

Innovation Policy

February 16, 2023

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

1. Purpose

Innovation is one of AVANGRID’s core corporate values and is critical to the success of AVANGRID’s businesses and activities. The Board of Directors believes that innovation is key to a sustainable energy future and continuing to provide reliable, valuable, and affordable services to our customers. AVANGRID seeks to be a leader in innovation within the energy sector, using innovation to improve reliability, increase digitalization, reduce environmental impact, and increase efficiency. This Policy sets principles to guide innovation efforts across the AVANGRID Group, which will be carried out across all business areas with the support of the Office of the Chief Executive Officer and reflects AVANGRID’s commitment to achievement of goal nine (Industry, Innovation and Infrastructure) and goal eleven (Sustainable Cities and Communities) of the Sustainable Development Goals (SDGs) approved by the member states of the United Nations.

2. Principles

To achieve AVANGRID’s innovation goals, AVANGRID will:

- a) lead innovation in clean energy technologies that contribute to a low-carbon economy and work to deliver a more accessible clean energy model that promotes healthier, more sustainable communities;
- b) undertake research, development and innovation activities that focus on the improvement of reliability, reduction of environmental impacts, enhancement of efficiency, and development of new products and services that address customer needs;
- c) continue to drive the digital transformation of the AVANGRID Group’s businesses in order to improve reliability and efficiency and reduce impact on the environment;
- d) encourage a “Culture of Innovation” across the AVANGRID Group and promote a motivating work environment that engages all employees and promotes and rewards their innovative ideas;
- e) incorporate innovation into employee training through programs that encourage and help develop creativity-related skills;
- f) implement an innovation management system including establishing annual innovation targets and objectives as part of a continuous improvement process and managing human resources as critical pillars of the innovation process;
- g) monitor technological developments to identify opportunities and challenges for the businesses and the need for innovation that will allow the AVANGRID Group to anticipate technological changes in the market;
- h) foster cooperation and alliances with the academic community and other innovating third parties;



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- i) share internally the knowledge gained so that the entire organization can benefit from the innovation process and development of best practices;
- j) protect the results of the innovation process by adequately and ethically managing intellectual and industrial property and respecting third parties' intellectual and industrial property rights; and
- k) support innovations that provide added value to customers and contribute to the satisfaction of shareholders, customers, employees, and other stakeholders.



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