



ACCELERATING TRANSFORMATION

2021 SUSTAINABILITY REPORT



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ACCELERATING TRANSFORMATION

At AVANGRID, we aspire to be **the** leading sustainable energy company in the U.S.

2021 marked the start of a decisive decade and a coordinated effort globally to address the causes and impacts of climate change. While much has been done in the past, there seems to be a renewed effort towards seeking solutions and moving collaboratively. We see this as a tremendous opportunity for our company.

Over the last year, AVANGRID has taken bold steps to further our clean energy leadership and to accelerate transformation. We're bringing safe, reliable and affordable energy to the 2.3 million electric and 1 million gas customers we serve today, while creating the clean energy solutions we all need for tomorrow.

In 2021, our Networks and Renewables businesses invested \$3.3 billion to build a cleaner, connected and more resilient energy system. AVANGRID remains one of the cleanest utilities in the U.S., with over 90% emissions-free generating capacity producing close to 20,000 gigawatt-hours of clean electricity – enough to power nearly two million homes.

And as a pioneer in offshore wind, green hydrogen, and other innovative technologies, we're proud to be a central part of history in the making. AVANGRID is shaping the American clean energy industry, which will deliver affordable energy to millions of families, spur local economic growth, and create good-paying jobs while substantially reducing our national carbon footprint and expanding our country's energy independence.

As we publish this report, construction on the nation's very first commercial-scale offshore wind farm – Vineyard Wind 1 – is underway. This is one of three AVANGRID projects that will revolutionize New England's clean energy future by delivering 2.4 gigawatts of offshore wind to the region by 2027, driving over \$10 billion in investments that will catalyze new clean energy hubs for our communities and create thousands of jobs.

True to our Environmental, Social, Governance and Financial (ESG+F) principles, we strive to show that clean energy is a win-win-win: not just a beneficial outcome for the environment and society, but an opportunity to help people and communities participate in the clean energy transition through new jobs, and for leading companies like ours to make critical and strategic investments.



AVANGRID is setting the pace for other utilities and, through our actions today and our visionary goals for the future, we don't want to just be **a** leading sustainable energy company – we aspire to be **the** leader. This means we must continue to raise the bar, challenge ourselves to push boundaries and be more agile in making adjustments along the way. Our talented employees are providing the fuel for creativity and innovation. As companies, governments, and other organizations work to achieve their climate goals, AVANGRID is confident that we will develop the solutions our country needs if we put our minds and our resources to it. Because our customers, our communities, and every one of us deserves a future built on cleaner domestic energy – and because American innovation has been a driving force for progress for centuries. AVANGRID is dedicated to and driven by accelerating transformation, and as the U.S. navigates its next energy chapter, our company is committed to leading the way.

We're shaping the American clean energy industry, which will deliver affordable energy to millions of families.



WELCOME TO AVANGRID'S 2021 SUSTAINABILITY REPORT

Sustainability is more than just a concept at AVANGRID: it is in our DNA and it is part of everything we do. We think about sustainability through the lens of ESG+F – or our Environmental, Social, Governance and Financial impact on the communities we serve. As described in this report, we've made the 'F' or Financial factor a key component along with the E, S and G because we know that when we focus on making lasting responsible and positive impacts on our world, we will deliver strong financial returns for our shareholders and for our communities.

This report reflects the culmination of our sustainability efforts and leadership during 2021, our continued work to accelerate the transition to a clean energy future and our push to achieve our company's bold and visionary climate and social impact goals. In this report you'll see how in 2021 we brought this work to life, with detailed insights including a comprehensive overview of our business and:

- **Our environmental commitments** – from further reducing our greenhouse gas emissions, to building partnerships that help protect our natural world.
- **Our social commitments** – from the Avangrid Foundation's support for organizations focused on a broad range of social issues, to creating opportunities for our employees to engage with their communities.
- **Our governance commitments** – including efforts to embed our sustainability commitments across our supply chain and ensure our employees have the resources to navigate a particularly challenging world in the face of COVID-19, social injustices and increasing global tensions.
- **Our key performance indicators (KPIs)** – across each of these commitments.

In addition to this report, throughout the year we share information from trusted outside organizations about our sustainability journey, including our standards reporting through the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Carbon Disclosure Project (CDP), as well as the Edison Electric Institute and the American Gas Association.

We take great pride in our ESG+F leadership, and we will continue to evolve and accelerate our commitments to address climate change and to be stewards of the environment and partners to our communities, while building the leading clean energy company in the United States.

We hope our work, as described in the pages of this report, gives you inspiration and a sense of promise for the future.

A handwritten signature in blue ink, appearing to read 'Laney Brown'.

Laney Brown | Vice President – Sustainability



+386 MW

of new wind and solar projects
reached Commercial Operation
Date (COD) in 2021



~100 miles

of cast iron and bare steel pipe
replaced annually to reduce
emissions of methane



15,000

new EV charging station network
committed to by 2025

OUR STRATEGY AND VISION: TO ACCELERATE THE CLEAN ENERGY TRANSFORMATION

At AVANGRID, we are accelerating the transformation to a cleaner tomorrow.

This report highlights our ongoing efforts to become *the* leading sustainable energy company in the United States by creating clean energy solutions for our customers and communities that advance progress on climate, economic and societal issues.

The roadmap to our success is based on several key elements – informed by our Environmental, Social, Governance and Financial (ESG+F)-led strategy – which shape our business decisions and help further our sustainability commitments. We know that you cannot make lasting positive impacts on our world if you're not also delivering strong financial returns. This is why we include the F (for Financial Stewardship) in our ESG+F sustainable business model.



In 2021, our Networks and Renewables businesses invested \$3.3 billion to build a cleaner, connected and more resilient energy system, as part of a total planned capital spend of more than \$20 billion across Avangrid Renewables and Avangrid Networks from 2021 to 2025.* These investments in a connected and resilient grid will help accelerate the clean energy transformation while also ensuring that we're providing our customers with safe, reliable and affordable power to meet their daily energy needs.

Today we also generate enough clean energy to power approximately two million homes, with over 8.8 gigawatts (GW) of wind, solar and thermal capacity across 22 states, and we're just getting started. For example, in 2021 we began construction on our joint venture project, Vineyard Wind 1, the first commercial-scale offshore wind project to break ground in the United States, and we continue to expand our more than 8 GW onshore wind and solar portfolio with approximately 1 GW currently under construction.

Our investments in Avangrid Networks and Avangrid Renewables are all about accelerating transformation to a clean energy future with more renewable, sustainable power and a more resilient and reliable energy infrastructure network that supports our communities and our planet.

Our success demonstrates our unrelenting commitment to the highest ethical and governance standards to ensure we provide equitable access to clean energy. To create meaningful change as we drive this work forward, we established leadership committees charged with embedding our ESG+F and our Diversity, Equity and Inclusion commitments throughout our operations.

We are also dedicated to building an engaged, vibrant and diverse workforce and a safe and healthy workplace. Our employees provide the energy and innovation that drive AVANGRID's success, and in 2021 we were proud to be recognized once again by the **Ethisphere Institute** (a global leader in defining standards for ethical business practices) as one of the **World's Most Ethical Companies**, and by **JUST Capital** as a **JUST 100** company (a listing of the most just companies in the United States). These honors place us among the leading companies committed to supporting a more healthy and sustainable future while creating a fair and ethical environment for all our stakeholders.

In this report, we show how we made significant progress toward our ESG+F commitments in 2021 and how we're continuing these efforts moving forward to create a clean energy future that benefits all of our stakeholders. To learn more, visit the Sustainability section of AVANGRID's website at [avangrid.com](https://www.avangrid.com).

* Based on AVANGRID's Long-Term Outlook as of November 5, 2020.



AVANGRID ESG GOALS AND AWARDS

Emissions & Environmental Goals



>100%
Increase Renewables' installed capacity >100% by 2025 vs. 2015



50%
Reduce 50% of paper used by 2030



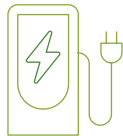
35%
Reduce Scope 1¹ GHG emissions intensity 35% by 2025 vs. 2015



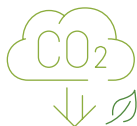
60% of AVANGRID's fleet (100% of light duty) converted to cleaner energy vehicles by 2030²



Scope 1¹
carbon neutral by 2035



~900 L2/L3 charging stations installed for fleet and employee vehicles by 2030



25%
reduction in CO₂ footprint in AVANGRID facilities by 2030



>15K chargers and make-ready infrastructure for light duty, medium/heavy duty and transit buses by 2030²



50%
Green energy used in AVANGRID facilities by 2030

Social Impact



\$300M
Increase annual Supplier Diversity spend to \$300M by 2025



35,000
Employee volunteer hours achieved in 2025



2030
Full gender parity for women in senior leadership roles³ by 2030

¹ Scope 1: GHG emissions from electricity generation, methane leaks, SF₆ fugitive emissions, fuel consumption in buildings and company vehicles.

² Subject to regulatory approval and availability of vehicles and charging equipment.

³ Senior leadership roles include director-level and above.

Sustainability Ratings & Indices

GLOBAL CARBON CLEAN 200 LIST

For the fourth year, AVANGRID is on this list of companies leading the way with solutions for a clean energy future.



2021 Awards & Honors

WORLD'S MOST ETHICAL COMPANIES

For the third consecutive year, AVANGRID received this award from the Ethisphere Institute – one of only nine honorees globally in the Energy and Utilities sector.

THE JUST 100: 2021 AMERICA'S BEST CORPORATE CITIZENS – FORBES

AVANGRID was recognized by Forbes and JUST Capital, ranking #1 among utilities for its commitment to the environment and the communities it serves. This list recognizes companies doing right by stakeholders and making an impact above and beyond their industry peers.

S&P GLOBAL CLEAN ENERGY INDEX

AVANGRID was chosen as one of 100 clean energy-related companies worldwide. The Index aims to track companies from both developed and emerging markets that produce energy from wind, solar, hydro and other renewable sources, as well as companies that build and provide clean technology.

S&P SUSTAINABILITY YEARBOOK

2021 was AVANGRID's first year placing on S&P Global's annual and comprehensive listing of the world's most sustainable companies.

WELL HEALTH-SAFETY RATING – INTERNATIONAL WELL BUILDING INSTITUTE

AVANGRID received this rating across 17 of our workplaces. More than 80% of employees now work in WELL Health-Safety rated workplaces. The evidence-based, third-party-verified rating focuses on operational policies, maintenance protocols, stakeholder engagement and emergency plans.

ENERGY STAR PARTNER OF THE YEAR

Three of our operating companies – United Illuminating (UI), Connecticut Natural Gas (CNG) and Southern Connecticut Gas (SCG) – were recognized as Energy Star partners for demonstrating outstanding leadership in energy management year over year. This distinction is the highest level of U.S. Environmental Protection Agency (EPA) recognition.

EDISON ELECTRIC INSTITUTE EMERGENCY RESPONSE AWARDS

Four of our operating companies – Central Maine Power (CMP), New York State Electric & Gas (NYSEG), Rochester Gas and Electric (RG&E) and United Illuminating (UI) – were each recognized for their efforts supporting power restoration in Louisiana following Hurricane Ida in September 2021.

COMPLIANCE LEADER VERIFICATION

AVANGRID received certification by the Ethisphere Institute, for the second consecutive two-year term, for its corporate compliance program. Ethisphere is a global leader in defining and advancing the standards of ethical business practices. The verification process involves a rigorous review of an ethics and compliance program and corporate culture.

BUILDING A CLEANER ENERGY FUTURE

Throughout 2021, our efforts to expand access to cleaner energy and green electrification continued to benefit AVANGRID customers and communities across the 24 states where we are located.

These efforts aren't just about generating and delivering clean, renewable energy to our customers. At AVANGRID, we're focused on decarbonizing the energy economy, creating equitable access to renewable energy and protecting the environment – today and for future generations – by reinventing how we power our world.

Accomplishing these goals requires significant commitment, and we are investing to transform how we generate and deliver power. In total in 2021, Avangrid Networks invested \$2.2 billion of capital investment to build a more reliable, resilient energy system that will support the clean energy future. We are also focused on improving existing infrastructure to help ensure our networks are best prepared to operate under all conditions. In 2021, for example, our electric and gas companies invested hundreds of millions of dollars to install new technology like smart meters; to expand our transmission capacity to bring energy to our customers; and to replace aging gas mains and infrastructure. These investments resulted in our New York companies once again being leaders in minimizing leaks across

our gas infrastructure. This demonstrates our commitment to upgrading our systems and meeting our environmental goals.

We also took important steps to help build charging infrastructure to support the growth of electric vehicles (EV), which we see as key to overall carbon reduction goals. From joining the Electric Highway Coalition and collaborating with other utilities to bring EV fast-charging stations online, to supporting the deployment of thousands of charging stations throughout the Northeast, launching innovative pilots that help inform EV adoption and creating incentives for our own employees to switch to EVs, we are taking a comprehensive approach to help usher in a new era of decarbonized transportation.



Our electric and gas companies invested hundreds of millions of dollars to replace aging gas mains and infrastructure.

AVANGRID Operations

8.3 GW

Total Installed
Capacity of Wind
& Solar

~\$11.7B

Rate Base

3.3M

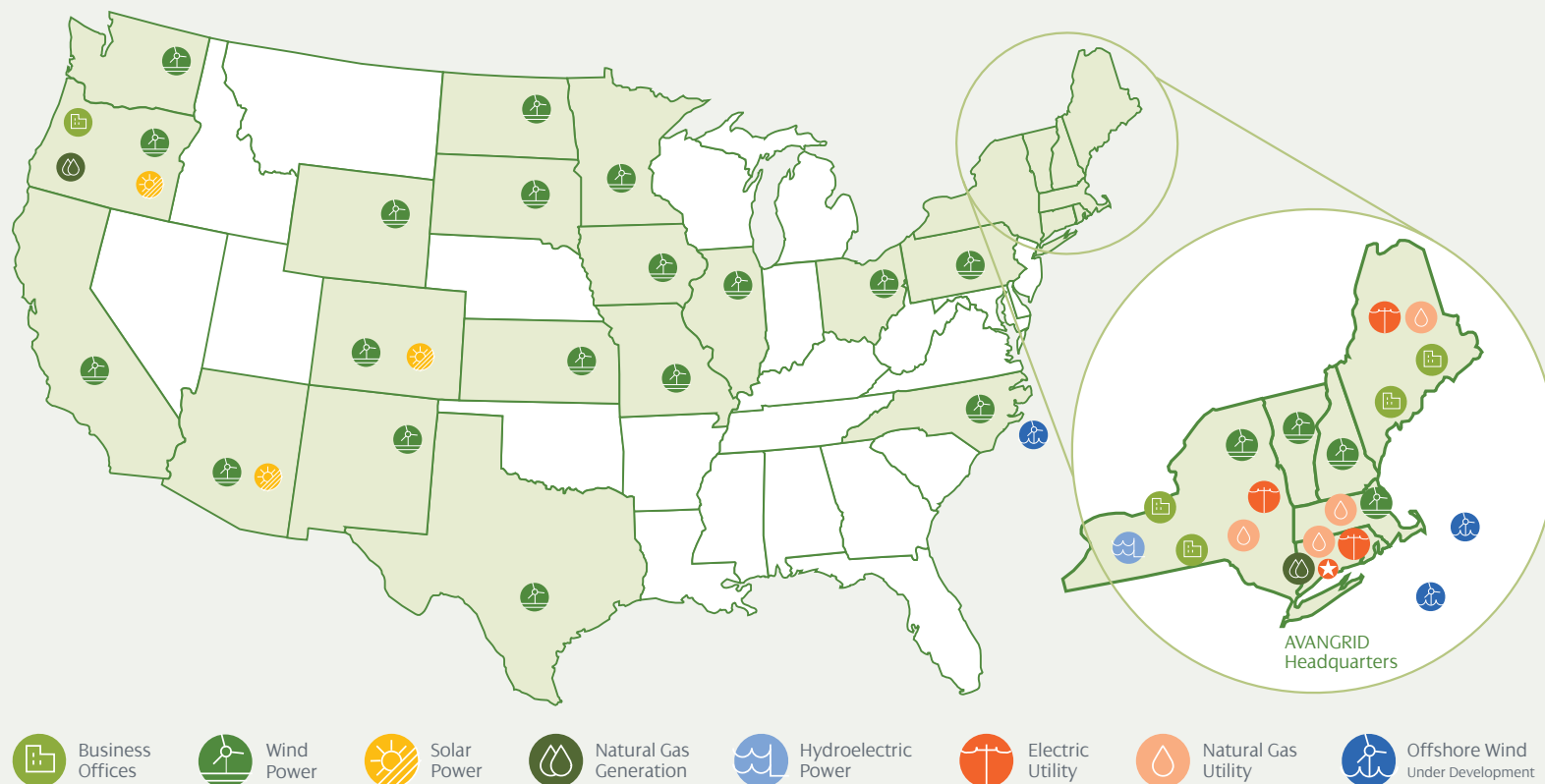
Customers

91%

Emissions-Free

23 GW

Onshore &
Offshore Wind &
Solar Pipeline



Selected 2021 Operational Data

Total customers (M)	3.32
Electricity customers (M)	2.29
Natural gas customers (M)	1.03
Electricity delivered (GWh)	36,631
Natural gas delivered (DTh)	193,905,000

Net electricity generation (GWh)	22,591
% Emissions-free capacity	91%
Installed capacity* (MW)	9,149
CO ₂ emissions intensity (lbs CO ₂ /MWh)	122
Employees	7,348

* Total installed capacity for Avangrid Networks and Avangrid Renewables.

THE FUNDAMENTAL ROLE OF INNOVATION AT AVANGRID

Innovation is a fundamental element of AVANGRID's Purpose and Values. In 2021, AVANGRID invested more than \$90 million in innovation projects, up 14% over the previous year. AVANGRID invested \$45 million in our Networks business, \$30 million in Renewables and \$15 million in Information Technology innovation projects, such as our Networks substation automation program, our grid analytics big data roadmap, robotic process automations for customer service and development toward a 4 MW battery storage microgrid non-wires alternation solution for a key customer, to name a few.



We continued our construction in clean, renewable energy projects with \$1 billion of investments in 2021. One of our projects, Vineyard Wind 1 (which started construction in 2021), is the first commercial-scale offshore wind project to receive federal approval in the U.S., and will generate 800 MW of clean, renewable energy to customers in Massachusetts, beginning in 2023. Vineyard Wind 1 is a 50/50 joint venture of Avangrid Renewables and Copenhagen Infrastructure Partners.

Another project, our 1.2 GW Commonwealth Wind, will produce enough offshore wind energy to power 750,000 homes annually while transforming

the sites of two former coal-fired power plants into clean energy hubs (including for offshore wind export cable manufacturing at Brayton Point in Somerset, and for Massachusetts' second offshore wind port in Salem Harbor). Commonwealth Wind joins Park City Wind, an 804 MW project, as 100% Avangrid Renewables-owned projects (as of January 10, 2022) that will deliver power to customers in Massachusetts and Connecticut, respectively. In total, our offshore team will deliver approximately 2.4 GW of new clean capacity to customers in New England, making AVANGRID the largest offshore wind developer in the region.

In 2021, we launched our strategy to become a leader in the emerging market for carbon-free, “green” hydrogen. Green hydrogen is an energy vector with tremendous potential to help decarbonize wide-ranging sectors of the economy including agriculture, steel, heavy-duty transportation and reliable power, to name a few. This business innovation proved timely when in June, the U.S. Department of Energy (DOE) launched its ambitious “Hydrogen Shot” that seeks to reduce the cost of clean hydrogen by 80% by 2030, to reach cost parity with gray hydrogen. AVANGRID detailed several concepts for innovative green hydrogen projects with DOE in response to a formal request for information. Altogether, these projects could deploy over 300 MW of electrolyzer capacity to enable low-cost clean hydrogen at scale. We’re looking at multiple applications to create a “Hydrogen Valley” across states like Connecticut, Maine, New York and New Mexico, and in the Gulf Coast we’re looking to leverage our Renewables fleet for green hydrogen production.

In Connecticut, for example, we are evaluating a 20 MW hydrogen production and storage facility that could potentially be powered by renewable energy (including offshore wind and solar). A project such as this could produce roughly 2.9 million kg of hydrogen annually, with the potential to create 400 to 800 new jobs and reduce CO₂ emissions by 25,000 metric tons per year. Support for clean hydrogen has never been stronger, as demonstrated by the \$9 billion of federal funding for clean hydrogen hubs and demonstration projects that Congress approved in November 2021 as part of the Infrastructure Investment and Jobs Act. As part of the 2021 United Nations Climate Change Conference, we participated in the development of the Green Hydrogen Compact Catalogue, which includes our goal of installing at least 500 MW of green hydrogen electrolyzer capacity by 2030. AVANGRID is now helping drive clean hydrogen consortiums in multiple states in the run-up to the significant funding opportunities from the DOE set to launch by May 2022.

Turning animal waste into clean, renewable natural gas sequesters the methane emitted from the decomposition process and provides our customers with lower-carbon fuel.

TURNING ANIMAL WASTE INTO CLEAN ENERGY

In Upstate New York, cow manure makes clean energy for our customers. At a dairy farm in Stanley, New York, a Renewable Natural Gas (RNG) production facility captures methane generated from cow manure and converts it into RNG. We then accept the RNG into the existing natural gas distribution network. This technology does double duty [or doody!], displacing conventional natural gas and also reducing greenhouse gas emissions associated with agriculture. Turning animal waste into clean, renewable natural gas sequesters the methane emitted from the decomposition process and provides our customers with lower-carbon fuel. Left unchecked, methane is a powerful greenhouse gas. RNG, however, is generally considered carbon-negative (meaning its production removes more greenhouse gases from the air than it creates), and the technology used to create RNG at dairy farms like the one in Stanley holds great promise for a low-carbon energy future.



Fostering a culture of innovation that encourages, enables and rewards creative, customer-centric thinking is a critical driver of ESG+F. In 2021, AVANGRID's Information Technology department hosted a Digital Summit featuring talks from leading researchers at U.S. national laboratories as well as from the MIT-IBM Watson AI Lab. These updates on the research and development happening at the cutting edge of the energy sector were opportunities for inspiration for the more than 700 AVANGRID employees in virtual attendance.

The IT Innovation group also garnered prestigious recognition when named a winner of the 2021 SAP Innovation Award for Excellence in Utilities Operations for their pilot with our Electric Operations team to develop an "Automated Overhead Network Inspection" solution that leverages the internet of things (IoT), grid-edge computing and machine learning to

passively inspect our grid between scheduled maintenance calls. IT collected further accolades when *Public Utilities Fortnightly Magazine* named our Senior Manager of IT Architecture & Innovation, Mansur Mohammed, one of its "Top Innovators of 2021."

The full scope of AVANGRID's innovation culture is showcased each year at our annual Innovation Forum, where teams from across AVANGRID's businesses share insights with their colleagues on the most disruptive projects, pilots and proofs of concept underway. The 2021 Forum highlighted technologies ranging from AVANGRID's new foray into green hydrogen production, to satellite-guided eco-surveys for marine mammals in our offshore wind business, to machine learning tools that provide next-generation insights on how weather will affect our Renewables resources and Networks infrastructure, as well as the development of new web-crawling trading software

that is giving our energy traders a leg up on the competition and much more. The Innovation Forum is also an organization-wide platform to recognize employees who contribute innovative ideas for making our business better, through our Employee Idea Awards, and to work closely with energy-focused students from top-tier universities as they compete in AVANGRID's annual Innovation Challenge. The 2021 Innovation Challenge winner was a team of AVANGRID employees paired with students from Harvard University, who together delivered an insightful analysis of the benefits of grid enhancement technologies, such as dynamic line rating.

Innovations like these are helping to grow a cleaner, more equitable energy economy – one where more people have access to renewable energy, where more clean energy jobs are created and where the health of our planet is prioritized.



Leading the Clean Energy Transition

Calling All Students

Hack the Clean Energy Transition at the 2021 AVANGRID Innovation Challenge



KEYNOTE SPEAKER Hal Gregersen

Former Executive Director of the MIT Leadership Center
Author of *The Innovator's DNA*



Empowering Our Customers, Improving Our Service

Customer expectations of utilities continue to evolve, and we are working to meet and exceed those expectations across all of our operations.

In 2021, we took on a robust planning process to better empower our Networks customers by improving their experience in the most cost-effective ways possible. To redesign the customer journey, we began with a hard look at common interactions like paying a bill, setting up new service or moving existing service, as well as addressing power outages or helping our customers reduce their energy usage.

A driving force behind this effort is our goal to digitize the entire customer experience. To inform this effort, our Customer Experience (CX) team began conducting in-depth interviews with customer focus groups to better understand how they interact with the AVANGRID family of companies and where they face challenges.

The process we're employing, called Design Thinking, puts customers at the center of the decision so that we can see things through their eyes. By engaging our customers, we're better able to test ideas, gain their feedback and create solutions that work for them. This approach will help us improve processes and be more innovative and effective in our problem solving so that we can increase customer satisfaction.

As COVID-19 continued to impact our customers through 2021, we worked to assist those experiencing economic hardship due to the pandemic (for example, by providing access to over \$100 million in government assistance to help customers pay their utility bills).

We also provided home energy assessments through programs like Home Energy Solutions to help our customers reduce the cost of energy and their environmental footprint. Here, we help customers identify how much energy they may be losing through leaky doors, windows and ductwork, and assess how much they might be able to save with upgrades to their appliances and insulation.

Through efforts like these we're empowering our customers, listening to them so we can improve their experience, providing tools and resources to help them navigate economic challenges and collaborating to improve the energy efficiency of their homes.

By engaging our customers, we're better able to test ideas, gain their feedback and create solutions that work for them.



2021 Highlights

We aspire to be the leading sustainable energy company in the U.S. and in 2021, we made progress in a number of areas – from health and safety, to investments and customer service, and in overall financial and business performance – to help us reach this goal. Some of these achievements include:

Networks

- Accelerated our eBill (electronic billing) program and greatly increased customer participation, with one million customers now on eBill, resulting in a faster, more streamlined and cost-effective process for all.
- Improved the safety record among Avangrid Networks employees compared to the previous year, while continuing to provide excellent customer service, often in conditions made difficult by factors such as adverse weather and COVID-19.
- Helped advance the electric vehicle (EV) market by expanding access to charging stations, contributing to research on the benefits of vehicle electrification and providing incentives to support EV adoption among all AVANGRID employees.
- Received Best in Class recognition from the American Gas Association (AGA) for our performance in addressing leak repairs in New York.
- Reduced the percentage of customers, in aggregate, impacted by outages by approximately 22%, compared with 2020.
- Obtained more than \$100 million in government assistance to help customers struggling to pay their bills.
- Achieved an average, aggregate customer contact satisfaction rate of ~91%.*

Renewables

- Received federal permitting approval and broke ground on Vineyard Wind 1, the first commercial-scale offshore wind project in the U.S.
- Submitted the winning bid to the Commonwealth of Massachusetts in its competitive procurement process for Commonwealth Wind, the largest offshore wind project in New England. The project will enable the first major offshore wind manufacturing facility in Massachusetts and includes a comprehensive Diversity, Equity and Inclusion (DEI) initiative for project suppliers and our workforce.
- Proceeded with key federal permitting for offshore wind projects, with the Bureau of Ocean Energy Management issuing Notices of Intent to draft environmental impact statements for Park City Wind, Commonwealth Wind and Kitty Hawk Offshore.
- Improved energetic availability to 97% across our onshore Renewables assets.
- Maintained energetic availability to meet commitments to customers during Winter Storm Uri in Texas.
- Achieved COD (Commercial Operation Date) for 386 MW of onshore wind facilities.



OUR TIMELINE FOR VINEYARD WIND 1

- 2015 ○ OFFSHORE MW WINS BOEM LEASE AUCTION
- 2017 ○ AVANGRID RENEWABLES JOINS VW
- 2018 ○ MA SELECTS VW FOR 800 MW PROJECT
- 2021 ○ BOEM ISSUES RECORD OF DECISION ENABLING VW1 TO BECOME FIRST LARGE-SCALE OFFSHORE WIND PROJECT TO MOVE TO CONSTRUCTION
- 2023 ○ EXPECTED TO PRODUCE ELECTRICITY
- 2024 ● EXPECTED COMMERCIAL OPERATION

* Percent of customers satisfied with recent transaction is average for all operating companies as measured by AVANGRID Customer Contact Satisfaction Survey 2021.

Key Business Highlights – Avangrid Networks

Making Long-Term Investments to Enable a Clean Energy Platform

Networks is our largest business segment, representing over 80% of our business mix. The long-term investments we make in Avangrid Networks are critical to all aspects of our business, from better serving our customers, to driving operational excellence, to making the necessary enhancements to support the clean energy transition. This is why we invested \$2.2 billion in Avangrid Networks in 2021.

We’re making all of these investments to help create a clean energy platform that will provide more customers and communities with cleaner and more reliable energy.

Building a Modernized, Resilient and Reliable Energy Grid

We are modernizing the power grid so that we can continue to provide our customers with safe and reliable service and enable climate action goals to reduce greenhouse gas pollutants such as carbon. This is why we are investing to improve the reliability

and resiliency of our networks – to help create a clean energy future while enhancing value for our customers and for the communities we serve.

For example, we continued to advance our investments in foundational technologies to enable a more efficient, stable power grid. Efforts here include building an **Advanced Metering Infrastructure** (AMI) across our service territories, and in 2022 we’ll begin deployment of AMI in New York State. Unlike conventional meters, AMI meters are equipped for two-way communication with utilities, allowing us to better collect and analyze information on energy consumption. AMI allows for remote meter reads and enables us to provide customers with tools to help them manage their energy usage. AMI also enables a quicker response to outages and helps improve the reliability of our networks for our customers.

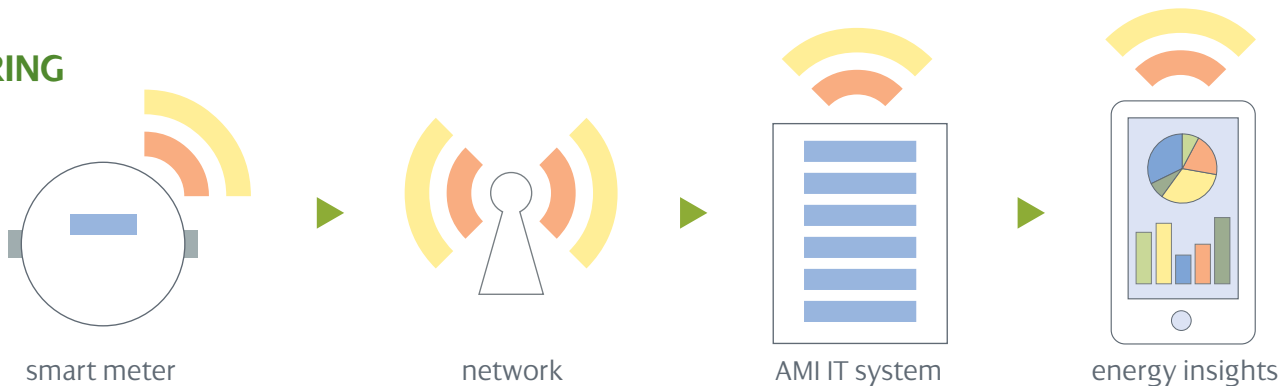
Our **Distribution Automation Project** is also bringing state-of-the-art technology to our customers across New York State. Through this \$35 million annual investment, we are installing **Auto Grid Restoration**

(AGR) systems. This cutting-edge technology provides real-time information about where and why an outage might be occurring, ensuring we dispatch our field crews to the correct location to make repairs. Because of this, we are able to restore power in a faster time frame while reducing the number of miles (and associated carbon impacts) our crews must drive to find and address any problems.

In addition, we’re working to harden our company’s systems through our Resiliency Program, by investing in system improvements in Maine and New York that will increase resiliency against future storm events, which are growing more severe as a result of climate change. Through practices like enhanced vegetation management – where we reduce the risk of trees and branches coming in contact with power lines – to investing in automation technology that allows our team to quickly restore service, we’re strengthening our network to provide more reliable power for our customers.

As the need to integrate large quantities of renewable resources into the grid grows, balancing supply and

THE PROCESS OF ADVANCED METERING INFRASTRUCTURE (AMI)



demand in real time becomes more complex. In 2021, we continued to innovate to understand how to integrate clean energy into our grid. We partnered with Smarter Grid Solutions to conduct a pilot project that simulated using reactive power dispatched from distributed energy resources (DERs) to manage voltage and reactive power, with the goal of delivering energy to customers in the most efficient way. We also advanced our active network management pilot with the installation, testing and commissioning of four customer-owned solar photovoltaic sites on two substations totaling 17 MW. This pilot is informing flexible approaches to our interconnection process, enabling clean energy while mitigating expensive customer upgrade costs.

We are also finding more ways to provide our gas customers with safe, reliable energy that align with our clean energy goals. That's why we're investing in gas leak prevention with pipeline replacements to reduce methane gas leaks. We are also piloting ways to integrate renewable natural gas (RNG) into our energy mix, enabling us to displace conventional

natural gas and reduce greenhouse gas emissions associated with it.

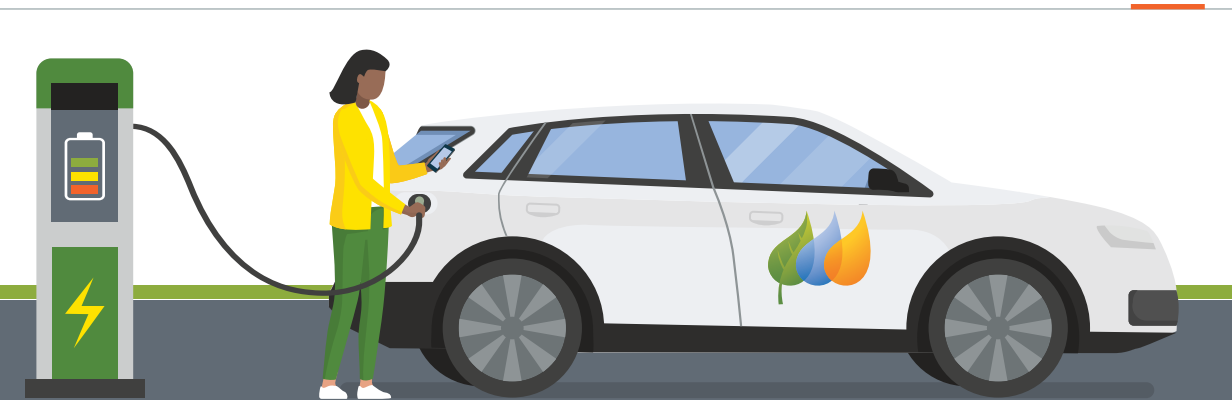
As part of our New England Clean Energy Connect (NECEC) project, we began work on a \$1.2 billion transmission line project to bring renewable, affordable clean energy to more customers across Massachusetts and Maine. This project will create approximately 1,600 clean energy jobs and remove the emissions equivalent of 700,000 passenger vehicles from the road, while reducing fuel costs by displacing higher-priced fossil fuels. Despite challenges by fossil fuel generators in the region to delay this important clean energy project, we're hopeful that the courts will rule in our favor, allowing the building of this project to move forward.

We've also committed to convert 60% of our own fleet to clean energy vehicles by the end of the decade, and we became one of the first utilities in the world to incorporate an all-electric backhoe loader into its fleet. We plan to use the new zero-emission 580 EV backhoe loader primarily in our gas construction businesses

with the equipment offering a variety of benefits, including lower daily operating costs, reduced noise for quieter and safer work zones and elimination of fossil fuel exhaust.

In 2021, Avangrid Networks launched several electrification pilots and innovation challenges, including:

- **Fleet Electrification Management Pilot:** This first-of-its-kind program is a partnership between our New York companies and CLEAResult to break down the barriers to fleet electrification. This program offers commercial and institutional fleet managers the opportunity to receive free planning and technical assistance from expert coaches to accelerate their adoption of electric vehicles.
- **Future Grid Challenge:** In collaboration with the New York State Energy Research and Development Authority, we're partnering with innovative solution providers to develop technical solutions that forecast and assess system impacts of electric vehicle (EV), heat pump and solar photovoltaic adoption loads. This effort intends to inform tools and a scalable approach for forecasting and planning for these flexible, intermittent, customer-facing loads and supports New York State's mandate for 70% renewable electricity by 2030.
- **EV Fleet Assessment Tool:** AVANGRID, in collaboration with the Iberdrola Group, launched a global challenge to develop an online interactive tool that fleet owners can use to understand the feasibility, costs and benefits of converting to an electric fleet. The proposed solution will be used by fleet operators, allowing them to enter fleet operating characteristics to provide individualized EV fleet assessments.



▶ Developing an electric vehicle “roadmap” to lead the growth of the EV market

Key Business Highlights – Avangrid Renewables

As the third largest wind operator in the U.S., Avangrid Renewables made significant investments to expand our clean energy footprint in 2021. These investments are about more than just generating renewable energy for our customers and communities. Our results are driven by a commitment to a cleaner, more equitable energy economy built on innovative, sustainable solutions that will generate better outcomes for our communities and planet.

In 2021, new offshore wind projects like Vineyard Wind 1, Park City Wind and Commonwealth Wind helped make Avangrid Renewables the leading offshore wind developer in the U.S. We also increased efficiencies in our onshore wind generation and continued to grow our onshore solar capacity. All of these efforts reflect our drive to create a more sustainable energy economy. Here are some of the milestones toward this commitment that we achieved in 2021:

8.1

metric tons of CO₂
emissions avoided

+386 MW

of new wind and solar
projects reached
Commercial Operation
Date (COD) in 2021

~1 GW

of new wind and
solar projects under
construction

8.3 GW

total installed capacity
of wind and solar
across 22 states

Starting construction on **Vineyard Wind 1**
in the U.S., which will be built with union labor

Expanding Offshore Wind Power

By leveraging shared expertise across the entire Iberdrola Group, Avangrid Renewables has grown its leadership role in the burgeoning offshore wind industry, and today we are the third largest company for offshore wind projects in the U.S. Building out the company's nearly 5 GW pipeline of offshore wind projects would achieve one sixth of the Biden Administration's offshore wind target of 30 GW by 2030.

Vineyard Wind 1

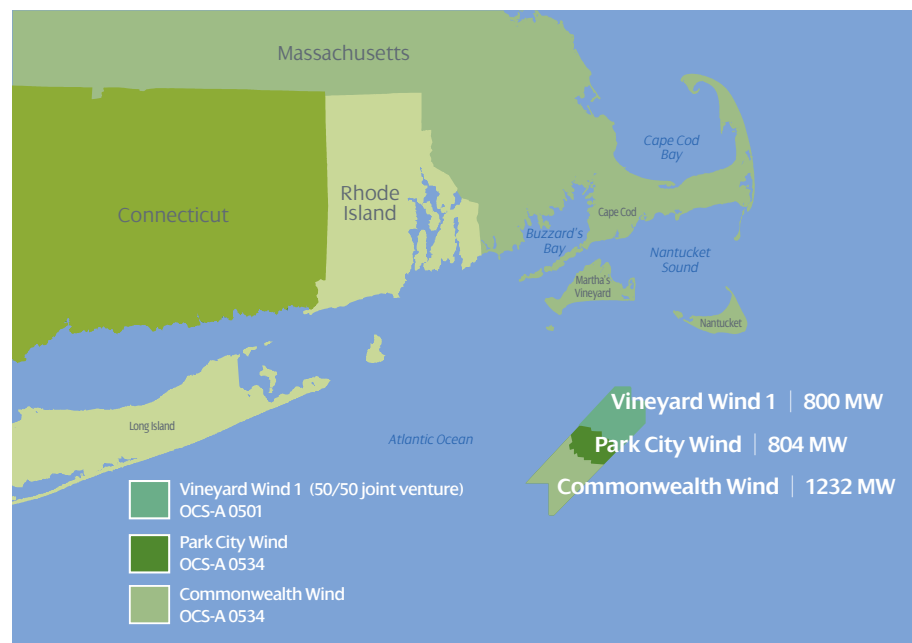
Vineyard Wind 1, which is part of a 50/50 joint venture between Avangrid Renewables and Copenhagen Infrastructure Partners (CIP), is an 800 MW project that will be the first operating commercial-scale offshore wind project in U.S. waters. The project, which broke ground in November 2021, was the first commercial-scale offshore wind farm to be fully permitted and to complete financing. Located 15 miles off of Martha's Vineyard, Vineyard Wind 1 will power more than 400,000 homes, create thousands of full-time jobs, reduce carbon emissions by more than 1.6 million metric tons a year and deliver more than \$1 billion in economic benefits to Massachusetts.

Park City Wind

Named for the "Park City" of Bridgeport, CT, this offshore wind project, expected to come online in 2026, will deliver 804 MW of power to Connecticut, providing approximately 14% of the state's total electricity needs while supporting thousands of new jobs across the state and generating an estimated \$890 million in direct economic development benefits. Located 23 miles off the coast of Massachusetts in an area with the strongest winds on the East Coast, Park City Wind will bring clean, renewable, cost-effective energy to the state's residents and will not be visible from the Connecticut shoreline.

Commonwealth Wind

In 2021, Avangrid Renewables was awarded the largest offshore wind project in New England – Commonwealth Wind – which, upon completion, will deliver 1.23 GW of clean capacity to customers. Commonwealth Wind will also create 11,000 full-time equivalent jobs over the project's lifetime, bring the first offshore wind manufacturing facility to Massachusetts and transform two coal-fired power plant sites into clean energy hubs.



In total, we are committed to investing more than \$10 billion in offshore wind projects like Vineyard Wind 1, Park City Wind and Commonwealth Wind, and we expect these investments to create a cascade of positive impacts. Each of these projects will infuse dollars into the economy while creating jobs.

Projects like Vineyard Wind 1, Park City Wind and Commonwealth Wind will also directly contribute to our country's national goal of achieving a 50% to 52% reduction in greenhouse gas emissions (based on 2005 levels) by 2030. These projects reflect our belief that it is possible to deliver strong returns for shareholders while helping address the global climate crisis and protecting the communities that we serve.

Expanding Solar Energy Development

Avangrid Renewables is a leader involved in developing, building and operating the clean energy infrastructure of the future. With more than 70 renewable energy projects already generating power across the U.S., we're helping to advance America's transition to a cleaner, more competitive energy economy.

Solar energy is a major component of this transition, and as of 2021 we have installed capacity totaling 130 MWdc across four solar facilities – one in Arizona, one in Colorado and two in Oregon. In addition to the solar power we're generating today, we have several near-term solar projects under construction, including three new projects in Oregon and one in Washington State. Combined, these projects will add nearly 750 MW to our renewable generation portfolio.

More Reliable, Resilient, Renewable Energy

We're continuing to build a clean energy infrastructure network while making it resilient and reliable. Safety and reliability are at the heart of everything AVANGRID

does. In 2021, we achieved over 97% energetic availability across all of our wind farms: these efforts included:

- Predictive and preventive maintenance of our equipment, such as our wind turbines, to ensure they operate as effectively – and for as long – as possible. Starting in 2022, we will begin a new program as part of our predictive maintenance work on our wind turbine generators (WTGs), including condition monitoring systems, drone inspections and monitoring of WTG foundations and foundation bolts.
- Substation maintenance, including inspections and electrical and mechanical testing for all substation equipment associated with Renewables projects. Beginning in 2022, we will also incorporate drone inspections on selected overhead transmission and distribution lines.
- Integration of state-of-the-art technologies to improve the efficiency and resiliency of assets across our Renewables business.

- Incorporation of condition monitoring systems that can predict large-scale equipment failures in early stages, which enables us to reduce potentially larger impacts on critical system components, minimize downtime and increase reliability (we began implementing these systems in selected parts of our Renewables operations).

Weathering the Texas Storm

Investments in our generation assets, emergency preparedness and our focus on operations and asset management played a crucial role in successfully navigating a severe weather event in Texas in 2021. As the state experienced a deep freeze that impaired every type of power generation, we were able to produce energy in excess of our firm commitments when the state needed it most. Our wind resources performed well above the Texas wind fleet average, while our Operations teams worked safely and tirelessly to keep our facilities online.

As we continue to grow our Renewables portfolio, we both continue to positively impact the environment and create new high-quality jobs across the U.S.

Large-Scale Development of Our Renewables Pipeline

We're making significant investments to continue building out reliable and affordable access to clean, renewable energy, and by the end of 2021 we had a total capacity of wind and solar of more than 8.3 GW. Looking ahead, we've also made plans to expand our onshore solar and wind capacity, with 1.4 GW of near-term projects with existing power purchase

agreements and ~1 GW of that capacity already under construction. These projects include:

- Lund Hill, with 194 MWdc solar power (Washington)
- Montague, with 211 MWdc solar power (Oregon)
- Golden Hills, with 201 MW wind power (Oregon)
- Bakeoven, with 80 MWdc solar power (Oregon)
- Daybreak, with 189 MWdc solar power (Oregon)
- Midland, with 106 MW wind power (Illinois)



**~1
GW**
of large scale
renewable energy
under construction

Key Business Highlights – AVANGRID

Establishing a New Sustainability Organization at AVANGRID

To help progress AVANGRID's overarching ambition to be the leading sustainable energy company in the U.S., this year we also formally created a sustainability function led by our new Chief Sustainability Officer, who reports to the CEO. This team provides oversight of our sustainability strategy with a focus on accelerating the company's commitment to delivering sustainable value through our ESG+F strategic platform.

The Sustainability team serves as a center of excellence to promote and support both sustainability and our ESG+F strategy, ensuring it is embedded with the culture at all levels of the organization. This includes making key business decisions based on our climate action policy, ensuring investments we make are consistent with our ESG+F strategy, supporting activities to create a more inclusive and equitable

organization and promoting environmental justice initiatives. The Avangrid Foundation also collaborates with the Sustainability team on efforts related to employee giving and volunteering. In addition, the Sustainability team manages the ESG Committee, a cross-functional team which meets at least quarterly and collectively oversees the major elements of AVANGRID's ESG+F goals.



Reducing Greenhouse Gas Emission from Our Buildings

We recognize that our day-to-day operations – from our office buildings to our vehicle fleet – contribute to our environmental footprint. A critical component of our ESG+F strategy is to identify opportunities and implement solutions to reduce the environmental impacts of our own operations.

We are putting practices in place that reduce the environmental footprint of our buildings such as:

- Installing solar panels at our Pavilion Operations Center in Pavilion, New York (with plans for solar installations at other AVANGRID locations).
- Increasing the percentage of green energy we purchase to power our buildings.
- Improving building management systems to better identify opportunities for increased efficiencies.
- Reducing our building portfolio and physical footprint including projects underway (16% reduction) and proposals for an additional 18% reduction.



Cleaner Vehicles in Our Fleet and for Our Employees

In addition to our buildings, we continue to move toward a cleaner, greener vehicle fleet, and we're providing opportunities for our employees to reduce the carbon footprint associated with their personal vehicles. These efforts included integrating 179 green vehicles into our fleet in 2021, installing charging stations across our operations (and making them available for our employees and for fleet use) and creating incentives for our employees to switch to EVs. Since 2020, we installed 32 EV charging stations across our operations in Connecticut, Massachusetts, Maine and New York, and we have plans to install additional EV chargers across our service areas in 2022.



REDUCING OUR ENVIRONMENTAL FOOTPRINT TO CREATE A HEALTHIER ENVIRONMENT

At AVANGRID, we are committed to accelerating the transformation to clean and affordable energy. And while we focus on increasing access to renewable energy for everyone, we also recognize that a clean energy future – and the road to carbon neutrality – requires that we identify and reduce environmental impacts across our own footprint while also helping our customers reduce their impacts.

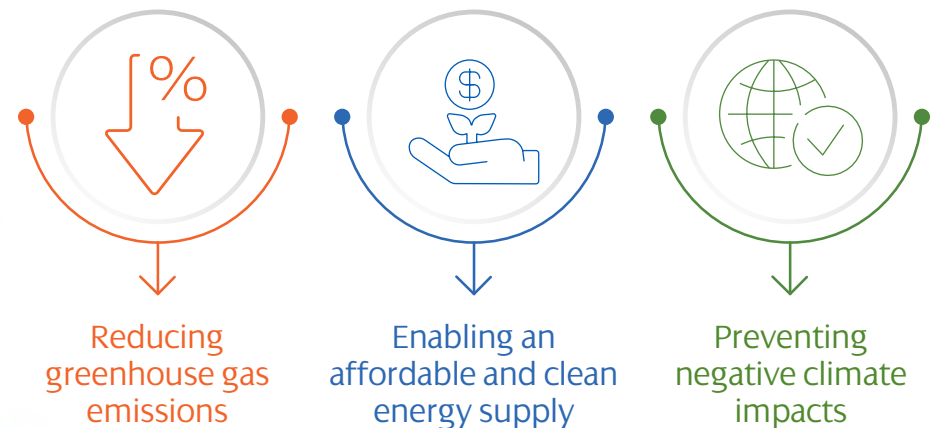
To achieve this, we have set aggressive goals for carbon reduction – both through how we run our operations and by providing access to clean, renewable energy for our ever-growing customer base. We've committed to reduce our Scope 1 Greenhouse Gas Emissions Intensity (g CO₂e/kWh) – which is the ratio of emissions and production from generation sources owned and controlled by AVANGRID – by 35% by 2025* and to achieve carbon neutrality by 2035. Our commitment is to grow our renewable installed capacity by 100% by 2025.*

Delivering on this commitment means having strong governance policies and practices in place to ensure environmental stewardship as we expand our capabilities across Avangrid Networks and Avangrid Renewables. All new major projects we take on must undergo an environmental risk assessment to determine if they contribute measurably toward AVANGRID's focus on:

- Enabling an affordable and clean energy supply.
- Reducing greenhouse gas emissions.
- Preventing negative climate impacts.





Beyond decarbonizing our footprint, we are dedicated stewards of the natural environment and have established policies and processes to protect natural habitat and biodiversity, from how we site and build our infrastructure to how we run our operations. We also are making major investments in education and habitat and wildlife protections through partnership with organizations such as the National Fish and Wildlife Foundation. In addition, we're investing in the effective, efficient management of precious natural resources like water and in innovative waste reduction practices across our operations.



* Compared to a year 2015 baseline.

As we work toward a clean energy future, we'll continue to share our commitments and progress publicly. We made great strides toward our goals last year. Our efforts in 2021 – and our plans for the future – are described below.

ENVIRONMENTAL GOALS	2020 (ACTUALS)	2021 (ACTUALS)	2025 GOAL	2030 GOAL	2035 GOAL	ACTIONS TO MEET GOALS
 <p>100% increase in Renewables installed capacity (MW)/ % increase from baseline (2015)</p>	7,982 40%	8,309 43%	13,189 ³ 100%			<ul style="list-style-type: none"> \$8 billion investment in Renewables from 2020 to 2025 (expected). More than 20 GW in development pipeline including onshore and offshore wind, solar and storage (expected).
 <p>35% lower Scope 1 emissions intensity (g/kWh)/ % decrease from baseline (2015)</p>	63.97 -20%	70.46 -12%	51.82 -35%			<ul style="list-style-type: none"> Increased Renewables energy production and energetic availability (achieved in 2021). Develop and implement storage and RNG solutions (underway) and green hydrogen (proposed). Replace 100 miles of leak-prone gas pipeline annually (achieved in 2021). Pilot SF6-free equipment (proposed).
 <p>60% cleaner energy fleet: % of total</p>		5%	20%	60%		<ul style="list-style-type: none"> Continued investment in fleet vehicles and charging infrastructure (underway). Seeking regulatory approval for additional fleet vehicles (underway).
 <p>900 charging stations installed for fleet and employee vehicles¹</p>		32	300	900		
 <p>Facilities CO₂ footprint reduction</p>		5%	16%	25%		<ul style="list-style-type: none"> Overall reduction in facilities footprint (underway). Renewable energy procurement (underway). Solar panel installations across largest facilities (underway).
 <p>Scope 1 carbon neutral²</p>					100%	<ul style="list-style-type: none"> All actions contribute to overall carbon neutrality. Developed interim net zero emissions goals.

¹ Cumulative and subject to regulatory approvals and availability of vehicles and charging equipment.

² Scope 1: GHG emissions from electricity generation, methane leaks, SF₆ fugitive emissions, fuel consumption in buildings and company vehicle.

³ Based on AVANGRID's Long-Term Outlook as of November 5, 2020.



Targeting 100% increase in our installed renewable energy by 2025 versus 2015.

Actions to Decarbonize: Reducing Our Emissions

Renewables

Producing and providing clean, renewable energy is central to AVANGRID's business and our commitment to help decarbonize the economy. Our strategy is comprehensive and includes actions that help create more clean, renewable energy while reducing the carbon we're responsible for generating. Our commitments here include:

- Addressing and reducing the carbon we generate across our operations, with the goal of achieving Scope 1 carbon neutrality by 2035 (Scope 1 carbon refers to greenhouse gas emissions generated directly from sources that we own or control).
- Increasing our installed renewable energy capacity (the amount of renewable energy we can produce and distribute) by 100% by 2025 versus 2015.

By 2020, our carbon emissions intensity was seven times lower than that of the average U.S. energy utility, and the commitments we describe in this section are helping us to dramatically decrease our carbon intensity even more while increasing energy efficiency and access to smarter energy solutions for our growing customer base.

Scope 1 GHG Emissions Intensity Reduction

Scope 1 emissions include all direct greenhouse emissions from sources that are owned or controlled by AVANGRID, including power generation facilities, offices and other facilities, and from vehicles in our fleet. And while carbon dioxide is the most common greenhouse gas, we must continue to focus on addressing all greenhouse gases where we have direct control, including the greenhouse gases sulfur hexafluoride (SF₆), nitrous oxide (N₂O) and methane.

To help us reach our goal of carbon neutrality for all of our Scope 1 emissions by 2035, we have set an initial goal – and have taken several actions – to reduce these emissions by 35% by 2025, as compared to 2015. This includes the installation of new equipment to reduce N₂O emissions by approximately 50% at our Klamath Falls, Oregon, cogeneration plant.



Methane is another greenhouse gas contributing to Scope 1 emissions, as it escapes into the environment from the pipes across our natural gas operations. To significantly reduce these emissions, we are replacing nearly 100 miles of old pipe with new metal and plastic pipe annually, which will help reduce methane emissions by 50% by 2035 compared with 2015. We're also exploring ways to reduce greenhouse gas emissions associated with natural gas by introducing renewable natural gas (RNG) into our Networks operations. Here, we take RNG generated at locations like farms (where it's produced from methane captured from cow manure) and inject it into natural gas distribution systems, displacing non-renewable natural gas and the greenhouse gas emissions associated with it.

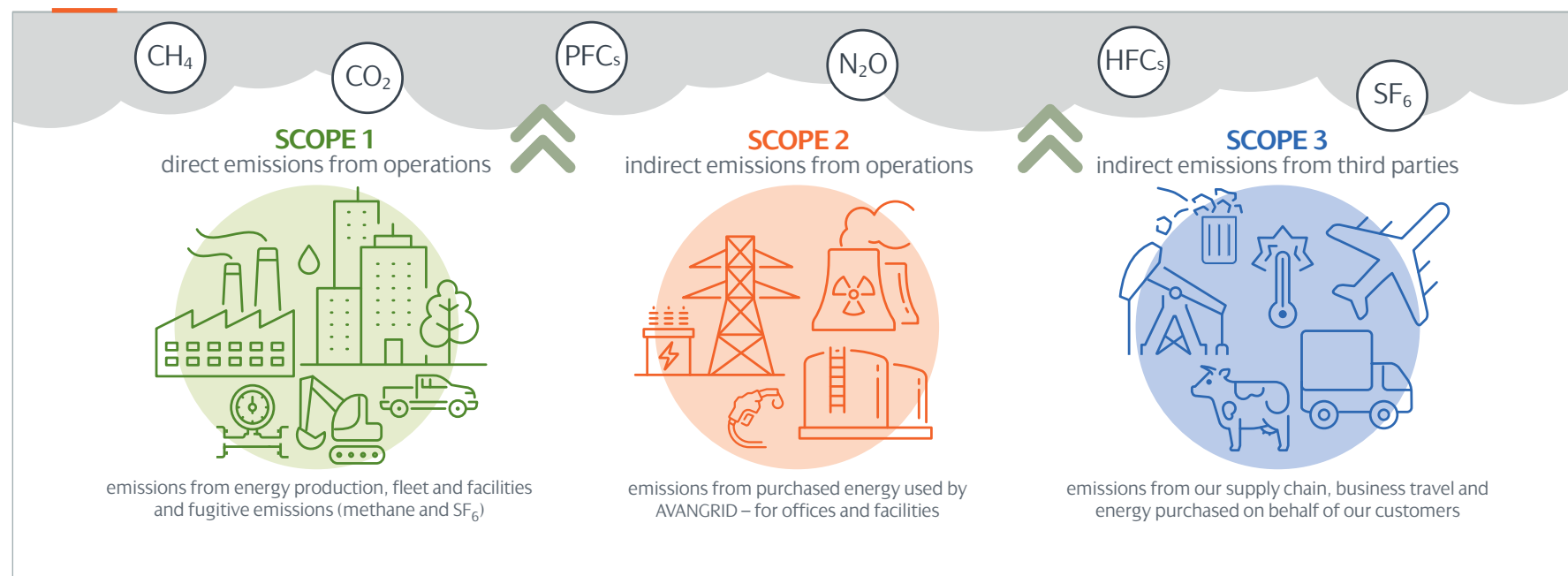
Sulfur hexafluoride (SF₆) also contributes to our annual greenhouse gas emissions, as it is a commonly used source of electrical insulation, current interruption and arc suppression in our transmission and distribution systems. To address this, we are in the early stages

of identifying options to reduce SF₆ emissions across Avangrid Networks, including new, SF₆-free equipment that we hope to pilot in early 2022 following regulatory and cost reviews. Our Environmental, Social and Governance (ESG) Committee has taken a leadership role in assessing ways we can reduce SF₆ emissions. In addition to assessing and piloting new technologies, we're looking at options like other forms of insulation, free of SF₆, that already exist but that could require significantly more space. We're fortunate, too, in that other companies under the umbrella of the Iberdrola Group (our controlling shareholder) are exploring ways to reduce SF₆ emissions, and we are benefiting from – and contributing to – their learnings, which will help inform a long-term, SF₆-free roadmap for AVANGRID.

Our work to address and reduce greenhouse gas emissions also supports efforts by the various states in which we operate to reach their own climate protection goals. In New York State, for example, we are supporting the New York Climate Leadership

and Community Protection Act (CLCPA), and, where relevant, have submitted studies to include our pilot projects to help meet one of the most ambitious greenhouse gas reduction laws of any state in the U.S.

Our vehicle fleet – light, medium and heavy-duty vehicles, as well as equipment like forklifts – contributes to our Scope 1 emissions via fossil fuel usage. To reduce this source, we have developed and are implementing a strategy to convert 60% of our fleet to green vehicles by 2030, including 100% of all light-duty vehicles. By the end of 2021, we added 179 green vehicles to our fleet, and we plan to add 122 more between 2022 and 2023, for a total of 301 green vehicles added to our fleet by the end of 2023. But reducing these emissions will require more than just purchasing new fleet vehicles. Therefore, our strategy includes plans to upgrade our facilities to allow for supporting infrastructure, including EV charging stations which will also be available to employees who drive electric vehicles.





SUPPLIER ESG FACTORS

Upholding human rights



Managing risks derived from climate change



Engaging in a circular economy strategy (where environmental impacts are minimized)



Contributing to the United Nations' 17 Sustainable Development Goals

Our buildings also contribute to our Scope 1 emissions and are included in our overall Scope 1 emissions reduction strategy and our commitment to carbon neutrality by 2035. We are committed to using 50% more green energy by 2030, and we're working with local power providers to increase availability of renewable energy to our buildings. We are also developing a strategy to install photovoltaic solar panels at our main facilities, and we're developing a plan to place rooftop solar panels on 15 of our largest buildings to produce electricity for our own use.

In addition to increasing the use of renewable energy to help reach our goal of a 25% reduction in our carbon footprint, we are in the process of reducing our building portfolio and physical footprint, including projects underway (16% reduction) and proposals for an additional 18% reduction. Through the consolidation of buildings and the sale of some of our surplus properties, we will also reduce the Scope 1 emissions associated with our buildings.

Supplier Sustainability

We see our suppliers as key stakeholders and business partners, and we set high expectations for our suppliers to comply with our sustainable development policies and standards. Suppliers are assessed against an evaluation model based on our Environmental, Social and Governance (ESG) criteria, and this assessment includes 43 factors used to calculate each supplier's ESG score.

In addition to setting and enforcing standards, we provide resources to help our suppliers work toward our expectations. When we assess our suppliers' sustainability levels, we provide those who have yet to meet our standards with customized improvement plans they can use to make progress toward our expectations. Our goal for 2021 was to have at least 32% of our strategic suppliers meet our sustainability expectations, and we exceeded that goal. In 2022, AVANGRID's goal is to ensure that at least 55% of our strategic suppliers are meeting our sustainability standards. Our

success here tells us that our suppliers are capable and eager to meet these standards, and we are eager to continue to provide resources to help them become more sustainable as they build their relationships with us.

Enabling Customers to Reduce Their Carbon Footprint and Transition to Cleaner Energy

Our vision is to be an industry leader in the decarbonization of the economy, and success will require a comprehensive approach. This includes creating ways to engage our customers, and in 2021 we launched new resources, information and technology that will empower customers to take direct action toward reducing their carbon impacts.

Our work here includes mapping out our vision for electrification of the heating sector in ways that will create economic growth while decarbonizing the energy grid. In 2021, we set a goal to install 250,000 heat pumps by 2030 to help deploy electric heat as a clean choice for heating. To help our customers understand the benefits of this effort, we'll provide incentives for purchasing these heat pumps, along with outreach to customers, including pilot projects, to showcase the advantages of electric heating.

In 2021 we provided incentives toward, and support for, large commercial and industrial projects that adopted innovative heat pump technology solutions

to provide heating, cooling and ventilation to their facilities. Examples here include:

- **Income-Eligible Home Energy Solutions:** In Connecticut, we've provided families with support to make older homes more energy efficient. Here, home energy solutions technicians assess the efficiency of homes, perform a variety of on-the-spot services to make homes more weather tight and offer additional services like installing high-performance insulation. Through this program, we've also provided support to help make affordable housing for senior citizens more energy efficient through the installation of new heat pumps, water-saving measures, high-efficiency lighting and more.
- **New York State Heat Pump Program:** In New York State, we provided \$500,000 in incentives to help commercial and industrial use of innovative heat pump technology to provide heating, cooling and ventilation, including the renovation of an unused factory into a mixed-use space (using geothermal energy) and a new, low-income apartment complex that utilizes a new type of air source heat pump to provide a healthy environment for residents.

Heat pumps offer an energy-efficient alternative to furnaces and air conditioners for all climates.



The transportation sector accounts for 29% of GHG emissions, a larger share than any other sector in the U.S.



A Roadmap for EV Charging Infrastructure

In the U.S., the transportation sector accounts for 29% of GHG emissions, a larger share than any other sector. National, regional and state policies have positioned the electrification of the transportation sector as a primary focus for reaching decarbonization and climate goals. Avangrid Networks' vision for electrification of the transportation sector is a critical part of our beneficial electrification work and our commitment to decarbonizing the economy. Our **Electric Vehicle (EV) Roadmap** identifies our path to becoming an industry leader in developing and integrating EV infrastructure and technology to support growth of the EV market while reducing emissions associated with transportation for the communities we serve.

In 2021, we joined the Electric Highway Coalition, which began as a partnership of 14 utilities and has grown to include more than 60 utilities working together to create a seamless network of rapid electric vehicle charging stations that will connect major highway systems across the United States.

We received approval to invest \$117 million across New York State to support new EV chargers through the EV Infrastructure Make-Ready Program, and in 2021 we enabled 195 new charging plugs. In Maine, through our Make-Ready Pilot, in 2021 we enabled 48 new charging plugs, and in Connecticut, after receiving approval to invest \$80 million, we launched the Electric Vehicle Charging Program, which will support installation of new EV chargers across the state and will allow us to offer smart solutions for managing new electricity demand from EVs.

As we continue to identify new ways of creating value for customers, we have launched a fleet assessment service that provides customers who operate large vehicle fleets with analysis of the feasibility, costs and benefits of converting to electric vehicles.

The EV market is very dynamic, and to take advantage of the latest research and innovative thinking, we collaborated with researchers from Massachusetts Institute of Technology (MIT) to study future impacts

Electric Highway Coalition

60+ utilities working together to create a network of rapid EV charging stations to connect highways across the U.S.

of beneficial electrification on the grid. To support EV adoption among our own employees, we launched the AVANGRID EV Incentive Program across our companies, which provides cash incentives for our employees to buy or lease an all-electric vehicle.

In 2021, our Smart Grids Innovation and Planning team concluded the OptimizEV pilot project (in New York) to assess how we can create incentives for residential EV owners to manage their charging schedules in ways that will reduce demand on the grid, while providing EV

owners with lower energy costs. All participants stated the program met their EV charging needs, and 91% stated they would continue to participate if the program was extended.

Lessons learned from the OptimizEV pilot informed the design of EV charging programs across New York State and beyond, including the recently proposed Mass Market Managed Charging Program. This comprehensive managed charging program for residential EV owners/operators incorporates features designed to encourage and optimize off-peak charging of light-duty EVs. The program is voluntary, and participation levels can vary from basic to advanced, enabling participants to engage in managed charging activities at their comfort level.

Reducing Emissions Through Energy Efficiency

Across our Networks operations, we continue to identify opportunities to increase energy efficiency and reduce overall energy usage. In 2021, our energy efficiency measures enabled us to realize for our customers an incremental annual electric savings of nearly 176 GWh (which equals taking 27,102 cars off the road¹) and annual natural gas savings of 550,871 MCF (or removing more than 6,500 cars¹). One role we play is in helping our customers become more energy efficient while reducing their own emissions.



100 MW of new
solar in Maine

=



Enough energy to
power 16,400 homes

More Efficiency Through Distributed Generation

In 2021, we saw the expansion of renewable energy resulting, in part, from incentives passed by state legislatures. In Maine, for example, renewable energy incentives enacted in 2019 led to a surge of new solar and other distributed generation projects statewide. In 2021, we were able to bring 100 MW of new solar power onto the Maine grid (which is enough energy to power 16,400 homes).

Today, we are working to process an exponential increase of solar project applications in Maine (there were fewer than 10 such applications in 2018 and more than 690 since 2019). Combined, these projects will bring online 1,840 MW of clean, renewable solar energy capacity, and we've dedicated over 100 additional employees and contractors to perform this work. Incentives like these help us help the states in which we operate make progress toward their climate plans and goals.

In addition to the 1,840 MW of renewable distributed generation, in Maine we interconnected 145 MW of renewable generation at the transmission level in 2021 and have an additional 552 MW of renewable transmission-level generation in the ISO New England queue.



WORKING TOWARD AN ELECTRIC VEHICLE FUTURE

Looking ahead, we have set aggressive goals to advance the EV economy and increased usage of electric vehicles, including:

- Supporting installation of more than 15,000 EV chargers by 2030.²
- Supporting the EV market by identifying and executing investments that enable new electricity loads from EVs.
- Improving system efficiencies as EV adoption increases through technology solutions and customer incentives.
- Leading by example through the integration of EVs in our own fleet.
- Increasing awareness, acceptance and adoption of EVs.

¹ According to the EPA Greenhouse Gas Equivalencies Calculator.

² Subject to regulatory approvals.

Land Use, Habitat Protection and Biodiversity

Protecting the Environment While Building a Clean Energy Future

As a leading clean energy company, we value and engage in environmental stewardship – efforts to support conservation, to protect our natural environment and to address climate change. We bring this work to life through conservation and stewardship across our operations and by supporting organizations and initiatives committed to effecting positive environmental impacts.

AVANGRID's **Biodiversity Policy** requires that we mitigate biodiversity impacts on our projects, and we have received our ISO 14001 certification for environmental management (which establishes a framework for minimizing environmental impact, permitting and environmental compliance). Our work here includes:

- Informing project siting to minimize impacts to biodiversity. And, where appropriate, selecting alternate routes or layouts for projects to protect biodiversity.
- Adjusting construction schedules to avoid impacts to endangered species.
- Creating new wetlands and buffers.
- Reducing our landfilled waste by reusing or recycling soils from our excavation activities.

We adhere to a stringent **Environmental Policy** that requires, among other things, that we assess the environmental impacts of our activities, review and update the mechanisms we use to reduce environmental risks and impacts, and take actions to prevent environmental incidents.

We also work to ensure our projects align with our **Climate Action Policy**. We contribute to the electrification of the economy and are leaders in renewable energy. We invest in smart grids and design our projects to withstand more extreme (and more frequent) weather events (such as severe winds, floods and winter storms) to create more resilient and reliable energy transmission and distribution networks.



Established a land purchase agreement with a land trust to preserve 470 acres of property on the pristine shoreline of Cayuga Lake, New York.

We see these policies as intertwined as each works in support of the other. For example, one way our Biodiversity Policy was put into action in 2021 includes our Greenfield Substation project in Greenfield, Maine. In the development of this substation, we took actions to mitigate wetland impacts by creating a meadow buffer around the project to protect biodiversity in the immediate area.

To further protect biodiversity, we will conduct offshore wind construction during appropriate seasonal windows to avoid impacts to marine mammals and other marine life. Here, we intend to use resources like protected species observers onboard all of our vessels. These specialists will monitor for the presence of marine life during our survey and construction activities.

To align with our Environmental Policy and support environmental protection, we conduct lifecycle analyses for all of our projects, where consideration is given for sustainable sourcing of materials, use of energy-efficient products and assessment of the ability to recover, recycle and reuse products at their end of life, which helps to significantly reduce waste generation. All of our projects include customized analyses to create controls that help prevent pollution. For example, depending on the nature of the project, we'll create emergency response plans, ensure spill kits are on site, create incident response and notification methods and ensure practices are in place to reduce the potential for any environmental pollution. At the completion of construction, all projects go through environmental restoration efforts to ensure we take every practical step to bring the surrounding environment back to its pre-construction condition.

Avangrid Renewables also administers a Wildlife Protection Program where we assign wildlife coordinators to each facility we operate. These coordinators conduct seasonal inspections to monitor for any wildlife incidents and impacts.

To help ensure all projects are built to adapt to climate change, we take appropriate actions such as building additional flood walls and putting in place other flood mitigation efforts to protect projects against flooding. This is in addition to our efforts to reduce greenhouse gas emissions across our operations, whether from our facilities and equipment, our buildings or our vehicle fleet.

Examples of Environmental Protection

While the clean, renewable energy we generate and deliver to our customers has inherent environmental benefits, our business requires that we build projects and networks that have the potential to negatively impact the natural world if not managed properly. The policies described above set the standard for how we help protect the natural world while providing our services and growing our businesses. Here are some examples that demonstrate how our policies and practices come to life:

In Maine, across our power distribution networks, we have installed thousands of **animal guards** – plastic guards on transformers that prevent contact – that reduce animal-related outages, primarily from squirrels and birds. This inexpensive solution helps protect wildlife while reducing the number of animal-related outages. In addition to the 20,000 animal guards previously installed, we added 14,000 animal guards in Maine in 2020 and 10,500 in 2021.



CONSERVATION OF THE CALIFORNIA CONDORS

In California, we submitted an innovative conservation plan to the U.S. Fish and Wildlife Service to help protect California Condors near our Manzana Wind Power Project in Rosamond. An incidental take permit was obtained in 2021, and mitigation contained in the conservation plan will help fund condor recovery efforts at a breeding facility operated by the Oregon Zoo. Our funding will support the rearing of six additional condors, which would mitigate the potential loss of two adult condors (that could occur at the project over the 30-year permit period) at a ratio of 3:1.

We also listen to the communities we serve when it comes to environmental protection. For example, in 2021 we entered into a land purchase agreement with the Finger Lakes Land Trust for our undeveloped property along Cayuga Lake in New York State's Finger Lakes region. While many parties had expressed interest in the land over the years for commercial purposes, after meeting with stakeholders the company committed to helping to preserve this pristine property by engaging with the Finger Lakes Land Trust on a land purchase agreement.

As part of our effort to protect biodiversity and address impacts caused by climate change, the Avangrid Foundation continues to support the work of the National Fish and Wildlife Foundation (NFWF) and their efforts to understand and protect a diverse range of wildlife across the U.S. This includes NFWF's efforts to help universities, wildlife departments and environmental nonprofits focused on researching and resolving threats to bat populations through their Bats for the Future program. Bats are an essential part of fragile ecosystems and are being impacted at record rates by diseases, such as White Nose Syndrome, and our grants support interventive measures to address the cause of this disease.

We also, in collaboration with the Avangrid Foundation, supported the work of Climate Generation, a

Minneapolis, MN-based nonprofit that supports the professional development of a national network of teachers, to help them more effectively teach about climate change. Our support made it possible for Climate Generation's Education Program to continue virtual programming during the Coronavirus pandemic so that educators could stay engaged and could continue to provide education related to climate change.

In 2021, the Avangrid Foundation supported the work of the Gulf of Maine Research Institute (GMRI). The Foundation helped fund GMRI's efforts to research and address the impacts climate change is having throughout the Gulf of Maine and to develop services that will help coastal businesses and communities understand risks associated with climate change,


develop collaborative solutions and put these solutions into action.

Looking ahead, we are building on these commitments, and in early 2022 we announced an initial round of grant winners from our Foundation for \$100,000 to support wildlife rehabilitation centers across the U.S. These funds will enhance efforts to protect birds and mammals impacted by extreme weather (for example, in Arizona); to study how toxins in the environment are impacting wildlife species (in Maine); to protect and provide shelter for small raptors to rehabilitate prior to release (American Kestrels and Eastern Screech Owls in Iowa); and to support educational programs and operating expenses for numerous other wildlife centers.



The Gulf of Maine Research Institute (GMRI) is linked closely with several of the United Nations Sustainable Development Goals, including goals 12, 13 and 14. The institute made significant progress despite challenges posed by the COVID-19 pandemic, and a team of female GMRI scientists served as primary drivers of progress on the project.





Created a floating road that provided access to an island so that an aging transmission structure could be replaced while also ensuring protection to the surrounding Great Salt Bay in Maine.

Waste and Water Management

Our drive to create a healthier, more sustainable planet goes beyond our aggressive efforts to achieve carbon neutrality by 2035 and extends to our day-to-day operations, including how we manage, reduce and eliminate waste across our facilities and how we manage precious natural resources like water. To further reduce our environmental impacts, we have put in place several practices to minimize our waste generation and water usage across our companies. Our waste reduction and water conservation commitments and practices predate COVID-19; however, recent (and significant) reductions in the waste we generate and the water we use can be attributed to changes due to the pandemic as more of our people are working remotely.

Reducing Impacts in Our Office Environment

Looking to the future, we'll continue to reduce various waste streams in our offices. In addition to paper, for example, we're transitioning to reusable coffee cups to further reduce waste, installing low flow faucets

and switching from paper towels to hand dryers in restrooms. We continue to work with our vendors and third-party integrated facilities management contract holders to increase our recycling and reduce waste in our facilities. In addition, we are moving to a more agile office with a smaller footprint, which will reduce our square footage requirements and will translate into additional, long-term water and waste reductions.

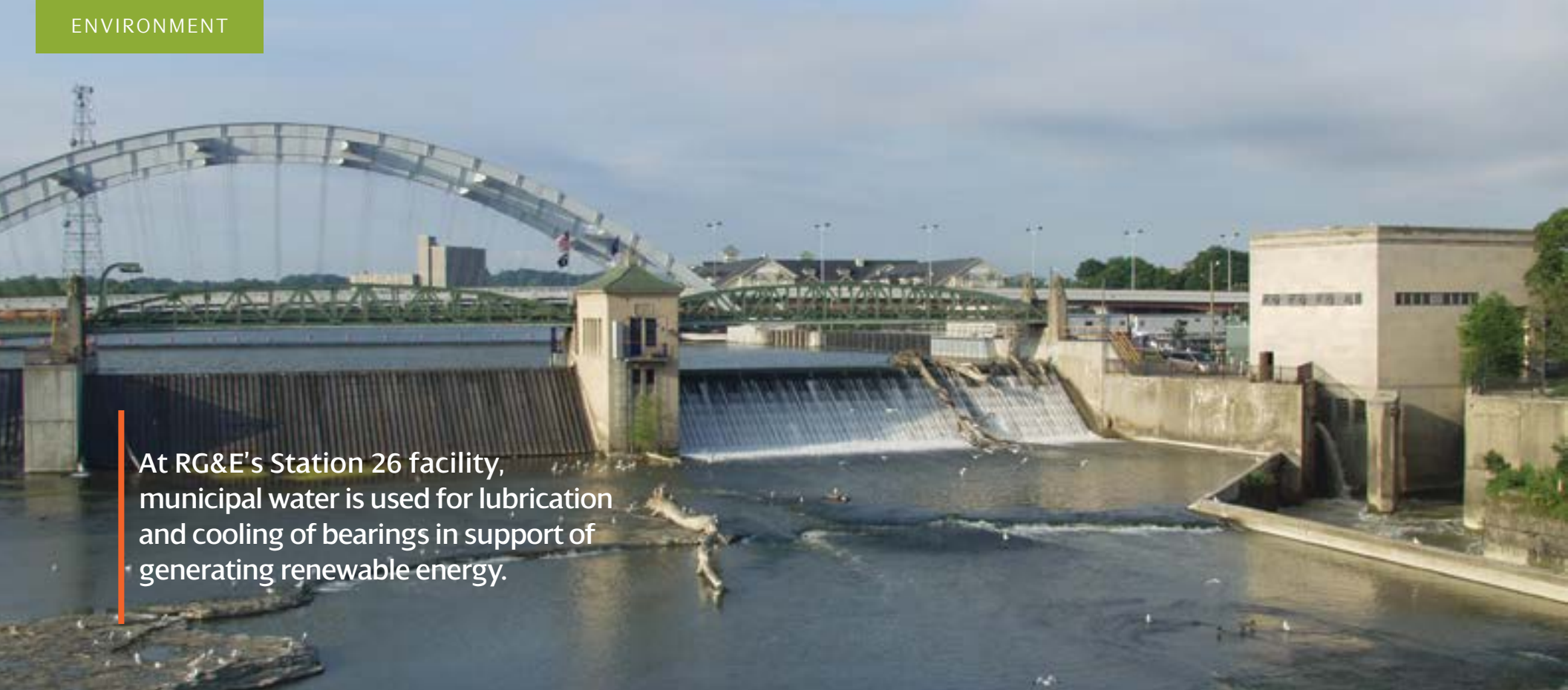
Reducing Impacts Across Our Operations

Beyond our offices, we are committed to – and have made great strides in – reducing the waste associated with our operational facilities (such as our solar and wind power generation facilities and operations across our networks). Today, we recycle or find reuse options for most of our waste streams from our facilities. This includes oils which are sold back at recycle market rate, along with historically difficult to recycle waste streams, including filters, greases and electronics including scrap metals.

TAKING ACTION TO REDUCE CLIMATE IMPACTS

In 2021 we continued to take significant steps to reduce greenhouse gas emissions (GHGs) across our operations and in how we generate and provide energy to our customers. Some examples include:

- Conducting environmental risk assessments for major projects.
- Setting aggressive goals to reduce GHGs across our operations.
- Replacing miles of old pipe to reduce emissions of methane (a powerful GHG).
- Advancing vehicle electrification to reduce GHGs from transportation.
- Reducing GHGs through smart energy grids and renewable energy.



At RG&E's Station 26 facility, municipal water is used for lubrication and cooling of bearings in support of generating renewable energy.

Water is a precious, irreplaceable natural resource, and because 90% of our installed renewable capacity comes from wind, we do not need water for most of the power we generate, and we have one of the lowest water use intensities per MWh generated by any power company or utility in the U.S.

Still, we use water in some of our operations, and we're aware of the environmental risks that continue to arise from water shortages. Because of this, we're committed to minimizing our water use to the greatest extent possible. In 2021, AVANGRID facilities used water predominantly for steam cooling at our combined cycle cogeneration plant in Klamath Falls,

Oregon (one of the nation's most efficient and competitive plants), and for lubrication and cooling of bearings at our Rochester Gas and Electric (RG&E) Station 26 and Station 5 hydroelectric facilities. At Klamath Falls we use recycled municipal wastewater supplied by a municipal treatment plant for cooling, and approximately two thirds evaporates during the cooling process.

At RG&E's Station 26 and Station 5 hydroelectric facilities, municipal water is used for lubrication and cooling of bearings in support of generating renewable energy. At this time, use of municipal water is necessary due to the abrasiveness of water from

the Genesee River. During times when the facilities are not producing energy, municipal water is isolated to minimize water consumption. Our hydroelectric engineering team has identified a project to reassess if the existing cooling and lubricating water system at their hydroelectric facilities can be upgraded to use river water without causing damage to critical turbine and cooling water components. Some of our other hydroelectric facilities in New York already use river water for lubrication and cooling in support of generating renewable energy.



PROTECTING THE NATURAL WORLD THROUGH PARTNERSHIPS AND DIRECT ACTION

We are making real impacts in the communities we serve. These included several notable accomplishments in 2021:

- Creating an innovative plan to protect California Condors near our Manzanita Wind Power Project.
- Entering a land purchase agreement with a land trust to preserve a pristine property on Lake Cayuga, New York.
- Siting projects and creating new wetlands and buffers to minimize impacts on biodiversity.
- Adjusting construction schedules to protect endangered species.
- Reusing or recycling soils from our excavation activities.



AVANGRID is a recognized leader in ethics, compliance and corporate governance, creating clean energy projects to benefit the communities we serve.

RECOGNIZED LEADER IN ETHICS, COMPLIANCE AND CORPORATE GOVERNANCE

AVANGRID is a recognized leader in ethics, compliance and corporate governance, creating clean energy projects to benefit the communities we serve while maintaining a deep commitment to socially responsible business practices. In 2021, we were honored to once again be included in the list of the [World's Most Ethical Companies](#) (for the third consecutive year) by the [Ethisphere Institute](#), a global leader in defining standards for ethical business practices.

We also earned Ethisphere's Compliance Leader Verification Certification for the second two-year term in a row. This certification is awarded exclusively to companies that maintain best-in-class corporate compliance programs and that have demonstrated

their commitment to compliance through an extensive assessment process administered by the Ethisphere Institute.

The due diligence process to achieve Compliance Leader Verification requires that Ethisphere Institute's researchers and analysts conduct detailed assessments of an organization's compliance and ethics-related initiatives, benchmarking them against what they consider to be best practices in the field of corporate ethics and compliance.

Additionally, in 2021, we were named by [Forbes](#) and [JUST Capital](#) to the annual JUST 100, a list of America's best corporate citizens. We ranked first among utilities for our commitment to the environment and the communities we serve.

And for the third year in a row, we received the [Best Corporate Governance Award for a U.S. Company](#) by [World Finance Magazine](#). We earned this honor for having a robust governance program and for our efforts to actively address and promote diversity awareness across our company; to help address the needs of the diverse communities we serve; and to create greater opportunities for diverse businesses that are (or could be) a key part of our supply chain. We were also recognized for adjusting to an increasingly digital world in the face of COVID-19; for adapting new behaviors and practices that enable more of our people to work remotely; for allowing our customers to engage with us more easily through digital resources; and for using technology and digitization to increase our transparency and accountability to all of our stakeholders.

2021 (much like 2020) was also a year where companies needed, more than ever, to elevate the health and safety of customers, communities and employees above everything else as the impacts of COVID-19 continued. We were recognized through this award, in part, because of our leadership in helping all our stakeholders manage through the pandemic while still providing a critical service – access to energy – to those we serve.

Committed to a Robust Governance System for Long-Term, Sustainable Shareholder Value and Social Contribution

Our strategy is to adhere to a principled and robust governance structure – and a disciplined capital investment strategy – that, when combined, will build long-term shareholder value while creating positive social and environmental impacts. We have committed over \$20 billion through 2025* to help deliver on these commitments. Our investments will generate earnings and a growing cash flow for AVANGRID, while increasing access to clean, renewable power for millions of customers and creating healthier, more sustainable communities. For example, Avangrid Networks is increasing access to renewable energy to millions of customers in the areas we serve, and Avangrid Renewables is increasing access to clean, renewable power across the U.S.



WE'RE PROUD TO SHARE THE RECOGNITION WE'VE EARNED FOR OUR COMMITMENTS TO SUSTAINABILITY, SOCIAL IMPACT, JUSTICE AND FAIR AND EQUITABLE GOVERNANCE. THESE INCLUDE:

- The Ethisphere Institute's **World's Most Ethical Companies**. For the third year in a row, we received this honor for our commitments to ethical governance, leadership and reputation, with a focus on creating a culture of ethics and compliance with the law, and for our ESG commitments.
- The Ethisphere Institute's **Compliance Leader Verification Certification**. For the second consecutive two-year term, we received this certification for building and adhering to a best-in-class corporate compliance program, assessed and certified by the Ethisphere Institute.
- JUST Capital and Forbes' annual JUST 100 ranked AVANGRID among the top 100 citizens for our commitments to all of our stakeholders.
- *World Finance Magazine's Best Corporate Governance Award for a U.S. Company*, for our efforts to create and support a diverse workplace, to address the needs of the diverse communities we serve and to create more opportunities for diverse business across our supply chain.



* Based on AVANGRID's Long-Term Outlook as of November 5, 2020.

Governance Is a Key Pillar of Our Sustainability Strategy

How we govern our organization is a key pillar of our sustainability strategy, and in 2020 we established the AVANGRID Environmental, Social and Governance (ESG) Committee. The ESG Committee is comprised of key members of the senior leadership team appointed by the CEO, including representatives from the CEO's Office, Human Resources, General Services, Environmental, Health & Safety, Investor and Shareholder Relations, Communications, Risk Management, Legal Services, Compliance, the Avangrid Foundation and the Networks and Renewables businesses. Its purpose is to effectively coordinate our ESG commitments throughout the organization as well as support the relevant ESG risk management processes. This committee helps provide guidance on sustainable development strategies, policies, programs, practices and initiatives across our organization. In 2021, to further strengthen this commitment, we centered

on sustainability and our broader ESG commitments in our governance system by replacing our existing traditional corporate governance system with a "Governance and Sustainability System."

To help ensure that our sustainability commitments are embedded in our governance practices and are aligned with our business strategy, our Board of Directors provides oversight of ESG+F and sustainability issues and informs AVANGRID's policies and procedures for managing risk associated with ESG+F and sustainability. The Board of Directors has delegated oversight of ESG+F risks to its Compensation, Nominating and Corporate Governance Committee (CNCGC). ESG+F and sustainability risks, activities, initiatives and goals are regularly reviewed during CNCGC and Board of Directors meetings. With the assistance of the CNCGC, the board also regularly reviews, updates and approves an extensive set of sustainable development policies that provide the framework for our ESG+F and sustainability goals, actions and policies.

Our CEO is also a member of our Board of Directors, and is responsible for our sustainability and citizenship efforts, and for regularly reporting on the status of our ESG+F and sustainability goals, actions and initiatives to the CNCGC and the board. The short- and long-term incentive compensation programs for our CEO and other members of senior management include specific performance metrics based on achieving key ESG+F goals and directly aligning our executive compensation program with the company's effectiveness and success in meeting our ESG+F goals.

This ESG Committee helps provide guidance on sustainable development strategies, policies, programs, practices and initiatives across our organization.



AVANGRID's Purpose Is Inspired by Core Values Based Around Being Sustainable, Agile and Collaborative

At AVANGRID, we define our purpose as working together to deliver a more accessible clean energy model that promotes healthier, more sustainable communities every day. To achieve this, all of our actions are based on – and inspired by – three key values that inform how we govern our organization. These include:

1. **Sustainable:** We seek to be a model of inspiration for creating economic, social and environmental value in our communities, and we act positively to affect local development, generate employment and give back to the community.
2. **Agile:** We act efficiently, and with passion, to drive innovation and continuous improvement in all that we do.
3. **Collaborative:** We work together toward a common purpose and mutual benefit while valuing each other and respecting our differences.

To ensure we're adhering to these values, we engage in a constant process of continuous improvement, looking to incorporate the best governance practices from the U.S. and globally. Within the framework of our governance practices, our business strategy is guided by our Environmental, Social, Governance and Financial (ESG+F) commitments.



Compliance Organization

AVANGRID's Compliance Division is one of several internal organizations tasked with ensuring our compliance with a broad set of ethical requirements related to our performance. In collaboration across the organization, the Compliance Division works to ensure we meet or exceed commitments to the highest ethical behavior, compliance with the law and performance when it comes to delivering our ESG+F strategies. Our Compliance Program is based on the AVANGRID Code of Business Conduct and Ethics and the criteria for an effective compliance program established under Chapter 8 of the U.S. Federal Sentencing Guidelines.

The AVANGRID Board has adopted the AVANGRID Code of Business Conduct and Ethics applicable to all our officers and employees. Our code describes our core ethical values, establishes standards of conduct and provides guidance for employees to make appropriate decisions when faced with issues of an ethical nature. The code is reviewed and updated at least annually to ensure that it remains current with ethical challenges

our employees may face. The code is also supplemented by a Supplier Code of Ethics that is included in all vendor contracts. The Supplier Code of Ethics establishes an expectation that vendors will comply with the law and key ethical principles (e.g., anti-corruption and human rights) if they wish to conduct business with us.

AVANGRID has a 24/7 independent reporting helpline available to employees, contractors, consultants and suppliers, as well as the public. The helpline is used both to seek guidance on ethics and compliance-related matters and to report situations that may require investigation. The Compliance Division is responsible for addressing issues and concerns raised through the helpline and any other forms of communication.

The AVANGRID Audit and Compliance Committee approves the compliance plan annually. Typical activities within the plan include employee training and communications, conflict of interest reporting and resolution, compliance risk assessments, third party reviews and due diligence, ethical culture measurements, a crime prevention plan and an annual external review of the effectiveness of the program.

To help ensure compliance, we provide our employees with training and education in numerous areas, including training to advance our commitment to creating an inclusive and diverse work environment and to help our contractors address climate change by adapting practices consistent with the principles contained in our Climate Action Policy.

24/7 independent reporting helpline available to employees, contractors, consultants and suppliers, as well as the public.



Alistair Raymond

Vice President, Chief Compliance Officer

AVANGRID's Code of Business Conduct and Ethics describes the company's core values, establishes standards of conduct and provides guidance for employees to make appropriate decisions when faced with issues of an ethical nature.

Strategy and Risk Management

As a leader in enabling clean energy solutions, our company plays an essential role in the fight against climate change. While climate change represents an unprecedented challenge, we also see it as an opportunity for creating a more sustainable, equitable energy system through renewable energy generation, building of smart grids and investing in infrastructure across our Networks business to protect our customers and communities from the increasing threat of severe weather events while continuing to deliver energy safely and reliably.

Our strategy aligns with the Paris Agreement and is designed to mitigate and reduce risks associated with climate change. Our efforts to combat climate change focus on electric energy generation through renewable sources along with the development of innovative and efficient technologies with lower CO₂ emissions.

AVANGRID's Board of Directors considers contributing to the fight against climate change a strategic priority for the company, and in 2021 approved updates to our Climate Action Policy to incorporate new, aggressive emission reduction goals. Our Chief Risk Officer (CRO) is also responsible for evaluating the risks of economic losses – both direct and indirect – that result from climate change (such as extreme weather events and flooding).

To further our commitments to address climate change, our Board of Directors, in 2021, amended our Investment Risk Policy to require that new investments incorporate an analysis of risks related to climate change and to require that the company create a plan and a budget to mitigate for climate risk.

To comply with our own Investment Risk Policy, we monitor for risks that arise from climate change, including risks to our operations and our supply chain.

As part of our participation in the [Climate Disclosure Project](#) (a nonprofit organization that runs a global disclosure system for companies and governments working to manage and reduce their environmental impacts), we have shared various ways climate change may impact our operations and the communities we serve. These include impacts due to severe weather or other natural events, such as hurricanes and storms, which are climate events that occur annually and that can cause damage to our operations and power outages; for example, the significant impact of Winter Storm Uri in Texas that impaired every type of power generation.

We recognize that such events result directly from climate change and have (or can have) direct and severe impacts on our operations and our customers. We must therefore prioritize our efforts to plan for – and protect against – the very real impacts of climate change.



To comply with our own Investment Risk Policy, we monitor for risks that arise from climate change, including risks to our operations and our supply chain.

Human Rights and Supplier Code of Conduct

Respect for human rights is fundamental to our company, to the communities in which we operate and serve and to our ambition to help achieve a more just and sustainable world.

Because of this, we have developed and strictly adhere to a set of guiding principles to ensure the protection of human rights in everything we do. This means that we respect and abide by internationally recognized human rights principles, and that we are committed to treating people with dignity and with respect. From protecting the rights of ethnic minorities and indigenous peoples, to respecting employees' rights to associate and engage in collective bargaining, we've established mechanisms to identify, prevent and mitigate adverse human rights impacts. To help deliver these commitments, our policy and practices are consistent with applicable international standards including the United Nations Global Compact and Guiding Principles on Business and Human Rights (UNGP), the Social Policy of the International Labor Organization and the United Nations' Sustainable Development Goals. In 2021, we also made plans to adopt the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, which sets out norms of responsible social behavior by multinational firms (including our controlling shareholder, Iberdrola, S.A.), and we adopted these Guidelines in February 2022.

We also view our suppliers as strategic business partners that play an essential role in protecting human rights and require that they adhere to our



Supplier Code of Ethics and associated contractual terms and conditions. Included in our Supplier Code of Ethics is an expectation that our suppliers comply with all applicable laws and regulations including in areas such as forced labor, child labor, freedom of association and collective bargaining, and health and safety. To further reinforce our commitment to protecting human rights across our supply chain, we updated our Supplier Code of Ethics in 2021 to provide additional guidance in this area. In addition, our Compliance Division has refined AVANGRID's third party due diligence processes to undertake daily compliance screens that include reviewing for potential human rights violations.

Respect for human rights is fundamental to our company, to the communities in which we operate and serve and to our ambition to help achieve a more just and sustainable world.



Sustainable Development Goals

At AVANGRID, we work toward, and support, the 17 Sustainable Development Goals (SDGs) approved by the member states of the United Nations. As a consequence of our goal to be recognized as a leading clean energy company, much of our focus is on SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). We also contribute (either directly or indirectly) to the achievement of all 17 SDGs, and we have embedded these goals into our sustainability policy and strategy. This means that in addition to our efforts to create affordable, clean energy, we are also committed to creating positive social actions by supporting sustainable communities through investments in development, innovation and research.

Sustainable Development Goal 7: Affordable and Clean Energy

Creating clean, emission-free energy from wind and solar power is core to our business and our commitment to a clean energy future. Today, the vast majority of our installed energy generating capacity is emissions free, and we've set numerous targets to further our efforts related to this goal. This includes increasing our 2015 Renewables installed capacity by 100% by 2025. We're also investing over \$12 billion in electric and gas networks to support beneficial electrification and greater resiliency by 2025.* And we're working to install an incremental 500 MW of operational green hydrogen electrolyzer capacity by 2030.

Sustainable Development Goal 13: Climate Action

As part of our climate mitigation strategy, we are focused on reducing our own carbon emissions, with the goal of becoming Scope 1 carbon neutral by 2035. To accomplish this, we're working to reduce our Scope 1 GHG emissions (those direct GHG emissions from sources that are owned or controlled by us) by 35% by 2025 compared to 2015, and to achieve net zero for Scope 1 by 2035. And we've committed to transition 60% of our entire vehicle fleet to clean energy alternatives by 2030 while increasing the energy efficiency across all of our facilities by 2025. To help reduce carbon emissions outside of our operations, we've committed to install 15,000 new electric vehicle charging stations between 2021 and 2025.

Sustainable Development Goals 1-6, 8-12, 14-17

Our support for the Sustainable Development Goals goes beyond just climate impact. For example, the Avangrid Foundation engages in mission-driven giving and operates as our principal philanthropic arm. Since 2002, the Foundation has invested millions of dollars in grants, contributions, scholarships and matching gift programs to support the creation of sustainable, vibrant and vital communities, while preserving cultural and artistic heritage, advancing education and improving the lives of people in the communities we serve.

* Based on AVANGRID's Long-Term Outlook as of November 5, 2020.

↑ **100%**
Renewables installed
capacity by 2025
versus 2015

500 MW
of operational green
hydrogen electrolyzer
capacity by 2030

↓ **35%**
intensity of Scope 1
GHG emissions
by 2025

60%
of entire vehicle fleet
transitioned to clean
energy alternatives
by 2030

Scope 1
net zero emissions
by 2035



Creating clean, emission-free energy from wind and solar power is core to our business and our commitment to a clean energy future.

Our environmental commitments include investments in extensive programs for wildlife protection, preserving healthy ecosystems and promoting biological diversity – all of which are essential for a sustainable future. Our Networks business, for example, invests in long-term plans for protected species, and our Renewables business has a long history of working with conservationists and local community leaders to determine how we can develop and operate projects that minimize environmental impacts.

And while we have one of the lowest water use intensities among any U.S. energy company (since so much of the power we generate requires little, if any, water), we recognize that water is a precious, irreplaceable resource. Therefore, where we need to use water, we do so in the most sustainable ways possible. For example, our Klamath Falls combined-cycle cogeneration plant requires water for cooling. Here, we use recycled municipal wastewater from a nearby treatment facility.

AVANGRID ESG Reporting Standards

Our stakeholders, the communities we serve and our investors expect us to be transparent and thorough in sharing progress against our ESG+F commitments, goals and achievements. Therefore, in addition to this report, we disclose and communicate our ESG achievements in a number of different forums including:

- The Global Reporting Index (GRI)
- The Sustainability Accounting Standard Board (SASB)
- The Edison Electric Institute (EEI)
- The American Gas Association (AGA)

All of these reports are available for review at [avangrid.com](https://www.avangrid.com) in the Sustainability section of our website.



UNDERSTANDING – AND ADDRESSING – THE “WHY” OF SOCIAL IMPACT

At AVANGRID, we recognize our responsibility to create better outcomes for society – today and into the future. Our goal is to help people thrive in a green economy and in healthier, vibrant and more sustainable communities. Because of this, our social impact strategy is a focused effort that informs everything we do and is built on a five-year roadmap to create positive change for our employees, our communities, our customers and the planet.

We're doing this by:

- Helping our customers navigate through difficult times, adapt to new technologies and engage with us more effectively.
- Making AVANGRID an employer of choice, where talented and committed people want to build long-term careers.
- Helping the communities we serve by promoting and supporting positive social change and education.
- Strengthening our communities through support for the arts and culture.
- Addressing critical environmental issues like climate change and biodiversity.

An effective social impact strategy is a journey of continuous improvement, and because of this, our strategy is constantly evolving. While the issues we seek to address and impacts we seek to create will continue to grow, we remain focused on making meaningful, lasting progress, as described in the following pages.

An effective social impact strategy is a journey of continuous improvement, and because of this, our strategy is constantly evolving.





We work to make every day better for our customers, delivering the service they expect and deserve.

Empowering Our Customers

We work to make every day better for our customers, delivering the service they expect and deserve. From supporting customers through difficult periods (such as extreme weather events or, most recently, impacts from COVID-19), to providing ways to make it easier to do business with us, to helping them reduce their carbon footprint by transitioning to cleaner energy, we are focused on addressing our customers' needs.

In 2021 we focused on driving customer satisfaction by designing journeys through the lens of our customers. We are taking steps to improve the customer experience by developing automated and digital tools like eBill enrollments, mobile app downloads, smart meters and more. Based on customer feedback gathered to date, we are strategically focused on three key gap areas to drive customer satisfaction: ease of doing business with us, price and value, and power quality and reliability.

We have also begun to conduct in-depth interviews and focus groups with our customers to understand how they interact with the AVANGRID family of companies so we can better serve their needs. In addition, we launched ongoing Customer Listening Councils across our utilities in Maine, New York, Connecticut and Massachusetts. Here, customers and other key stakeholders can engage in candid conversations directly with our leadership, providing feedback that will help us continue to improve our business in ways that best serve our customers' changing needs.

Supporting Customers During Difficult Times

In 2021 we continued our efforts to support customers in need through our Vulnerable Customer Support Programs. In total, more than 500,000 of our customers were served through these programs, which include energy audit and energy efficiency assessments designed to help vulnerable and low-income customers across New York and much of New England reduce their energy bills each year.

We also have more than 160,000 customers enrolled in our low-income programs, where they receive discounted rates based on income guidelines. And we worked closely with state agencies to ensure that our vulnerable customers took advantage of the state and federally funded programs designed to help them. Our efforts in 2021 included:

- **Project Share** (in New York), our program that provides heating grants to over 400 individuals and families.
- **Operation Fuel** (in Connecticut), a program funded by statewide contributions, assists low-income households with their heating bills. In 2021, the program provided grants to more than 1,674 customers totaling more than \$962,000 in support.
- **The Home Energy Assistance Program (HEAP)** provides grants to help our low-income population with the cost of heating their homes. In 2021, more than \$69.6 million of support was provided to our customers via HEAP grants.

- In New York, the **Regular Arrears Supplement** provides a one-time benefit to eligible customers to cover the cost of overdue utility bills (up to \$10,000 per eligible household). In 2021, more than 15,000 individuals and families that we serve were supported by this program, totaling more than \$20 million.
- The federal **Emergency Rental Assistance Program** (ERAP) provided nearly 15,000 of our customers with rental and utility assistance. The program launched in 2021, and it is just the start, with plans to continue to work with state and federal agencies to secure funds and support families in need in the months ahead.

Making It Easier to Do Business with Us

In 2021, we put in place more ways to engage with our customers and to address their needs.

Key customer experience achievements in 2021 include the following:

- eBill enrollments climbed to 1 million, a 20% increase from 2020.
- App downloads grew to 17.1% for a total of 485k downloads.
- Outage alert enrollments increased to 373k or 16.3%.

- We launched enhanced digital products – setting the foundation and alignment of processes for 2022 transformation work:
 - Proactive customer alerts for payments and financial assistance.
 - **App**: ETR alerts, Budget Billing, eBill and Preferences enhancements.
 - **Web**: completion of Preference Portals across all operating companies and eBill enhancements to drive eBill adoption.
- Customer complaints – below regulatory targets for all operating companies.
- Overall self-service transactions increased by 2.5%.

Showing Up When Customers Need Us Most

We assist customers who use life support equipment during longer power outages, ensuring they're well taken care of while power is being restored. Our employees show great dedication to the communities we serve, showcased by our Field Customer Service team in our Binghamton, New York division.

In the summer of 2021, Binghamton was hit with several severe weather events that caused power outages and kept the Field Customer Service team busy. During one of these events, one team member, Sheila Wright, encountered a customer who reported he had no backup oxygen and felt very alone.

Wright jumped into action, elevating the situation to engage a customer advocate while providing the customer with her personal cell phone number and offering to go to the store to buy the customer ice.

The advocate, Jacqueline Sykas, had more oxygen delivered to the customer and had a New York State trooper check in on him, who in turn connected the customer with a neighbor to run some errands. Additionally, Sykas worked with the local **Office of the Aging** to have **Meals on Wheels** deliver a hot meal.

The customer was so grateful for all the support that he called Wright to express his appreciation. "I've learned over the years that even the most frustrated customers, especially those currently experiencing an outage, really just want to be heard and treated with kindness," said Wright. "Even if it takes a few extra minutes of time, it's worth it to know that maybe, just maybe, I made an undesirable situation just a little more bearable."



Sheila Wright

NYSEG Field Customer Service



Welcome to #DestinationAVANGRID



Kyra Patterson
Chief Human Resources Officer

Our vision is to make AVANGRID a place where talented and committed people want to build long-term careers.

Making AVANGRID an Employer of Choice

Every day, our employees provide the energy and innovation that help make AVANGRID the leading sustainable energy company, enabling us to grow in a competitive market in ways that create a cleaner energy economy while putting our customers first.

Our vision is to make AVANGRID a place where talented and committed people want to build long-term careers. To do this, we are investing in our employees by providing opportunities for personal and professional learning and development; strengthening avenues for building diverse community connections and an inclusive culture; and implementing a comprehensive approach to rewards and well-being that includes physical, financial and mental health.

In 2021, we expanded several programs designed to support our employees and their families, from our new Paid Parental Leave Policy, to additional Leadership and Development courses, to expanding our Business Resource Groups (which provide “safe-zones” where

our employees can celebrate and discuss different cultures, ethnicities and identities), to empowering individuals with financial planning resources. Many of these efforts are described below.

Health & Safety Focus During the COVID-19 Pandemic

In the second year of the COVID-19 pandemic, we continued our steadfast commitment to protect our employees, contractors, customers and communities. Throughout the year we kept current with the latest health and safety guidance from the Centers for Disease Control and Prevention (CDC) and the U.S. Food & Drug Administration (FDA) while maintaining uninterrupted business operations.

In 2021, we conducted extensive vaccination education efforts for our employees, supported via frequent communications, including home mailings and online town halls with medical experts. To make vaccine access as easy as possible for employees and their families, we conducted on-site vaccination clinics and actively encouraged vaccination for those who remained

unvaccinated and timely booster shots for those who were fully vaccinated, when they became available.

To help ensure the health and safety of all employees and contractors, we established a vaccination record tracking system for individuals to self-report their vaccination status. We increased submissions by hosting on-site vaccine card upload clinics, and we implemented safety protocols to properly manage a workforce comprised of both fully vaccinated and unvaccinated employees and contractors.

We continued to provide a dedicated COVID-19 hotline staffed by a team to record positive cases and provide critical health guidance (such as guidance on isolation and contact tracing), travel protocols and screening for isolated workers returning to the workplace. The data collected helped us ensure proper mitigation controls were in place, and we continued to offer supplemental paid leave for quarantined employees and paid testing benefits through the company medical plan.

Due to the pandemic's unpredictable nature, we changed our re-entry and building access plans accordingly throughout the year, enabling us to manage building access and strengthen health and safety protocols to protect employees reporting during COVID-19 surges. Combined, these approaches helped us protect the safety of our employees, contractors, communities and customers.

Listening to Our Employees

Being an employer of choice means that we listen and respond to employees. One of our primary feedback channels is "The Loop" – our annual Employee Engagement Survey. The Loop provides specific and actionable insights about how our employees experience their workplace – from resources and leadership to culture and belonging. The Loop gives every one of our employees the opportunity to share their thoughts about what things are working and where we can make positive changes, and we use Loop results to inform the continuous improvement initiatives we undertake every year. In 2021, employees

were both engaged and enabled as measured through the Loop survey with a 74% employee participation rate.

We're proud to share that safety – which is an absolute priority – continues to be rated by respondents as our greatest strength (with 87% of respondents giving safety a favorable rating). Respondents also gave us high marks on being a company with a "clear and promising direction," and a majority of respondents (83%) say they understand how their job contributes to AVANGRID's strategic priorities and goals. Respondents also gave us high scores for development opportunities, with 80% stating they believe their line manager supports them in learning and development, and 67% expressing that they have the opportunity to achieve their work goals.

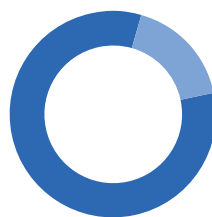
While we're glad to receive positive responses, we continually work on areas of opportunity through annual Loop Action Plans for each business area. Our team of dedicated Engagement Leads supports our leaders in creating and communicating Loop goals and tracking progress against areas of opportunity.

WE ASKED OUR EMPLOYEES ABOUT THEIR WORKPLACE EXPERIENCE



87%

say safety is our greatest strength



83%

understand how their job contributes to AVANGRID's strategic priorities and goals



80%

state they believe their manager supports their learning and development



67%

express that they have the opportunity to achieve their work goals



Our BRGs continue to provide “safe-zones” where our employees can raise important issues and celebrate the variety of different cultures, ethnicities and identities.

Through The Loop and our Action Plans, our goal is to ensure that employees feel heard, that we respond to areas of both strength and opportunity and that we create a workplace culture that demonstrates a commitment to acting on employee feedback and communicating progress.

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion, or DE&I, is a business imperative for AVANGRID, as we believe that it is key to our future success. We strive to build and sustain a diverse workforce with a rich mix of differences, inclusive workplaces where each of us feels valued and connected, with equitable opportunities to grow and develop – no matter where we work. We have focused our DE&I initiatives on increasing diverse representation, especially in positions of authority, removing barriers, promoting equitable opportunities to grow and develop and building community by establishing tangible pathways for connection with others inside and outside AVANGRID.

In 2021, AVANGRID became a member of Disability:IN, a leading nonprofit resource for business disability inclusion, and continued active involvement with Paradigm for Parity and CEO Action for Diversity & Inclusion. These public memberships demonstrate our commitment to elevate the DE&I conversation with our peers, while creating effective change for individuals with varying abilities, increasing gender parity in senior operating roles and supporting challenging, yet necessary workplace conversations.

Unconscious Bias Training

A key component of our DE&I strategy in 2021 included the implementation of unconscious bias training throughout the organization, including curated learning paths, synchronous training opportunities and e-learning. Over 90% of our lead-level employees completed two hours of self-guided training, including a multi-day university-style training attended by over 200 people leaders. We also incorporated unconscious bias training as part of our new Hiring Manager

Certification, which is required for any AVANGRID leader participating in the recruitment process.

These trainings helped attendees recognize, acknowledge and identify their own biases; recognize the negative impacts of bias on our business; realize the benefits that come from uncovering bias in decision-making; and identify and implement strategies to overcome both personal and organizational bias.

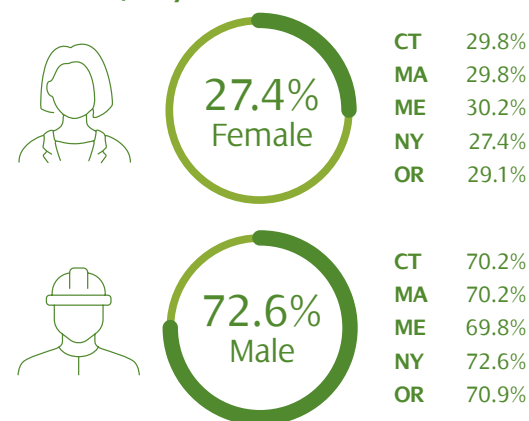
In addition to our unconscious bias training, we worked to accelerate progress on our DE&I commitments by ensuring we had diverse interview panels whenever possible for open senior-level positions, deploying inclusive workplace training, onboarding the most diverse intern cohort in AVANGRID history, completing a detailed pay equity and rating analysis and increasing representation of individuals identifying as women, as well as people of color, across senior and executive-level positions.

As of December 31, 2021, the approximate demographic breakdowns of our workforce are as follows:

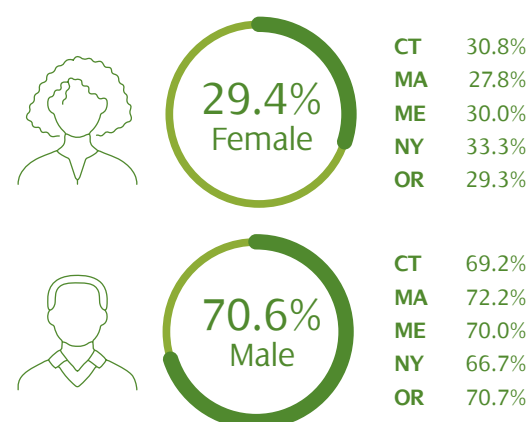
ETHNICITY		PERCENT OF TOTAL				
ALL EMPLOYEES	ALL	CT	MA	ME	NY	OR
% of Employees in State		24.5%	2.6%	16.8%	42.7%	5.2%
American Indian or Alaska Native	0.4%	0.1%	0.5%	0.8%	0.3%	0.3%
Asian	2.7%	4.6%	2.1%	1.4%	1.9%	6.8%
Black or African American	5.8%	13.3%	1.6%	0.9%	5.1%	1.0%
Hispanic or Latino	6.9%	14.0%	4.2%	1.9%	4.2%	6.5%
Native Hawaiian or Other Pacific	0.1%	0.0%	0.0%	0.0%	0.0%	0.5%
Two or More Races	1.3%	1.5%	0.5%	1.4%	1.1%	1.8%
White	76.8%	63.3%	82.7%	90.1%	83.2%	65.7%
Not Reported	6.0%	3.3%	8.4%	3.6%	4.1%	17.3%
SENIOR LEADERSHIP*	ALL	CT	MA	ME	NY	OR
% of Senior Leaders in State		31.8%	5.5%	15.3%	17.4%	17.7%
American Indian or Alaska Native	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian	2.4%	2.9%	0.0%	0.0%	1.8%	3.4%
Black or African American	2.8%	5.8%	0.0%	0.0%	3.5%	1.7%
Hispanic or Latino	8.0%	15.4%	5.6%	6.0%	7.0%	0.0%
Native Hawaiian or Other Pacific	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Two or More Races	2.1%	2.9%	0.0%	4.0%	0.0%	1.7%
White	71.6%	64.4%	66.7%	76.0%	73.7%	74.1%
Not Reported	12.8%	8.7%	27.8%	14.0%	14.0%	19.0%

* Senior leadership roles include director-level and above.

All Employees Gender Ratio



Senior Leadership Gender Ratio



Business Resource Groups

Our thriving group of Business Resource Groups, or BRGs, continue to provide “safe-zones” where our employees can raise important issues and celebrate the variety of different cultures, ethnicities and identities. During the year, we expanded our BRGs to include the AVANGRID Coalition for Asian Pacific Americans (ACAPA) and the Community for All Abilities and Resources for Excellence (CARE). Our seven BRGs were able to host over 25 events on inclusive conversations and diverse thinking, which helped increase the marketing of our BRGs where over 10% of our employees are a part of one or more of these groups.

Leadership Essentials

To help develop new leaders across AVANGRID, we built and implemented a comprehensive leadership training program in 2021. Leadership Essentials was created from insights gathered from our annual employee survey and focus groups with leaders across our company, as well as conversations with our Employee Relations team.

Leadership Essentials is a four-track curriculum that includes instructor-led courses, e-learning, peer groups and on-the-job experiences to provide new leaders with the knowledge and skills needed to prioritize their employees while enabling them to better lead their teams. Feedback from participants has been overwhelmingly positive and reflects our commitment to building leadership skills and helping our employees grow professionally while building their careers with AVANGRID.

Expanding Employee Benefits and Family Support to Address Whole Health

In addition to helping our employees grow professionally, we are committed to supporting their personal, family and financial well-being through a comprehensive suite of available resources.

In 2021, we implemented our Paid Parental Leave Policy, providing support to parents who are welcoming a new child into their family whether through birth, surrogacy, adoption or foster care placement.

We also launched several other new benefits in 2021, including:

- Tools for financial well-being, from planning toolkits to a retirement webinar series.
- Access to subsidized back-up care for children, adult and elder family members.
- Legal assistance and identity theft protection.
- Free access to platforms for finding babysitters, pet care providers and more.
- Preferred enrollment for employees' children at Bright Horizons daycare centers.
- Guidance to help parents identify learning and development needs early and to access support avenues such as learning pods, academic resources, tutoring, college coaching and test prep services.
- Fertility and family-forming care and coverage, including surrogacy and adoption.
- Healthcare navigation, clinical guidance and advocacy services.

Creating Authentic Communities

Our network of Business Resource Groups (BRGs) provides networking, career development and community building opportunities for AVANGRID's increasingly diverse workforce. These include:

- The AVANGRID African American Council for Excellence (AAACE) builds a culturally progressive workplace through career development for all African American/Black employees.
- The AVANGRID Coalition for Asian Pacific Americans (ACAPA) optimizes opportunities for Asian American and Pacific Islander (AAPI) employees.
- AVAN-Veterans promotes career development and enrichment for our employees who have served.
- The AVANGRID Community for All Abilities and Resources for Excellence (CARE) supports our customers and colleagues with disabilities or additional needs and those whose lives are touched by them.
- Hispanic Organization for Leadership and Awareness (HOLA) fosters an environment where our Hispanic employees are empowered in their careers, lives and communities.
- Pride@AVANGRID builds a workplace where LGBTQ+ employees can bring their authentic selves to work every day.
- WomENergy increases the visibility of women, unleashing their potential while driving business results and raising awareness of gender parity.





At AVANGRID, promoting employee well-being is a top priority. Supporting employee mental health was a key initiative for AVANGRID throughout 2021, especially in light of the pandemic's devastating impact. To help employees manage stress and address a wide range of other mental health issues, we launched the free myStrength tool. This program focuses on improving emotional health and well-being by providing programs to help with stress, depression, anxiety, PTSD, chronic pain and other conditions using resources like guided meditations and access to scientifically proven clinical approaches, like cognitive behavioral therapy.

Throughout the year, we offered a series of well-attended mental health webinars, which were led by professionals and covered timely topics like fear and anxiety, emotional eating, building resilience, isolation related to working remotely and more.

In 2021, we also formed a partnership with the National Council for Behavioral Health to help us reduce (and work toward eliminating) the stigma associated with mental health issues. Here, interested employees worked toward **Mental Health First Aid at Work** certification training, which helped us build a growing network of Mental Health Advocates. These advocates volunteer their time to listen and provide guidance to others regarding available mental health resources. In its first year, nearly 50 employees became certified Mental Health Advocates, resulting in over 300 referrals to available employee health resources.

The company also launched a new training program for managers, called Identifying and Addressing Mental Health Issues in the Workplace. The course educated managers on how to identify behavioral warning signs, how to guide a constructive conversation and how to direct employees to available support. This training also reinforced the need to eliminate the stigma related to mental health issues in the workplace.

We continued to offer free access to the Engage well-being app, which provides employees with a one-stop destination for medical plan information and health and well-being programs designed to help people adopt positive health practices. In 2021, Engage achieved the highest level of participation to date with its biannual activity challenged. At a time when many employees are working remotely, the popular spring and fall activity challenges motivated employees to walk over 384 million steps, while having fun and regaining important connections with colleagues.

Protecting employees against catching the flu was also more important than ever in 2021 as the COVID-19 pandemic endured. We conducted our annual flu vaccination program and provided all employees, as well as family members covered by the company's health plan, access to free flu vaccines through a combination of on-site clinics and off-site options.

In support of employee occupational health, we expanded our Early Intervention Program to New York in 2021. Staffed by highly trained occupational health professionals, this program addresses employee injuries and discomfort at the earliest stage possible and provides a range of services, including assessments for musculoskeletal sprains and strains and education on proper work postures, body mechanics and overall health and well-being.

Combined with our existing health benefits, life and disability insurance, flexible work policy and retirement programs, these offerings continue to reflect our commitment to help our employees – and their families – in every stage of their lives.

During 2021, we launched a number of initiatives focused on promoting employee mental health.

Supplier Diversity

Just as we're committed to creating a diverse, equitable and inclusive workforce at AVANGRID, we're also focused on providing all suppliers with equal access to purchasing opportunities, including opportunities for suppliers from diverse backgrounds.

Our actions are designed to encourage inclusive supplier participation that promotes economic development and reflects the increasingly diverse business communities that can support our work and growth.

We also set strong expectations for our suppliers to engage in sustainable business practices to help create a more socially conscious and equitable supply chain. Here, we expect our suppliers to understand and adhere to our environmental policies, to take steps to reduce their greenhouse gas emissions, to invest in protecting biodiversity and to manage and protect precious resources like water.

In 2021, with the engagement of our strategic suppliers, AVANGRID performed well in regard to the total number of suppliers certified as sustainable, and the goal is to

have more than half of our strategic suppliers certified as sustainable by the end of 2022. AVANGRID has also set a goal to increase our spending with diverse suppliers to \$300 million by 2025.

Conscious Action on Social Investment

As we work toward our supplier diversity and sustainability goals, we recognize that these commitments create long-term value – both for our suppliers and for our company – including the creation of better business solutions, increased customer loyalty and satisfaction, and positive community impacts.

SUPPLIER DIVERSITY DEFINED

We define supplier diversity as the proactive procurement of goods and services from businesses headquartered in the U.S. that are at least 51% owned and controlled by a U.S. citizen who is:



Ethnic
Minority



Woman



Veteran



LGBTQ+



Person with
Disabilities

We also set strong expectations for our suppliers to engage in sustainable business practices to help create a more socially conscious and equitable supply chain.

We expect to create 3,100 new, full-time positions associated with Vineyard Wind 1.



And just as we drive our suppliers to be more sustainable, we provide them with the support they sometimes need to fulfill our expectations. This includes creating improvement plans for those suppliers that may have struggled to meet our criteria so that they can strengthen their social impact and sustainability practices while building long-term relationships with us.

Creating a More Sustainable and Diverse Supply Chain

To meet our goals around supplier diversity and sustainability, we have created a supplier evaluation model based on criteria used globally to measure a company's environmental, social and governance (ESG) practices.

To help us achieve these goals as effectively as possible, we have set up a new group in our Procurement Department to prioritize these initiatives. As part of our Vineyard Wind 1 project, we've committed \$15 million in local and diverse supplier development to fund our Diversity, Equity and Inclusion efforts. These efforts will increase diversity in the industry and provide underrepresented populations with opportunities to join the offshore, renewable energy workforce.

Our Vineyard Wind 1 project is also funding partnerships with workforce development, training and educational programs in vocational-technical schools, colleges and universities, trade unions and other workforce development organizations. Our goal is to help diverse communities develop the skills to help us create projects like Park City Wind and other offshore wind projects. These funds




will also provide a range of resources to traditionally underserved and distressed communities (in this case, in Bridgeport and other parts of Connecticut), including:

- **K-12 Education and Career Readiness** with outreach to primary and vocational-technical schools to support youth career readiness with a focus on the offshore wind industry.
- **Labor and Pre-Apprenticeship Programs** with funds provided to trades to enable technical training for offshore wind readiness.
- **Global Wind Organization (GWO) Basic Safety Training** to invest in the facilities, staff and training resources to offer safety courses needed for workers constructing and operating offshore wind projects.

This work is part of our ongoing effort to promote diversity, equity and inclusion in offshore wind in meaningful ways. As part of this effort, we plan to hire a Chief Diversity Officer for Vineyard Wind 1 who will lead our efforts to recruit a more diverse pool of candidates, oversee funding initiatives and partnerships to increase opportunities for underrepresented communities, build diversity, equity and inclusion commitments into our labor agreements, create opportunities for diverse suppliers to provide us with their products and services and more. In total, we expect to create 3,100 new, full-time positions associated with Vineyard Wind 1.

As a leader in clean, renewable energy, the investments we're making will help build a more diverse, sustainable supply chain that will create long-term benefits for our customers, our communities and the planet.

From volunteering to giving to creating greater equity across our operations, we’ve made significant investments (and have set meaningful goals) to address a range of critical social issues, as described below.

SOCIAL IMPACT GOALS	2021 (ACTUALS)	2025 GOALS	2030 GOALS	ACTIONS UNDERWAY TO MEET GOALS
 <p>Increase annual Supplier Diversity spend to \$300M by 2025</p>	\$174M	\$300M		<ul style="list-style-type: none"> Hired dedicated resources to support Supplier Diversity program. Launch education and awareness program on Supplier Diversity for all employees.
 <p>35,000 annual employee volunteer hours achieved in 2025</p>	3,140	35,000		<ul style="list-style-type: none"> Launch Energize for Good for employee volunteering and giving. Leverage the Avangrid Foundation to support strong volunteer partner opportunities.
 <p>Full gender parity: 50% of women in senior leadership roles* by 2030</p>	29%	30%	50%	<ul style="list-style-type: none"> Unconscious bias training. Diverse interview panels for open senior level positions. Increasing diversity of succession pools.

* Senior leadership roles include director-level and above.


Pillars of Giving



Social Action



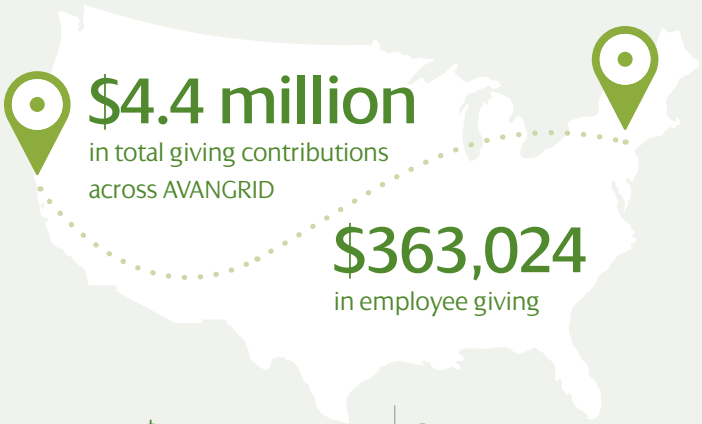
Education and Research



Biodiversity and Climate Change



Arts and Culture



More than **275,000** meals provided

3,140 hours of employee volunteering

More than **400** nonprofit organizations supported

More than **\$1M** focused on climate change education and preservation of biodiversity and the environment

9 homes built – nearly 500 hours in constructing homes

We believe that business can help build a better society, and that's why, at AVANGRID, we are committed to investing in positive social impact – from corporate giving to employee volunteerism. In 2021 we took a more holistic focus on our social impact work, and we'll continue to build on this approach in 2022 through our Corporate Citizen program. Our new approach supports a broader view of how AVANGRID serves our communities, customers and stakeholders.

The Avangrid Foundation is at the core of our corporate citizenship commitments, having invested more than \$28 million in philanthropic giving and partnerships since 2002. The Foundation's mission is focused on four key pillars:

1. Social Action
2. Education and Research
3. Biodiversity and Climate Change
4. Arts and Culture

These pillars are embedded in our targeted giving across a range of organizations, from local nonprofits in the communities we serve, to national organizations like Habitat for Humanity, the American Red Cross and the National Fish and Wildlife Foundation.

Energized for Good

Corporate citizenship includes supporting and amplifying the great work our employees are doing in our communities. In 2021 we launched Energized for Good, an initiative that expands on opportunities for our employees to engage more deeply in our social impact work through volunteerism and giving, and our goal is to reach 35,000 hours of employee volunteer time in the year 2025.

Energized for Good leverages the Avangrid Foundation partnerships with many local and national nonprofit organizations to create ongoing opportunities for volunteering and giving for AVANGRID employees. Here, we empower our employees with resources to engage in our communities, including an online platform where they can sign up for or create and lead volunteer opportunities, enter community service hours and learn more about Energized for Good. In 2021 our employees volunteered for over 3,000 hours, and are working to more than double that number to 7,000 hours in 2022 as we continue to increase our volunteering to meet our goal in 2025.



"I donate to the ACLU Fund and NAACP Legal Defense and Education Fund. I selected these organizations because they fight to preserve the rights and liberties granted to all Americans under the Constitution."

Kyle Banks

RG&E Senior Economic
Development Specialist





In 2021, we tripled the amount of match funding by the Avangrid Foundation for employee giving.

In addition to volunteerism, employee giving has been an essential part of how our people make positive impacts in our communities. In 2021, we tripled the amount of match funding by the Avangrid Foundation for employee giving – from \$500 to \$1,500 per employee per year – resulting in a total impact of over \$350,000 for our communities.

In 2021 our companies made significant investments in our communities through corporate investment and economic development funds. These efforts combined supported a broad range of nonprofit programs focused on creating positive social impacts throughout 2021, as described below.

Diversity, Equity and Inclusion

- \$398,000* donated in 2021 to support a range of local nonprofits providing essential services to help underserved communities.

Food Security

- \$309,000 donated in 2021 to local food banks and statewide nonprofits addressing food scarcity in the communities we serve.
- Our donations helped these organizations provide more than 270,000 meals to individuals and families and 4,800 take-home backpacks with essential meals for children in need.

Habitat for Humanity

- \$142,250* donated to support Habitat for Humanity's work in 2021.
- 72 of our employees also volunteered 468 hours across nine Habitat for Humanity build locations in local communities.

American Red Cross Disaster Responders

- \$329,000* donated to support the critical disaster response work of the American Red Cross, including \$14,000 through Energized for Good employee giving.
- 61 pints of blood donated by employees to help address the worst blood shortage in 10 years.

Education

- \$313,200* to support the work of colleges and universities, school districts, high schools and arts programs in public schools.
- \$106,000 to support organizations helping to advance literacy and create greater access to education and opportunity as a result.

Biodiversity

- \$341,000 to support organizations engaged in critical land preservation work tied to biodiversity.
- \$487,500 to organizations focused on wildlife preservation.
- \$122,000* to organizations protecting water-related ecosystems.

United Way

- \$154,400* to local United Way chapters.
- \$53,500 through Energized for Good employee donations.

* Combined resources of the Avangrid Foundation and the AVANGRID family of companies.

FINANCIAL STEWARDSHIP DRIVES RESULTS

Sustained Growth Through Sustainable Investments

At AVANGRID we aspire to grow through investments in Networks and Renewables. Here, we will seek to meet our commitments and support the clean energy transition, with a focus on delivering consistent earnings growth and providing stable dividend payments in alignment with our plan for becoming the leading sustainable energy company in the U.S.

We believe that this is a better and more balanced way to do business – doing well by doing good for our customers, employees, communities and shareholders. By taking this approach – and by adhering to our ESG+F strategy – we are investing in a more sustainable future while providing innovations, efficiencies and excellence to those we serve.

Our financial results affirm our strategy.
In 2021, we reported \$707 million in net income, a 22% increase from 2020.

Growth Aligned with Sustainability

As a leading sustainable energy company, our business activities are principally focused on addressing the **United Nations Sustainable Development Goals (SDGs)**, and specifically SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). As described earlier in this report, these goals are fully integrated into AVANGRID's strategy and sustainability policy.

The investments we're making to expand our ability to provide affordable, clean energy and to take action to reduce climate impacts are detailed in our 5-year investment plan. We're investing to modernize and strengthen Avangrid Networks' energy grid, through advanced metering infrastructure and through projects that will improve resiliency, safety, reliability and transmission. We are also investing in Avangrid Renewables' development of our pioneering offshore wind projects and the buildout of additional solar and onshore wind resources across the U.S.

The investments we're making to expand our ability to provide affordable, clean energy and to take action to reduce climate impacts include our five-year investment plan.



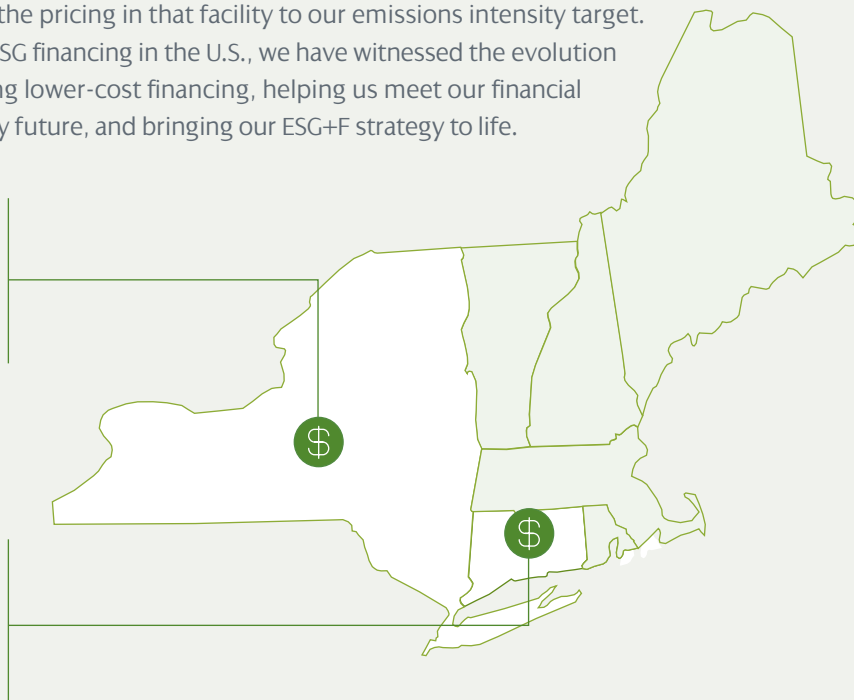
Green Financing

In 2021, we added to our existing \$2,100 million green bond portfolio by issuing our first utility green bonds to finance investments in LED street lighting, advanced metering infrastructure and system resiliency. We issued \$475 million (face value at issuance) of green bonds at two of our utilities (NYSEG for \$350 million, RG&E for \$125 million) and priced bonds that were issued in January 2022 at a third utility (UI for \$150 million). These issuances increased our total green bond portfolio to \$2,725 million as of the publication date. In addition to being an early adopter of green bonds, we were also one of the first U.S. companies to execute a sustainability-linked credit facility in 2018. In 2021, we refinanced and upsized our credit facility to \$3,575 million and maintained the sustainability feature linking the pricing in that facility to our emissions intensity target.

Having been an early adopter of ESG financing in the U.S., we have witnessed the evolution of these markets toward providing lower-cost financing, helping us meet our financial goals while creating a clean energy future, and bringing our ESG+F strategy to life.

\$475 million
green bonds in
New York

\$150 million
priced bonds in
Connecticut



In September of 2021, we closed on a \$2.4 billion construction and term loan for Vineyard Wind 1, making the project the first commercial-scale offshore wind facility in the U.S. to reach financial close. For this groundbreaking transaction, we were awarded the Global ESG Deal of the Year by Project Finance International and the North American Renewables Deal of the Year by IJGlobal. Construction on Vineyard Wind 1 also began in September 2021, and we expect it will create 3,100 job years over the project period. Along with our investments to increase resilience and reliability across our Networks business, projects like Vineyard Wind 1 reflect our commitment to ensure the dollars we invest contribute significantly to a clean energy future while delivering strong financial returns.



Green Financing

SECURITY			ALLOCATION						2021 IMPACT	
Issuing Entity	Designation	Net Proceeds (\$ millions) % Allocated	Project	Type	Location (State)	Capacity (MW)	In-Service Date	Allocated (\$ millions)	Output (GWh)	CO ₂ Avoided (mt) ¹
AVANGRID	3.15% Notes due 12/1/2024 (05351WAA1) Issued 11/21/2017	\$595 100%	Amazon Wind Farm U.S. East	Onshore Wind	NC	208	Dec '16-Feb '17	\$395	943	688,260
			Gala Solar Plant	Solar	OR	56	Oct '17	100		
			Twin Butte II	Onshore Wind	CO	75	Dec '17	100		
						339		\$595		
AVANGRID	3.80% Notes due 6/1/2029 (05351WAB9) Issued 5/16/2019	\$745 100%	La Joya ²	Onshore Wind	NM	90	Feb '21 & Jun '21	\$116	1,532	1,085,756
			Montague	Onshore Wind	OR	201	Oct '19	126		
			Karankawa	Onshore Wind	TX	307	Dec '19	191		
			Patriot	Onshore Wind	TX	226	Jun '19	182		
			Otter Creek	Onshore Wind	IL	151	Mar '20	130		
						975		\$745		
AVANGRID	3.20% Notes due 4/15/2025 (05351WAC7) Issued 4/9/2020	\$745 100%	Colorado Green	Wind Repower	CO	162	Dec '20	\$ 71	899	637,096
			Roaring Brook	Onshore Wind	NY	80	Oct '21	80		
			La Joya ²	Onshore Wind	NM	216	Feb '21 & Jun '21	278		
			Montague II Solar	Solar PV	OR	162	Jun '22	164		
			Lund Hill	Solar PV	WA	150	May '22	151		
						770		\$745		
AVANGRID	Tax Equity Aeolus VII Funded 2/2020, 4/2020	\$438 100%	Montague	Onshore Wind	OR	201	Oct '19	\$138	1,007	713,992
			Karankawa	Onshore Wind	TX	307	Dec '19	200		
			Otter Creek	Onshore Wind	IL	151	Mar '20	100		
						659		\$438		
AVANGRID	Tax Equity Patriot Funded 6/2019	\$128 100%	Patriot	Onshore Wind	TX	226	Jun '19	\$128	233	165,359
AVANGRID	Tax Equity Aeolus VIII Funded 11/2021	\$199 100%	Colorado Green	Wind Repower	CO	162	Dec '20	\$104	335	237,585
			Roaring Brook	Onshore Wind	NY	80	Oct '21	95		
						242		\$199		

Green Financing

SECURITY			ALLOCATION					2021 IMPACT	
Issuing Entity	Designation	Net Proceeds (\$ millions) % Allocated	Project	Type	Location (State)	In-Service Date	Allocated (\$ millions)	Energy Savings	CO ₂ Avoided (mt) ¹
NYSEG	2.15% Notes due 10/1/2031 (649840CT0) Issued 9/4/2021	\$347 66%	Energy Efficiency	Advanced Metering Infrastructure (AMI)	NY	2020-2021	\$ 57	See footnote 3	12,164
			Energy Efficiency	LED Street Lighting	NY	2020-2021	20	17 GWh	
			Climate Change Adaptation/Resiliency	Resiliency	NY	2020-2021	151	See footnote 4	
							\$228		
RG&E	2.91% 1st Mortgage Bonds due 12/15/2051 (771367D*7) Issued 12/15/2021	\$123 47%	Energy Efficiency	Advanced Metering Infrastructure (AMI)	NY	2020-2021	\$ 33	See footnote 3	118
			Energy Efficiency	LED Street Lighting	NY	2020-2021	1	0.2 GWh	
			Climate Change Adaptation/Resiliency	Resiliency	NY	2020-2021	24	See footnote 4	
							\$ 58		
UI	2.25% Notes due 1/31/2032 (910637V@3) Issued 1/31/2022	\$149 32%	Energy Efficiency	LED Street Lighting	CT	2020-2021	\$ 9	14 GWh	9,697
			Climate Change Adaptation/Resiliency	Resiliency	CT	2020-2021	39	See footnote 5	
							\$ 48		

Notes:

All Renewables projects are wholly owned by AVANGRID. Certain Renewables projects have been financed through the sale of non-controlling, tax equity interests.

¹ mt = metric tons.

² La Joya is allocated 29% to WAB9 and 71% to WAC7; it was added to WAB9 due to the sale of additional tax equity shares at Montague, Karankawa and Otter Creek, which reduced green bond eligible capital.

³ Investments in IT infrastructure and telecommunications networks through 2020 and 2021 to support the installation, beginning in 2022, of ~0.9 million and ~0.4 million electric smart meters at NYSEG and RG&E, respectively.

⁴ Investments in the grid to harden the system by using stronger materials incorporating revised design standards, automate the system by installing sectionalizing devices like reclosers and SCADA switches and improve the interconnectivity of circuits by creating tie points to be used as backup feeds, reducing the number of customers impacted and decreasing the frequency and duration of outages.

⁵ Investments in the grid to shorten and improve the interconnectivity of circuits and harden the system by using stronger materials, mitigation systems to protect substations from coastal flooding and selectively undergrounding, reducing the number of customers impacted and decreasing the frequency and duration of outages.

Key Performance Indicators

ECONOMIC PERFORMANCE	UNIT	2021	2020	2019
Revenues	\$M	6,974	6,320	6,336
% Revenues from clean energy	%	17.5	17.9	15.7
Operating expenses	\$M	6,079	5,451	5,338
Operating income	\$M	895	869	998
Net income	\$M	707	581	667
Earnings per share	\$/share	1.97	1.88	2.16
Total assets	\$M	39,504	37,823	34,394
Equity	\$M	19,961	15,826	15,539
Accrued investments	\$M	3,294	2,808	2,981

ENVIRONMENTAL PERFORMANCE	UNIT	2021	2020	2019
Installed capacity ¹	MW	9,149	8,822	8,360
Emissions-free installed capacity	MW	8,309	7,982	7,520
% Emissions-free installed capacity	%	91	90	90
Total net electricity production	GWh	22,591	22,142	20,960
Emissions-free production ²	GWh	19,400	19,391	17,479
% Emissions-free production	%	86	88	83
Energy produced under certified environmental management systems	%	13	12	17

EMISSIONS	UNIT	2021	2020	2019
CO ₂ emissions from power generation	t CO ₂ e	1,306,778	1,146,051	1,541,422
CO ₂ emissions rate from power generation	kg CO ₂ /kWh	58	51	73
CO ₂ emissions rate from power generation	lbs CO ₂ /MWh	122	113	162
Methane leaks (1 year in arrears)	mt CO ₂ eq	222,289	231,950	221,614
SF ₆ leaks	mt CO ₂ eq	20,802	31,776	120,382
Scope 1 GHG emissions (CO ₂ eq)	mt	1,590,305	1,416,448	1,934,393
Scope 2 GHG emissions (CO ₂ eq)	mt	273,432	297,283	231,192
Scope 3 GHG emissions (CO ₂ eq)	mt	21,996,103	24,528,246	19,892,852
NO _x emissions from power generation	mt	134	149	183
NO _x emissions rate from power generation	mt/GWh	0.006	0.007	0.009
SO ₂ emissions from power generation	mt	6	6	7
SO ₂ emissions rate from power generation	mt/GWh	0.0003	0.0003	0.0003
Particulate matter emissions from power generation	mt	21	19	230
Particulate matter emissions rate from power generation	mt/GWh	0.001	0.001	0.001

Key Performance Indicators

WATER		UNIT	2021	2020	2019
Water withdrawal for Klamath power generation		m ³	3,950,204	3,351,213	3,709,797
% Treated wastewater		%	99	98	98
Water withdrawal for generation/production		m ³ /GWh	186	148	177
Water discharged		m ³	1,645,734	1,446,193	1,496,645

WASTE		UNIT	2021	2020	2019
Hazardous waste		mt	602	683	1,711
Recycled/reused		%	42	11	59
Per electricity generated		mt/GWh	0.03	0.03	0.08
Non-hazardous waste		mt	154,649	163,475	313,462
Recycled/reused		%	3	3	132
Per electricity generated		mt/GWh	7	7	15
Total amount of fines relating to the environment		\$M	0.000	0.011	0.010

SOCIAL PERFORMANCE		UNIT	2021	2020	2019
Consumers	Total customers	M	3.32	3.31	3.28
	Electric	M	2.29	2.28	2.26
	Gas	M	1.03	1.03	1.02
	Customers with smart meters	%	54	38	39
	Incremental Annual Electricity Savings from Energy Efficiency Measures	MWh	175,842	186,911	192,861
Customer Satisfaction Index	RG&E	%	91.0	92.2	90.3
	NYSEG	%	90.6	90.9	91.0
	Central Maine Power	%	89.3	89.9	87.0
	UI	%	89.0	90.1	91.0
	CNG	%	91.9	91.0	88.7
	SCG	%	93.0	92.8	90.3
	Berkshire Gas	%	94.6	93.9	94.4
Quality of Service	SAIFI	%	1.41	1.37	1.17
	CAIDI	%	1.88	1.84	1.93
Economic Benefits	Social Funds ³	\$M	4.4	7.1	5.7
	Avangrid Foundation	\$M	3.0	4.2	3.9
	Volume of purchases	\$M	3,425	3,183	2,890
	Purchases from U.S. suppliers	%	96.4	97	97
	R&D	\$M	90.5	79	67.6

Key Performance Indicators

EMPLOYMENT, HEALTH & SAFETY		UNIT	2021	2020	2019
Employment	Number of employees	#	7,348	7,031	6,597
	Full-time employees	%	99.8	100.0	99.8
	Employees with collective bargaining agreement	%	48	49	49
	Average age of workforce	Years	44	45	46
	Average years of service of workforce	Years	12	13	13
	Women as % of workforce	%	27	28	28
	Women as % of senior leadership	%	29.4	29.1	29.5
	Hours of training	Mill	0.28	0.20	0.23
	Hours of training per employee	h	36.3	26.9	34.5
	Employees expected to retire in next 5 years	#	1,486	2,611	2,553
	Employees expected to retire in next 10 years	#	2,527	3,281	3,293
	Employee turnover	%	9.26	6.93	9.47
	Ethnicity: % of employees	%	17.2	16.1	15.7
	Ethnicity: % of senior leadership	%	15.6	13.9	12.0
Health & Safety	Total hours worked	Mill hr	15.2	13.9	13.08
	Recordable incident rate	RIR	2.35	2.47	3.57
	Lost time incident rate	LTIR	0.49	0.6	0.52
	Occupational disease rate	ODR	0	0	0
	Work-related employee fatalities	#	0	0	1
	Work-related contractor fatalities	#	0	0	0
	Days away, restricted and transfer (DART) rate, employee	DART	1.85	1.71	1.98
	Contractor lost time incident rate (LTIR)	LTIR	0.19	0.28	0.39

¹ Solar capacity is now being reported in MWdc.

² The environmental and green attributes attributable to the electric generation from Avangrid Renewables' facilities have been or likely will be sold or transferred to third parties, who are solely entitled to the reporting and other rights to all renewable energy credits, emissions reductions, offsets, allowances and the avoided emissions of greenhouse gas pollutants, collectively environmental attributes. Avangrid Renewables is not claiming ownership of any environmental attributes from its renewable generation fleet for any purpose, including compliance with any federal or state law or reporting to any federal or state agency, or any other present or future federal, state, local, international, foreign or voluntary renewable energy, emission reduction or emissions trading program.

³ Measured according to London Benchmarking Group (LBG) model standards. It only recognizes projects that involve voluntary contributions for social or environmental protection ends, for nonprofit purposes and that are not restricted to groups related to the company. Includes Avangrid Foundation contributions.

Non-U.S. GAAP Financial Measures

RECONCILIATION OF NON-GAAP ADJUSTED NET INCOME (LOSS) – \$M (UNAUDITED)	2021	2020
Net Income	\$707	\$581
Adjustments:		
Mark-to-market adjustments – Renewables	53	5
Restructuring charges	-	6
Accelerated depreciation from repowering	-	9
Impact of COVID-19	34	29
Merger costs	12	6
Legal settlement – Gas storage	-	5
Income tax impact of adjustments*	(26)	(16)
Adjusted Net Income	\$780	\$625

RECONCILIATION OF ADJUSTED NON-GAAP EARNINGS (LOSS) PER SHARE (EPS)	2021	2020
Earnings Per Share	\$1.97	\$1.88
Adjustments:		
Restructuring charges	0.15	0.02
Mark-to-market adjustments – Renewables	-	0.02
Accelerated depreciation from repowering	-	0.03
Impact of COVID-19	0.10	0.09
Merger costs	0.03	0.02
Legal settlement – Gas storage	-	0.01
Income tax impact of adjustments*	(0.07)	(0.05)
Adjusted Earnings Per Share	\$2.18	\$2.02
Weighted Avg # of Shares (M)	358.1	309.5

* 2021: Income tax impact of adjustments: For the year ended December 31, 2021, \$14 million from MtM adjustment, \$9 million from COVID-19 impacts and \$3 million from merger costs. For the year ended December 31, 2020, \$(1) million from MtM adjustment, \$(2) million from accelerated depreciation, \$(2) million from restructuring charges, \$(8) million from COVID-19 impacts, \$(1) million from legal settlement – gas storage and \$(2) million from merger costs.

USE OF NON-U.S. GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements presented in accordance with U.S. GAAP, we consider adjusted net income and adjusted earnings per share, adjusted EBITDA and adjusted EBITDA with Tax Credits as financial measures that are not prepared in accordance with U.S. GAAP. The non-GAAP financial measures we use are specific to AVANGRID and the non-GAAP financial measures of other companies may not be calculated in the same manner. We use these non-GAAP financial measures, in addition to U.S. GAAP measures, to establish operating budgets and operational goals to manage and monitor our business, evaluate our operating and financial performance and to compare such performance to prior periods and to the performance of our competitors. We believe that presenting such non-GAAP financial measures is useful because such measures can be used to analyze and compare profitability between companies and industries by eliminating the impact of certain non-cash charges. In addition, we present non GAAP financial measures because we believe that they and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance.

We define adjusted net income as net income adjusted to exclude restructuring charges, mark-to-market earnings from changes in the fair value of derivative instruments, accelerated depreciation derived from repowering of wind farms, costs incurred related to the PNMR Merger, a legal settlement and costs incurred in connection with the COVID-19 pandemic. We believe adjusted net income is more useful in understanding and evaluating actual and projected financial performance and contribution of AVANGRID core lines of business and to more fully compare and explain our results. The most directly comparable U.S. GAAP measure to adjusted net income is net income. We also define adjusted earnings per share, or adjusted EPS, as adjusted net income converted to an earnings per share amount.

We define adjusted EBITDA as adjusted net income adjusted to fully exclude the effects of net (loss) income attributable to noncontrolling interests, income tax expense (benefit), depreciation and amortization, interest expense, net of capitalization, other (income) expense and (earnings) losses from equity method investments. We further define adjusted EBITDA with tax credits as adjusted EBITDA adding back the pre-tax effect of retained Production Tax Credits (PTCs) and Investment Tax Credits (ITCs) and PTCs allocated to tax equity investors. The most directly comparable U.S. GAAP measure to adjusted EBITDA and adjusted EBITDA with tax credits is net income.

The use of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, AVANGRID's U.S. GAAP financial information, and investors are cautioned that the non-GAAP financial measures are limited in their usefulness, may be unique to AVANGRID and should be considered only as a supplement to AVANGRID's U.S. GAAP financial measures. The non-GAAP financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools.

Non-GAAP financial measures are not primary measurements of our performance under U.S. GAAP and should not be considered as alternatives to operating income, net income or any other performance measures determined in accordance with U.S. GAAP.

Investors and others should note that AVANGRID routinely posts important information on its website and considers the Investor Relations section, [avangrid.com/wps/portal/avangrid/Investors](https://www.avangrid.com/wps/portal/avangrid/Investors), a channel of distribution.

FORWARD-LOOKING STATEMENTS

Certain statements in this release may relate to our future business and financial performance and future events or developments involving us and our subsidiaries that are not purely historical and may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terms such as “may,” “will,” “should,” “would,” “could,” “can,” “expect(s),” “believe(s),” “anticipate(s),” “intend(s),” “plan(s),” “estimate(s),” “project(s),” “assume(s),” “guide(s),” “target(s),” “forecast(s),” “are (is) confident that” and “seek(s)” or the negative of such terms or other variations on such terms or comparable terminology. Such forward-looking statements include, but are not limited to, statements about our plans, objectives and intentions, outlooks or expectations for earnings, revenues, expenses or other future financial or business performance, strategies or expectations, or the impact of legal or regulatory matters on business, results of operations or financial condition of the business and other statements that are not historical facts. Such statements are based upon the current reasonable beliefs, expectations, and assumptions of our management and are subject to significant risks and uncertainties that could cause actual outcomes and results to differ materially. Important factors are discussed and should be reviewed in our Form 10-K and other subsequent filings with the SEC. Specifically, forward-looking statements include, without limitation:

- the future financial performance, anticipated liquidity and capital expenditures;
- actions or inactions of local, state or federal regulatory agencies;
- the ability to recruit and retain a highly qualified and diverse workforce in the competitive labor market;
- changes in amount, timing or ability to complete capital projects;
- adverse developments in general market, business, economic, labor, regulatory and political conditions including, without limitation, the impacts of inflation, deflation, supply-chain interruptions and changing prices and labor costs;
- the impacts of climate change, fluctuations in weather patterns and extreme weather events;
- technological developments;

- the impact of extraordinary external events, such as any cyber breaches or other incidents, grid disturbances, acts of war or terrorism, civil or social unrest, natural disasters, pandemic health events or other similar occurrences;
- the impact of any change to applicable laws and regulations, including those subject to referendums affecting the ownership and operations of electric and gas utilities and renewable energy generation facilities, respectively, including, without limitation, those relating to the environment and climate change, taxes, price controls, regulatory approval and permitting;
- our ability to close the proposed Merger (as defined below), the anticipated timing and terms of the proposed Merger, our ability to realize the anticipated benefits of the proposed Merger and our ability to manage the risks of the proposed Merger; 5
- the COVID-19 pandemic, its impact on business and economic conditions and the pace of recovery from the pandemic;
- the implementation of changes in accounting standards;
- adverse publicity or other reputational harm; and
- other presently unknown unforeseen factors.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this report, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Other risk factors are detailed from time to time in our reports filed with the SEC, and we encourage you to consult such disclosures.





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