required to provide all material information concerning the interested transaction to the Audit Committee.

The Audit Committee shall approve only those Related Party Transactions that are in, or not inconsistent with, the best interests of the Company and its stockholders. For the avoidance of doubt, Related Party Transactions that also fall within the scope of transactions requiring approval of the Unaffiliated Committee of the Board of Directors (as defined in Section 7 below) are not subject to Audit Committee review under this Policy but are subject to the terms of the Shareholder Agreement referenced in Section 7 below.

## 5. Pending and Completed Related Party Transactions

In the event an executive officer or director of Avangrid becomes aware of a Related Party Transaction that has not been previously approved or ratified under this Policy, they shall notify the General Counsel to facilitate the following review:

- If the Related Party Transaction is pending or ongoing, the facts and circumstances relative to the transaction will be submitted to the Audit Committee or the authorized delegate promptly and the Audit Committee or the authorized delegate shall then consider all of the relevant factors described in Section 4 above. Based on such review, the Audit Committee or the authorized delegate shall evaluate alternatives relative to the transaction, including but not necessarily limited to ratification, amendment or termination of the Related Party Transaction.

- If the Related Party Transaction is completed, the Audit Committee or the authorized delegate shall evaluate the transaction taking into account the relevant factors described in Section 4 above to determine whether rescission of the transaction and/or any disciplinary action (assuming the Related Party involves an executive officer or director of Avangrid) is appropriate. Depending on the circumstances, the Audit Committee may also request that the General Counsel re-evaluate Avangrid's controls and procedures relative to identification and administration of potential Related Party Transactions and determine whether any changes should be recommended for approval by the Audit Committee.

## **6. Exempted Transactions**

Notwithstanding the foregoing, the following types of transactions are deemed not to create or involve a material interest on the part of the Related Party and will not be reviewed, nor will they require approval or ratification, under this Policy:

- transactions involving the purchase or sale of products or services in the ordinary course of business, not exceeding \$120,000;
- compensation arrangements of any (i) executive officer, if such arrangements have been approved by the Board of Directors or its delegate, or (ii) director, if such arrangements have been approved by the Board of Directors;
- any transaction with another company at which a Related Party's only relationship is as an employee, director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of that company's total annual revenues;
- any transaction where the Related Party's interest arises solely from the ownership of a class of securities of Avangrid and all holders of that class of securities will receive the same benefit on a pro rata basis; and
- transactions involving less than \$5,000 in amount.

## **7. Related Party Transactions Requiring Review of the Unaffiliated Committee**

Notwithstanding the foregoing, and for the avoidance of doubt, any Related Party Transactions that fall within the scope of transactions requiring approval of the Unaffiliated Committee of the Board of Directors pursuant to Section 5.2 of that certain Shareholder Agreement, dated 16 December 2015, by and between Avangrid and Iberdrola, S.A. shall be subject to the review and, where necessary, consent of the Unaffiliated Committee of the Board of Directors pursuant to the terms of the Shareholder Agreement.

## **8. Scope and Waivers**

This Policy has been adopted by the Board of Directors as the general guidelines for approving and disclosing Related Party Transactions. Nothing in this Policy shall prohibit the Board of Directors or any committee of the Board of Directors from approving any transaction that is approved in accordance with the provisions of applicable law, including the New York Business Corporation Law and the rules and regulations of the U.S. Securities and Exchange Commission and the New York Stock Exchange.

Waivers or exceptions to this Policy may be granted by either the Audit Committee or the full Board of Directors. Any waiver or exception to this Policy granted by the Audit Committee shall be promptly reported to the full Board of Directors.

## **9. Review of Policy**

The Audit Committee, with the assistance of the Governance and Sustainability Committee of the Board of Directors, will review this Policy periodically and will report the results of this review to the Board of Directors.

## **10. Disclosure**

All Related Party Transactions are to be disclosed in Avangrid's proxy statement and other appropriate filings as required by the rules and regulations of the U.S. Securities and Exchange Commission and the New York Stock Exchange. This

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