Working together to deliver a more accessible clean energy model that promotes healthier, more sustainable communities every day.
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As one of the cleanest U.S. utilities and a leader in renewable energy, AVANGRID stands at the forefront of the nation’s transformational change in how we generate and use energy.

Today’s connected world is becoming ever more electrified, and this will continue as we adopt innovations like electric vehicles, smart grids and battery storage. At the same time, customers want their energy to come from cleaner sources in a reliable, affordable and sustainable way.

Demand for clean energy solutions represents more than business opportunities; it is a driver of a potentially disruptive shift that requires us to act – right now – to remain at the vanguard of our industry.

In response to this challenge, we are changing the way we work and the way we think. It is not enough simply to adapt – we must innovate, deploying best-in-class technology and delivering valuable solutions to our customers and stakeholders. At the same time, we must be good stewards of the natural, social and economic resources that we will rely on for years to come.

Growing as a sustainable company through our investments, actions and culture is intrinsically connected to AVANGRID’s unwavering commitment to our customers.

JAMES P. TORGERSON, CEO
The 2018 AVANGRID Sustainability Report, our third since we were listed on the New York Stock Exchange in 2015, charts our progress toward meeting these challenges. It also highlights our accomplishments along the way – such as achieving one of the lowest carbon emissions intensities among U.S. energy companies, positioning ourselves as a pioneer in the U.S. offshore wind industry, building the grid of the future and developing clean and smart solutions for our customers.

To advance these vital initiatives, we have built a foundation that starts with strong corporate governance and a commitment to ethics and integrity, as well as our core commitment to safety, security and our employees, which is embedded into every action and decision.

I am confident that our clear focus on doing the right thing, in the right way, for the right reasons will drive us toward our goal of being ranked among the best in class in our industry. As we execute our growth strategy and investments in 2019 and beyond, we will continue to take steps toward a smarter, cleaner and more sustainable energy future for our customers.

We have pledged to achieve carbon neutrality by 2035

J.P. Torgerson
AVANGRID is a leading sustainable energy company at the forefront of the U.S. clean energy transition. With approximately $32.2 billion in assets and operations in 24 states, AVANGRID has two primary lines of business: regulated utilities and contracted renewables. As of the end of 2018, our eight regulated Avangrid Networks electric and gas utilities in New York, Connecticut, Maine and Massachusetts combine to serve approximately 3.25 million customers with a $9.7 billion rate base. Our contracted Avangrid Renewables company is the third-largest U.S. wind producer, owning and operating 6.6 gigawatts (GW) of wind and solar in operation.

**2018 IN REVIEW**

With $1.7 billion invested in 2018, we executed our plan for sustainable growth in our contracted renewables and regulated networks businesses. Our renewables business secured nearly 1 GW of power-purchase agreements and contracts, including 400 megawatts (MW) of offshore wind, and has nearly 1 GW of onshore wind projects under construction. In our networks business, we are building the grid of the future through significant investments across electric transmission and distribution, and gas distribution. In 2018, we responded to outages
In 2016, AVANGRID became the first U.S. utility to set a goal for carbon-neutrality. We pledged to reduce emissions intensity from our power plants 25% by 2020, and to be carbon neutral by 2035.

caused by an unprecedented number of storms in New York and New England, and maintained our strong commitment to reliability and quality of service.

NEW ENGLAND CLEAN ENERGY PROJECTS
In 2018, AVANGRID was selected to provide reliable clean energy to New England customers through two major projects, Vineyard Wind and New England Clean Energy Connect (NECEC). Our Vineyard Wind offshore project, a joint venture, was chosen by the Commonwealth of Massachusetts to provide 800 MW of renewable generating capacity to Massachusetts utilities. Vineyard Wind will be the country’s first large-scale offshore wind farm, establishing AVANGRID as the leader of the U.S. offshore wind industry. Additionally, our $950 million NECEC project won a Massachusetts solicitation to deliver 1,200 MW of hydropower from Québec to the New England power grid, making it the region’s largest new source of carbon-free electricity. Both projects are on track to secure all permits in 2019 and allow our customers to avoid the emission of 4.7 million metric tons of carbon dioxide (CO₂) annually by 2022, when complete.

INVESTING IN A CLEANER AND MORE SUSTAINABLE ENERGY FUTURE
With an owned capacity that is 89% emissions-free, AVANGRID is one of the cleanest utilities in the United States and is committed to investing in a smarter and cleaner energy future. We plan to increase Avangrid Renewables’ installed capacity by 2 GW to 8.6 GW by 2022, a 31% increase to our 2018 installed wind and solar capacity. Our Avangrid Networks rate base is expected to reach $14.1 billion in 2022, representing an increase of 43% compared with 2018.

We take the challenges posed by climate change seriously. In 2016 we pledged to reduce emissions intensity from our power plants 25% by 2020, compared with a 2015 baseline, and to be 100% carbon neutral by 2035, making AVANGRID the first U.S. utility to set a goal for carbon neutrality. In 2018, our CO₂ emissions intensity was 54 grams of CO₂ per kilowatt-hour of electricity produced (119 pounds/megawatt-hour). This is approximately a 15% reduction compared with the 2015 baseline, and eight times lower than the 2018 U.S. utility average.

*$595M NET INCOME
$1.92/share

$684 ADJUSTED NET INCOME
$2.21/share*

2018 RESULTS AT A GLANCE

* Non-U.S. GAAP consolidated adjusted net income, excluding the Gas Storage and Trading businesses and certain losses related to its sale, restructuring charges, Tax Act-related adjustments, mark-to-market adjustments and other adjustments in Renewables. For disclosure and reconciliation of non-GAAP financial measures, please see pages 56–57.
At the same time, in order to mitigate the potential impacts of increasingly frequent and severe storms, we are developing major initiatives to improve the efficiency and resiliency of our system, which we plan to complete in the coming years. In 2018, Avangrid Networks announced a $2.5 billion resiliency plan, which we will seek to move forward via rate cases, primarily in New York and Maine. The plan includes measures that will harden the power grid to better withstand storms, while also utilizing technology that helps customers better manage their energy consumption.

For our coastal infrastructure in Connecticut, we have evaluated the flooding risk posed by increased severe weather, and we are taking measures to protect vulnerable substations and other equipment. This includes an effort to move a substation in the city of Bridgeport to higher ground after floodwaters from Super Storm Sandy threatened to interrupt service to thousands of customers in 2012.

**COMMITMENT TO INNOVATION, SAFETY, GOOD GOVERNANCE AND OUR COMMUNITIES**

Our investments in talent and technology drive innovation across our businesses. We are providing Smart Customer Solutions through the deployment of our Smart Community in New York, developing infrastructure for electric vehicles, and integrating battery storage across our Networks and Renewables businesses. We are employing smart meters and web-based portals to give customers more control over how they use energy, empowering them to reduce their usage and lower their bills. These smart grid technologies can also improve grid efficiency through remote energy management programs that reward customers for shifting some of their energy usage away from peak times, which benefits the entire grid and all users.

We embrace safety as a core value, and we are fully committed to providing a safe and healthy workplace for our employees. In 2018, we continued to exemplify our dedication to safety by reducing...
AVANGRID’s 2018 ITtechSHOWS expo, held in November 2018 at Yale University, was a showcase for technologies that address key industry trends.

The principle of sustainability requires that we engage in sound financial practices that encourage investment and ensure we can execute our plans.

lost-time accidents by 11% and reducing total incidents by 17%. The entire AVANGRID organization is now fully certified in the widely recognized OHSAS 18001 health and safety standards.

Our corporate governance system guides all that we do, promoting ethical conduct as well as the creation of sustainable value for our shareholders. In 2018, AVANGRID was awarded Compliance Leader Verification certification and was recently recognized as one of the World’s Most Ethical Companies by the Ethisphere Institute, a leading international organization that defines and advances standards for ethical business practices.

AVANGRID is committed to sustainability through our investments and initiatives in our communities. In 2018, AVANGRID, its employees and the Avangrid Foundation contributed nearly $4.5 million to hundreds of organizations, schools, universities and municipalities. We partner with various local, regional and state stakeholders to support projects that have a major impact on local economies and attract additional investment to the region. Our employees also serve and support our communities by donating their time and talents through numerous local volunteer efforts. AVANGRID will continue to collaborate with our economic development and community partners to promote a strong and healthy economy across our service areas.

The principle of sustainability requires sound financial practices that encourage investment and ensure the execution of our plans. In 2018, we made good on our longstanding commitment to increase our quarterly dividend, which rose from $0.432 per share to $0.44 per share for the third and fourth quarters of the year. Looking forward, as we continue to execute our long-term plan, we have a clear direction. We’re developing clean energy generation capacity, building a resilient, intelligent grid, and investing in innovation to bring smart energy solutions to our customers.
Our Companies

AVANGRID, Inc. is a leading sustainable U.S. energy company with headquarters in Orange, Connecticut.

Through our investments in renewable energy and smart grid infrastructure, we seek to deliver to our customers the benefits of clean energy and electrification, with a commitment to good governance and the creation of value for all stakeholders.

Formed with the merger of Iberdrola USA and UIL Holdings Corporation in 2015, AVANGRID trades on the New York Stock Exchange under the ticker symbol AGR. It is the U.S. affiliate of Iberdrola, S.A., the world’s largest clean energy company.

AVANGRID HAS TWO LINES OF BUSINESS:

- **AVANGRID Networks**
- **AVANGRID RENEWABLES**

AVANGRID AT A GLANCE

- **HEADQUARTERS**: Orange, Connecticut
- **ASSETS**: $32.2 billion
- **EMPLOYEES**: 6,449
- **CUSTOMERS**: 3.25 million
- **STATES WITH OPERATIONS/PRESENCE**: 24
Avangrid Networks

The eight companies of Avangrid Networks, based in Orange, Connecticut, are engaged in the delivery of electricity and natural gas in New York and New England. Tracing our roots back more than 150 years to the advent of gas and electric utility service in the Northeast, we employ more than 5,300 people in the delivery of natural gas, electricity and related services to 3.25 million customers.
With a combined rate base of $9.7 billion in 2018 and a projected rate base of $14.1 billion by 2022, Avangrid Networks is committed to sustainable growth that benefits our customers, our communities and our shareholders. In 2018 we continued our track record of rate stability and predictability, settling three-year rate cases for Connecticut Natural Gas and Berkshire Gas.

The company continues to invest in energy infrastructure to deliver the safe, reliable service that customers expect, while also devoting resources to finding innovative ways to deliver new technologies that support clean energy solutions such as electric vehicles and distributed energy resources.

In 2018, Avangrid Networks invested $1.4 billion in its companies and infrastructure, and announced an ambitious plan to spend $2.5 billion over 10 years to modernize the New York and Maine electric grids and harden them against increasingly severe weather. This includes a proposal that would provide for a complete rollout of smart meter infrastructure in New York State in the years ahead. Smart meters and related technology, already in place in Maine and Connecticut, provide operational benefits, facilitate service restoration and offer customers information and tools they can use to save money and energy.

Our proposed New England Clean Energy Connect (NECEC) transmission project will help provide reliable, renewable energy to our customers. NECEC is a 1,200 MW DC transmission line that, pending approvals, will link Québec and New England, so that we can deliver hydropower to the New England power grid. It’s a $950 million transmission project in partnership with Hydro-Québec that was selected by the
Commonwealth of Massachusetts in its clean-energy solicitation in 2018. The project is on track and continues to move forward, along with other transmission projects in New York and Maine.

Meanwhile, the Avangrid Networks natural gas companies made progress in their efforts to expand and modernize their systems, removing a combined 92 miles of aging cast iron and bare steel gas mains from service as part of a program to upgrade to durable plastics and other materials that are less prone to corrosion and leakage.

Avangrid Networks electric companies in 2018 distributed approximately 37.3 million MWh of electricity to 2.2 million customers in Connecticut, New York and Maine. The companies’ natural gas operations delivered approximately 202 million dekatherms of natural gas to 1 million customers in New York, Maine, Connecticut and Massachusetts.

In 2018, Avangrid Networks invested $1.4 billion in its companies and infrastructure, and announced an ambitious plan to spend $2.5 billion over 10 years to modernize the New York and Maine electric grids.
<table>
<thead>
<tr>
<th>OPERATING COMPANY</th>
<th>LOCATION</th>
<th>CUSTOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berkshire Gas</td>
<td>Pittsfield, Massachusetts</td>
<td>Natural Gas Customers: 40,381</td>
</tr>
<tr>
<td>Central Maine Power</td>
<td>Augusta, Maine</td>
<td>Electricity Customers: 627,114</td>
</tr>
<tr>
<td>Connecticut Natural Gas</td>
<td>East Hartford, Connecticut</td>
<td>Natural Gas Customers: 177,660</td>
</tr>
<tr>
<td>Maine Natural Gas</td>
<td>Brunswick, Maine</td>
<td>Natural Gas Customers: 4,803</td>
</tr>
<tr>
<td>New York State Electric &amp; Gas</td>
<td>Binghamton, New York</td>
<td>Electricity Customers: 898,685; Natural Gas Customers: 267,893</td>
</tr>
<tr>
<td>Rochester Gas and Electric</td>
<td>Rochester, New York</td>
<td>Electricity Customers: 381,377; Natural Gas Customers: 315,684</td>
</tr>
<tr>
<td>Southern Connecticut Gas</td>
<td>Orange, Connecticut</td>
<td>Natural Gas Customers: 198,966</td>
</tr>
<tr>
<td>United Illuminating</td>
<td>Orange, Connecticut</td>
<td>Electricity Customers: 336,394</td>
</tr>
</tbody>
</table>
Avangrid Renewables

With approximately 6.6 GW of installed renewable capacity, Portland, Oregon-based Avangrid Renewables is the third largest wind operator in the country, and is positioned as the leader in the U.S. offshore wind industry.
Avangrid Renewables continues to build out its fleet of renewable resources to meet growing demand for renewable energy, with nearly 1 GW of onshore wind under construction for commissioning in 2019. We also added nearly 1 GW of wind and solar long-term contracts in 2018, including 400 MW of offshore wind. With a development pipeline of 14 GW, we expect to increase installed capacity by 31%, or approximately 2 GW, to a total of 8.6 GW in 2022.

We are leading the charge to develop a new offshore wind industry in the United States. The company’s Vineyard Wind joint venture was awarded a contract for construction of an 800 MW wind farm off the coast of Massachusetts. Vineyard Wind also realized opportunities for future offshore development in 2018, winning a Bureau of Ocean Energy Management offshore wind auction to secure 2 GW of additional offshore development rights in Massachusetts.

As Avangrid Renewables accelerated separate plans to develop an offshore wind farm off the coast of Kitty Hawk, N.C., other East Coast states, including Connecticut, New Jersey and New York, announced RFPs seeking to bring more offshore wind energy to their power grids.

In order to ensure the market availability of a stable, low-carbon supply of energy, Avangrid Renewables took the critical step in 2018 of implementing an independent generation-only Balancing Authority. Operating in the western United States, the Balancing Authority manages generation for approximately 1,300 MW of wind and solar capacity and is expected to reduce the overall integration costs for the renewable fleet. Avangrid Renewables also upgraded more than 1,700 MW of its wind
The National Control Center (NCC) located in Portland, Ore., is the nerve center of Avangrid Renewables’ operations. Running 24-7-365, the NCC operators and analysts oversee every renewable project throughout the U.S. fleet, and have the ability to control any individual wind turbine remotely. The NCC manages resources to generate energy in a safe, reliable and efficient fashion. With countless complexities, the NCC’s state-of-the-art technological system allows the team to keep up with the constantly changing grid and weather patterns.
capacity with boost software, improving operational performance and generation capabilities.

Avangrid Renewables’ state-of-the-art 24/7 National Control Center acts as the nerve center of its generation portfolio, and makes it one of the few companies capable of providing structured energy solutions that allow large industrial and commercial customers to manage risks and uncertainty in the natural gas and energy industries.

The energy delivered from our facilities has allowed our customers to avoid 12 million metric tons of CO₂ emissions, which is equivalent to removing 2.55 million cars from the road annually.*

* These estimates are approximate and have been calculated with the Greenhouse Gases Equivalencies Calculator available at the U.S. Environmental Protection Agency website: epa.gov/energy/greenhouse-gas-equivalencies-calculator.
Avangrid Renewables added 1 GW of long-term wind and solar power contracts in 2018, including 400 MW of offshore wind.
Our Operations

AVANGRID and its companies seek to make a positive impact on customers and communities that we serve and wherever we do business.

**Electricity Generation Capacity**
Our generation facilities are approximately 89% carbon-free. We want to deliver to the world a better energy future using abundant, domestic, renewable resources.

**Electricity Production**
Net electricity generated by AVANGRID facilities in 2018 was 20,057,000 MWh.

**Energy Delivery**
AVANGRID is proud to deliver electricity and natural gas to our customers with technologies and practices that are always evolving.

### Facilities Net Capacity
- Wind Farms – 6,466 MW
- Hydro Power Plants – 118 MW
- Solar Photovoltaic – 116 MW
- Fuel Cells – 13 MW
- Peaking Generators – 212 MW
- Klamath Co-Generation – 636 MW*

*Includes 100MW of Klamath peaking generation

### Energy Delivery
- Total customers: 3,248,957
- Customers – Electricity: 2,243,570
- Customers – Gas: 1,005,387
- Electricity delivered (MWh): 37,337,000
- Natural gas delivered (DTh): 202,294,000
- Electrical transmission lines (miles): 8,662
- Electrical distribution lines (miles): 70,653
- Gas transmission pipeline (miles): 127
- Gas distribution pipeline (miles): 22,909
- Electrical substation: 821
- Automated substations: 600
Our Business Activities

In 2018, we made important progress in our efforts to deliver the benefits of affordable, clean energy to our customers and communities. We took a bold step into the nascent U.S. offshore wind industry and moved forward major proposals to bring clean energy to the New England power grid. We also won recognition for our strong corporate governance program, which provides a transparent and ethical foundation for everything we do.

Achievements in 2018

- Avangrid Networks subsidiary Central Maine Power’s $950 million New England Clean Energy Connect proposal won a Massachusetts RFP to deliver clean energy to the New England grid.

- Avangrid Renewables joint venture Vineyard Wind’s bid was chosen by the Commonwealth of Massachusetts to provide 800 MW of clean energy from a proposed offshore wind farm.

- The Vineyard Wind joint venture also won an auction in December to develop an additional lease area on federal waters off Massachusetts, potentially supporting 2 GW of offshore wind.

- Avangrid Renewables launched an innovative “green” balancing authority serving western states, managing generation for approximately 1,300 MW of wind and solar capacity.

- Avangrid Renewables added nearly 1 GW of wind and solar long-term contracts in 2018, including 400 MW of offshore wind.

- Avangrid Renewables added wind boost software to 1,700 MW of wind turbines to improve their output.

- Avangrid Renewables mobilized construction of 989 MW of projects for commissioning in 2019 and an additional 263 MW were secured with commercial operations in 2020.

- Avangrid Networks announced a $2.5 billion Transforming Energy resiliency plan to harden and modernize the New York and New England power grids.

- Connecticut Natural Gas and Berkshire Gas Company settled three-year rate cases, and Central Maine Power filed a rate case.

- Avangrid Networks companies responded to an increasing number of storms throughout the Northeast, successfully restoring service to all customers and winning an Emergency Recovery Award from the Edison Electric Institute.

INVESTMENTS

$1.7 billion in capital investments in 2018
Avangrid Networks developed a road map to promote electric vehicles and the infrastructure required to support them.

Avangrid Networks completed the installation of 20,000 smart meters in our Smart Community investment in Ithaca, New York, and made research and development investments, including the deployment of four energy storage pilot projects in New York State.

AVANGRID furthered its cybersecurity efforts by participating in the Cybersecurity Risk Information Sharing Program, and enhanced its award-winning program to train employees to identify and report potential cybersecurity risks.

AVANGRID hosted its Second Annual Innovation Challenge event and first-ever iTechSHOWS technology showcase at Yale University.

AVANGRID earned the prestigious Compliance Leader Verification status from Ethisphere Institute, valid through 2021. The corporation was also recognized by the Ethisphere Institute as one of the World’s Most Ethical Companies (2019).

AVANGRID was recognized by World Finance Magazine for Best Corporate Governance in the United States.

During 2018, AVANGRID made over $2.3 billion in purchases of goods and services, 97% of which were from U.S. suppliers.
GREENING THE GRID: BRINGING CLEAN ENERGY TO NEW ENGLAND

As New England states seek to bring more clean energy to the region’s power grid, AVANGRID is offering solutions — advancing proposals that could bring in up to 2,000 MW of renewable energy while creating jobs and lowering energy costs for customers.

The Commonwealth of Massachusetts, in particular, has set aggressive goals to diversify its energy mix with more clean, renewable energy. AVANGRID subsidiary Central Maine Power’s response was New England Clean Energy Connect (NECEC), a proposal to build a 145-mile transmission line that would carry up to 1,200 MW of reliable hydropower from Québec, Canada, to Lewiston, Maine, where it would plug into the New England transmission grid. In 2018, NECEC emerged as the winner of the Commonwealth’s bidding process for clean energy.

New England needs hydropower because it is reliable, cost-effective and much better for the environment than power generated by fossil fuel plants. If permitted and approved, NECEC would be the region’s largest source of carbon-free electricity through 2063 and beyond, delivering an estimated $1 billion in jobs, taxes and other benefits to the state of Maine in its first decade of operation — plus cleaner air for everyone.

With this project, Maine’s carbon emissions would be reduced by nearly 265,000 metric tons of CO₂ annually, the equivalent of removing 57,000 cars from Maine roads and highways. The project reduces air emissions in New England by 3 million metric tons.

Another project seeking to meet the region’s growing appetite for clean energy, Vineyard Wind is a 50-50 joint partnership between Avangrid Renewables and Copenhagen Infrastructure Partners based in New Bedford, Massachusetts.

In 2018, Vineyard Wind won the Commonwealth’s first major offshore wind solicitation, then expanded its offshore wind presence as a result of winning an auction for a competitive lease sale in federal waters roughly 17 nautical miles from Martha’s Vineyard. With the first 160,000-acre lease in hand, Vineyard Wind was able to proceed with environmental studies needed to begin building the project.

Currently on track to secure permits in 2019, the project would be the first large, utility-scale offshore wind farm in the United States, with operations beginning in 2021.

Vineyard Wind is projected to allow customers to avoid 1.68 million metric tons of CO₂ emissions annually, which is equivalent to removing 325,000 cars from the road annually.
Our Purpose

Working together to deliver a more accessible clean energy model that promotes heathier, more sustainable communities every day.

Our values

**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.

**AGILE**
We act efficiently and with passion to drive innovation and continuous improvement at both the local and global level.

**COLLABORATIVE**
We work together toward a common purpose and mutual benefit while valuing each other and our differences.
AVANGRID is committed to building a healthier and more accessible clean energy model. Our strategy and actions are inspired by and built on values established by the Board of Directors and articulated in the Code of Business Conduct and Ethics.

AVANGRID’s commitment creates value in a sustainable way by focusing on integrity and social responsibility in our business, with the goal of benefiting our employees, the customers we serve and the communities in which we operate.

**COMPLIANCE**

AVANGRID’s Compliance Division is independent of business and management, and reports directly to the Audit and Compliance Committee. The Compliance Division was established by the Board of Directors to oversee and monitor the company’s actions to prevent and correct illegal or fraudulent conduct. Duties include disseminating and ensuring compliance with the Code of Business Conduct and Ethics and related company policies and procedures; fostering an ethical culture against improper conduct, wrongful acts, corruption and fraud; and verifying the effectiveness of the company’s corporate compliance program while recommending improvements to achieve the highest ethical standards.

AVANGRID promotes a culture of compliance by proactively embracing preventative controls through education and by correcting identified compliance concerns through robust, fair and transparent policies and practices. To promote transparency, the Compliance Division publishes an annual report describing its activities and new initiatives on the company’s public website. AVANGRID is committed to leadership and continuous improvement in this area.

**SUPPLIERS’ CODE OF ETHICS**

AVANGRID extends its ethical standards under the Code of Business Conduct and Ethics to all of its vendors. Each vendor is required by contract to comply with the Suppliers’ Code of Ethics, available on the company’s public website.

In keeping with its goal of continuous improvement, the company’s Compliance Division initiated an ethics and compliance screening process for vendors in 2018. This process supplements existing due diligence practices in procurement – improving what are already considered industry-leading practices.

AVANGRID’s Code of Business Conduct and Ethics and our company’s policies, procedures and other rules exist to ensure a safe and productive working environment for all employees.
A RECOGNIZED LEADER IN COMPLIANCE

In 2018, AVANGRID was awarded Compliance Leader Verification certification by Ethisphere Institute, a leading international organization that defines and advances standards for ethical business practices. Ethisphere subsequently recognized AVANGRID as one of the world’s most ethical companies in 2019.

Ethisphere awards Compliance Leader Verification certification exclusively to companies with best-in-industry corporate compliance programs, following an extensive assessment process. This certification is intended to send a clear signal to stakeholders that the company takes compliance and ethics seriously.

Through the Compliance Leader Verification process, the Ethisphere Institute’s researchers and analysts conducted a detailed review of the organization’s compliance and ethics-related initiatives, and benchmarked them for corporate and industry best practices, including in the following areas:

- Ethics and compliance program resources and structure
- Employee perceptions of ethical culture
- Written standards
- Training and communications
- Risk assessment, monitoring and auditing
- Enforcement, discipline and response
- Employee knowledge of ethics and compliance concepts
- Senior leader perceptions of the compliance environment

STATISTICS ON CORRUPTION

Fines, penalties, settlements in connection with bribery or corruption

2018: $0  
2017: $0

Incidents of corruption

2018: 0  
2017: 0
Corporate Governance

Transparency and a commitment to continuous improvement are cornerstones of AVANGRID’s corporate governance system.

The company’s corporate governance system is based on a commitment to ethical principles, transparency and leadership in the application of best practices in good governance. It is designed to be a working structure for principled actions, effective decision making and appropriate monitoring of both compliance and performance.

During 2018, our Board of Directors was comprised of 14 members, six of whom were independent as defined under the rules of the New York Stock Exchange. Eight of our directors were not affiliated with Iberdrola, S.A., our majority shareholder, and our CEO was our only management director. On December 31, Felipe de Jesús Calderón Hinojosa resigned from the Board of Directors due to personal time commitments with other engagements.

MANAGING SUSTAINABILITY
Sustainability is firmly entrenched in the values and principles that guide our board, and respect for people, safety, communities and the environment is a key priority driving our business success.

AVANGRID has adopted a management approach to sustainability that engages all levels of the company, from the Board of Directors to individual employees, and embeds a commitment to sustainable development in all aspects of our business. The board oversees AVANGRID’s policies and procedures for managing sustainability and environmental, social and governance risk. Our chief executive officer is responsible for sustainability and citizenship. Strategy is developed by the CEO’s office and approved by the CEO.

HIGHLIGHTS
- Designated as one of the World’s Most Ethical Companies by the Ethisphere Institute in 2019 — one of only six companies in the Energy and Utilities sector to receive that designation
- Named U.S. company with Best Corporate Governance by World Finance Magazine in 2019
- Recognized by Corporate Secretary Magazine as a finalist in the category “Best Compliance and Ethics Program (Large Cap)”
- Achieved Compliance Leader Verification status from the Ethisphere Institute

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EXECUTIVE COMMITTEE  
Chairman: Ignacio S. Galán  
The Executive Committee serves primarily to support and advise the board and may take action when the board is not in session on such matters that are not otherwise reserved for the board or the Audit and Compliance or Unaffiliated committees.

AUDIT AND COMPLIANCE COMMITTEE  
Chairman: Alan D. Solomont  
The Audit and Compliance Committee oversees AVANGRID’s accounting and financial reporting and assists the board in monitoring AVANGRID’s financial systems, legal and regulatory compliance, and risk management practices. The committee directly oversees the company’s internal audit and compliance divisions and oversees the independence, performance and qualifications of the company’s independent registered public accounting firm. The committees comprised solely of independent directors.

COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE COMMITTEE  
Chairman: Alfredo Elías Ayub  
The Compensation, Nominating and Corporate Governance Committee oversees matters related to executive compensation and the company’s director nominating process and procedures, and it is responsible for overseeing AVANGRID’s corporate governance system. This committee is comprised of two independent directors and one director affiliated with Iberdrola, S.A.

UNAFFILIATED COMMITTEE  
Chairman: Felipe de Jesús Calderón Hinojosa*  
The Unaffiliated Committee is comprised solely of directors not affiliated with Iberdrola, S.A., AVANGRID’s majority shareholder, and among other tasks, has the primary responsibility of reviewing and approving all transactions entered into between AVANGRID and Iberdrola, S.A. or its affiliates to ensure they are entered on an arm’s-length basis. In addition, the chair of the Unaffiliated Committee leads regular sessions of the independent directors.

* On December 31, 2018, Felipe de Jesús Calderón Hinojosa resigned from the Board of Directors due to personal time commitments with other engagements.
Sustainable Development Goals

AVANGRID supports the UN’s 17 Sustainable Development Goals (SDGs), defined by the United Nations for the years 2015–2030. As a best-in-class energy company, we are particularly focused on the goals targeting affordable and clean energy and climate action. AVANGRID has incorporated these goals into the company’s strategy and sustainability policy. Pursuant to these principles, AVANGRID focuses its efforts on affordable, clean energy while nurturing sustainable communities through investments in research, development and innovation.

This is aligned with the company’s continued stewardship for action on climate. AVANGRID is committed to contributing to the social and economic development of the communities in which it operates, and to the protection of the environment through its sustainable energy business model.

SUSTAINABILITY DEVELOPMENT GOAL: Affordable and Clean Energy

AVANGRID’s core energy generation activity is clean, emission-free wind and solar energy. In 2018, 89% of the installed generating capacity owned by AVANGRID was emission-free. Through the company’s smart grid technology, we are providing customers with cleaner, reliable, consistent energy, with renewables and traditional generation working together in the U.S. energy mix. We will continue to invest in clean energy.

TARGET: Increase Avangrid Renewables’ installed capacity by more than 30% by 2020 compared with 2015.

Sustainable Development in Action: Intelligent Integration

AVANGRID recognizes that electrifying the transportation sector is a key solution for the de-carbonization of the economy — perhaps nowhere is this more evident than with the development of the electric vehicle (EV).

The environmental benefits of EVs have been well documented, and many states, including New York and Connecticut, have incorporated EVs into their sustainability and clean fuel policies.

In addition to the environmental benefits, increased use of EVs can improve asset utilization by increasing non-peak electricity use, which has the potential to reduce electricity rates for all customers. EV market growth and smart load growth require a smart grid and investments by energy companies to enable the EV market.

AVANGRID is doing its part by methodically planning and studying ways to intelligently integrate EV loads by improving system efficiency through technology, rate design and incentives.

AVANGRID supports policies that facilitate renewable energy and encourage low-carbon energy.
AVANGRID strongly believes that renewables are an important part of the energy sector’s response to climate change and a vital contributor to energy security.
SUSTAINABILITY DEVELOPMENT GOAL: Climate Action

Increased use of renewables reduces the average emissions of U.S. energy. In addition to AVANGRID’s continued growth in renewable energy capacity, the company also seeks to reduce operational emissions and energy losses in transmission and distribution, which remain below 7%.

TARGET: 25% decrease in emissions intensity (measured in grams of CO₂ per kilowatt-hour of energy produced) by 2020 compared with 2015, and to be carbon neutral by 2035.

Sustainable Development in Action: Protecting Vulnerable Infrastructure

AVANGRID’s climate action goes beyond generation of clean energy and reduction of its carbon emissions intensity. The company is also investing in infrastructure to protect customers from the threat of flooding and the increasing frequency and severity of storms.

In addition to measures and proposals to harden infrastructure in Maine and New York against severe weather, the company is taking steps in Connecticut to protect coastal infrastructure from flood- and storm-related damage.

These actions include the planned relocation of the Pequonnock Substation in Bridgeport, which serves approximately 8,000 electricity customers and has been identified as at significant risk for damage from coastal flooding. This project is expected to reduce the risk of a potentially catastrophic failure that could leave thousands of customers without power for prolonged periods.

The project follows a series measures that were taken after flooding Super Storm Sandy threatened to inundate several coastal substations in Connecticut in 2012.
In terms of CO₂ emissions intensity, AVANGRID’s generating portfolio is among the cleanest in the country. In 2018, CO₂ emissions intensity was 54 grams per kWh of energy produced, just 12% of the U.S. average. This represents approximately a 15% reduction compared to the 2015 baseline, which puts the company on track to meet its objective of reducing CO₂ emissions intensity by 25% by 2020, compared with 2015, and to be carbon neutral by 2035.

Because our renewable energy facilities generate electricity with little or no emissions of CO₂ and other byproduct pollutants, our customers can receive credit for the carbon emissions they have offset through the purchase of renewable energy.

The 16,986 GWh of electricity produced by Avangrid Renewables’ wind and solar facilities in 2018 allowed customers to avoid 12 million metric tons of CO₂ emissions. That’s roughly equivalent to the emissions avoided by removing 2.55 million cars from the road for a year.*

Greenhouse Gas Emissions

16,986 GWh Equivalencies*

2.55 million
passenger vehicles driven for one year

2.1 million
homes’ annual electricity use

14.1 million
acres of U.S. forests in one year

198.6 million
tree seedlings grown for 10 years


* 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.
CATCHING THE WIND

In New York State, New York State Electric & Gas and Rochester Gas and Electric provided customers with an opportunity to support clean, renewable wind energy. Customers can sign up to cover the cost to deliver 200 kWh or more of wind energy to the New York power grid.

In 2018, NYSEG and RG&E customers supported enough clean, renewable wind energy to offset the equivalent of 37,547 metric tons of CO2. That’s equivalent to the CO2 emissions from burning 41 million pounds of coal – or the amount that would be produced to meet the annual energy needs of about 4,496 typical U.S. homes.*

N.Y. WIND ENERGY
2018 Program Results

<table>
<thead>
<tr>
<th>WIND POWER GENERATED</th>
<th>CUSTOMERS PARTICIPATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYSEG</td>
<td>38,923,236 KWh</td>
</tr>
<tr>
<td>RG&amp;E</td>
<td>14,172,712 KWh</td>
</tr>
<tr>
<td>TOTAL</td>
<td>53,095,948 KWh</td>
</tr>
</tbody>
</table>

OREGON: CO-LOCATING WIND AND SOLAR BRINGS MANY BENEFITS

In 2018, the Wy’East Solar Project in Sherman County, Oregon, began commercial operation, marking the first time that Avangrid Renewables co-located renewable solar and wind facilities on the same land parcel.

The 10 MW Wy’East Solar Project features more than 38,000 solar panels on less than 100 acres. The construction effort put more than 120 workers on the job and injected nearly half a million dollars into the local economy.

The solar installation is built on the same land parcel as the 399 MW Klondike wind farm complex, which was first built in 2001. The wind farm was developed in four phases and now totals 242 wind turbines producing clean energy for Oregonians.

Co-locating wind and solar facilities can save owners and operators time, money and effort throughout the life of the asset, including grid connections, site development and approvals.

By co-locating complementary technologies, like wind and solar, this project may provide a glimpse of the future as continuous energy generation provides more economic and environmental benefits than having either energy technology working alone.

* Source: U.S. Environmental Protection Agency Greenhouse Gas Equivalencies Calculator, epa.gov/energy/greenhouse-gas-equivalencies-calculator
Environmental Management

AVANGRID and its companies strive to reduce their environmental footprint by reducing harmful emissions, managing resources, recycling waste and modeling energy efficiency — starting at our own facilities.

OUR APPROACH
AVANGRID works to reduce environmental risks, improve management of resources and optimize investments in our facilities. Our companies strive to use resources and products wisely in day-to-day operations, choosing non-hazardous products where possible for facilities maintenance. We also seek to reuse and recycle materials at every opportunity.

FUEL
Our fleet vehicles are on the road 24–7 as we respond to incidents, perform maintenance work and access remote facilities. AVANGRID companies are managing fuel consumption by deploying electric vehicles when appropriate, managing vehicle idling and using adaptive technologies such as line trucks with electric-assisted bucket lifts.

The intensity of fuel consumption for generation activities in relation to net output has been reduced as a result of the growing weight of renewable production.

WASTE
Our companies strive to recover, recycle or reuse waste whenever possible. Most of our facilities now have “zero-sort” recycling programs in place: multiple varieties of recyclable goods go into a single receptacle, making recycling a simple matter.

WATER
Water is consumed across a variety of processes at AVANGRID companies, including generation, sanitation, fleet maintenance, heating, cooling and more. Installation of water-saving equipment such as low-flow toilets has helped to manage the amount required, even as we expand our activities.

### Fuel Consumption for Generation
(tons of oil equivalent/GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td></td>
<td>35.5</td>
<td>27.2</td>
<td>25.2</td>
<td>24.6</td>
</tr>
</tbody>
</table>

### Water Withdrawal for Generation
(cubic meters/Gwh)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>212</td>
<td>196</td>
<td>195</td>
<td>172</td>
</tr>
</tbody>
</table>
**GAS SYSTEM UPGRADES HELP CUT METHANE EMISSIONS**

Avangrid Networks’ natural gas distribution companies in New York and New England continue to invest in a modern, safe pipeline infrastructure — and the work has environmental benefits in addition to safety improvements.

The companies retired approximately 92 miles combined of aging cast and bare iron main pipeline from their systems in 2018, part of an ongoing program to modernize their distribution infrastructure. The older pipes are being replaced with modern plastics and other materials that are more durable and less prone to leakage.

The companies expect to invest a total of more than $500 million toward these distribution pipeline upgrades between 2018 and 2022.

These upgrades — as well as ongoing pipeline maintenance, leak detection and repair work — support our companies’ effort to provide our customers with dependable natural gas service that meets or exceeds industry standards for safety and reliability.

This also helps reduce wasteful emissions of methane gas, a key component of natural gas that is thought to contribute to climate change. Avangrid Networks’ methane emissions fell 4.2% in 2018, compared with the previous year, due to leak repairs and pipeline upgrades.

Methane accounted for about 10% of greenhouse gas emissions from human activities in 2016, with more than 25 times the pound-for-pound atmospheric impact of CO$_2$ over a 100-year period, according to the U.S. Environmental Protection Agency.

### Methane Gas Emissions*

Avangrid Networks companies reduced methane (CH$_4$) emissions by 4.2% in 2018 by addressing leaks and replacing aging natural gas infrastructure, expressed in tons of carbon-dioxide equivalent (CO$_2$e).

<table>
<thead>
<tr>
<th>Year</th>
<th>Methane Emissions (tons of CO$_2$e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>257,465</td>
</tr>
<tr>
<td>2016</td>
<td>236,168</td>
</tr>
<tr>
<td>2017</td>
<td>232,371</td>
</tr>
<tr>
<td>2018</td>
<td>222,481</td>
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</tbody>
</table>

*AVANGRID’s methane emission inventory accounts for our natural gas system that exceeds 25,000 metric tons of CO$_2$e per year under the EPA greenhouse gas reporting program (GHGRP). EPA makes reported GHGRP data publicly available on its website.
Biodiversity

The areas where AVANGRID and its companies operate serve as habitats for a wide variety of plant and animal species.

Working with partners that include nonprofit environmental protection organizations and regulatory agencies, it is our responsibility to understand and manage our impact on habitats and wildlife.

This begins with a commitment to strict compliance with all environmental laws, regulations and applicable industry standards. However, we strive to look beyond our obligations to mitigate and contain the impact of our activities, and actively seek to protect our local and global environments.

Our Networks business is investing in a long-term integrated plan for protected species. Our Renewables business has a long legacy of geophysical surveys and meteorological assessments that guide our decisions for development of new project sites. We invest in extensive programs for the protection of endangered and/or protected species that contribute to how we operate our fleet. In 2018, we invested more than $1.7 million in programs specifically to protect birds, bats and a variety of wildlife.

Preserving ecosystems and biological diversity is essential for sustainable development. By integrating this thinking into our day-to-day environmental management practices, we can help preserve these precious resources for future generations.

Avangrid Renewables administers a Wildlife Protection Program to track and document wildlife at their operating facilities.
The Avangrid Foundation provided $100,000 to the Bats for the Future Fund, a public-private partnership by the National Fish and Wildlife Foundation (NFWF) that in 2018 announced $1.1 million in grants to combat a fungal illness that is devastating bat populations across the United States.

White-nose syndrome has been blamed for the deaths of more than six million bats nationwide in the last decade. It is caused by a fungus that attacks bats as they hibernate during the winter, with mortality approaching 100 percent at some sites. According to the National Fish and Wildlife Foundation, without a solution, several bat species are under threat of extinction.

Other organizations partnering with the National Fish and Wildlife Foundation in the initiative to combat the disease include the U.S. Fish and Wildlife Service, the U.S. Forest Service and Southern Company.

The Avangrid Foundation continued to build on this collaboration in 2019, committing a total of $1 million to support conservation programs that include Bats for the Future over the next three years.

From a squirrel’s perspective, the lines and poles of an electric grid are just an extension of their natural arboreal habitat. Unfortunately, when squirrels and other small animals come into contact with power lines and similar equipment, the encounter often results in a disruption of reliable service – and the death of the animal. In November 2018, some 12,000 customers of New York State Electric & Gas lost service after an unfortunate squirrel scurried into a Buffalo-area substation — just one of many animal contact events on Avangrid Networks’ electric systems last year. In many areas, our companies now install protective equipment at key locations, including “animal arrestors” that dissuade animals from intruding into the system.
MONK PARAKEETS
The monk parakeet is a social parrot species native to South America that in recent decades has established populations along the coast of the northeastern United States. They build large, communal nests from sticks and twigs. Among their favored nesting locations are the tops of utility poles, where the nests can cause fires, disrupt reliable service and obstruct access to transformers and other equipment. Working in consultation with state environmental protection agencies and non-profit groups, our companies have employed a variety of strategies — including construction of alternate nesting platforms — to remove the nests or encourage the birds to build their nests in safer locations.

BIRDS OF PREY
Populations of raptors such as ospreys and bald eagles have been rebounding after decades of decline. These birds seek seasonal nesting sites high above the bodies of water that serve as their hunting grounds.

Avangrid Networks companies have developed a work practice to build alternate nesting platforms for ospreys, where appropriate, to discourage them from nesting in electric distribution and transmission structures. Their nests pose a fire hazard that can endanger the birds and any hatchlings, as well as threatening to disrupt electric service. This approach has been a success at several sites in Connecticut, where ospreys have returned to the nesting platforms year after year.

Bald eagles, too, are increasingly found in areas where our companies operate. Working with state environmental officials, we have sought to help this magnificent bird of prey to thrive by limiting construction and maintenance activities near their nesting sites.

Squirrels are among the top causes of power interruption nationwide, according to the American Public Power Association.
PROTECTING BIRDS ON THE WING
Avangrid Renewables has several initiatives under way to study and prevent collisions between birds and wind turbines.

In 2018, Avangrid Renewables installed two IdentiFlight International avian protection units at the Manzana Wind Power Project in Southern California. This new system blends artificial intelligence with high-precision optical technology to identify protected avian species such as golden eagles, evaluate their flight paths and send an alert to shut down specific turbines if a collision risk is detected.

Avangrid Renewables is evaluating the technology’s effectiveness and will potentially use the results to support continued development of effective avian risk management strategies.

In addition to IdentiFlight, Manzana hosted a technology evaluation for the DTBird avian detection and deterrent system. Avangrid Renewables partnered with the American Wind and Wildlife Institute, EDF Renewables and Liquen Consultoría Ambiental SL for a two-part study to evaluate the effectiveness of the DTBird system to detect and deter eagles at operating wind projects.

Phase one was completed in 2017 and indicated an overall effectiveness for risk reduction to eagles at the site ranging from 33%–53%. Phase two results are pending.

In addition to these technologies, we are researching what some protected bird species, such as eagles, see and hear, and better understand how they react. Avangrid Renewables began collaborating with researchers at Purdue University in 2017 to answer this question. Avangrid Renewables and the U.S. Department of Energy are co-funding a study titled “Understanding the golden and bald eagle sensory worlds to enhance detection and response to wind turbines.” Preliminary results have provided insights into the physiological makeup of eagles. Final results are expected in late 2019.
Our People & Talent

Against a backdrop of a dynamic energy industry, seismic changes in U.S. workforce demographics and increased competition to recruit and retain talented employees, our success is the result of the effort, energy and talent of our employees.

We encourage the personal and professional development of our employees through a multicultural and diverse working environment, continuous training and measures to promote employee engagement, well-being and equal opportunity. AVANGRID stands committed to a program in which we can attract the best people, unleash their potential, value and reward them, champion their well-being and foster meaningful connections, both within the company and with the communities we serve.

ENGAGING OUR TALENT
In 2018, AVANGRID set out to open a dialogue with employees on their ideas about areas of organizational strength and opportunities to improve our culture and work environment. As such, while celebrating its third year as a company, AVANGRID launched an employee engagement program that started with its first employee opinion survey, The Loop.

To truly understand the employee feedback in The Loop, AVANGRID worked across the company to identify a group of employee leaders within the organization. These team leaders, known as Engagement Leads, were responsible for promoting survey awareness and participation, as well as assisting broader groups of managers and business leaders in the analysis of survey data and in planning action steps to address the opportunity areas with employees.

The action plans were created at both the employee and the leadership level and the commitments were shared broadly across the organization so that all employees would know how their feedback was being acted upon and understood.

GROWING OUR TALENT
Our employees provide the energy and innovation that drive AVANGRID as it pursues its goal of ranking among the best in class in the industry by 2020. That is why it is a priority to attract and develop a highly engaged workforce with high-quality training and development resources. To this end, our work in this area is focused in four dimensions:

- Developing leadership succession and talent management plans to ensure we grow and develop our internal talent to meet future needs.
- Developing first-class early career programs to ensure we secure the right people in the right roles with the right skills for the future success of the business.
- Developing modern training and development solutions that leverage new technologies to ensure we fuel our employees’ desire to grow and meet the needs of the business.
- Implementing leadership and professional development solutions to improve skills and capability now and in the future.
SPOTLIGHT ON TRAINING: AMP’D – LEADING PEOPLE

Our people leaders are critical to driving execution of key company initiatives, engaging our employees in daily activities as well as identifying and developing the future talent of our organization. In an effort to better prepare our newer people leaders, the company launched the AVANGRID Management and Professional Development (AMP’D) – Leading People program in 2018.

The design and execution of AMP’D – Leading People are new to AVANGRID and its leadership. The year long program is cohort-based, bringing our newer leaders together from diverse functions, responsibilities and geographies. AMP’D – Leading People focuses on a blended approach to learning, including practical application of theories and models learned in a traditional training setting, exploration of on-the-job activities, e-learning to augment foundational people leader skills, peer coaching and scenarios taken from real-life experiences.

SPOTLIGHT ON WomENergy

In 2018, AVANGRID introduced WomENergy, a business resource group geared to attracting, retaining, developing and advancing female talent.

The program creates an internal network of women across the company, increases the pipeline of women of diverse backgrounds, empowers women with a strong support system (including sponsorship, mentorship and development opportunities) and acts as a catalyst to build an inclusive culture in the workplace.

While WomENergy programming is specific to women, the group’s intention is to support gender inclusion — meaning male allies play an important role in what the group is aiming to achieve.

Nearly 250 women joined the ranks of WomENergy in its first year, focusing on development and building community, relationships and inclusion. Quarterly webinars covered topics such as the importance of creating diverse connections across an organization, the role gender plays in the collective intelligence of teams, developing informal networks and how social perspective can influence success.
Health & Safety

Providing a safe and healthy workplace is our commitment to our employees, our communities, our investors and our customers. Through daily emphasis on the importance of a safe workplace — and everyone’s role in supporting it — we build employee confidence, motivation and productivity, and encourage an environment where creativity and innovation can flourish.
AVANGRID has formal policies and procedures around health and safety in order to establish accountability. We also support a healthy and safe workplace by encouraging a culture of shared responsibility, starting with a firm commitment from the executive team and extending out to bargaining units, management, contractors and each individual employee.

**SAFETY AS A CORE VALUE**

In 2018, AVANGRID embarked on a major initiative across the company to instill a learning and improving safety culture. Rather than focusing on individual safety incidents, we are creating a proactive safety culture that examines system and procedural weaknesses, and assigns targeted teams to identify sustainable solutions to protect employees. We create and leverage teachable moments with managers and employees on the journey toward a safety culture focused on learning and improving. Notably, the program seeks to involve everyone in proactively improving processes and mindsets, instead of simply reacting once incidents occur.

The entire AVANGRID organization must continually work to adapt and evolve within this culture of proactive safety. Each quarter, a campaign is organized around themes that reflect the journey. From appreciating current strengths in the culture, to exploring what needs to change, to adopting new ways of working in a learning and improving safety culture, we are comprehensively taking stock of what makes AVANGRID a safe company.

Of course, changing the culture does not work without buy-in from the entire organization. To ensure incremental success, we deliver these messages through a set of coordinated tactics intended to reach key stakeholders.

**CERTIFICATIONS**

The entire AVANGRID organization is now fully certified in the widely recognized OHSAS 18001 health and safety standards. Additionally, Klamath Energy, part of Avangrid Renewables, maintains its Oregon OSHA Voluntary Protection Plan Star Certification, a hallmark that recognizes effective implementation of safety and health management systems, and injury and illness rates below industry averages.

<table>
<thead>
<tr>
<th>% of Employees Represented on Health &amp; Safety Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
</tr>
<tr>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Documented Safety Observations and Compliance Inspections</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
</tr>
<tr>
<td>14,011</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th># of Employees Trained in Health and Safety Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
</tr>
<tr>
<td>6,000</td>
</tr>
</tbody>
</table>
ERGONOMICS TRAINING
In 2018, AVANGRID developed an Injury Prevention Program to reduce injuries by identifying ergonomic risks. The first step in the multi-year initiative was to identify ergonomic hazards and, using appropriate controls, mitigate the rate of incidence. Employees whose workgroups were deemed “high risk” were the first employees to undergo hazard assessments. These included wind technicians at Avangrid Renewables; overhead, underground and substation employees in Electric Operations at Avangrid Networks; and distribution fitters and customer service technicians in Gas Operations.

Phase 1: The program involved fact-finding and assessing high-risk job characteristics and functions. Information and data were gathered from employee observations, interviews and videotaping for analysis. The results were then transformed for the high-risk groups into an easy-to-read format, including pictures, risks and recommendations.

Phase 2: The program consists of preparing customized training materials for the high-risk workgroups. Training includes the use of video for “before” and “after” depictions of employees performing typical work. This will reinforce best practices by reiterating principles of ergonomics, reviewing tips for coaching and examining before-and-after pictures of posture as well as tool use and handling.

SPOTLIGHT ON ERGONOMICS IMPROVEMENT
In December 2018, United Illuminating underground crews deployed a device called a cable glider that allows workers to install underground services without having to pull wire by hand. A custom dolly makes the device easy to transport. Employing equipment like this in the field contributes to reducing soft tissue injuries and making AVANGRID a safer place to work.

SPOTLIGHT: SUSTAINABILITY TEAM
How do you create a culture of sustainability, galvanizing employees around sustainability initiatives at their work locations and within the company as a whole? At AVANGRID, it begins with the Sustainability Team, a dedicated team of sustainability champions who demonstrate good corporate stewardship, conserve resources and protect the environment. The Sustainability Team’s members lead by their actions rather than mere words. The rationale is simple: sustainability makes good economic and environmental sense, and provides employees a sense of ownership and pride in their communities.

From raising awareness to prompting participation from their co-workers, the Sustainability Team facilitated several events and programs in 2018, including:

- **Lighting fairs** to sell highly efficient light-emitting diode (LED) lightbulbs to employees at a reduced cost
- **Electric vehicle fairs** to promote electric mobility and showcase the AVANGRID electric fleet cars that are available for employees to drive
- **Recycling programs**, such as the Keurig cup recycling program at the company’s Orange, Connecticut locations
- **Sustainability Selfie Contest**, where employees photographed themselves engaged in sustainability-related activities at work
- **Volunteer projects**, such as the Source to Sea Connecticut River cleanup event, as part of Iberdrola’s global Volunteer Day
- **Working with cafeteria management** to support sustainability ideas, such as offering reduced coffee prices for people using their own mugs
AVANGRID is committed to sustainability through our investments and initiatives in our communities.

Economic development and community revitalization go hand in hand, and we can play an important role in upgrading infrastructure on a local level to jump-start growth. AVANGRID is dedicated to being a good neighbor and community partner, which includes not only helping businesses thrive, but providing affordable tools to ensure a cleaner, smarter energy future.

Economic development projects encourage energy-efficient economic growth to help existing businesses grow and attract new businesses to our communities. We partner with various local, regional and state stakeholders to forge public-private partnerships to promote sustainable economic growth in our communities.

AVANGRID will continue to work in a collaborative manner with our economic development and community partners to help promote a strong and healthy economy across our service areas.

New York: Project Support

Since 2010, New York State Electric & Gas (NYSEG) and Rochester Gas and Electric (RG&E) have provided more than $90 million in economic development assistance to support over 450 projects, leveraging over $4.4 billion in private sector and capital investments in New York State.

CORNING

In 2018, NYSEG provided a $440,000 economic development grant to Corning, Inc. to offset electric and natural gas infrastructure costs associated with Corning’s recently completed expansion project in Big Flats, N.Y.

Corning expanded its Corning Innovation Support Center to support a transition from an incubator research and development facility to a production facility for Corning Valor® Glass, a revolutionary pharmaceutical glass package. The investment is expected to create 185 new jobs and support more than 380 jobs overall in the Southern Tier of New York.

NEW SMART ENERGY BUILDING AT BINGHAMTON UNIVERSITY

NYSEG provided a $400,000 economic development grant designed to help businesses and institutions, including Binghamton University, grow and become catalysts for economic activity across New York. The funding helped offset electric-related infrastructure improvements and promote the research and development of energy-efficient systems.

Binghamton’s $70 million Smart Energy Building accommodates research and development initiatives for the departments of chemistry and physics. Laboratories, classrooms and offices allow faculty and students to work side by side with industry scientists and engineers to create new energy technologies and help maintain and expand the regional workforce. The building design also incorporates multiple energy-efficient systems.

During the design and construction phase of this project, the investments made to build the Smart Energy Building had an economic impact of $90.7 million on the Broome/Tioga region. These expenditures also supported 915 local jobs, including 366 direct construction jobs.
**Investing in Our Communities**

AVANGRID knows we cannot have successful economic development without growing and revitalizing communities that host this development. We recognize that we must make a meaningful commitment of resources to our urban communities. We must revitalize our cities and towns and make them attractive places for commercial, industrial and residential development.

**CONNECTICUT: NEIGHBORHOOD ASSISTANCE**

Since 2010, United Illuminating, Southern Connecticut Gas and Connecticut Natural Gas have awarded more than $3.3 million in energy efficiency grants to hundreds of nonprofit community organizations via the state’s Neighborhood Assistance Act tax credit program.

In 2018, 59 organizations in 25 Connecticut communities received a total of more than $400,000 in grants to help them improve efficiency and reduce their energy costs.

The grants, ranging from about $4,500 to more than $18,000, supported projects including upgrades to Connecticut’s Beardsley Zoo’s greenhouse energy conservation project in Bridgeport; efficiency grants for Capital for Change, a community development financial institution based in New Haven; and support for efficient lighting at Hartbeat Ensemble’s Carriage House Theatre in Hartford.

**EMPLOYEE VOLUNTEERISM**

AVANGRID employees take pride in volunteering. In addition to countless activities throughout the year, employees annually dedicate one Saturday to give back. During the annual Employee Volunteer Day, AVANGRID employees pick up trash in parks, stock food bank shelves, work on farms, landscape, paint and take part in environmental initiatives to show support and appreciation for the community.

**CUSTOMER SUPPORT**

AVANGRID and its companies support and work in partnership with organizations and initiatives that assist customers struggling with their energy bills. These include the New York Home Energy Assistance Program, Maine’s Electricity Lifeline Program, the Connecticut Energy Assistance Program and the Low Income Home Energy Assistance Program in Massachusetts. The programs provide guidance and distribute funding to residents who need help maintaining energy and heating service during the winter.

A longtime partnership with HeartShare Human Services of New York also supports the Project SHARE Fund, which provides heating assistance for for needy individuals and families in the Empire State.

The assistance program received approximately $100,000 through contributions by customers and employees of NYSEG and RG&E, as well as other community partners, which was matched approximately four times for every dollar by the Avangrid Foundation. This company-initiated, sponsored and funded program has been instrumental in helping customers since the 1980s.

AVANGRID and its employees (including the Avangrid Foundation) made nearly $4.5 million in contributions to hundreds of organizations, schools, universities and municipalities in 2018.

**BIKE NEW HAVEN**

In 2018, AVANGRID became a founding sponsor of Bike New Haven, a bike-sharing service that provides a convenient, healthy and environmentally friendly transportation option throughout New Haven, Connecticut.

Launched in 2018 with 100 bicycles in 10 stations, Bike New Haven is designed for quick trips within the city. Customers can pick up a bicycle at any of the stations throughout the city, return it at any other station and continue with their day. It is expected to grow until it reaches 300 bicycles and 30 or more stations. Many Bike New Haven bicycles now display the AVANGRID logo on their chain guards.
The Avangrid Foundation is an independent, mission-driven 501(c)(3) organization that funds philanthropic investments primarily where AVANGRID and its subsidiaries operate. In 2018, the Foundation invested nearly $2.5 million in grants, scholarships and matching gift programs to more than 325 organizations. Since 2002, the Foundation and its predecessors have focused on building sustainable, vital and healthy communities; preserving cultural and artistic heritage; advancing education; and improving the lives of people in communities across the United States.

During 2018, the Foundation was active in many of the 24 states where AVANGRID does business, with a particular focus on Connecticut, Maine, Massachusetts, New York and Oregon. Some 2018 investments included:

**CONNECTICUT: REIMAGINING THE “PARK CITY”**
The Avangrid Foundation, in partnership with United Illuminating and Southern Connecticut Gas, donated $50,000 in 2018 to support the re-imagining of Johnson Oak Park in Bridgeport, Connecticut. The project was brought to life by the Connecticut office of the Trust for Public Land and their many partners, including the City of Bridgeport and members of the East End Neighborhood Revitalization Zone.

Bridgeport, Connecticut’s largest city, is known as the “Park City” for its history of preserving green space. It has renewed efforts to invest in parks. Johnson Oak Park, which also serves as a playground space for the Jettie S. Tisdale School, will serve more than 3,400 residents of a historically African-American neighborhood and approximately 700 students of the K-8 school. The park includes features such as a playground, paths, a living classroom, community garden and a pavilion.

**MAINE: PROTECTING RESOURCES TODAY; REINVESTING FOR TOMORROW**
In 2018, the Foundation, in partnership with Central Maine Power, was instrumental in funding a new expansion of the Kennebec Valley Community College (KVCC) Electrical Lineworker Technology Program in Fairfield, Maine. The new facility includes a dedicated classroom, office space, indoor utility poles and an outdoor pole yard for hands-on, off-the-ground training. A one-year certificate program, KVCC’s Electrical Lineworker Technology Program, covers a wide array of subjects, including electrical theory, line construction theory, rigging, safety, tree trimming and line clearance, and metering.

The program, which dates back to the 1990s, has trained nearly 600 graduates for living-wage jobs in the utility industry. It’s a major focus of talent development and recruitment of Maine lineworkers at Central Maine Power.

**MASSACHUSETTS: STEM EXPLORATION ENCOURAGES TOMORROW’S ENERGY TALENT**
In 2018, the Avangrid Foundation, in partnership with Berkshire Gas, provided significant funding for a free and innovative educational program designed to remove barriers and encourage young girls to explore the fields of science, technology, engineering and mathematics (STEM) with a local chapter of Girls Inc. in Massachusetts. Developed by national organization Girls Inc., the Eureka! program engages girls entering eighth grade through an intensive four-week summer program where they explore hands-on activities in the STEM fields. Girls participate in exciting and compelling activities directed by college professors and Girls Inc. staff, take field trips to see jobs in STEM-related fields, and participate in activities that promote learning, healthy behaviors and life skills.

**NEW YORK: LENDING A HELPING HAND TO STUDENTS**
The Avangrid Foundation, working with Rochester Gas and Electric, continues to support Monroe Community College’s Single Stop Program, which helps students connect with free or low-cost resources on campus and in the community in order to continue their education. This is part of a five-year commitment which helped found the program in 2016.

Since 2016, the Single Stop Program has received more than 250 applications for help connecting to social, financial and legal services. It has been so successful that the Monroe Community College Foundation lauded the Avangrid Foundation and Rochester Gas and Electric with its ‘Salute to Excellence’ Award in 2018. The program, which is part of a national model, is the only one of its kind in upstate New York.

**OREGON: WHERE PHILANTHROPY IS A SLAM-DUNK**
The Avangrid Foundation, in partnership with Avangrid Renewables, teamed up with the Trail Blazers Foundation to support youth from historically underserved communities throughout the region. The Avangrid Foundation is the sponsor for the Live Greener grants, a partnership that connects youth the environment through education, preservation, and employment. In 2018, the three-year partnership generated the first of its philanthropic gifts totaling $70,000 to nine organizations operating across the Pacific Northwest, benefiting hundreds of at-risk youth and families. 2018 marked the first time that the Avangrid Foundation and Avangrid Renewables participated in the Live, Learn & Play grant program.
A Successful Future Built on Innovation Today

To thrive in changing times, we must adapt and innovate. That’s why AVANGRID embraces innovation as a core value.

In 2018, AVANGRID invested nearly $55 million in innovation across our businesses, an increase of 7% compared with 2017. We made a substantial commitment to innovation in our Renewables business by investing $17.7 million, more than doubling our 2017 investment. These investments are vital to ensure our renewables operations remain at the forefront of the industry.

Our employees are experts at what they do, and we continually tap their expertise as a source of innovation through the Quarterly Employee Innovation Program. Through this program, we have identified innovative solutions to improve health and safety practices, work smarter and more efficiently and meet compliance standards. Our culture of internal innovation helps push us to the forefront of our sector and make AVANGRID a great place to work.

THE INTELLIGENT GRID

Avangrid Networks continues to build an intelligent, automated grid that can be remotely monitored and operated, so that we can effectively manage our systems, easily identify issues affecting customers and quickly address them — often without dispatching a crew.

As of 2018, we’ve installed more than 1.3 million smart meters for our electric and natural gas customers. These devices put detailed usage data into customers’ hands, offering opportunities to save energy and money while providing operational benefits. We plan to install another 1.9 million smart meters in the years ahead.

These smart meters are part of an increasingly automated grid, with a variety of “smart” components, including more than 600 digitized electric substations that can be remotely monitored and controlled. We also are evolving digitization of customer service and interactions, as well as advanced grid analytics that can help us pinpoint and resolve issues.

THE CUTTING EDGE OF GREEN

In 2018, Avangrid Renewables launched its new “green” Balancing Authority, which is among the largest of its kind. This allows us to deliver a tailored blend of energy from various sources to customers in western states, ensuring a stable, low-carbon supply even when some renewable resources may be unavailable.

The Balancing Authority draws on a combined 1,300 MW of owned and contracted generation resources, hour-ahead capacity purchases and intra-hour energy purchases, which helps minimize incremental carbon emissions that result from balancing wind and solar facilities. The Balancing Authority is our advanced in-house operation and maintenance model, operated out of our new 24/7 National Control Center, which oversees operations of approximately 3,400 wind turbines, solar arrays and gas generation. It allows us to provide the highest standards of production and reliability through our Balancing Authority services and to all of our customers.
Avangrid Renewables was also the most prolific offshore wind developer in the United States in 2018. This included winning a $135 million offshore U.S. Bureau of Ocean Energy Management auction to secure 2 GW of future offshore development rights in New England while pursuing the necessary studies and permitting for the 800 MW Vineyard Wind Project.

**INNOVATION SPOTLIGHT: NEW YORK’S ENERGY STORAGE PILOT PROGRAMS**

New energy storage systems offer the possibility of boosting the efficiency of the power grid to better support the demands of an increasingly electrified society. AVANGRID is piloting the integration of this exciting technology through its wealth of operational experience and power systems insight.

In New York State, Governor Andrew Cuomo’s Reforming the Energy Vision (REV) is spearheading this technology transition with an energy storage target of 3,000 MW by 2030.

AVANGRID and its companies are a driving force behind this goal. During 2018, NYSEG and RG&E brought four energy storage pilot projects online. These initiatives will test the technology’s electric distribution system benefits and the potential for cost savings and environmental benefits.

At AVANGRID’s inaugural iTechSHOWS, held at Yale University in November, Chief Information Officer Sergio Merchan tries out a virtual reality system as CEO James P. Torgerson and Chief of Staff Manuel Gonzalez look on. The event was a collaboration between the company’s Information Technology department and business partners to showcase new technologies and solutions that could someday bring smart grids, customer service and operations to the next level. Participants included SAP, IBM, Accenture, Deloitte, ESRI, Cognizant, Wipro and Everis.
Energy Storage Pilot Projects at a Glance

**EV CHARGING INTEGRATION**
RG&E has installed fast chargers for electric vehicles constructed by Mesa Technical Associates, Inc. at its Scottsville Road location in Rochester, N.Y. The station will test the capability to use a battery system to quickly charge electric vehicles.

- Improve the economics of electric vehicle adoption and minimize its impact on the electric grid
- Reduce building and circuit peak demand
- RG&E EV fleet use and public fast charging stations, integrated with two DC Fast and five level 2 chargers

**BEHIND THE METER AGGREGATION**
A small sample of commercial customers within NYSEG’s Energy Smart Community in Tompkins County will have Tesla Powerpack energy storage systems attached to their electrical systems, which will charge during off-peak hours at a lower cost. These customers will then have the option to use the stored energy during peak hours, which could create cost-saving opportunities and reduce demand on the grid.

- 50kW – 300 kW each at approximately eight customer locations
- Demonstrate effective aggregation of a mix of behind-the-meter battery systems (~50 kW, 150kW, 300 kW) for customer and system benefits
- Commercial customer demand reduction
- System and circuit level peak reduction
- In service date: Fully deployed in 2019

**GRID SIDE PEAK SHAVING**
A battery storage system installed at an RG&E substation will allow the company to charge the system during low-demand, off-peak times. This will test potential benefits associated with using the stored energy during times of increased usage, like hot summer days, which has the potential to decrease demand on the grid at peak times and enhance reliability.

- 1.9 MW/7.6 MWh – substation 127 in Farmington, N.Y.
- Demonstrate how to effectively integrate, operate and optimize the value of a grid-side deployed BSS
- Reduce peak loading on substation transformers
- Improve power quality

**DISTRIBUTION CIRCUIT DEPLOYED BSS**
A battery storage system installed on one of NYSEG’s circuits in Ithaca, N.Y., will allow the company to charge the system during low-demand, off-peak times. This will test potential benefits associated with using the stored energy during times of increased usage, like hot summer days, in a localized area, which has the potential to decrease demand on the grid at peak times and enhance reliability.

Over the next two years, the companies will collect operational data, evaluate lessons learned and review best practices to adopt this new technology statewide for the benefit of our customers and the electric grid.

- 477 kW/1,890 kWh – middle of Circuit 602, Cayuga Heights, N.Y.
- Demonstrate how to effectively integrate, operate and optimize the value of a distribution circuit deployed BSS
- Daily circuit load shaping
- Maintain the circuit within its hypothetical rating
ENVISIONING SMARTER CITIES

At AVANGRID’s 2018 Innovation Forum, five teams composed of AVANGRID employees and students from Cornell University, Massachusetts Institute of Technology and Yale University gathered at the Yale School of Management in New Haven, Connecticut, to share their energy ideas for the cities of the future. The teams spent months researching and developing proposals that empower AVANGRID to meet the energy demands of tomorrow’s “smart cities.” They pitched their ideas before an audience of more than 100, including a panel of judges, to compete for cash awards, tuition assistance and a chance to see their proposals advanced and potentially implemented by AVANGRID.

The 2018 winning team, Charge UP Portland, proposed a “vehicle-to-grid” pilot project to develop electric buses that could also serve a role in electricity distribution. This project imagines a joint venture between Central Maine Power and the public transit authority in Portland, Maine. The joint venture would provide clean, efficient public transportation for residents of the Portland area through electric buses. The electric buses would also be grid assets, with dynamic charging capabilities allowing them to not only draw power from the grid, but also to return it. This capability could someday help Central Maine Power manage loads and offset usage peaks, in turn reducing the need for capital expenditures and saving customers money.

The forum also featured presentations from startup businesses with targeted energy sector innovations, developed by students and faculty at Yale University and MIT. The startups demonstrated how they will optimize distributed energy resources (DERs), long-term storage and energy crowd-funding to deliver a stronger, cleaner and more affordable electric sector.
Grid & Cybersecurity

AVANGRID’s proactive approach to sustainability includes a strong commitment from leadership, partnerships with industry groups and government agencies, and direct employee engagement to identify and prevent threats.

A COLLABORATIVE APPROACH
AVANGRID’s leaders are highly engaged cybersecurity with the Electricity Subsector Coordinating Council, the Edison Electric Institute, the North American Electric Reliability Corporation (NERC), American Gas Association, American Wind Energy Association and other organizations. AVANGRID and its companies also have participated in joint training and drills, such as NERC’s GridEx grid security exercise, with industry peers and partners in government in order to share information and maintain a high level of readiness.

IT STARTS WITH US
Cybersecurity at AVANGRID requires enterprise wide participation. We embrace a safety and security culture that includes awareness, training, technical solutions and best practices to build an alert, prepared and resilient workforce. At AVANGRID, cybersecurity is everybody’s responsibility.

Dave Lathrop, manager of technical services, demonstrates security systems that are essential to protecting the electric grid from physical and cyber threats.
Throughout 2018, the cybersecurity team worked proactively to protect AVANGRID’s infrastructure from the ever-increasing threat of cyber risk.

Activity highlights include:

- Adding business improvement protocols and tools for reporting, recording and responding to suspicious emails.
- Expanding the scope and framework of AVANGRID’s third-party risk management program to identify and mitigate potential risks from third parties, such as vendors and external business partners, by screening them for cybersecurity practices and information security controls. In 2018, we increased the number of evaluations by 159 percent versus the prior year.
- Establishing an active team of 52 Business Security Liaisons that act as security ambassadors across the company. These liaisons volunteer four to six hours each month, participating in select training and providing a security focal point for business users.
- Training AVANGRID employees on the identification and treatment of Personally Identifiable Information.
- Participating as a recognized “champion” in National Cybersecurity Awareness Month, observed each October. This is a collaborative effort between government and industry to ensure that every American has the resources needed to stay safe and secure online.
- Partnering to support the DHS National Critical Infrastructure Security and Resilience Month, observed each November, to build awareness and appreciation of the importance of critical infrastructure, reaffirming the nationwide commitment to keep our critical infrastructure and communities secure.

NERC COMPLIANCE
The AVANGRID Corporate Services NERC Reliability Standards Compliance Program ensures compliance with NERC reliability standards. It provides compliance oversight within all six NERC regions across the United States. Our vision is to provide and encourage a culture of compliance throughout the organization and the industry. AVANGRID companies have received no NERC fines or penalties for six years.

Over time, we have worked to develop a strong compliance culture across the business by focusing our efforts on building a team-centric working relationship between the Compliance Office and each identified business owner and associated work groups. By developing a flexible, results-based approach designed to identify areas of greatest compliance risk, while implementing a corrective action plan to mitigate risk, we maintain a “best-in-class” compliance program with a positive compliance trend.

CYBERSECURITY: SEEING SOMETHING; SAYING SOMETHING
In 2018, AVANGRID strengthened its award-winning “phishing” program. The cybersecurity team routinely issues simulated “phishing” emails to employees. Those who “take the bait” receive a gentle reminder to be vigilant and are provided with additional training about risks.

In 2018, we added a reporter button integrated into the corporate email platform, which allows employees to report a suspicious email to the cybersecurity team at the Help Desk, which then tracks and reports results. The act of reporting a suspicious email can go a long way toward thwarting attempted network attacks and minimizing any associated damage.

Since launching our phishing program in 2014, AVANGRID has executed more than 190 separate scenarios, sent more than 185,000 emails and recorded more than 13,000 “teachable moments” about the dangers of phishing. The company’s aggregate response rate has dropped nearly in half over the past four years, and the cybersecurity team remains committed to continuing to improve upon our click rates.

ANTI-PHISHING PROGRAM AT A GLANCE
• 190 scenarios developed
• 185,000 emails sent
• 13,000 “teachable moments” recorded

AT A GLANCE:
$0 NERC fines/penalties
AVANGRID issued its first green bond in November 2017 and the nearly $600 million raised has been used to support investment in three AVANGRID renewable generation projects. The three projects generated 968 GWh of power and avoided 684,500 metric tons of CO₂ emissions.

Report on Green Financing Returns

AVANGRID issued its first green bond in November 2017 and the nearly $600 million raised has been used to support investment in three AVANGRID renewable generation projects. The three projects generated 968 GWh of power and avoided 684,500 metric tons of CO₂ emissions.

<table>
<thead>
<tr>
<th>GREEN BOND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CUSIP</strong></td>
</tr>
<tr>
<td>902748AA0</td>
</tr>
<tr>
<td>AVANGRID</td>
</tr>
<tr>
<td>Nov. '17</td>
</tr>
<tr>
<td>$595</td>
</tr>
<tr>
<td>Nov. '24</td>
</tr>
<tr>
<td>3.150%</td>
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</table>

<table>
<thead>
<tr>
<th>ASSETS ALLOCATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
</tr>
<tr>
<td>Amazon Wind Farm</td>
</tr>
<tr>
<td>Gala Solar Plant</td>
</tr>
<tr>
<td>Twin Buttes II</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AMOUNT INVESTED BY AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
</tr>
<tr>
<td>Renewables</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUSTAINABILITY INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed capacity (MW)</td>
</tr>
<tr>
<td>339.25</td>
</tr>
</tbody>
</table>

* This estimate is approximate and has been calculated with the Greenhouse Gas Equivalencies Calculator available at the Environmental Protection Agency (EPA) website epa.gov/energy/greenhouse-gas-equivalencies-calculator. Additionally, AVANGRID entered into its first syndicated sustainability-linked credit facility in June 2018. This is a $2.5 billion, five-year revolving credit facility in which up or down adjustments in the facility fee will be based on AVANGRID’s emissions intensity.
### Key Performance Indicators

#### Economic Performance

<table>
<thead>
<tr>
<th>Resources</th>
<th>Unit</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$M</td>
<td>32,167</td>
<td>31,671</td>
<td>31,309</td>
</tr>
<tr>
<td>Equity</td>
<td>$M</td>
<td>15,403</td>
<td>15,096</td>
<td>15,208</td>
</tr>
<tr>
<td>Investments during financial year</td>
<td>$M</td>
<td>1,726</td>
<td>2,262</td>
<td>1,923</td>
</tr>
</tbody>
</table>

#### Results

<table>
<thead>
<tr>
<th>Revenues</th>
<th>$M</th>
<th>6,478</th>
<th>5,963</th>
<th>6,018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>$M</td>
<td>5,351</td>
<td>5,458</td>
<td>4,824</td>
</tr>
<tr>
<td>Operating income</td>
<td>$M</td>
<td>1,127</td>
<td>505</td>
<td>1,194</td>
</tr>
<tr>
<td>Net income</td>
<td>$M</td>
<td>595</td>
<td>381</td>
<td>632</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>$/share</td>
<td>1.92</td>
<td>1.23</td>
<td>2.04</td>
</tr>
</tbody>
</table>

| Stock price (Dec. 31, 2018)          | $    | 50.09  | 50.58  | 37.88  |

#### Environmental Performance

<table>
<thead>
<tr>
<th>Resources</th>
<th>Unit</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed capacity</td>
<td>MW</td>
<td>7,561</td>
<td>7,472</td>
<td>6,879</td>
</tr>
<tr>
<td>Total net production</td>
<td>GWh</td>
<td>20,057</td>
<td>18,104</td>
<td>17,912</td>
</tr>
</tbody>
</table>

#### Processes and Operations

| Fuel consumption/overall consumption | toe/GWh | 24.6 | 25.2 | 27.2 |
| Production with local sources of energy | %        | 100  | 100  | 86   |
| Water consumed for generation/production | m3/GWh  | 98.5 | 110.2| 110.8 |
| Waste recovered and reused          | %       | 17   | 28   | 68   |
| Hazardous waste per electricity generated | m3/GWh | 62   | 10.12| 7.8  |

#### Results

| Emissions-free installed capacity | %     | 88.8 | 88.7 | 87.7 |
| Emissions-free production1        | %     | 86.4 | 86.9 | 85.6 |
| Owned generation CO₂ emissions    | g/KWh | 53.9 | 52.8 | 57.6 |
| Owned generation CO₂ emissions lbs CO₂/MWh | 118.9 | 116.4 | 127.1 |
| Owned generation SO₂ emissions    | g/KWh | 0.0003 | 0.0003 | 0.0003 |
| Owned generation NOx emissions    | g/KWh | 0.008 | 0.008 | 0.0084 |
| Owned generation particulate emissions | g/KWh | 0.001 | 0.001 | 0.0009 |
| Incremental Annual Electricity Savings from Energy Efficiency Measures | MWh | 167,282 | 167,723 | 175,680 |
| Direct CO₂ eq emissions, Scope 1 | t     | 1,348,300 | 1,228,321 | 1,339,413 |
| Indirect CO₂ eq emissions, Scope 2| t     | 377,332 | 704,657 | 662,518 |
| Other indirect eq CO₂ emissions, Scope 3 | t | 9,101,788 | 9,359,119 | 9,672,635 |

### Social Performance

<table>
<thead>
<tr>
<th>Resources</th>
<th>Unit</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>#</td>
<td>6,449</td>
<td>6,570</td>
<td>6,801</td>
</tr>
<tr>
<td>Customers</td>
<td>M</td>
<td>3.25</td>
<td>3.23</td>
<td>3.21</td>
</tr>
<tr>
<td>Electric</td>
<td>M</td>
<td>2.24</td>
<td>2.23</td>
<td>2.22</td>
</tr>
<tr>
<td>Gas</td>
<td>M</td>
<td>1.01</td>
<td>1.00</td>
<td>0.99</td>
</tr>
<tr>
<td>Volume of purchases</td>
<td>$M</td>
<td>2,299</td>
<td>3,257</td>
<td>2,376</td>
</tr>
<tr>
<td>Social development funds²</td>
<td>$M</td>
<td>4.5</td>
<td>6.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Avangrid Foundation contributions</td>
<td>$M</td>
<td>2.5</td>
<td>5.7</td>
<td>3.0</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>$M</td>
<td>54.7</td>
<td>51.1</td>
<td>31.2</td>
</tr>
<tr>
<td>Total amount of fines relating to the environment</td>
<td>$M</td>
<td>0.075</td>
<td>0.057</td>
<td>0.027</td>
</tr>
<tr>
<td>Fines imposed for distribution and retail sale of electricity and gas</td>
<td>$M</td>
<td>0.100</td>
<td>0.073</td>
<td>0.003</td>
</tr>
<tr>
<td>Purchases from U.S. suppliers</td>
<td>%</td>
<td>97</td>
<td>98</td>
<td>98</td>
</tr>
</tbody>
</table>

### Employment, Health & Job Safety

<table>
<thead>
<tr>
<th>Resources</th>
<th>Unit</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average age of workforce</td>
<td>Years</td>
<td>46.31</td>
<td>46.69</td>
<td>46.85</td>
</tr>
<tr>
<td>Average years of service of workforce</td>
<td>Years</td>
<td>14.07</td>
<td>14.49</td>
<td>14.92</td>
</tr>
<tr>
<td>Male/female diversity</td>
<td>%</td>
<td>71/29</td>
<td>71/29</td>
<td>71/29</td>
</tr>
<tr>
<td>Full-time contracts</td>
<td>%</td>
<td>99.8</td>
<td>99.8</td>
<td>99.8</td>
</tr>
<tr>
<td>Employees with collective bargaining agreement</td>
<td>%</td>
<td>48.3</td>
<td>48.2</td>
<td>47.5</td>
</tr>
<tr>
<td>Hours of training</td>
<td>M</td>
<td>0.19</td>
<td>0.24</td>
<td>0.38</td>
</tr>
<tr>
<td>Hours of training per employee</td>
<td>h</td>
<td>27.97</td>
<td>31.80</td>
<td>56.49</td>
</tr>
<tr>
<td>Trained people</td>
<td>#</td>
<td>6,758</td>
<td>6,557</td>
<td>6,713</td>
</tr>
<tr>
<td>Recordable incident rate</td>
<td>RIR</td>
<td>2.92</td>
<td>3.42</td>
<td>2.83</td>
</tr>
<tr>
<td>Lost-time incident rate</td>
<td>LTIR</td>
<td>0.58</td>
<td>0.64</td>
<td>0.70</td>
</tr>
<tr>
<td>Contractor lost-time incident rate</td>
<td>LTIR</td>
<td>0.27</td>
<td>0.34</td>
<td>n/a</td>
</tr>
<tr>
<td>Occupational disease rate</td>
<td>ODR</td>
<td>0.00</td>
<td>0.08</td>
<td>0.00</td>
</tr>
<tr>
<td>Days away, restricted and transfer (DART) rate</td>
<td>DART</td>
<td>1.89</td>
<td>2.08</td>
<td>n/a</td>
</tr>
<tr>
<td>Absentee rate</td>
<td>AR</td>
<td>4,361</td>
<td>4,135</td>
<td>4,470</td>
</tr>
<tr>
<td>Employee turnover</td>
<td>%</td>
<td>9.8</td>
<td>10.6</td>
<td>6.8</td>
</tr>
</tbody>
</table>

1 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.

2 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.
Reconciliation of Non-GAAP Financial Measures

### Adjusted Net Income

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$ 595</td>
<td>$ 381</td>
<td>$ 63</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>4</td>
<td>20</td>
<td>(36)</td>
</tr>
<tr>
<td>Mark-to-market adjustments – Renewables</td>
<td>25</td>
<td>15</td>
<td>–</td>
</tr>
<tr>
<td>Loss from held for sale measurement</td>
<td>16</td>
<td>642</td>
<td>3</td>
</tr>
<tr>
<td>Accelerated depreciation from repowering</td>
<td>3</td>
<td>–</td>
<td>(20)</td>
</tr>
<tr>
<td>Impairment of equity method investment</td>
<td>–</td>
<td>49</td>
<td>–</td>
</tr>
<tr>
<td>Impact of the Tax Act</td>
<td>4</td>
<td>(328)</td>
<td>–</td>
</tr>
<tr>
<td>Income tax impact of adjustments*</td>
<td>6</td>
<td>(162)</td>
<td>22</td>
</tr>
<tr>
<td>Gas Storage, net of tax</td>
<td>(11)</td>
<td>64</td>
<td>42</td>
</tr>
<tr>
<td><strong>Adjusted Net Income</strong></td>
<td><strong>$ 684</strong></td>
<td><strong>$ 682</strong></td>
<td><strong>$ 643</strong></td>
</tr>
</tbody>
</table>

*2018: Income tax impact of adjustments: $6.6M from mark-to-market (MtM) adjustment and $0.7M from accelerated depreciation – Renewables, $1.1M from restructuring charges – Networks, $14.4M from loss from held for sale measurement – Gas.

*2017: Income tax impact of adjustments: $5.5M from mark-to-market adjustment, $1.5M from other than temporary impairment (OTTI) on equity method investment – Renewables, $28M from restructuring charges – Networks, $179M from loss from held for sale measurement – Gas, $43 million adjustment to unitary income taxes at Renewables as a result of expected future sale of Gas.


### Adjusted Earnings Per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Per Share</td>
<td>$ 1.92</td>
<td>$ 1.23</td>
<td>$ 2.04</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>0.01</td>
<td>0.07</td>
<td>(0.12)</td>
</tr>
<tr>
<td>Mark-to-market adjustments - Renewables</td>
<td>0.08</td>
<td>0.05</td>
<td>–</td>
</tr>
<tr>
<td>Loss from held for sale measurement</td>
<td>0.05</td>
<td>2.08</td>
<td>0.01</td>
</tr>
<tr>
<td>Accelerated depreciation from repowering</td>
<td>0.01</td>
<td>–</td>
<td>(0.07)</td>
</tr>
<tr>
<td>Impairment of equity method investment</td>
<td>–</td>
<td>0.16</td>
<td>–</td>
</tr>
<tr>
<td>Impact of the Tax Act</td>
<td>0.15</td>
<td>(1.06)</td>
<td>–</td>
</tr>
<tr>
<td>Income tax impact of adjustments*</td>
<td>0.02</td>
<td>(0.52)</td>
<td>0.07</td>
</tr>
<tr>
<td>Gas Storage, net of tax</td>
<td>(0.04)</td>
<td>0.21</td>
<td>0.14</td>
</tr>
<tr>
<td><strong>Adjusted Earnings Per Share</strong></td>
<td><strong>$ 2.21</strong></td>
<td><strong>$ 2.20</strong></td>
<td><strong>$ 2.08</strong></td>
</tr>
</tbody>
</table>

*2018: EPS income tax impact of adjustments: $(0.02) from mark-to-market (MtM) adjustment – Renewables, $(0.01) from restructuring charges – Networks, $0.05 from loss from held for sale measurement.

*2017: EPS income tax impact of adjustments: $(0.01) from mark-to-market adjustment, $(0.04) from other than temporary impairment (OTTI) on equity method investment – Renewables and $(0.03) from restructuring charges – Networks, $(0.58) from loss from held for sale measurement, $0.14 from adjustment to unitary income taxes at Renewables as a result of expected future sale of Gas.

*2016: EPS income tax impact of adjustments: $0.05 from sale of equity method investment – Corporate and $0.02 from mark-to-market adjustment – Renewables. Amounts may not add due to rounding.
Use of Non-U.S. GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with U.S. GAAP, AVANGRID considers certain non-GAAP financial measures that are not prepared in accordance with U.S. GAAP, including adjusted net income and EPS. 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 because it eliminates the impact of financing and certain non-cash charges as well as allow for an evaluation of AVANGRID with a focus on the performance of its core operations. 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 provide adjusted net income and adjusted earnings per share, which are adjusted to reflect the effect of mark-to-market changes in the fair value of derivative instruments used by AVANGRID to economically hedge market price fluctuations in related underlying physical transactions for the purchase and sale of electricity, adjustments for the non-core Gas Storage and Trading businesses including certain losses related to the sale of such businesses, restructuring charges primarily associated with reorganizing to better align our people resources with business demands and priorities as part of the Forward 2020+ program, impact from measurement of deferred income tax balances as a result of the Tax Act enacted by the U.S. federal government on December 22, 2017, impact of accelerated depreciation on the repowering of certain Renewables assets and the impairment of equity method investments. We believe that presenting these non-GAAP financial measures is 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 provide adjusted EPS, which is adjusted net income converted to an earnings per share amount.

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.

Forward Looking Statements

Certain statements in this presentation 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,” “can,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “projects,” “assumes,” “guides,” “targets,” “forecasts,” “are (is) confident that” and “seeks” 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 our business, results of operations or financial condition. 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 that could cause actual results to differ materially from those indicated by such forward-looking statements include, without limitation, the risks and uncertainties set forth under the section entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2018, which is on file with the Securities and Exchange Commission (SEC) and available on our investor relations website at www.Avangrid.com and on the SEC website at www.sec.gov. Additional information will also be set forth in subsequent filings with the SEC. You should consider these factors carefully in evaluating forward looking statements. 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 presentation whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.