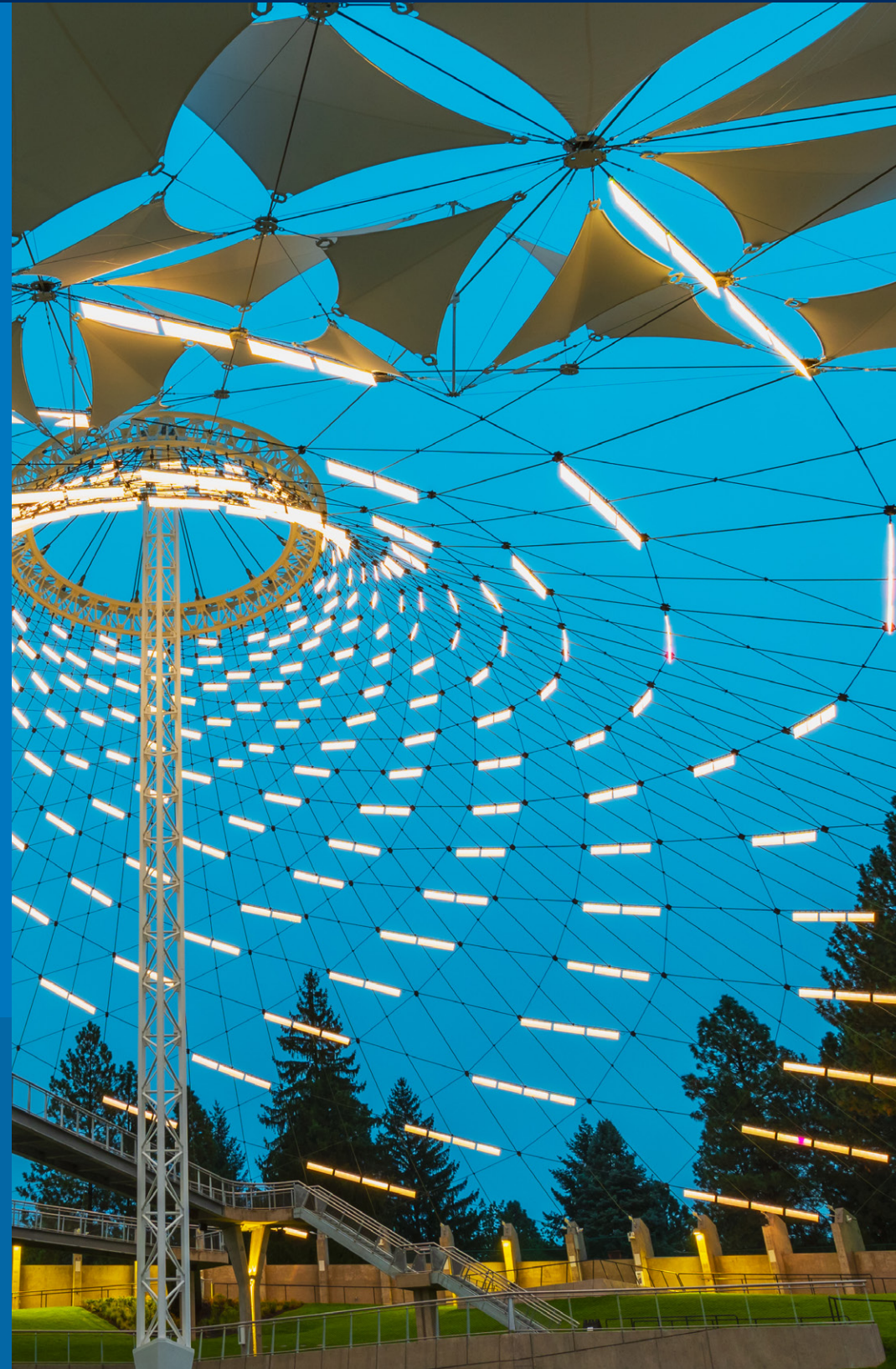




Corporate Responsibility Report

2021





Our Commitment to Corporate Responsibility

At Avista, our vision is to deliver better energy for life. We strive to fulfill that vision by improving the lives of customers through the safe, responsible, and affordable delivery of energy, in a way that is trustworthy, innovative and collaborative.

These guiding principles are founded on a long tradition of corporate responsibility. Whether it is our longstanding commitment to environmental stewardship, the care and support of our people, our dedication to the customers and communities we serve, or our steadfast adherence to principles of ethical governance, we believe that the integration

of corporate responsibility into our business builds trust, forges lasting relationships, strengthens morale, reduces risk, delivers enhanced value to our shareholders, and ultimately enables us to more effectively execute on our vision, mission and strategy.

At its heart, corporate responsibility at Avista is a commitment to manage the social, environmental and economic effects of our operations safely, responsibly, and affordably, while endeavoring to have a positive, lasting impact on the society and environments in which we operate.

We believe that, through these commitments, we can preserve and enhance our environment, provide safe and fulfilling careers to our employees, add value to our customers and communities, and protect the investments of our shareholders. For over 130 years, we recognize that the pursuit of these commitments is not a deterrent, but rather helps us to achieve our business objectives. Simply put, they are one of the many ways that we are delivering on our promise of better energy for life.

Avista's Commitments

Our Environment



We are committed to conducting our business with respect for the natural resources in the areas we serve, and to addressing the challenges of a changing climate.

Our People



Our success lies in hiring talented people and setting them free to pursue great ideas that engage the imagination, stretch us all and ensure that we continue to provide exemplary and cost-effective service to our customers.

Our Customers and Communities



We are invested in our customers and the communities we serve. We recognize that bringing energy to life extends beyond providing electricity and natural gas for our customers. As employees and as a company, we are an active partner and advocate that brings energy to strengthening the customers and communities in which we live, work, serve and play.

Ethical Governance



We maintain a strong foundation of corporate governance practices that promotes transparency, accountability, and engagement, and that ensures there is complete, transparent, and effective oversight of the affairs of our Company to protect and enhance shareholder value.

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Our Commitment to Our Environment

2021



Our Commitment to Our Environment

We are committed to conducting our business with respect for the natural resources in the areas we serve, and to addressing the challenges of a changing climate. Our efforts and commitments include:

1. Integrating renewables as part of our commitment to clean energy and carbon emissions reductions, while maintaining reliability and affordable rates for our customers.
2. Engaging in climate policy development to promote environmental stewardship along with economic and community vitality.
3. Driving innovation and technology advancements which increase energy efficiency and/or reduce emissions.
4. Leading energy efficiency and conservation efforts for our customers and within our own system.
5. Improving the sustainability of our business practices and promoting environmental stewardship of our shared natural resources. Avista manages its operations and facilities to preserve and protect our environment.

1.

Integrating renewables as part of our commitment to clean energy and carbon emissions reductions, while maintaining reliability and affordable rates for our customers.

Clean Energy Future

Since Avista's founding in 1889 as a producer of clean, renewable hydro power, environmental stewardship has meant conducting our business in ways that honor the integrity of the natural resources in the areas we serve. As a leader in clean energy and innovation, we are proud to continue these commitments to environmental stewardship and sustainability as we continue to meet the changing energy needs of our customers and communities. Our energy goals demonstrate that our vision of a clean energy future encompasses both electric and natural gas resources. We are actively working towards reducing and ultimately eliminating greenhouse gases from the energy we deliver to our customers and the communities we serve.

Clean Electricity Goals

Serve our customers with a carbon neutral supply of electricity by the end of 2027 and with 100% clean electricity by 2045.

Natural Gas Emission Reduction Goals

Reduce our natural gas emissions 30% by 2030 and be carbon neutral in our natural gas operations by 2045.

Clean Electricity Goals

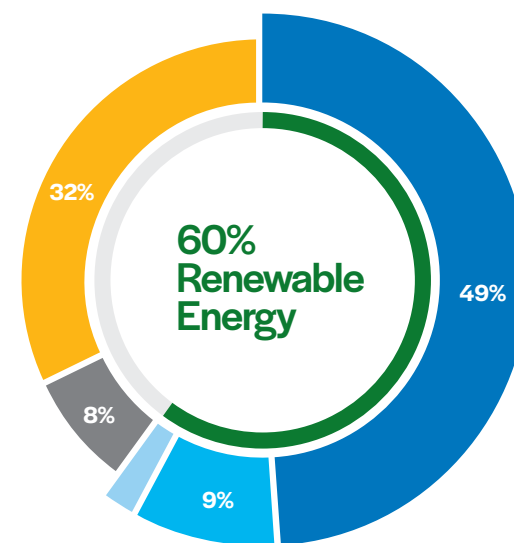
Our clean electric goals announced in April 2019, help focus our efforts as we continue to meet the energy needs of our customers and communities in both an environmental and economically responsible manner. We have long been recognized by the Natural Resources Defense Council as one of the cleanest power producers in the country when it comes to greenhouse gases. Our electrical generation capability is comprised of 60% renewable energy that includes hydroelectric, biomass, solar and wind resources. As a comparison, the US electric industry's generation capability is comprised of only 19% renewable energy¹.

Avista remains committed to meeting the need for reliable and affordable energy while advancing environmental stewardship, and our actions demonstrate these values. Our most recent additions to our generation portfolio include the following renewable energy projects:

- 2012 Palouse Wind 105 MW 30-year Power Purchase Agreement (PPA)
- 2015 Community Solar Array 0.4 MW owned by Avista
- 2018 Lind Solar Farm 28 MW 20-year PPA
- 2020 Rattlesnake Flat Wind 144 MW 20-year PPA
- 2021 Incremental Hydro Contract 88 MW 10-year PPA (2024-2033)
- 2022 All Source Request for Proposal (RFP) for 50 aMW of renewable energy

Electricity Generation Resource Mix

As of Dec. 31, 2020
Excludes AEL&P





Our planned 2022 all source RFP will target 50 aMW of renewable energy needed to comply with Washington's Clean Energy Transformation Act, and to meet projected capacity deficits in both Washington and Idaho. Along with our 2021 incremental hydro contract, our planned 2022 all source RFP is designed to offset market purchases and fossil-fuel thermal generation consistent with Avista's 2021 Electric Integrated Resource Plan (IRP) and reinforces our clean electricity goals.

Avista's IRP, refreshed every two years, shapes our generation resource strategy and planned generation procurements for the following 20 years, resulting in a Preferred Resource Strategy (PRS). The PRS is a reasonable low-cost plan balancing cost, reliability, and environmental goals and mandates. Some highlights of the 2021 IRP and near-term PRS include:

- Targeted greenhouse gas emission reductions of 74% from 2019 levels by 2030
- 100 MW of new renewable energy generation added by 2025
- Colstrip Units 3 & 4 (coal generation) exit generation profile by the end of 2025²
- Lancaster PPA (natural gas generation) contract expiration in October 2026
- An additional 100 MW of new renewable energy generation added by 2028

We are well on our way to achieving our goal of providing a carbon neutral supply of electricity by the end of 2027. The acquisition of additional renewable energy generation, the expected elimination of our sole coal-fired thermal generating resource (Colstrip Units 3 & 4) from our portfolio, the expiration of a natural gas-fired thermal generating resource (Lancaster PPA) and upgrades to our existing hydroelectric and biomass plants, as detailed in Avista's PRS from our [2021 Electric IRP](#), provides a

pathway forward in balancing cost, reliability, and our environmental goals.

Beyond 2030, and as we approach 100% clean electricity by 2045, long-term energy storage technologies, which are either not currently available or are not cost-effective, will need to advance in a way that allows us to meet our goals while also maintaining reliability and affordability for our customers. Engaging stakeholders in IRP updates every two years, including the post 2030 period where technological development is critical to meeting our 2045 goal, will inform specific resource decisions and necessary adjustments in our plans. Meeting our clean energy goals may also require accommodation from economic and environmental regulatory agencies insofar as the Company may need to acquire emission offsets to meet its goals.

For additional information regarding Avista's clean electricity goals, scenario constraints and assumptions, please refer to our [2021 Electric IRP](#) and our [2020 Annual Report](#).

¹ U.S. Energy Information Administration 2020 US electric industry generation capability: Renewables 19%, Nuclear 20%, Coal 23% and Natural Gas 38%.

² The Avista 2021 Electric IRP determined Colstrip Units 3 & 4 is cost effective for Avista customers to exit in 2022. Please see Chapter 4 of the Avista 2021 Electric IRP for additional details concerning the contractual complexities associated with exiting this resource.

Natural Gas Emission Reduction Goals

In April 2021, Avista announced our goals to reduce natural gas emissions 30% by 2030 and to be carbon neutral in our natural gas operations by 2045. These natural gas goals demonstrate that our vision of a clean energy future encompasses both electric and natural gas resources.

Natural gas is one of the cleanest burning fuels and plays a key role in reducing carbon emissions. The use of natural gas has been the single greatest contributor to greenhouse gas reductions in the United States as electrical power plants have converted from coal to cleaner burning natural gas. In addition, the direct use of natural gas by our customers in their homes is a more efficient use of the energy as compared to its use for generating electricity to meet the same need. Compared to wood, heating oil and other fuels, natural gas also improves air quality. Even though natural gas is a clean fuel, we recognize there is opportunity to improve and lower our natural gas emissions even further.

We have developed a strategy for carbon reduction for our natural gas operations and have identified several pathways to get us there. The three primary pathways included in our strategy are:

- Diversify and transition from conventional, fossil fuel natural gas to renewable natural gas (RNG), hydrogen, and other renewable biofuels
- Reduce consumption via conservation, energy efficiency, and new technologies
- Purchase carbon offsets as necessary

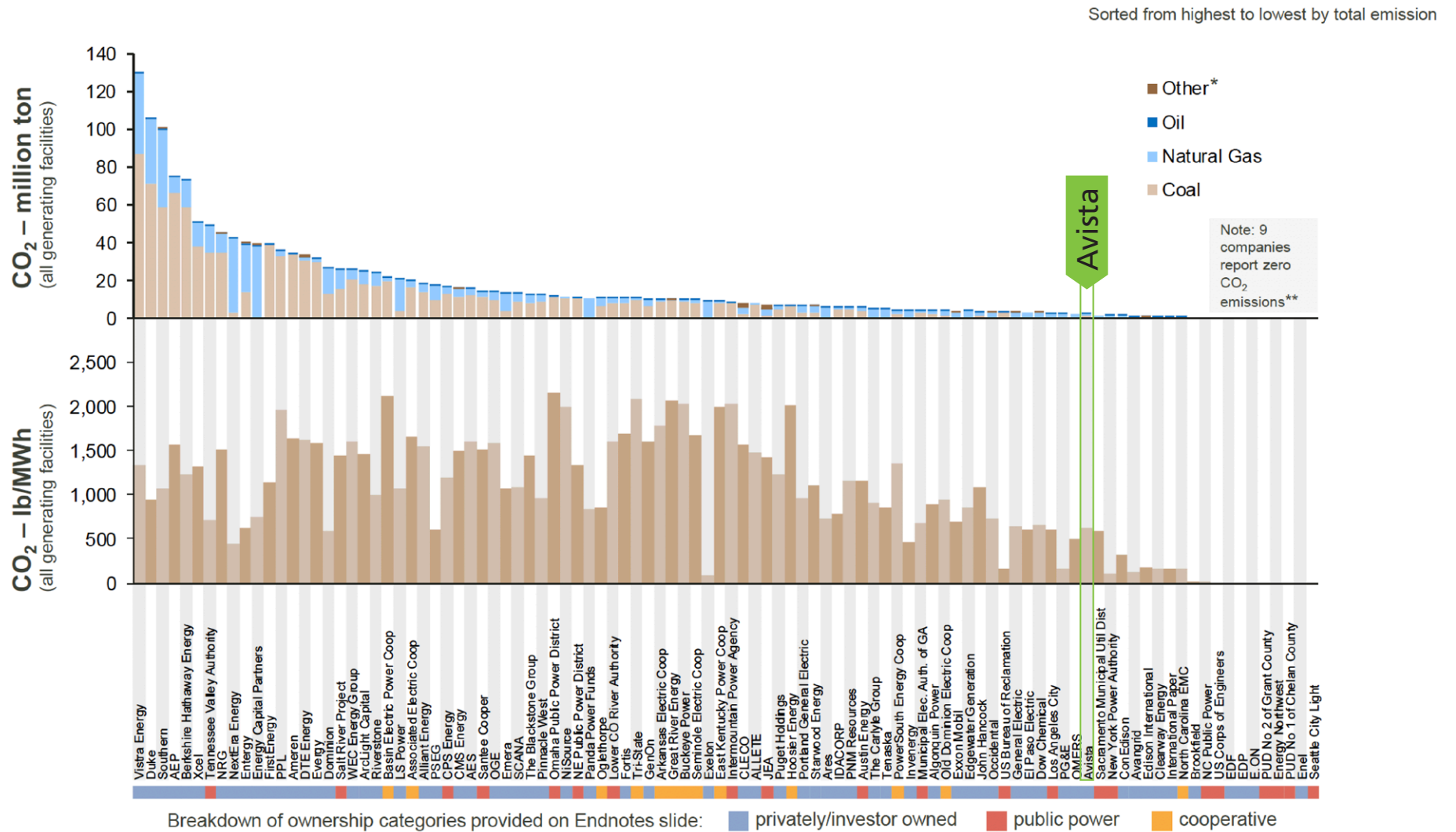
As with reductions in emissions associated with our clean electricity goals, reaching our natural gas goals will require further improvements in costs and technology associated with renewable fuels and hydrogen as well as regulatory support. In addition, we will continue our efforts to modernize our gas delivery systems and eliminate fugitive emissions of methane.

The natural gas industry has served a vital and essential role in delivering safe, reliable, clean and affordable energy to millions of customers, businesses and industries throughout our country and the world. This industry has evolved and will need to continue evolving to meet real climate change challenges confronting us all.

We will continue to engage in collaborative, solutions-oriented discussions with stakeholders to retain the benefits of this important energy resource while seeking solutions to address concerns. We anticipate natural gas will be a vital part of our energy mix as we continue our transition to a lower carbon future, and both our electric and natural gas [Integrated Resource Plans](#) (IRP) demonstrate the role of natural gas in serving our customers and communities into the future. Going forward, we will track progress through our natural gas IRP, which is filed every two years.



Air Emissions of the 100 Largest Electric Power Producers in the U.S. CO₂: 2019 Total Emissions and Emission Rates



Natural Resources Defense Council: Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States (July 2021) www.nrdc.org

2.

Engaging in climate policy development to promote environmental stewardship along with economic and community vitality.

Our Purpose

Avista's purpose starts with providing the energy that powers the daily lives of our customers. We are also here to help improve the quality of life and to enhance the vitality of the communities we serve and call home. As part of this commitment, we have carefully considered how our business intersects with the environment for decades, as witnessed by our strong environmental record and as one of the cleanest power producers in the country. Our clean energy goals are another important step in environmental stewardship while meeting the energy needs of our customers.

All of us play a role in addressing climate change and being good stewards of our shared resources. As part of this effort, we will continue to work together with our customers, communities and other stakeholders toward a lower carbon future while keeping our system reliable and considering the economic impacts to our customers and communities.

Climate Policy Engagement

With the growing emphasis on climate change and demands for action, we are witnessing numerous, and at times competing measures arising from consumer advocacy groups, environmental groups, federal, state, and local government positions and legislative actions that may affect Avista and the energy prices paid by our customers. Through active monitoring and engagement of these emerging initiatives, we seek to represent our stakeholders' interests to ensure that proposed solutions do not adversely impact one stakeholder for the benefit of another, or result in required actions that do not represent cost-effective solutions for our customers.

We represent the interests of our customers and communities through collaborative and respectful interactions with stakeholders during these important climate policy development discussions. This is especially important when proposed measures have a direct bearing on future costs of our customers' energy. We are there to ensure that all parties recognize the economic realities facing our customers and communities.

Our Perform Council

Our Perform Council aids the Company in managing these complex issues. This council meets regularly and is comprised of senior executive leadership, management and other key personnel from departments across the Company to assess the potential impacts of climate-related policies to our business and to our customers and communities. The council also facilitates internal and external communications regarding climate change issues, analyzes policy impacts, anticipates opportunities, evaluates relevant strategies for Avista, and develops recommendations on climate-related policy positions and action plans.

In addition to engaging in regulatory and legislative policy making regarding climate change policies, we are preparing for future opportunities related to innovations in electric transportation, distributed generation, and more; all of which can help further reduce our carbon footprint and the carbon footprint of our customers and communities as well.

Going forward, we will continue to keep our same focus and commitments by placing the interests of our customers and communities at the forefront of our business as we engage in climate policy making. Our approach today is consistent with the way we have done business for well over a century. We believe that all of us play a role in finding solutions to these complex issues, and that innovation and collaboration will remain key strategies as we progress towards our collective goals around climate change.

Integrated Resource Plan (IRP)

Avista's Integrated Resource Plan (IRP) for electric and natural gas services guides our energy resource acquisition strategies over a 20-year planning horizon. It is also a key part of how we plan for and determine how to meet the future energy needs of our customers in a reliable and cost-effective manner. The development of IRPs is guided by a Technical Advisory Committee (TAC). TAC members include customers, Avista staff, consumer advocates, academics, utility peers, government agencies, environmental groups, public utility commission staff and other interested parties.

The TAC provides significant input on modeling, resource assumptions and the general direction of the planning process. Public participation is an important part of the IRP development process. The experience of this group provides a robust forum for the exchange of ideas and discussion of issues and risks that affect the planning process. Regulators ensure that reliability, environmental impact, conservation, efficiency, and cost are factored into the IRP forecasting and the decisions that we implement to support our customers and communities.



3.

Driving innovation and technology advancements which increase energy efficiency and/or reduce emissions.

Eco-District

Avista set out to create “the five smartest blocks in the world” by creating a place to partner with others to reimagine our energy future, and advance energy innovation. The resulting [Eco-District](#), anchored by the Scott Morris Center for Energy Innovation and the Catalyst building, are intended to show the utility industry — and the world — what’s possible.

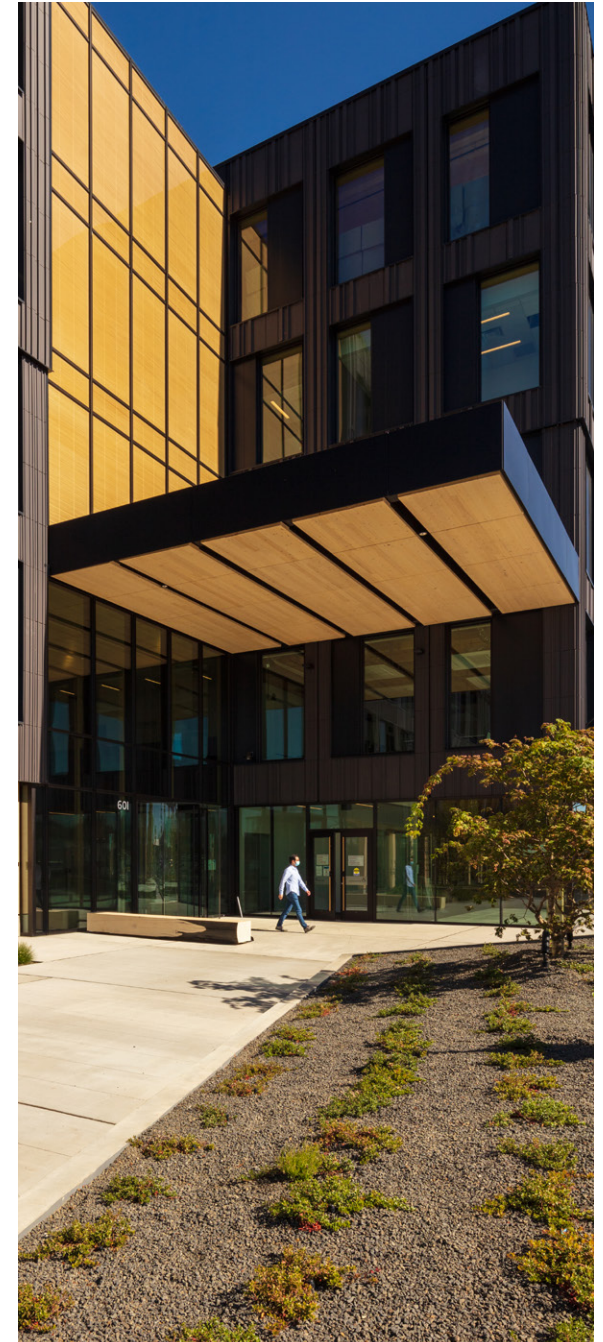
Most buildings are constructed one at a time, each with a dedicated heating and cooling system and their own connection to the grid. But Avista and partner McKinstry are testing a new shared energy model, called an Eco-District, where a centralized heating, cooling and electrical system can serve the energy needs of a group of buildings.

The heart of the Eco-District is the central power plant located in the Scott Morris Center for Energy Innovation building. This building also includes on-site solar panels, battery and thermal storage, plus thousands of sensors throughout the buildings to track their conditions in real-time. The adjacent Catalyst building and the Morris Center have been designed from the ground up to interact with each other. They “talk” to each other and with the energy grid.

When building operators and utilities share information, they can actively manage energy to maximize the building efficiency and make the best use of the grid — all while keeping the building’s occupants comfortable.

The Eco-District acts as a living laboratory where we can test ideas and gain insights that can help Avista provide reliable, clean and affordable energy for our customers. For example, at night, when energy usage is low, the Eco-District can pull energy from the grid to recharge on-site batteries and thermal storage tanks at times when there is excess grid capacity. This energy is stored and used to operate the building when energy demand is high. Such flexibility lets the utility make the best use of the existing grid.

Ultimately, the Eco-District will enable us to innovate about how best to share energy. What we learn could not only shape how the grid of the future will operate, but also may provide a transformative new model for the entire utility industry. This effort demonstrates Avista’s commitment to investing in bold ideas, new technologies and innovative partnerships to leverage the grid in new ways for a more sustainable energy future.





Urbanova — Smart City Solutions

Located in Spokane's University District, Urbanova's smart city projects harness data to gain insights, empower people and solve urban challenges in new ways — all with the goal of enabling healthier citizens, safer neighborhoods, smarter energy infrastructure, and a stronger and more sustainable economy. As a co-founder of Urbanova, we are developing a living laboratory where companies and other innovators are working on smart city solutions.

Current projects include an energy equity and environmental justice project, an initiative to develop strategies to reduce health risks during wildfire events and a project to strengthen Avista's data sharing platform for increased partner agility and collaboration, among others.

Our recently completed Shared Energy Economy Model Pilot tested the integration of energy assets — from rooftop solar and battery storage to building energy management systems — that can be shared and used for multiple purposes. We were successfully able to examine how we, our customers and communities, can create a shared energy economy model by demonstrating that the electric grid can become more reliable, efficient, resilient and flexible. Visit [Urbanova](#) online to learn more about these smart city projects.

EDO

Avista and McKinstry recently launched [EDO](#), a joint venture combining more than 200 years of expertise to deliver on the promise of grid-integrated buildings. With commercial customers usually paying higher rates than residential customers, and commercial buildings consuming significantly more energy, there are many opportunities to optimize facility performance, increase energy efficiency and save costs. By analyzing facility operational and grid data together, EDO looks to deliver support and technology solutions needed to create a synchronized, optimized platform that spans both sides of the meter.

By understanding and demonstrating how commercial buildings can operate more efficiently in tandem with the grid, it unlocks the possibility of saving energy and costs for owners, and may help utilities to relieve stress on distribution feeders and substations, leverage distributed energy and storage resources and become a grid-flexible asset.

Energy efficiency and grid-flexible assets are key to decarbonizing our electricity system and reducing our collective greenhouse gas emissions. EDO's partnership model aims to unlock rapid innovation towards the grid of the future, creating an energy system that is reliable, equitable and carbon-free. This is just another example of how Avista is working to grow our business, leverage our history of innovation and enable our clean energy commitments.

Energy Impact Partners

Collaboration is a key strategy that we employ in order to leverage the experience and technical expertise across a broader range of companies. Illustrative of this approach is our partnership with Energy Impact Partners (EIP) to further develop leading-edge energy solutions. EIP seeks to bring the best companies, experiences and vision in the energy industry to tackle the issues around our emerging energy landscape. Key focus areas include energy efficiency, sustainable generation, energy storage, connected devices, big data and software solutions, and energy management.

In working with EIP and their coalition of other progressive utilities, we will help to ensure that innovation remains firmly at the core of our business as we continue to drive technology advancements, with the goals of increasing energy efficiency for our customers and communities and reducing emissions as we transition to a lower carbon future. EIP is focused on achieving the largest possible near-term environmental impact by identifying innovative solutions that can be immediately adopted within their utility partners' operations to drive progress and enable other industries to accelerate decarbonization. Visit [Energy Impact Partners](#) online to learn how they are leading the energy transition towards a cleaner, better energy future.

Renewable Natural Gas and Hydrogen

We are actively preparing for new technologies and energy sources on the natural gas side of our business. In particular, renewable natural gas (RNG), is being analyzed as a near-term supply resource for our natural gas local distribution company (LDC). RNG typically refers to a mixture of gases produced by the biological breakdown of organic matter in the absence of oxygen and may be produced by anaerobic digestion or fermentation

of biodegradable materials such as wood biomass, manure or sewage, municipal waste, green waste and energy crops.

Regardless of the type of RNG, the captured methane gas yields substantial greenhouse gas emissions savings and is considered a renewable energy resource. Once contained, RNG can be used by boilers for heat, as power generation, compressed natural gas vehicles for transportation or directly injected into the natural gas grid for customer end use. RNG increasingly becomes a cost-effective supply resource when located within our natural gas LDC area as this proximity reduces siting, infrastructure and transportation related costs.

Hydrogen is another fuel source with potential to help solve our future energy needs. While hydrogen remains a longer-term supply resource option for our natural gas LDC, expanding renewable electricity production to create green hydrogen is moving from concept to market throughout the world. Further, green hydrogen can be combined with a carbon dioxide source to produce methane, referred to as methanation, and then injected in the natural gas grid for customer end use — a process known as power to gas. This process can also be used for seasonal energy storage needs.

Avista continues to analyze and prepare for these emerging technologies on the natural gas side of our business. For additional information, please see Chapter 5 of our [2021 natural gas IRP](#). We view RNG and hydrogen as an important component of our natural gas emission reduction goals and corporate strategy moving forward. These emerging technologies will provide our customers with new environmentally friendly, low carbon fuel choices, delivered seamlessly through our existing natural gas system.

4.

Leading energy efficiency and conservation efforts for our customers and within our own system.

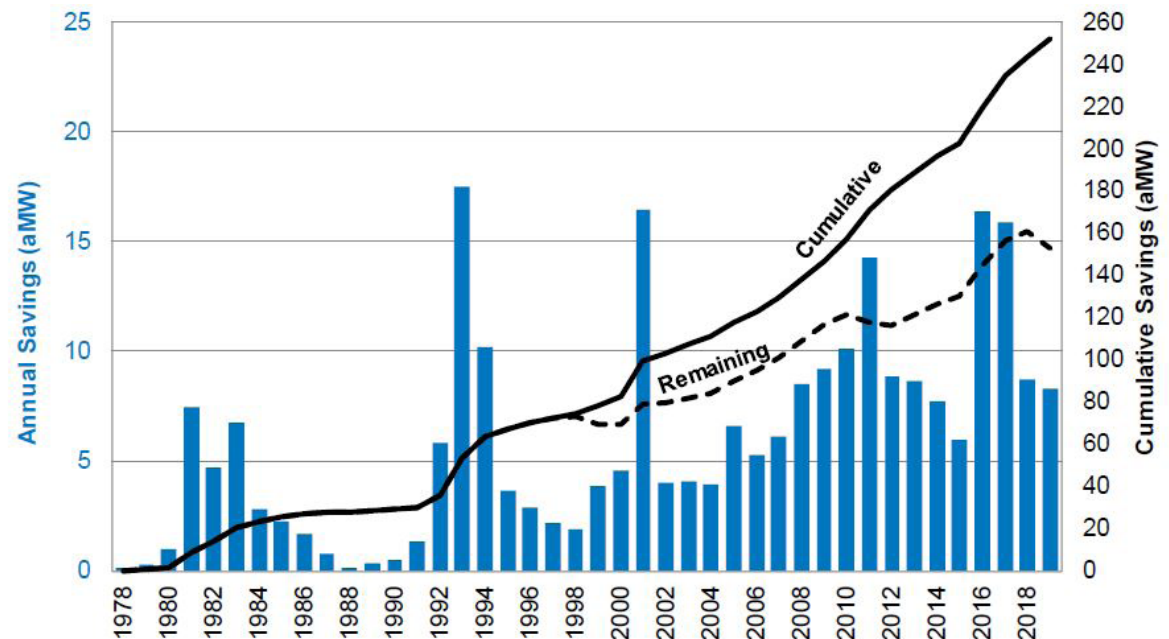
Electric Energy Efficiency

We began offering energy efficiency and conservation programs to our electrical customers back in 1978. These programs are cost-effective strategies to reduce customer's usage within the prevailing market and economic conditions. Recent programs with the highest impacts on electrical savings include residential and non-residential prescriptive lighting, residential fuel efficiency, site specific lighting, and small business projects.

The figure to the right illustrates Avista's historical electricity conservation acquisitions. Avista has acquired 252 aMW of energy efficiency since 1978; however, the 18-year average measure life of the conservation portfolio means some measures are no longer reducing load. The 18-year measure life accounts for the difference between the cumulative and online trajectories. Currently 160 aMW of electrical energy efficiency is benefiting our customers.

This 160 aMW of energy efficiency programs reduce our electrical loads by nearly 14.5%. In addition, we are avoiding the associated greenhouse gas emissions of these avoided 160 aMW of electrical generation due to the energy efficiency and conservation actions of our electrical customers.

Historical Conservation Acquisition (system)



Natural Gas Energy Efficiency

On the natural gas side of our business, we are similarly committed to offering energy efficiency and conservation programs to our natural gas customers. These programs are economically feasible strategies to reduce customers' usage of natural gas. We began offering natural gas energy efficiency programs in 1995 including prescriptive standard offerings and site-specific offerings.

Avista's prescriptive programs provide cash incentives for standardized products such as the installation of qualifying high-efficiency heating equipment. Our site-specific programs are comprehensive offerings for our non-residential customers. Avista's Account Executives work with our non-residential customers to identify opportunities, determine potential energy and cost savings and estimate incentives for participation. Other delivery methods build off these

approaches and may include upstream buy downs of low-cost measures, free-to-customer direct install programs, and coordination with regional entities for market transformation efforts.

The figure below illustrates our natural gas conservation acquisitions over the past ten years. With just under 12 million cumulative therms of natural gas consumption avoided through energy efficiency measures in the past decade, our customers are not only benefiting from lower energy usage, but we have avoided the associated greenhouse gas emissions of these natural gas therms as well.

Facilities Management

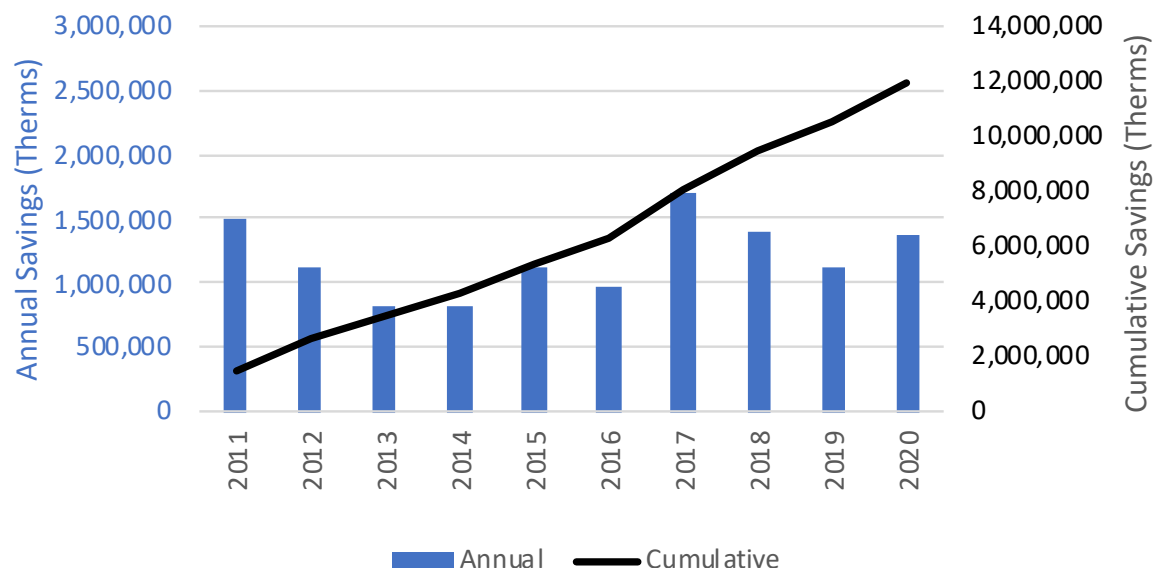
We like to practice what we preach. Avista also participates in energy efficiency efforts and conservation measures within our own operations. Over the last few years, we have implemented numerous best practice energy efficiency and conservation measures to reduce our facilities' energy consumption and reduce these associated greenhouse gas emissions.

Our facilities have undergone numerous conservation measures over the years to reduce our energy consumption and associated greenhouse gas emissions. Projects at our main corporate campus include lighting retrofit projects, HVAC system replacements, new building control technology, automated energy management products and better insulated windows that reduce energy loss through the envelope of the building.

The result of these and other energy efficiency projects has been a 60% reduction in our energy usage and an 80% reduction in our water use at our main corporate campus. These efforts have been recognized by various organizations for our energy savings and energy efficient operations including, LEED Gold certification, Energy Star rating, and the Building Owners and Managers Association BOMA 360 designation. Our earned Energy Star rating of 99 places us in the nation's top 1% for energy efficiency building design and operations.

In addition to these traditional building management and energy efficiency ratings, we are also pursuing the Fitwel Certification for our main corporate campus, reflecting the incorporation of sustainability, health and wellness principles within the design and operations of our buildings.

Natural Gas Conservation in Therms



At a growing number of our facilities, we have been busy installing electric vehicle charging stations — an investment that will encourage the transition to electric vehicles among our employees, help us prepare for the arrival of more battery-powered vehicles in the decades to come, and help us capture the associated benefits of avoided greenhouse gas emissions. Learn more about our commitments around electric vehicles and our [Transportation Electrification Plan](#).

Renewable Energy Upgrades

Since our founding on clean, renewable hydropower in 1889, we continue to recognize the importance of our existing renewable energy projects, especially our hydroelectric projects, in positioning us towards our clean energy goals. While new renewable energy projects often get the most attention, we take great pride in the operation, maintenance, and plant upgrades that have been occurring at some of our hydroelectric plants, bringing more clean renewable energy online for our customers. The figure to the right illustrates Avista's recent hydroelectric upgrades that have resulted in the addition of 46.8 aMW of zero emission hydroelectric renewable energy since 1992.

Going forward, we continue to analyze and explore options to further increase the efficiency and generation output from our existing renewable energy plants. One such example is our Post Falls Hydroelectric Plant. Our 2021 IRP includes a modernization project at Post Falls. While the engineering and planning for this upgrade continues and assumptions may change over time, for planning purposes, Avista assumes that an additional 4 aMW of incremental clean energy will be provided as a result of this upgrade project.

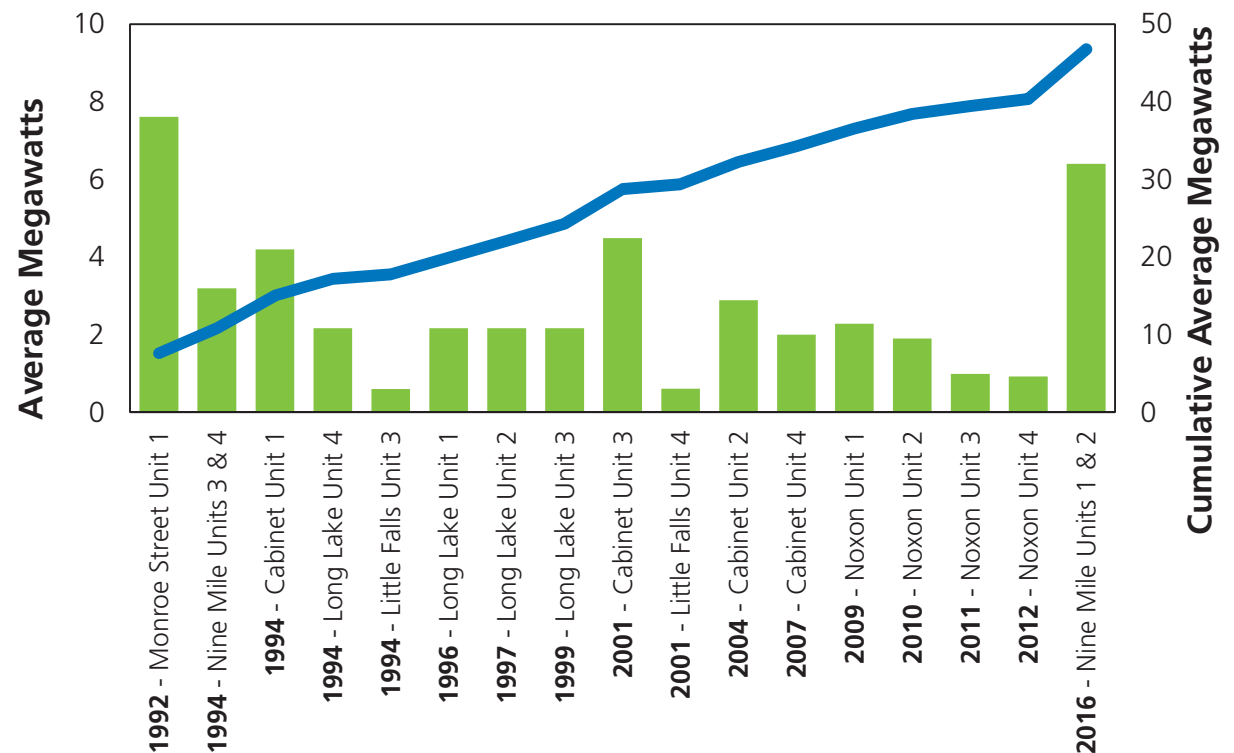
LED Streetlight Program

Avista is nearing completion of installing energy efficient streetlights across our entire electric service territory as part of our streetlight change out program. The effort includes replacement of thousands of company-owned streetlights with new high energy efficient LED lights.

When Avista completes the transition from High Pressure Sodium light fixtures to LED lights towards the end of 2021, the energy savings are expected to be enough each night to power about 2,300 homes.

And these LED lights last two to three times longer than our traditional streetlights. In addition to the hundreds of thousands of dollars in energy savings and reduced maintenance costs for our customers and communities, we all benefit from the reduction of associated greenhouse gas emissions due to the lower energy use of these LED streetlights. To learn more about this program, please visit our [Street and Yard Light Program](#).

Historical Hydro Upgrades



Green Fleet Program

Our fleet of over 700 vehicles drive more than 7 million miles in a typical year and range from small passenger cars to Class-8 heavy tractors weighing in at over 105,000 pounds. In order to manage the impact of our fleet on the environment and our local communities, we created a Green Fleet Program back in 2010 with the intent of researching, investing in and implementing cleaner vehicle technologies and practices that would serve as our foundation for a more sustainable fleet of the future.

Since then, we have managed our fleet resources in a manner consistent with our program intentions with a sharp focus on emerging vehicle and equipment advancements, enhanced fuel options and further emission reduction opportunities and technologies in an effort to best align our operational and maintenance requirements, safety and performance objectives, and environmental considerations. Efforts from our initial Green Fleet Program include:

- Early adoption of plug-in hybrid electric vehicle (PHEV) and electric vehicle (EV) passenger vehicles to gain experience and information on the performance of electric vehicles and their possible fit within our fleet operations.
- Exploration of alternative vehicle fuel technologies including the use of compressed natural gas (CNG) and renewable diesel options.
- Implementation of electric battery powered components on larger fleet vehicles reducing engine idling at job sites: electric power take-off (ePTO) to power aerial booms on bucket trucks.
- Battery technologies to support exportable power for field equipment use.
- Founding member of Edison Electric Institute's 2014 commitment targeting 5% of fleet budgets for electrification development and implementation.

In order to further enhance our environmental stewardship and reduction of vehicle emissions, we are committing to converting 25% of our fleet's light duty pickup trucks to all electric pickup trucks by 2030. Our light duty pickup trucks average 9,000 miles per year and by electrifying 25% of these trucks in our fleet, we will eliminate 700 tons of CO₂ emissions over the coming decade. This electrification effort will also help save \$325,000 in fuel costs during this same time period.

Our electrification commitment is dependent on the continued development and availability of cost effective electrified pickup trucks that will meet our fleet's operational requirements. We anticipate that such electrified light duty pickup trucks will become commercially available and suitable for our utility needs in the coming years and will continue to develop and improve their capabilities and performance through the remainder of this decade coinciding with our electrification commitments.

Another element of our Green Fleet Program is CNG. We have been developing and implementing [CNG to fuel](#) a growing number of Natural Gas Vehicles in our fleet. When natural gas is compressed to less than 1% of its volume, it officially becomes CNG and may be used in place of gasoline and diesel.

As mentioned earlier, the development and accessibility of suitable electric light duty pickup trucks has yet to be realized for utility applications, and in the case of medium and heavy-duty trucks may not become commercially available for quite some time. To bridge these gaps, we continue to invest in CNG technologies and fleet applications in order to reduce our carbon footprint and to save fuel costs as well. CNG is safe, clean and an efficient alternative fuel that benefits our customers, communities and environment.

Avista has constructed three CNG refueling stations for our fleet operations to support our fleet of CNG bi-fueled half-ton, three quarter-ton and one-ton pick-up trucks. We have also converted the majority of our forklifts to CNG and assisted in the conversion of several large customer fleets to CNG, including two local waste and recycling collection companies.



Commute Trip Reduction

As part of our commitment to reducing vehicle related emissions, improving air quality, avoiding traffic congestion, and minimizing energy consumption in our local communities, Avista actively promotes and manages a Commute Trip Reduction (CTR) program in collaboration with our local planning and transportation agency Commute Smart Northwest.

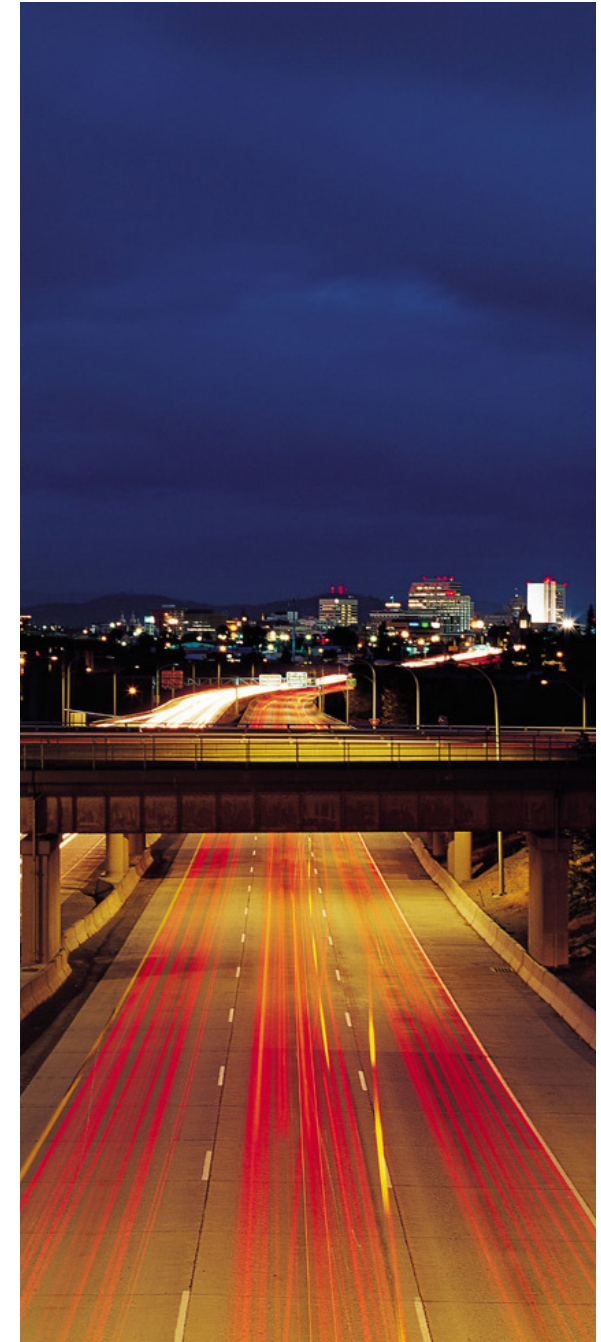
Since 1993, we have educated and encouraged employees to make informed decisions about reducing their “drive alone” miles to and from work and reducing the number of single occupant vehicles on our roads. Targeted commute reduction modalities include riding the bus, carpooling, vanpooling, bicycling, walking, tele-commuting, compressed work weeks and other flexible work schedules reducing the amount of mileage traveled by employees.

Through new hire training, CTR promotional events and regular outreach and employee recognitions, our CTR program continues to attract participants and positively impact our local environment. In 2019, our CTR program had recorded its highest levels of avoided miles driven and eliminated pounds of carbon dioxide. Then the COVID-19 global pandemic struck.

Beginning in March 2020, as part of our pandemic response plan, more than 1,200 or roughly two-thirds of our employees relocated to working from home in order to protect employees and limit the spread of the virus, while still delivering electric and natural gas service to customers. As a result of our protective actions, in 2020 our employees reduced their commuting mileage by 3,167,746 miles which eliminated 3,041,036 pounds of carbon dioxide emission from our atmosphere.

Commute Trip Reduction Program Results

Year	Miles not driven	Eliminated pounds of carbon dioxide
2010	340,340	326,726
2011	409,288	392,916
2012	405,066	388,864
2013	401,358	385,304
2014	385,290	369,878
2015	318,834	306,082
2016	358,750	344,400
2017	391,474	375,814
2018	387,868	372,354
2019	467,040	448,358
2020	3,167,746	3,041,036



5.

Improving the sustainability of our business practices and promoting environmental stewardship of our shared natural resources. Avista manages its operations and facilities to preserve and protect our environment.

Environmental Management System

Building from Our Commitment to Environmental Stewardship, Avista's Environmental Management System (EMS) serves as our management framework for delivering effective environmental compliance programs and operational results designed to protect and enhance our environment. We are committed to conducting our business in ways that honor the integrity of the natural resources in the areas we serve.

Avista's EMS supports our Environmental Affairs department by providing a consistent, transparent and actionable framework for managing the Company's environmental risks. Specifically, our EMS:

- Integrates with Avista's Enterprise Risk Management (ERM) program for the identification, tracking and evaluation of environmental risks and potential impacts both on the Company and on the environment.
- Aids in the prioritization and resource allocation of our environmental and operational objectives and underlying strategies to mitigate these risks.
- Supports the development and management of environmental compliance programs to manage significant environmental risks.
- Enables a clear hierarchy of roles, responsibilities and reporting obligations.
- Provides a transparent and consistent regulatory approach to meeting the specific environmental requirements through compliance management plans.
- Ensures best practices are adopted, incident learnings occur and regular communication occurs between environmental compliance programs and operations.
- Facilitates general awareness training and progress updates regarding our environmental commitments and strategies.
- Provides consistent documentation and change management processes.

Our Commitment to Environmental Stewardship

Avista's environmental responsibility is as core to our business as the wires and pipes that deliver energy to our customers and the communities we serve. Environmental stewardship has always shaped our operations and we are committed to:

1. Protect and enhance the environment by conducting our business in ways that honor the integrity of the natural resources in the areas we serve.
2. Design, build and operate our facilities to make efficient use of resources, promote sustainability, prevent pollution and avoid, reduce or mitigate environmental impacts.
3. Foster an environmentally responsible approach to business planning, compliance, pollution prevention, emergency preparedness and response, natural and cultural resource management, communication, employee training, community relations and continuous improvement.
4. Establish environmental objectives, monitor our performance, and implement and improve our programs.
5. Surpass environmental laws and regulations in practicing practical stewardship in the best interest of the environment and our communities.
6. Engage and support these commitments to protecting human health and the environment throughout the course of our work.

Within our environmental compliance program areas, our EMS framework implements compliance management plans and operational guides which are designed to support the underlying and specific regulatory requirements or legal operating agreements and conditions related to our environmental risk areas. It is meaningful to note that the context for some of our environmental compliance program areas include long-term agreements with regulatory agencies, Tribes and other stakeholders that were collectively agreed upon to reduce environmental risks and to achieve better outcomes than those prescribed by current regulatory requirements.

In addition to identifying and describing the actual compliance requirements or agreement provisions, these compliance management plans and related operational guides document the compliance related processes and procedures, roles and responsibilities, preventive and corrective controls, emergency procedures if applicable, monitoring and reporting requirements, training for competency and general awareness communication elements, internal review and assessment processes and document identification and records management.

EMS Governance

Avista's Board of Directors has established a committee to oversee environmental issues and to assess and manage environmental risks. Pursuant to its charter, the Environmental, Technology and Operations Committee (ETO) is responsible for the oversight of Avista's environmental commitment policy, strategies and the development and implementation of compliance management programs. The ETO Committee is also responsible to oversee environmental performance and responses to audit findings, and to oversee the development and implementation of programs, policies and procedures with respect to the Company's clean energy goals.

Avista's management team is responsible for the day-to-day operations and performance of its environmental objectives and risk management activities. The Company's Senior Vice President of Energy Resources and Environmental Compliance Officer is responsible to oversee the execution of the EMS. The Company's Senior Director of Environmental Affairs is responsible for developing and implementing the EMS within the Environmental Affairs department in order to fulfill our environmental strategies, objectives and risks management activities.

Program Managers within the Environmental Affairs department have specific areas of environmental compliance responsibilities and manage a staff of scientists, compliance personnel, and field and administrative personnel among others. These Program Managers serve as the Company's subject matter experts and are responsible for the development and implementation of compliance management plans.

Per our EMS, compliance management plans identify environmental regulatory requirements and legal operating agreements and conditions, compliance processes and procedures, control and monitoring activities, training and communication activities, ongoing assessments, reporting obligations and identification and tracking of related plan documentation. Program Managers are also responsible for monitoring and assessing regulatory changes, developing strategies for meeting compliance and operational objectives and for ensuring that Company employees meet compliance requirements through operating standards, training and communication, other operational guidance, inspections and audits.

In addition, Avista has created four councils centered around our primary focus areas: our customers, our people, perform and invent. The Perform Council is an interdisciplinary team of Company officers, management, and other employees which regularly meets to discuss, assess and manage current and emerging issues associated with the Company's performance. A key area of focus for the Perform Council is climate change-related risks and other environmental risks posed by our operations.

Among other things, the Perform Council facilitates internal and external communications regarding climate change and other environmental issues, analyzes policy effects, anticipates opportunities and evaluates strategies for the Company, develops recommendations on climate change and environmental policy positions and action plans and provides direction and oversight with respect to the Company's clean energy goals and environmental obligations.

On a quarterly basis or more often if needed, representatives from Environmental Affairs or the Perform Council will report on the performance of our clean energy goals and environmental issues to the ETO Committee, to another appropriate Board committee or to the full Avista Board.



Environmental Risks

As an electric and natural gas utility stretching 30,000 square miles across four Pacific Northwest states, we are subject to environmental regulation by federal, state and local authorities. From our generating plants, electric transmission and natural gas pipeline corridors, electrical substations to our electric and natural gas distribution systems, our operations pose environmental risks relating to climate change, air and water quality, waste management, habitat and biodiversity, threatened and endangered species, cultural resources, and public access, among others.

Avista's Environmental Affairs department manages these environmental risks through two major compliance program focus areas; Environmental Compliance, and Natural and Cultural Resource Management. By implementing our EMS framework and its underlying compliance management plans and operational guides, we manage our operations and facilities in ways that honor the integrity of the natural resources in the areas we serve.

Environmental Compliance:

- Climate Change
- Air Quality
- Water Management
- Waste Management and Recycling

Natural and Cultural Resource Management

- Biodiversity Management
- Threatened and Endangered Species
- Cultural Resources
- Equitable Public Access

Environmental Compliance

Climate Change

Avista has carefully considered how our business intersects with the environment for decades, as witnessed by our strong environmental record and as one of the cleanest power producers in the country when it comes to greenhouse gas emissions. Regarding the global effort to reduce greenhouse gas emissions that contribute to climate change, we are starting from a position of strength, as our electrical generation capability is already comprised of 60% renewable energy as compared to the US electric industry's generation capability of 19% renewable energy³.

Furthermore, our clean energy goals as highlighted earlier in this report, clearly demonstrate our commitments and strategies to continue to build upon our efforts to reduce greenhouse gas emissions across our business. In those jurisdictions in which we operate, there are numerous local initiatives, state and federal legislative and regulatory measures concerning climate change that directly impact Avista today⁴. Specifically, the Washington State Legislature passed the Clean Energy Transformation Act in 2019 requiring Washington electric utilities to:

- eliminate coal generation to Washington customers by the end of 2025
- supply Washington customers with carbon-neutral electricity by 2030
- supply Washington customers with 100% carbon free electricity by 2045

Avista's 2021 [Electric Integrated Resource Plan](#) (IRP) provides our generation resource strategy for the next 20 years based on reasonable low-cost options, reliability and environmental goals. As detailed in the IRP, we remain on a pathway to achieving our short-

term goal of providing a carbon-neutral supply of electricity by the end of 2027 to all of our electrical customers, not just those located in Washington.

This pathway to a carbon-neutral supply of electricity includes the acquisition of additional renewable energy, the expected elimination of our only coal-fired thermal generating resource (Colstrip Units 3 & 4⁵) from our portfolio, the expiration of a baseload natural gas-fired thermal contract (Lancaster PPA) and upgrades to our existing hydroelectric and biomass plants. Through these collective efforts, Avista forecasts that we will reduce our electricity supply of greenhouse gas emissions by 74% from 2019 levels by 2030.

Our recently announced natural gas emission reduction goals highlighted earlier in this report, detail additional commitments and strategies to reduce greenhouse gas emissions across our business. As part of our commitment to reduce natural gas emissions 30% by 2030, we are focusing on:

- diversifying and transitioning from conventional fossil fuel natural gas to RNG, hydrogen and other renewable biofuels
- reducing consumption through conservation, energy efficiency and new technologies
- purchasing carbon offsets as necessary

Throughout this Corporate Responsibility Report, we present commitments and strategies to reducing greenhouse gas emissions that contribute to climate change. Our actions, such as identifying and executing on clean energy goals, engaging in climate policy development, investing in smart-grid technologies and capabilities, completing energy efficiency projects within our facilities, growing our green fleet program, to reducing our employees' commute-related emissions, reflect a strong record of taking meaningful steps to combat climate change.

However, our climate change actions do not stop there. We are also responsible for the development of programs and resources for our customers and communities to leverage in order to further reduce our collective greenhouse gas emissions. In addition to taking proactive steps to reduce the carbon intensity of our energy products, we also provide conservation and energy efficiency products and services, optional renewable energy programs, distributed energy products and services and a robust electric transportation infrastructure program. Together, these customer and community facing features aid our region in reducing greenhouse gas emissions and mitigating the impacts of climate change.

In addition to these climate change-related actions documented in this Corporate Responsibility Report, we also prepare an annual report based on the Task Force on Climate-related Financial Disclosures (TCFD) framework. Our TCFD Report details how we manage climate change-related risks and opportunities, both in terms of managing and reducing our impacts to climate change, but also how we manage the effects of climate change on our Company's operations. For additional information concerning Avista's climate change-related risks and opportunities, please view [Avista's TCFD Report](#).

³ U.S. Energy Information Administration 2020 US electric industry generation capability: Renewables 19%, Nuclear 20%, Coal 23% and Natural Gas 38%.

⁴ For additional information related to climate change-related state and federal legislative and regulatory actions that are applicable to Avista, please review our most recent [Annual Report](#) available online.

⁵ The 2021 Avista IRP determined Colstrip Units 3 & 4 is cost effective for Avista customers to exit in 2022, although due to contractual complexities detailed in the 2021 Avista IRP, we cannot at this time commit to a firm exit date.



Air Quality

At the federal level, the Environmental Protection Agency's Clean Air Act (CAA) establishes the structure for regulating the discharge of air pollutants into the atmosphere. State and local agencies are delegated the lead authority for most applicable areas of CAA compliance. Our facilities that emit air pollution are subject to air quality operating permits issued by the appropriate jurisdictional agency. These permits describe the operating and periodic reporting requirements depending on type of facility; major stationary source (Title V), minor stationary source or simple source registration permits.

Avista must also comply with rules set forth by other jurisdictional agencies which are intended to comprehensively control and reduce greenhouse gas emissions from the power sector. As part of our Environmental Management System, we have compliance programs in place to secure these permits, to operate and maintain our facilities in compliance with their permits and other agency rules and to conduct periodic reviews and audits of our facilities and operations to ensure ongoing compliance. These requirements can change over time as the CAA or other jurisdictional agency rules or applicable implementing regulations are amended and new permits are issued. We actively monitor legislative, regulatory and other developments of the CAA and related agency programs that may impact our facilities.

Avista's commitments and progress towards our clean energy goals work in unison with the objectives of these clean air initiatives and compliance requirements. As we continue to move towards our carbon-neutral and 100% clean electricity goals, we are reducing our greenhouse gas emissions and other related air pollutants such as Nitrogen Oxide (NO_x), Sulfur Dioxide (SO₂), Particulate Matter (PM), Lead (Pb), and Mercury (Hg), among others.

We recently established an [Equity Advisory Group \(EAG\)](#) comprised of Company representatives, customers, community members, environmental justice advocates, community agencies and other interested external parties to aid us in ensuring an equitable transition to a cleaner energy future. It is important that communities impacted by adverse socioeconomic conditions, pollution and climate change — as well as those who may experience a disproportionate cumulative risk of environmental burdens — are identified within Avista's service territory. Together, we can better utilize current programs or design new programs and select resources to effectively ensure that the benefits of the clean energy transition go to communities that need it most.

Water Management

Our service territories, located in the Pacific Northwest, have not been immune to the effects of climate change. Our regions are seeing evidence of rising temperatures, changing precipitation patterns and instances of drought conditions. Coupled with the fact that we rely on hydroelectric resources for over half of our electrical generation capabilities, we must ensure that we operate our business in a manner that protects, conserves and honors our shared water resources.

Currently, none of Avista's facilities or generating plants are located in areas listed as High or Extremely High Baseline Water Stress by the World Resources Institute's (WRI) Water Risk Atlas Tool, Aqueduct. The Company's hydroelectric plants are located within two different water basins: along the Clark Fork River in northwestern Montana and northern Idaho and along the Spokane River in northern Idaho and eastern Washington. Neither river system is expected to experience significant water stress in the foreseeable future, especially compared to other river systems located in southwestern regions of the United States. Our hydro resources benefit from a combination of higher-altitude snowpack and upstream reservoirs. Current climate modeling, with significant uncertainty, predicts slight increases in overall precipitation for our region, although with earlier runoff and the possibility of reduced summer precipitation.

Avista manages its access to water for its operations, both for the generation of electricity and other operational uses in the course of its business, by securing necessary water rights. The Company's service territories and generating plants are all located in states which recognize water rights through prior appropriation, and we currently have water rights secured for our existing generation portfolio and other operational needs. Most of our non-generation consumptive water use is associated with office locations within municipalities

that provide water service as a local utility. Going forward, Avista will continue to partner with our local and state agencies in complying with our existing water rights.

We protect and improve water quality in the Clark Fork and Spokane River watersheds as part of our Federal Energy Regulatory Commission (FERC) operating licenses for the permitting and operations of our hydroelectric facilities. Avista collaborates with our license partners in the following water quality measures, among others:

- Monitor and analyze water quality in project rivers, lakes and tributaries
- Improve dissolved oxygen levels in the Spokane River and Lake Spokane
- Remove invasive fish that compete with native fish and cause excess nutrient accumulation
- Improve and monitor total dissolved gas levels below certain dams
- Install riverbank erosion control activities to reduce sediment and nutrient loading
- Partner with landowners of riparian lands to reduce erosion
- Facilitate homeowners' replacement of concrete bulkheads with natural shoreline measures
- Remove invasive aquatic weeds and coordinate weed control among other entities
- Operate the hydroelectric facilities in compliance with water discharge and flow rates

As part of our EMS, we have compliance programs in place to manage our FERC operating licenses that include the operation and environmental management of our hydroelectric facilities and our water quality compliance requirements. Through ongoing engagement with our regulatory agencies, regional Tribes, landowners and other stakeholders, we implement these protection, mitigation and enhancement measures for the benefit of our shared

natural resources. [Click here to learn more](#) about our Clark Fork and Spokane River compliance programs and FERC project requirements.

Avista operates several compliance programs to manage and protect water quality throughout the rest of our operations. These compliance programs ensure that our facilities and activities comply with the federal Clean Water Act and related programs such as the National Pollutant Discharge Elimination System and Spill Prevention, Control, and Countermeasures regulations, which form the regulatory environment for the administration of water discharges and protection of surface waters of the United States. Avista compliance staff conduct training, monitoring, reporting and permitting for construction projects as well as ongoing operations and maintenance activities to protect surface and ground waters, prevent storm water run-off, prevent spills and contain and respond to any potential spilled pollutant before entering our waterways.

We have implemented numerous water-saving and protection measures at our corporate facilities over

Spill Response/ Pollution Prevention

The Environmental Compliance group at Avista is on call 24 hours a day, seven days a week to respond immediately to environmental emergencies. In the case of an oil spill originating from any of our facilities, power lines or poles, we immediately implement emergency spill procedures and begin working with the appropriate local, state and federal agencies to assess the situation and begin clean-up. Avista responds to all spills, regardless of size, location or oil type. The goal is to safely and efficiently prevent any potential harm to fish, wildlife, natural resources, water supplies or people.

the years as well. Our aim is to protect and improve on-site water quality by capturing, filtering and recharging our water basins. We have accomplished these steps through multiple facilities improvements such as bio-filtration swales and water-oil separator catch basins among others. At our main corporate campus, we replaced our 50-year-old HVAC system with a closed water loop system and injection well which resulted in an 80% reduction of our corporate main campus water use. We also implemented water-conserving equipment throughout the campus as part of achieving a LEED Gold certification.

Waste Management and Recycling

Avista employs a comprehensive approach to managing solid and hazardous waste. Our approach begins upstream by making diligent product selections and constantly evaluating our work practices to avoid generating unnecessary waste. Despite these best pollution prevention efforts, various types of solid and hazardous wastes are generated across our service territories by our field operations, service centers, generation stations and office environments.

Our waste management and recycling programs are designed to comply with local, state and federal laws governing the disposal of solid and hazardous waste. The federal Resource Conservation and Recovery Act (RCRA) defines our responsibility to control hazardous waste from the time it is generated until it is ultimately disposed of — in effect, from “cradle to grave.”

Avista also maintains hazardous waste generator permits where required across our operations. In addition to RCRA, the Toxic Substances Control Act (TSCA) further requires Avista to maintain records, testing procedures and reporting requirements relating to hazardous and non-hazardous chemical substances and mixtures. Our operational center in Spokane, WA, is representative of our life-cycle approach to waste

management and recycling. Equipment and materials are distributed from this center across four states to support our operations. When the operational work is complete, left over materials and generated waste are returned to Spokane to be processed through our Waste and Asset Recovery (WAR) and Investment Recovery departments. These departments also process materials and generated waste from our office environments as well.

Avista’s WAR is housed in a state-of-the-art waste handling facility designed and built to safely and efficiently sort, handle, and classify our various solid and hazardous waste streams for final disposal. Importantly, Avista made the decision to process all solid and hazardous waste streams at our Spokane operational center, regardless of state of origin. As Washington state is our most stringent regulatory environment for managing solid and hazardous waste, we are avoiding the potential disposal of hazardous waste that would have otherwise gone into landfills in our other operating states.

Through a 30 year-plus partnership with a community nonprofit organization, Avista’s recycling program, Investment Recovery, employs a number of intellectually or developmentally disabled workers who help us recycle paper, corrugated cardboard, aluminum cans, plastic, magazines, newspapers, wood reels, phone books and batteries.

Avista is also committed to recycling non-hazardous electrical equipment and materials. Working closely with recycling companies, aluminum, copper, lead, and other ferrous and non-ferrous metals are reclaimed and recycled. Other materials are prepared for re-use within our own system or offered to others for re-use. Not only is it good for the environment, but our recycling efforts have saved Avista thousands of dollars in disposal costs. Materials from our field operations, service centers, generation stations and office environments are processed for recycling through Investment Recovery.



Managed Solid and Hazardous Waste (Pounds)

Waste Category	2020	2019	2018
Solid Waste (Non-RCRA)	95,459	143,673	115,008
Hazardous Waste (RCRA)	3,660	6,857	5,284
Hazardous Waste (WA State)	9,520	25,419	29,641
Universal Waste (RCRA Exempt)	4,625	10,671	14,273

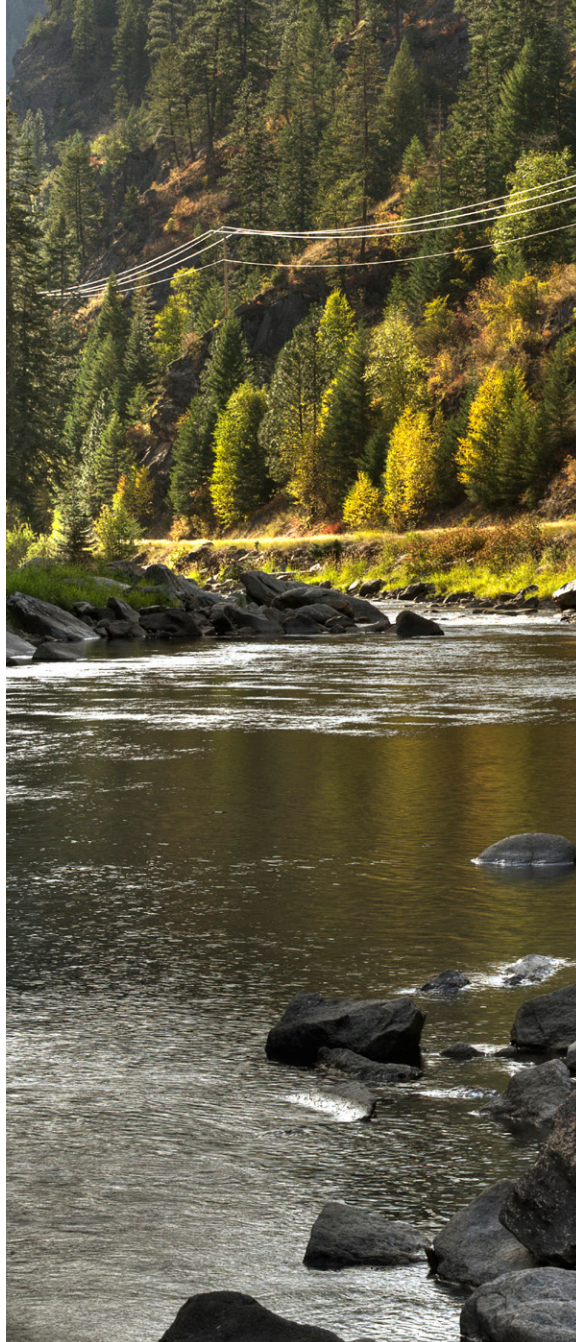
Investment Recovery Recycled Scrap Materials

Year	Total Weight of Recycled Scrap Materials (Pounds)	Total Sales of Recycled Scrap Materials
2016	1,709,442	\$431,016
2017	1,716,343	\$698,833
2018	1,572,497	\$548,558
2019	1,533,707	\$460,010
2020	1,395,929	\$431,936
5 year total	7,927,918	\$2,570,352

Managing Polychlorinated Biphenyls (PCBs)

Avista manages PCBs and mineral oil that contains low levels of PCBs in a manner that meets or exceeds the standards of the TSCA and Washington state's stringent regulations. Our goal is to minimize risk associated with PCBs, to avoid spills or releases, and to clean up any releases to levels of non-detection. Federal and state regulations allow the ongoing use of PCB-containing electrical equipment. However, we decided to take a more conservative and proactive approach to reducing risks associated with PCBs. The vast majority of the equipment in service at Avista is non-PCB.

We are now in the final stages of a multi-year project to remove and replace all electrical distribution equipment with any detectable levels of PCBs — an approach that exceeds any applicable regulatory requirement. We are unaware of any other investor-owned utility in the United States which has implemented such an effort. We are, once again, conducting these efforts in concert with system and efficiency upgrades and in coordination with our wood pole management, grid modernization and other asset maintenance programs. In this way, we are achieving increased environmental protection along with reliability improvements in a cost-effective manner, benefiting our customers and our communities.



Natural and Cultural Resource Management

Biodiversity Management

Our operations stretch 30,000 square miles across four Pacific Northwest states. From our generating plants, electric transmission and natural gas pipeline corridors, electrical substations to our distribution systems, we intersect with a tremendous amount of diverse habitat and wildlife. Avista implements specific programs, projects and stakeholder agreements with oversight from federal, state and local agencies to protect and enhance this habitat and the wildlife that it supports.

Since implementing the Clark Fork Settlement Agreement (CFSA) as part of our FERC hydroelectric license, we have upgraded over 20 recreational facilities, created six new recreational facilities, completed over 47 stream habitat restoration projects spanning 25 different tributaries and protected just over 90,000 acres of bull trout habitat, wetlands, riparian and associated upland habitats.

During this same time, we have also developed and helped to grow the number of local watershed councils from two to nine along the Clark Fork River. These local watershed councils provide a forum for local landowners and the public to meet, review and make informed decisions regarding issues associated with their natural resources. Avista, through the CFSA, helps to fund the administrative costs of these councils and supports grant funding opportunities. Over the past 23 years, Avista's grant writing on behalf of the councils has secured over \$11 million of grant funding for additional habitat restoration projects. These grants and additional projects do not reduce Avista's own CFSA obligations, rather they provide additional opportunities for enhancing our shared natural resources.

Avista similarly supported federal and local agencies on a habitat and wetland restoration effort at the mouth of the Clark Fork River where it meets Lake Pend Oreille. The restoration effort included the placement of more than 50,000 tons of rock for rebuilding shorelines and the planting of approximately 90,000 trees and shrubs in the restored areas. These wetlands are now rebuilding themselves providing natural habitat for fish, birds and other wildlife.

Since implementing the Spokane River FERC hydroelectric license back in 2009, Avista has purchased over 3,000 acres of wetland riparian and associated upland habitat in the Spokane River watershed as part of our ongoing efforts to enhance plant diversity and wetland functionality. Land management protection efforts include maintaining a 200-foot buffer along 14 miles of Lake Spokane shoreline and managing it as conservation land. Additionally, Avista placed conservation easements on 109 acres along the West Branch of the Little Spokane River and 894 acres along the south shore of Lake Spokane to protect these properties in perpetuity.

Shoreline stabilization efforts include restoring over 8,000 acres of eroding shorelines along the St. Joe, Coeur d'Alene and Spokane Rivers. Over 20,000 trees and/or shrubs have been planted in the Spokane River watershed. Avista and the Idaho Department of Fish and Game have acquired and/or placed 183 acres in conservation easements to preserve cold water refuge areas for native salmonids along the Coeur d'Alene River and its tributaries.

We continue to engage shoreline homeowners within the Spokane River watershed on the importance of lawn area reduction, reduced fertilizer use, bulkhead removal and installation of

natural vegetative buffers along the shoreline. All these efforts have led to the establishment of a growing vegetative buffer, reduced erosion, increase in shade, encourage fish habitat, stabilize the shoreline along with improvements to water quality within the watershed.

Throughout our facilities and project areas, we manage noxious weeds, nuisance plant species, including non-native species, in partnership with our state and local agency weed control boards. When implementing projects, from new construction projects, habitat enhancements or restoration efforts, native vegetation and locally desirable plants are used. We also manage fire fuels on project lands, from monitoring, collection to removal in order to reduce the risk of wildfires that could damage our habitats and wildlife.

Our service territories have not been immune to the effects of climate change. We are seeing evidence of rising temperatures, changing precipitation patterns and instances of drought in areas that we operate. These climate change impacts are creating conditions that increase the risk of wildfires. To respond to this threat, Avista has implemented an enhanced [Wildfire Resiliency Plan](#). This plan seeks to further minimize the possibilities of wildfires and their related impacts on our habitat and wildlife through the expansion of our current safeguards for preventing, mitigating and reducing the impact of wildfires. Our enhanced 10-year Wildfire Resiliency Plan emphasizes grid hardening, vegetation management, partnerships with emergency providers and fire agencies, and provide helpful resources and tips to protect public and private property in order to prevent wildfires.

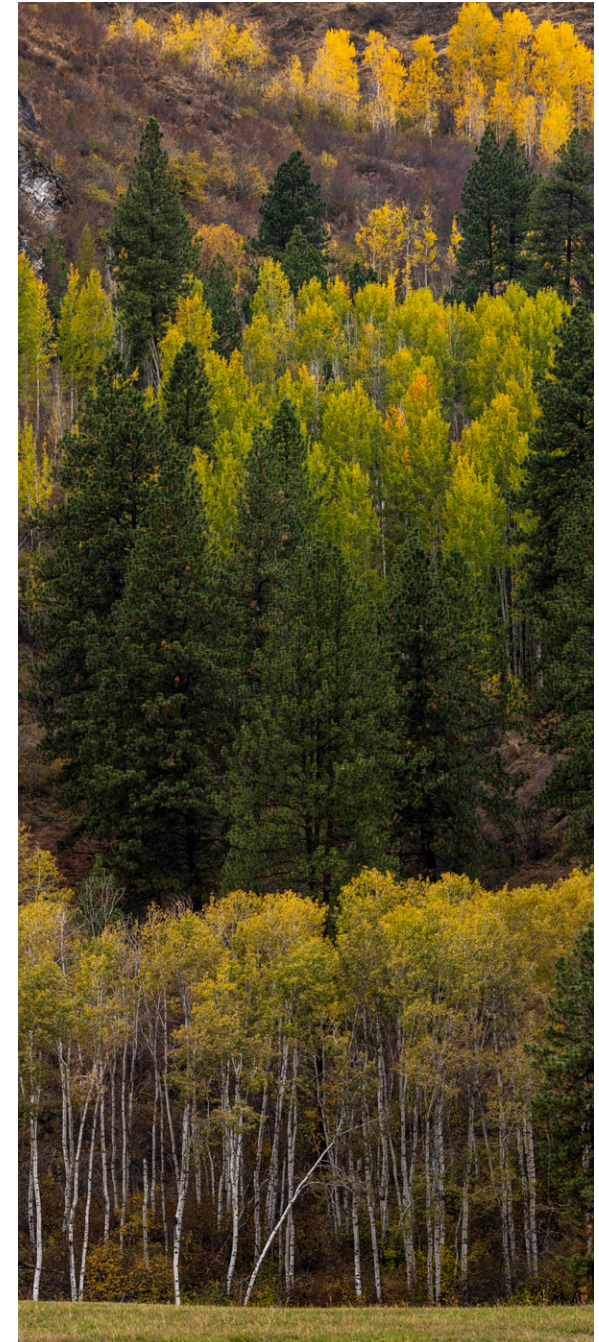
Threatened and Endangered Species

Due to the nature and location of our operations, we are aware of threatened and endangered species and issues related to them that could be impacted by our business and we make every effort to comply with all laws and regulations relating to these threatened and endangered species. For example, several species of fish in the Pacific Northwest are listed as threatened or endangered under the Federal Endangered Species Act.

One such threatened species is the bull trout, a native salmonid that exists within our project boundaries at our hydroelectric project on the Clark Fork River. As part of our comprehensive CFSAs, a collaborative process involving the U.S. Fish and Wildlife Service, Native American Tribes and the states of Idaho and Montana, we have been implementing a bull trout restoration program for more than 20 years. Many of our protection, mitigation and enhancement measures of the natural resources along the Clark Fork River focus on improving native bull trout habitat, including those highlighted efforts in the preceding Biodiversity Management section.

To increase bull trout populations, we developed a genetic testing process to identify their stream of origin and have implemented aids to facilitate their return migration. We also operate fish traps in several key tributaries to capture and transport juvenile bull trout downstream as a part of our overall efforts. Together, these and other activities have already seen increases in bull trout recovery

Fish passage of bull trout around our Cabinet Gorge Dam has been a long-term priority for Avista and our partners. We currently employ several manual efforts to catch and release bull trout around our dam and are following several experimental efforts with federal and state agencies, and local Tribes, we jointly decided to build a permanent fish passage



facility. This new fish passage facility, which should be operational in 2022, is designed to enhance the return migration of adult bull trout. After spending their adult years in Lake Pend Oreille, bull trout will swim upstream and reach the under-construction Cabinet Gorge Dam Fishway. The migrating bull trout will be collected in the fishway and transported around our Cabinet Gorge Dam, enabling bull trout to spawn in their native streams.

Various statutory authorities have established regulations for the protection of migratory and other threatened or endangered birds such as the Migratory Bird Treaty Act. Because we operate facilities that can pose risks to a variety of such birds, we have implemented an Avian Protection Plan and a Bald Eagle Management Plan. The purpose of these plans is to help reduce operational and wildlife risks that result from avian interactions with our electrical facilities.

Our avian compliance management plans incorporate avian safety designs into our electrical system, both to power lines and electric substations in avian protection zones. In conjunction with our local agencies, our plans also guides permitting obligations, training, monitoring and reporting of avian incidents with our electrical system. Avian incidents are analyzed to determine if further protection enhancements may reduce the likelihood of similar incidents going forward.

We also engage with our local communities through public outreach and safety events to raise awareness and provide educational resources in order to build better relationships between the public and our protected wildlife.

The Avian Power Line Interaction Committee (APLIC)

Avista is a member of the APLIC which leads the electric utility industry in protecting avian resources while enhancing reliable energy delivery. The APLIC works in partnership with utilities, resources agencies and the public to:

- Develop and provide educational resources
- Identify and fund research
- Develop and provide cost-effective management options
- Serve as the focal point for avian interaction utility issues



White Bluffs Bladderpod

As part of our construction permitting processes, habitat and wildlife impact assessments are performed to ensure that our operations do no harm to the environment. One such assessment related to a transmission line rebuild identified the White Bluffs Bladderpod, a threatened native plant listed under the Endangered Species Act. In conjunction with our local agencies, we were able to modify our construction project schedule, processes and implement numerous protection and enhanced mitigation measure to avoid damaging plants and their critical habitat.

The actions that we took to protect the White Bluffs Bladderpod include:

- Scheduled work during the plant's seasonal dormant period
- Minimized vehicle and equipment access and use within the critical habitat zone
- Ensured that equipment and personnel were not introducing invasive plants
- Enhanced soil erosion, storm water and fire suppression mitigation activities
- Utilized helicopter rather than large equipment on the ground to install transmission poles



Cultural Resources

The history of the Pacific Northwest is all around us, in people and in places that we frequent. To preserve our unique and important cultural resources for future generations, we have established partnerships with our neighboring American Indian Tribes, as well as local and state historic preservation offices. Together, we plan and execute initiatives to preserve historical and cultural resources in addition to protecting wildlife and the environment.

A majority of our cultural resource work is performed before any action is taken out in the field. We conduct pre-construction cultural assessments as part of our internal permitting and project management processes. Depending on the location and scope of the proposed project, our regional Tribes and local agencies will perform or review site surveys prior to construction commencing. Oversight of any protected, sensitive or culturally significant resources that were identified during the site surveys will be monitored throughout the project to ensure its protection and restoration.

Avista is committed to managing and protecting the cultural resources of our area in a manner that balances operational needs, environmental requirements and public access needs to recreational sites with appropriate levels of cultural and natural resources protection in partnership with our stakeholders. Facilities, projects and recreational access will be sited and constructed in locations and through means that ensure impacts to natural and cultural resources are avoided, minimized and mitigated appropriately.

As part of our Clark Fork and Spokane River FERC operating licenses for the permitting and operations of our hydroelectric facilities, Avista developed comprehensive Programmatic Agreements and Cultural/Historical Property Management Plans. Under these plans, Avista engages and consults with regional Tribes in numerous cultural resource protection and restoration initiatives. Among these efforts include

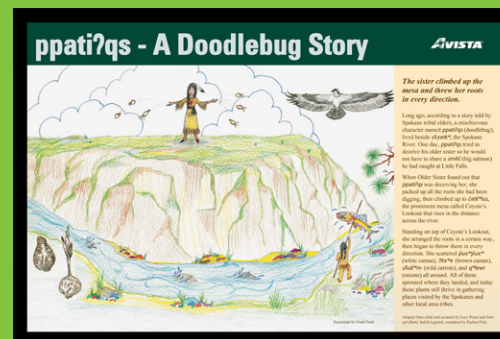
protecting and enhancing fish habitat and supporting cultural releases of salmon in local waterways, acquiring over 3,000 wetland and associated upland acres titled to the Coeur d'Alene Tribes for wetland restoration efforts and the development and administration of cultural programs from traditional fishing practices, canoe building to harvesting water potatoes, a traditional food source of one Tribe.

We have also created compliance management plans for many of our historical properties. The management and protection of these cultural resources are consistent with our other project and land management measures. Our approach for managing our historical sites apply to those sites currently listed on or determined to be eligible for recognition through the National Register of Historic Places.

ppati?qs – A Doodlebug Story

Avista, in partnership with the Spokane Tribe of Indians and the Washington State Historic Preservation Office, participated in the development of the Doodlebug Story. A video was produced by the Spokane Tribe of Indians and consists of the creation story of the landscape surrounding our Long Lake Dam.

[See the story here.](#)



Native American Interpretive Display

Located along the shores of the Clark Fork River near the town of Noxon, Montana, Avista manages Pilgrim Creek Park. In addition to normal amenities such as playgrounds, sport fields, open grassed areas, picnic areas, washrooms, benches and walking trails, this park also contains a simulated American Indian encampment.

This interpretive and educational display was designed and developed in conjunction with the Confederated Salish and Kootenai, Kalispel, Kootenai of Idaho, and the Coeur d'Alene Tribes of Indians to highlight traditional resources and cultural practices. This interpretive display represents a single Tribal family's encampment by the river, sojourning to catch and dry fish for the winter ahead.





Equitable Public Access

In addition to generating clean, renewable hydropower, our Clark Fork and Spokane River hydroelectric projects provide abundant recreational opportunities for our customers and local communities. These generating facilities, and the waters and lands associated with them, provide outdoor recreational activities such as boating, camping, fishing, bird watching, swimming, hiking, and more.

As part of the Clark Fork and Spokane River Project Licenses, we implement recreation plans with our agency partners, including customer and community involvement, to determine recreational project priorities, ongoing maintenance requirements and the planning, design, and construction of new or enhanced recreation projects.

Enhancements to existing recreation projects take on many different forms depending on the current condition of the existing amenities and the identified priorities of our agency partners. The goal of these enhancement projects is to ensure the continued care, maintenance and expansion of quality amenities that our communities desire, ensuring that they will continue to be available for the enjoyment of our customers and communities for generations to come. Our recreation project improvements include:

- **Americans with Disabilities Act compliant access including enhanced parking, paved walkways, access ramps and overlooks.**
- **Trail improvements and the installation of project, interpretive and cultural signage.**
- **Landscaping, fencing, lighting, picnic tables and refuse and recycling facilities.**
- **Campsite and day use area improvements and restroom facilities.**
- **Shoreline stabilization, boat ramp and dock construction or extensions.**

Anglers visit Avista project waters from across the region to take advantage of the benefits of our, and our partners', aquatic management. We also stock Lake Spokane and other sections of the Spokane River with more than 150,000 rainbow trout each year. Stocking with sterile trout provides excellent fishing opportunities while reducing pressure on native stocks.

We invite local community members and new visitors to our backyard to explore the abundance of recreational opportunities that Avista has the honor of providing and supporting along our Clark Fork River and Spokane River projects. Plan your next adventure by visiting our recreational facility and amenity interactive maps at the links below:

Clark Fork Project Recreation Amenities

5,000 acres open to the public

57 public recreation sites

Campgrounds and day use areas

11,140 surface acres of water

14 boat launches

[View Clark Fork River interactive map](#)

Spokane River Project Recreation Amenities

3,000 acres open to the public

101 public recreation sites

Campgrounds and day use areas

5,655 surface acres of water

4 boat launches

[View Spokane River interactive map](#)

Located on the Spokane River next to Spokane's city hall and bordering Riverfront Park, we developed the Spokane Tribal Gathering Place as a gift to Spokane in celebration of our Company's 125th anniversary. This urban plaza features views and access from downtown to the Spokane River, amphitheater seating, water features and several terraced gathering spaces. The Spokane Tribal Gathering Place also connects the public to our Huntington Park that underwent significant renovations in conjunction with the development of the plaza. Avista's Huntington Park frames the amazing power of the Spokane River for visitors as the river plunges down the lower falls and incorporates themed structures, hydroelectric dam artifacts, and period light fixtures to highlight the history of our River City.

We are continuing our legacy of enhancing public access and recreational opportunities among our natural resources with our development of Upriver Park. This new park will provide additional public access to the Spokane River, enhance the ecological health of the shoreline and improve public safety along the adjacent Centennial Trail.

Upriver Park will include amenities such as a launch area for paddlers, park benches, interpretive signs, picnic tables, bike racks, lighting and a plaza greeting park visitors at each of the two entrances, along with the plantings of native trees and shrubs. Upriver Park is expected to be completed in early 2022.

Our Commitment to Our People

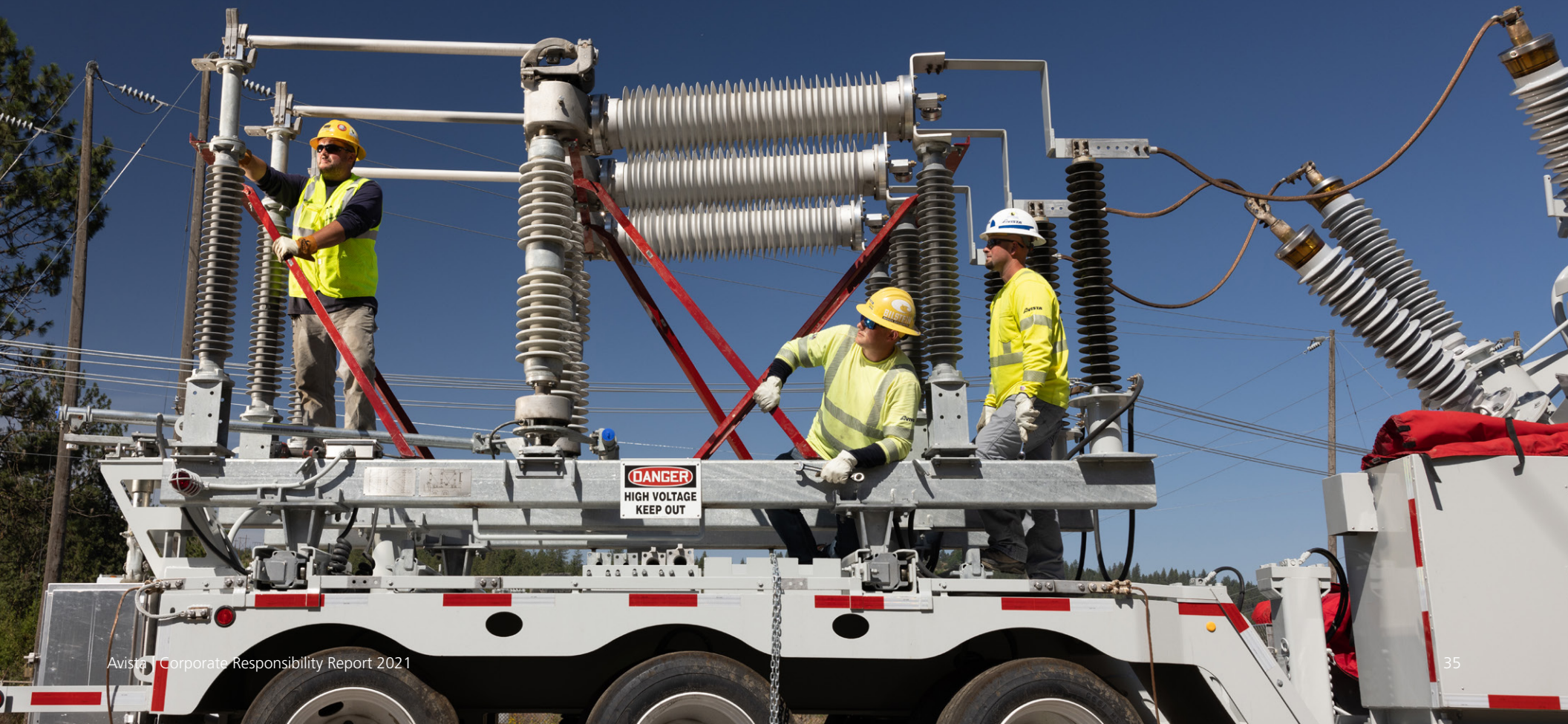


2021

Our Commitment to Our People

Our success lies in hiring talented people and setting them free to pursue great ideas — ideas that engage the imagination, stretch us all and ensure that we continue to provide exemplary and cost-effective service to our customers. Our efforts and commitments include:

1. Proactively ensuring a safe and healthy work environment, preventing accidents and incidents, and ensuring that all Avista employees return home healthy and whole.
2. Fostering a culture that values trust and respect based on equity, inclusion and diversity, and offering all employees the opportunity to enrich their lives and careers through challenging and meaningful work — all in an equal opportunity workplace that is surrounded by a supportive and inclusive environment.
3. Valuing the contribution of our employees by focusing on creating and maintaining an environment to attract, develop, motivate, retain and reward talented employees.
4. Conducting our operations ethically, honestly and in compliance with the laws and regulations that govern our business.
5. Holding our contractors to the same ethical and compliance standards to which we hold ourselves.



1.

Proactively ensuring a safe and healthy work environment, preventing accidents and incidents, and ensuring that all Avista employees return home healthy and whole.

Safety and health is an essential part of our mission. For us, it means providing safe and reliable energy to our customers and communities 24/7/365 days a year while protecting ourselves and others from harm. Avista places the highest value on the safety and health of all our employees and likewise expects all employees to place their own personal safety, the safety of their co-workers and the safety of our customers and communities at the forefront of their decisions and actions.

We work with our employees to build this personal responsibility regarding safety and health measures in order to ensure a safe work environment. We also require that if someone witnesses a situation that may endanger themselves, other employees, customers or community members, or threatens to damage an Avista asset or piece of equipment, they take immediate action to stop the unsafe situation. All employees and contractors of Avista have the authority to immediately stop work without fear of retaliation through our Authorization to Stop Work program.

Safety Management System

Avista has adopted the National Safety Council's Safety Management System (SMS) to provide an overall framework for the Company's implementation of its safety and health related programs. From hazard identification, regulatory compliance requirements, policies and procedures,

training and awareness communications, incident tracking and analysis, safety checks and inspections to program assessments, Avista's SMS provides a consistent and structured approach to our safety and health programs and affords us the opportunity to continuously learn, improve and ensure that our workplace is safe, secure and healthy.

We generally perform biennial assessments of our safety and health programs which include overall maturity and effectiveness levels, how changing or emerging safety initiatives are being addressed, evaluating results of our new initiatives or campaigns, and tracking current data and metrics against baseline and historical measures. Feeding into these assessments are the results of our Company-wide safety and health surveys. These voluntary surveys are an anonymous and confidential means for our employees to provide critical insights regarding our program structure and performance. Survey topics include management commitment, supervisor engagement, employee involvement, safety support activities, safety support climate and overall organizational culture among other topics. We are committed to understanding how we may improve our programs and initiatives to ensure that our employees return home safely at the end of the day.

Avista's safety and health commitments, policy and requirements are presented in the [Company's Commitment to Workplace Safety and Health](#). At Avista, we pride ourselves in our mindset that everyone is a safety leader whose role is to ensure the safety of ourselves and of those around us. We all have a responsibility to question, challenge, and fix any situation that we feel is not in compliance with safe practices or safety policies. Our work must be performed in the safest possible manner consistent with our safe work practices, policies and requirements.





Safety and Health Engagement

To ensure that our safety and health commitments remain at the forefront our business decisions and actions, Avista has implemented an all-inclusive

approach consisting of employee representation across all levels of the organization. Collaboration and engagement are prioritized to effectively operate our safety and health programs in the following structure:

Central Safety Council

- Provides overall commitments, policies and strategy for Avista's safety and health programs and results.
- Working group comprised of senior management.
- Advocates for necessary actions and resources.
- Quarterly reporting to Board of Directors.

Safety Core Team

- Responsible for supporting and implementing safety and health initiatives across the organization.
- Working group comprised of management.
- Coordinates and monitors safety and health performance.

Safety Team

- Supports employees by implementing safety and health initiatives across the organization.
- Provides safety expertise and guidance.
- Working group comprised of public and safety specialists, industrial hygiene, human and organizational performance and safety administration.

Joint Safety Committees

- Focus on safety and health issues related to their specific functioning areas across the organization.
- Comprised of bargaining and non-bargaining employees.

Operations Teams

- Monthly team meetings led by Safety Chairs / Co-Chairs.
- Responsible for awareness and providing updates to new or changing items and for the collection of safety concerns.

Further, our safety and health commitments and program requirements are key topics addressed in our formal agreements with trade unions that represent our bargaining employees. Our Labor and Management Committee regularly meets to promote collaboration and open dialogue in order to review

and work through safety, health performance and other action items. Our formal agreements with trade unions also include grievance and arbitration provisions in order to address any raised safety and health concern or complaint.

Safety and Health Resources

In order to support and equip our employees with the necessary knowledge, skills and resources to perform their work in a safe and healthy manner, Avista administers regular trainings, communications, regular reports and metrics, safety and health alerts, and lessons learned based on human performance and organizational improvement principles and ongoing performance management. Trainings are delivered through a combination of Avista instructor-led, third party-led and online training programs. We also supply the following resources to our employees for their continued safety and health:

- All new hires regardless of position receive a safety onboarding kit and perform required safety and health training
- Contract employees receive a safety and health orientation before commencing work on any Avista property
- Personal protective equipment
- Ergonomic tools and equipment to reduce fatigue, strain or potential injuries
- Operator qualification training for our natural gas employees for safe operation of gas systems
- Substance abuse prevention program including pre-employment, random, for-cause and post-incident testing and monitoring
- Confidential Employee Assistance Program administered by a third-party provider supports our employees and their families in resources needed to maintain healthy and productive lives

Safety and Health in Action

In order to further engrain and ensure the safety and health of our employees, we have been active in operationalizing our proactive safety and health measures through targeted actions including:

- Daily safety tailboard meetings for field crews
- Structured safety tailboard meetings for field crews at the start of each new project
- Weekly safety huddles among work groups
- Monthly department safety meetings
- Monthly safety meetings with management and bargained employees focusing on actionable health and safety items
- Company-wide safety stand-up meetings
- Awareness campaign for reporting near misses or potential safety concerns that can be reported to all employees through Safety Alerts and lessons learned
- Incident assessments based on the Human & Organizational Performance methodology to reduce incident consequences or eliminate hazards entirely
- Lessons learned from incident assessments are shared company-wide for employees to learn safe practices at work and at home
- Monthly safety newsletter including performance metrics
- Safety communication boards throughout our facilities
- Safety and health information management system accessible to all employees for reporting incidents, accidents and near misses
- Annual safety conference reinforcing our commitments to safety through learning, sharing and reflecting on our continuous efforts to improve safety performance.
- Safety medallion recognitions for outstanding service to safety

Our ultimate goal is best summed up in our employee created slogan:

**Safety for family.
For work. For life.**

Response to COVID-19

Throughout the COVID-19 pandemic, we have continued to focus on the well-being and safety of our employees, customers and communities. Among other things, the Company developed a pandemic response plan, through which it facilitated more than 1,200 of its employees to work remotely in order to protect employees and limit the spread of the virus, while still delivering electric and natural gas service to customers. Essential employees, necessary to work on site maintaining electricity and natural gas for our customers, are continuing to work under guidelines for social distancing, face-coverings and staggered shifts. The Company also created contact-tracing, testing and vaccination efforts, giving employees quick access to necessary resources and information as soon as they are available in order to stay safe.

Safety Metrics By Year

	2020	2019	2018	2017	2016
Recordable Injury Rate (RIR): Recordable injuries per 200,000 hours worked	3.21 4.40 COVID-19 ¹	3.15	4.80	3.96	3.94
Lost Time Injury Rate (LTIUR): Lost-time injuries per 200,000 hours worked	1.13 2.32 COVID-19 ¹	1.19	1.62	1.52	1.54
Near Miss Frequency Rate (NMFR): Near Misses per 200,000 hours worked	0.48	2020 was the first year of formally tracking near misses			
Recordable Vehicle Accident Rate (RVAR): Recordable Accidents/1,000,000 miles driven	5.94	5.20	6.01	8.10	6.34
Preventable Vehicle Accident Rate (PVAR): ² Preventable Accidents/1,000,000 miles driven	4.31	3.51	4.60	5.84	4.04
Employee fatalities	0	0	0	0	0

Our Safety Intent Statement

As an Avista safety leader, I am committed and responsible for my safety and the safety of those around me. I am focused on the task at hand and recognize that no situation is routine. I am vigilant in maintaining my hazard awareness because something can always go wrong.

I am always learning and seeking safer ways to complete my work. I step in and speak up when I observe at-risk actions and welcome constructive feedback from others. I support others when they are doing it right.

All of my decisions focus on integrating safety into the work I do. I am well-trained and follow safe work practices in my job and in my life.

My family can rely on me to come home healthy and whole.

Safety metrics include data from all employees; full-time, part-time, seasonal and temporary.

¹ This includes work-related COVID-19 cases for 2020.

² A preventable vehicle accident is a vehicle accident where the Avista driver did not take all appropriate steps to prevent the accident.

2.

Fostering a culture that values trust and respect based on equity, inclusion and diversity, and offering all employees the opportunity to enrich their lives and careers through challenging and meaningful work — all in an equal opportunity workplace that is surrounded by a supportive and inclusive environment.

Equity, Inclusion and Diversity Commitment

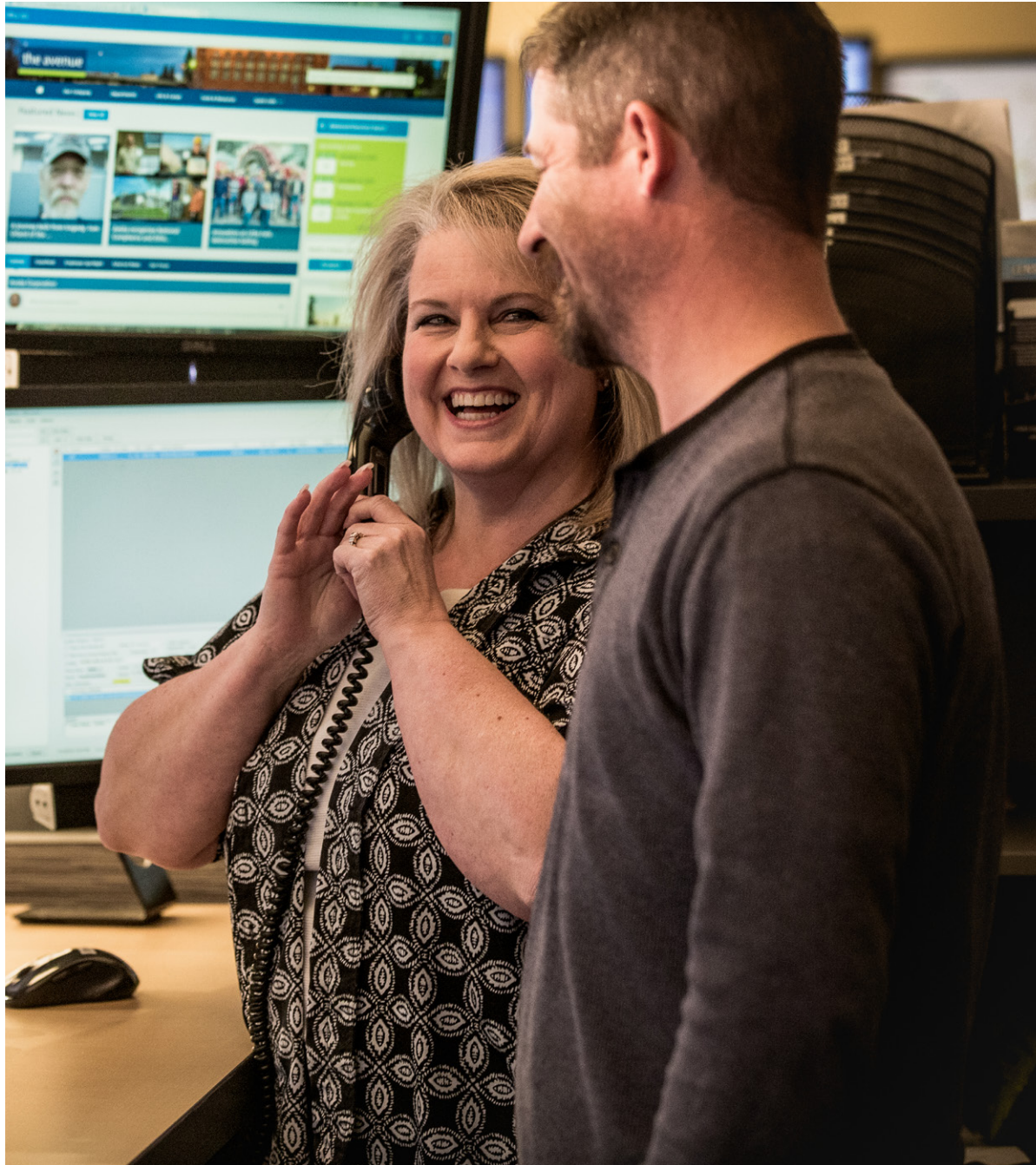
We take great pride in our workplace culture, a culture that values trust and respect and guides our overall commitment to doing what is right. Our people are committed to conducting business ethically and honestly and we are committed to providing a trusting and respectful work environment centered around equity, inclusion and diversity.

We believe that diversity in our backgrounds and experiences makes us stronger as a Company and as a community. Avista gains the benefit of looking at our business from different perspectives, leading to innovative breakthroughs for our customers and an engaging employee experience. Our goals can best be achieved by bringing forward a truly diverse, equitable and inclusive workforce where employees feel a sense of belonging, valued and empowered to fully engage in their work every day.

Belonging:

We want to create a culture of belonging where **everyone** is valued.





Avista's commitment to equity, inclusion and diversity begins at the top. Our entire officer team is committed to continuing to find ways to encourage our people to expand their knowledge and gain new experiences. Avista's Our People Council is made up of a large and diverse group of employees and officers from across the company. Together, we aim to support a diverse and engaged workforce that enables us to execute on our strategies.

Equity

We are proud of our ongoing work to support fair and equitable treatment across all areas of the employee experience, from the time individuals take interest in working with us, until they retire. We enjoy a strong retention rate for those who join our Company and many spend their careers with us. As external competition for talent becomes stronger, we are setting the bar even higher, with additional practices that ensure that fair treatment and equality of opportunities remain differentiators for Avista.

Avista's current practices, which include pay equity, incentive pay opportunities, benefits, rewards programs and performance management are all integral to maintaining and improving equity across our organization. We are consistently evaluating and analyzing current processes to look for additional opportunities to ensure equity for all our people during their Employee Experience.

Equity is not a "one and done," nor does it simply mean adhering to our Equal Employment Opportunity and Affirmative Action programs. Our equity journey will be ongoing and evolving. We will continue to source information from our employees, as well as external sources as we continue to build upon our current equity practices.

Inclusion

At Avista, we consistently receive strong positive scores around employee engagement and many of its drivers. We strive to move even further with our positive employee engagement and workplace culture in support of equity, inclusion, diversity and belonging. For example, Avista's 2019 Employee Engagement Survey shows that approximately 78% of our people agree that "I feel like I belong here." For us, we want to do more. We want everyone to feel like they belong at Avista and that they are heard, respected and valued.

To build around our strong employee engagement, we have been intentional in deepening a sense of belonging within our workplace culture. Through new employee support programs, sponsored community and educational webinar events, awareness trainings for leaders, raising racial justice awareness and the creation of additional employee resource groups such as the Women of Avista, and Diversity Awareness, we are building awareness and practices that bring to life a greater sense of belonging across our entire workplace.

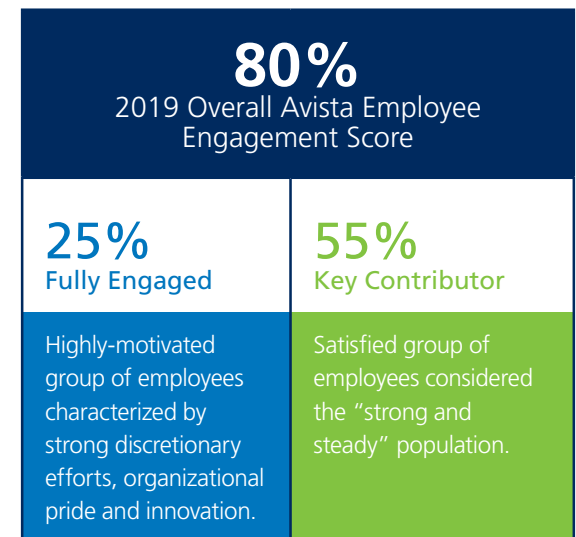
2019 Engagement Survey Participation



2019 Employee Engagement Survey Highlights

Strongly Agree / Agree

I'm willing to go beyond the requirements of my job to help Avista succeed.	93%
The people I work with treat me with respect.	87%
Our team is proud of the work we do.	86%
I enjoy working with the people on my team.	86%
I would recommend Avista as a great place to work.	85%
Avista trust their employees to do their jobs.	85%
Avista cares about employees.	82%



Diversity

At Avista, a source of pride is that we have long focused on attracting, retaining and supporting a diverse workforce. And we strive to raise the bar higher to better mirror the changing demographics of both the available workforce for the types of jobs we have as well as the communities we serve.

We'd like to first provide a view into some aspects of the diversity make-up of our employee population. The breakdown shows gender, racial and ethnic, tenure, age and generational diversity metrics — areas with more available data. Additional types of diversity data will be expanded and shared in the future.

¹ Female, Race and Ethnic figures are based on the categories reported in our Federally required Affirmative Action Plan. This information is provided through employee self-identification.

² Workforce Availability is defined as individuals in the greater Spokane area of working age (18), based on data from the 2010 US Census data

³ Craft Employees is defined as an employee who develops specific skills and a comprehensive knowledge of work processes which are acquired through on-the-job training, experience and apprenticeships, or other formal training programs.

⁴ All Leaders is defined as supervisors or higher

⁵ Executive is defined as vice president or higher

Avista employee data is as of 01/01/2021 and includes all regular full-time and part-time employees, excluding temporary workers and student interns.

Female Representation ¹	Avista %	Workforce Availability % ²
All of Avista	29%	50%
Craft Employees ³	2%	10%
Non-Craft Employees	40%	50%
All Leaders ⁴	28%	n/a
Manager or Directors	29%	28%
Executives ⁵	17%	27%

Racially and Ethnically Diverse Representation ¹	Avista %	Workforce Availability % ²
All of Avista	8%	7%
Craft Employees ³	5%	13%
Non-Craft Employees	9%	11%
All Leaders ⁴	7%	n/a
Manager or Directors	7%	7%
Executives ⁵	8%	7%

Racially and Ethnically Diverse Breakdown ¹	Avista %	Workforce Availability % ²
White	92.0%	89.1%
Black or African American	0.5%	2.8%
American Indian or Alaskan Native	0.9%	1.5%
Asian	1.5%	3.0%
Native Hawaiian or Other Pacific Islander	0.2%	0.5%
Two or More Races	2.2%	3.1%
Hispanic or Latino	2.6%	n/a

We recognize that diversity comes in additional forms than are presented here. We plan to expand our understanding and awareness of other areas such as veterans, LGBTQ+ and individuals with disabilities, just to name a few. Avista will continue to encourage employees to self-identify in these aspects of diversity so that we can more fully understand our current workforce and assess future progress.

We will implement further practices and comprehensive strategies to support diversity at Avista. This will help us to focus our efforts and support forward progress, setting the direction and raising the bar higher for our diversity efforts.

Avista Employee Tenure	%
Less than 1 Year	6%
1 to 4 Years	22%
5 to 9 Years	25%
10 to 19 years	29%
20 to 29 Years	14%
Over 30 Years	5%

Avista Employee Age Distribution	%
Under 18	None
18 - 29	11%
30 - 44	40%
45 - 60	41%
Over 60	8%

Avista Generational Diversity	%
Generation Z (1996 – Present)	3%
Millennial (1981 – 1995)	34%
Generation X (1965 –1980)	43%
Baby Boomer (1946 –1964)	20%



Going Forward

Avista's workplace culture is starting from a position of strength as we continue to challenge and grow our commitments to equity, inclusion and diversity. Ensuring that our employees feel that they belong here is central to our abilities to execute on our strategies across the Company. While we continue to make tremendous progress and have many points of pride, we also recognize the need for improvement and have established some ambitious aspirational goals, strategies and actions that will guide us forward.

Like other strategic plans and aspirational goals at Avista, progress around equity, inclusion and diversity efforts will take time. It will also require our collective commitment, dedication and actions for us to move forward in this critical work. Ultimately, we all benefit when ensuring a culture of belonging. Having various voices and perspectives help generate better ideas to solve the complex problems of a changing and increasingly diverse world. An engaged workforce benefits all of our stakeholders.

As we journey forward, we will provide updates, progress and results on our equity, inclusion and diversity efforts.

3.

Valuing the contribution of our employees by focusing on creating and maintaining an environment to attract, develop, motivate, retain and reward talented employees.

Our Values

Essential to our ability to deliver clean, reliable and affordable energy over the past 130 years are the talented and dedicated employees of Avista. Together, we have been woven into the fabric of the everyday lives of our customers and communities who rely and trust us to meet their energy needs.

Avista employees work cooperatively, decisively, and strategically, guided by a simple principle: we do what's right. Our success lies in hiring talented people and setting them free to pursue great ideas — ideas that engage the imagination, stretch us all, explore what's possible, and prepare us for the future in support of our values:

Trustworthy:

Our word is reliable, we do what is right.

Collaborative:

We are respectful and at our best when working together to achieve results.

Innovative:

We continuously improve and find better ways to get things done.

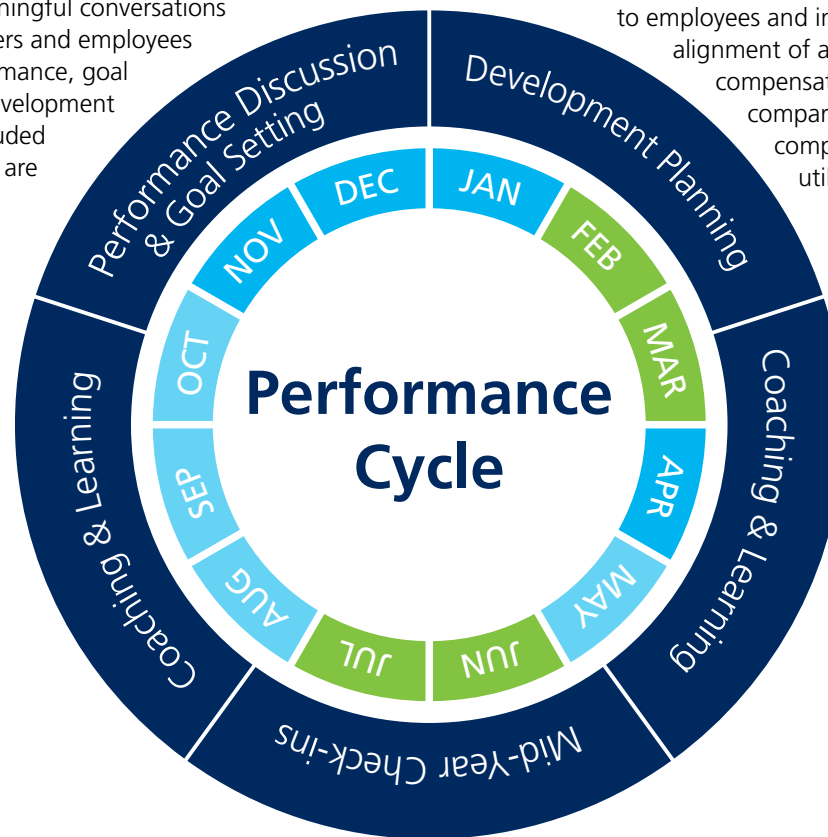
Compensation Structure

Avista believes it is important to provide an equitable compensation structure that is competitive within the industries and regions in which we compete for talent. We generally target overall compensation levels at the market median; pay components for an individual may be higher or lower depending on an individual's role, responsibilities, experiences and performance within the Company.

Managers review base pay for non-bargaining employees annually through a merit process following the conclusion of a performance management process. We believe in, and practice, effective performance management through ongoing, meaningful conversations between leaders and employees around performance, goal setting and development planning. Included in this process are

specific tools and training resources for employees to maximize their preparation and development planning opportunities. Avista believes this target positioning and active performance management practices are effective tools to attract, retain, motivate and reward our employees for their contributions.

The Avista Employee Incentive Plan is similarly designed to help motivate and focus employees on our customer service, reliability, and operational cost goals that benefit our customers and communities. Our incentive plan seeks to tie employee efforts to our organizational goals that are mutually beneficial for all stakeholders. The incentive plan is also an important element of our overall compensation to employees and in the Company's alignment of a competitive compensation structure with comparable positions of companies within the utility industry.



As our employees continue to find new and innovative ways to excel, we have kept pace as a Company to reward their ingenuity. In addition to our compensation structure, performance management and incentive plan, we have several other recognition channels and awards that serve to honor the desired performance and accomplishments of our people, particularly when it comes to innovation, safety and customer service. Some of our additional recognition programs include:

- A “Pacesetter” Cash Reward Program
- Medallions and other recognition methods for acknowledging safety, customer service and cross-company collaboration efforts
- President’s Leadership Awards for outstanding excellence in customer experience, innovation and safety

This ecosystem of recognition methods provides multiple venues for employees to nominate others for consideration as well as giving leaders options for reinforcing behaviors that contribute to our success.

Employment Benefits

In addition to our compensation structure, performance management and incentive plan, Avista believes that our employment benefits are also a key strategy in our ability to attract and keep the talent that we need to succeed. Avista’s benefits package includes:

- Medical, dental, vision, life, and disability coverage
- Retirement benefits including pension plan and/or 401k
- Time-off programs, including military absences
- Tuition benefits, continuing education, and training
- Wellness Programs
- Adoption support
- Free telemedicine program
- Flexible work arrangements
- Ergonomic workstations
- Employee Assistance Program



Development Opportunities

Continuous learning plays a large part in fostering collaboration and innovation among our employees and is pervasive throughout Avista. Our development opportunities are created to prepare our employees at all levels to ensure they have the skills, knowledge and experience to perform today and well into the future. Keeping our workforce equipped to succeed is imperative in order to meet the emerging challenges that lay ahead. We develop training that is relevant, necessary and in demand for our organization. Training may be delivered through instructor-led courses, self-service topics, computer-based learning modules, and field based, hands-on workshop models that cover the range of our operations.

Avista helps employees understand how they can drive and maximize their development for current roles and to prepare for future opportunities through a robust development planning toolset and a menu of continuous learning and development suggestions. Employees have access to a variety of learning opportunities as part of our overall professional and leadership development programs. Examples of topics include leadership, business process improvement, presentation skills, project management, industry standards, coaching skills, emotional intelligence and natural instincts, and leading change.

In addition to our internally led courses, we also provide opportunities for our people to attend industry events and certification programs, courses or programs offered through energy related organizations such as the Western Energy Institute, the American Gas Association and the Edison Electric Institute, as well as to our local colleges and universities such as the University of Idaho, Willamette University, Gonzaga University and others.

Our Aspiring Leader Program entered its 18th session and continues to provide an immersive development opportunity for those employees preparing for future leadership roles. This one-year program provides selected employees exposure to a variety of departments, training, leadership concepts and mentoring. The program includes a team project designed to provide experiential leadership learning. Graduates of Avista's Aspiring Leader Program are found throughout all levels of leadership in the organization, including several of our Company Officers and senior leaders.

Student Engineering Development Program

With a continued eye on the future, Avista has long maintained a Student Engineering Development Program that provides a variety of opportunities for local engineering students to develop their skills, foster insights into the energy industry, gain valuable working experience and explore future professional opportunities. Students spend several months working with Avista, where they participate in meaningful projects, experience focused mentorship and prepare for the next steps in their careers. The program is mutually beneficial for us and our regional engineering students. Students are exposed to our culture and working environment and bring fresh ideas and insights into the latest technology and principles being taught in our colleges. This program further enables Avista to build a strategic and more diverse pipeline to our internal Engineering Development Program.

Craft Development

For our craft employees, Avista has a dedicated training department to provide training required by regulatory agencies in our electric and natural gas operations and other Company specific training. Our craft training programs are administered to ensure that our employees can safely perform their duties in compliance with construction, operation and maintenance requirements. Currently, 37% of our Avista employees are covered by collective bargaining agreements, represented by the International Brotherhood of Electrical Workers, Local 659 (Oregon) and Local 77 (Washington/Idaho).

As part of our commitment to our craft workforce development, we currently provide 11 active apprenticeship programs. These apprenticeship programs, which typically take 2–4 years to complete, provide participants with classroom, workshop and on the job training to gain the background and experience required to advance within their fields while maintaining their employment with Avista. These apprenticeship programs represent a wide range of focus areas across our operations, ranging from electrical mechanics and lineman to hydroelectric operators and communication technicians.



Craft Training Program Metrics	2020	2019	2018	2017	2016
Apprentices — All Crafts:					
Total number of apprentices trained	80	74	73	88	71
Number of active programs	11	11	11	11	10
Hours of training on the job	132,838	153,920	151,840	183,040	147,680
Hours of classroom training	9,235	10,967	10,820	14,960	13,200
Journeyman Training:					
Electric/Generation – hours	3,192	8,764	9,497	6,939	9,732
Gas refresher – hours	2,882	3,380	3,260	3,840	3,040

4.

Conducting our operations ethically, honestly and in compliance with the laws and regulations that govern our business.

Avista Code of Conduct

Avista is committed to conducting its business with the highest level of integrity by doing what's right for our customers and our communities because we know they rely on us. This philosophy is reflected in our [Code of Conduct](#) and embraced by our employees.

Our Code provides the foundation for our business decisions and guides our approach to ethical conduct and compliance with legal and regulatory requirements. It sets expectations and outlines our core policies, including Avista's approach to risk related activities such as anti-trust. All employees and our Board of Directors are required to complete annual training on the Code. Additional risk-based training is provided to targeted audiences including management on the topics of fair disclosure, insider trading, and conflicts of interest. Avista's Vice President, General Counsel and Chief Ethics/Compliance Officer oversees these training programs and all other Company ethics and compliance related training programs.

Speaking Up and Reporting

Avista actively promotes a speak-up culture by encouraging employees and others to ask questions, voice concerns, and report alleged violations of Company policies, laws, or regulatory requirements. Retaliation against anyone who reports a concern is strictly prohibited. Avista provides several channels for raising concerns. A 24/7 confidential message hotline is available that allows anonymous reporting. An Investigation Process Guide drives consistency and transparency to our formal investigations. Hotline reporting metrics are made available to our employees and our Board of Directors.

Ethics and Compliance Program

Avista's Ethics and Compliance Program promotes an ethical corporate culture and provides the framework to enable business areas to achieve compliance while pursuing Company initiatives. The Ethics & Compliance Department utilizes a blend of employee training, policies and risk management practices to promote and ensure compliance. The Department partners with Internal Audit, Human Resources, Legal and Enterprise Risk Management to facilitate the coordination of ethical and compliance related activities across the organization.

Avista conducts internal audits and self-assessments to evaluate effectiveness and adherence to our Code, core policies and other ethics and compliance program requirements. Avista benchmarks its ethics and compliance activities against other industry and non-industry entities to gain a broader perspective on best practices.

Strong support from Avista's leadership and our Board of Directors helps drive the success of our Ethics and Compliance Program. Our commitment to ethics and compliance is reflected in the Company's recent recognition as a two-time recipient of the "[World's Most Ethical Companies](#)" by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, corporate character, integrity, transparency and corporate trust.



Hotline Contact Information:

Avista Hotline:

1-877-861-6690

Website:

www.avistacorp.ethicspoint.com

Our Commitment to Human Rights:

Avista is committed to conducting business ethically, honestly and with mutual respect for the rights of all people. Our commitment to preserve and respect the rights of all people are inclusive of those human rights principles articulated in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. [Click here](#) to learn more about Our Commitments to Human Rights.



5.

Holding our contractors to the same ethical and compliance standards to which we hold ourselves.

Contractor Expectations

Providing clean, safe, and reliable electricity to 400,000 customers and natural gas to 367,000 customers across 30,000 square miles and four northwestern states is a big job. When we need extra help to get the job done, that's where our contracted employees, suppliers and other business partners come into play.

Whether delivering goods or performing services on behalf of Avista, we expect all of our third parties to uphold the highest standards of conduct and behave in the same ethical and compliant manner as our own employees. As such, they are subject to the same obligations and responsibilities outlined in [Avista's Code of Conduct](#).

In addition to adhering to Avista's Code, our contractors may be subject to specific regulatory compliance requirements, including mandatory trainings, background checks, drug and alcohol testing and safety related measures and performance.

Contractor Code of Conduct

Avista continues to advance the design and impact of its supply chain. Due diligence is performed to assess a potential supplier's ability to meet Avista policy and contractual requirements in addition to their ability to provide the requested goods or services. With a focus on Corporate integrity, responsible sourcing and the safety and well-being

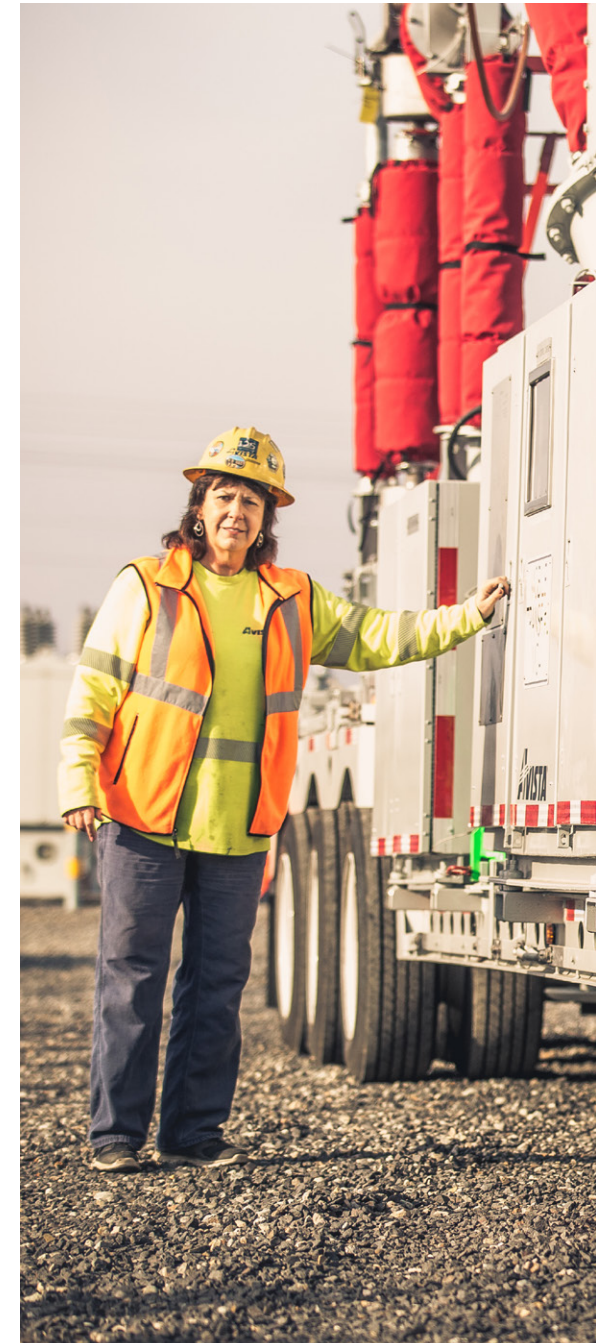
of workers across the supply chain, Avista has implemented its [Contractor Code of Conduct](#), which sets forth contractual provisions covering such topics as worker health and safety, labor and human rights, compliance and ethical conduct, conflicts of interest, environmental practices, and speak-up and reporting requirements among others.

Supply Chain Engagement

Special focus is placed on Avista's Tier 1 Vendors — those vendors with an annualized spend in excess of \$2M, or those who may be of strategic importance to our operations, or those that may be difficult or costly to replace. Our Tier 1 Vendors must provide a copy of their own organization's code of conduct or business ethics policy for Avista's review. In addition, through our Supplier Relationship Management program, we work with our Tier 1 Vendors to formally embed our values into the supply chain.

For these Tier 1 vendors, we track their commitments to our values and evaluate their performance in addition to their business results. This is accomplished by using a supplier scorecard that includes an analysis of activities such as safety, quality and service, schedule performance, risk mitigation, innovation, sustainability, environmental practices and diversity spend programs among others.

Our business partners are a valuable and integral part of our operations. Their alignment with our vision and values further enables us to deliver our commitments to our customers and the communities we serve. [Click here to learn more about how to do business with Avista.](#)



Our Commitment to Our Customers and Communities



2021

Our Commitment to Our Customers and Communities

We are invested in our customers and the communities we serve. We recognize that bringing energy to life extends beyond providing electricity and natural gas for our customers. As employees and as a company, we are an active partner and advocate that brings energy to strengthening the customers and communities in which we live, work, serve and play. Our efforts and commitments include:

1. Providing safe, reliable service that is there when needed, and is affordable for our customers and for our region.
2. Bringing value to our customers through services, programs and methods for using energy efficiently, and which otherwise help to enrich customers' lives.
3. Building value for our customers and communities through active involvement in organizations, causes and engagement with local stakeholders to grow jobs and improve the quality of life in our region.
4. Providing meaningful philanthropic support to our communities without impacting customer rates, recognizing that these efforts help to strengthen our communities, broaden the reach of local organizations, and improve our local economies.
5. Supporting and encouraging our employees to help local charities and community organizations in the regions in which we operate.
6. Holding our customers' and communities' interests at the forefront of our decisions, operating our business with transparency, genuine care, and ease of conducting business — our stakeholders can rely on us.

1.

Providing safe, reliable service that is there when needed, and that is affordable for our customers and for our region.

Public Safety

Our commitment to safety encompasses our customers and communities throughout our service territories. The infrastructure of Avista's energy systems is wide-ranging, complex and embedded within our communities, from hydroelectric dams to natural gas pipelines, and electric power transmission and distribution lines. The design, construction, operation and maintenance of these energy systems is conducted in a manner to continuously improve the safety of our systems to ensure that we meet our customer's energy needs safely and reliably. At the end of the day, we want everyone who lives or works near our electric and natural gas systems to be safe.

Throughout our service territories, buried electric and natural gas lines may be located adjacent to and within our customers' properties. In order to prevent and minimize the risk of public injury caused by accidentally digging into one of these underground services, Avista's Public Safety Program provides ongoing training, outreach and resources to our customers and local community members. Through our awareness campaigns and informational resources, we highlight the national 811 call-before-you-dig phone number to use before starting any digging projects. With proper locates of underground services through the 811 program, customers may greatly reduce accidental dig-ins and potential risk of injury.

Located along two of our region's larger rivers, Avista's eight hydroelectric dams provide the bulk of our clean renewable energy for our customers. These facilities also support numerous recreational areas for boating, swimming, water skiing and fishing opportunities. To ensure the public's safety and continued access to these natural resources, the Company's Hydro Dam Safety Program provides physical safety and awareness measures in and around our dams.

This program includes training and emergency response coordination among our local, state and federal agencies. We also provide ongoing general public safety training and outreach through our Hydro Public Safety Program. This program targets our local community members through organized events, focused advertising, school presentations and distribution of water and boating safety resources. In addition, we partner with local agencies to provide focused classes on such topics as cold-water safety.

In addition to [Avista's Public Safety programs and materials](#), we actively perform system inspections of our electric and natural gas infrastructure, administer natural gas pipeline integrity management programs, protect the public from dangerous equipment and locations through physical security measures and implement asset maintenance and replacement programs. One such replacement program is our ambitious 20-year natural gas pipeline replacement program. This replacement program is nearing its half-way point and is the result of our commitment to maintaining a safe and reliable natural gas system by replacing approximately 750 miles of natural gas pipeline which was installed prior to 1987.

Put simply, we are committed to keeping people, property and our communities safe.

Public Safety Program: Number of Dig-Ins

	2020	2019	2018	2017	2016
Number of Underground Service Locates Performed	120,518	116,323	116,927	107,132	108,897
Dig-Ins to Avista Underground Natural Gas Lines	531	517	548	560	509
Dig-In Rate per 1,000 Locates	4.41	4.44	4.69	5.23	4.67



Climate Change

Replace and/or strengthen electric infrastructure, especially in fire-prone areas, to protect it from possible damage and reduce the likelihood of spark-ignition sources.



Vegetation management

Elevate our already robust management of fire-prone areas, especially near densely populated locations, to further reduce the possibility of contact between vegetation and power lines.



Situational awareness

Improve operational decisions by increasing our ability to assess potential fire risks.



Operations and emergency response

Decrease the potential for wildfires by instigating operational changes when re-energizing power lines in rural and or forested areas.



Worker and public safety

Increase overall safety by creating cohesive partnerships with emergency first responders and fire agencies to share wild-fire responsibilities.

Wildfire Resiliency Plan

Our proactive approach to Public Safety continues to keep pace with disruptions within our industry and to our changing environment as demonstrated through our enhanced [Wildfire Resiliency Plan](#). Western utilities and communities are facing increased risks of wildfires due to the effects of climate change. And at the same time, we are witnessing residential developments expand into forested areas and other high fire-risk locations. Avista's enhanced Wildfire Resiliency Plan seeks to further minimize the possibilities of wildfires and their related impacts on our customers and communities through the expansion of our current safeguards for preventing, mitigating and reducing the impact of wildfires. This enhanced 10-year Wildfire Resiliency Plan will emphasize grid hardening, vegetation management, partnerships with emergency providers and fire agencies, and provide helpful resources and information to protect property and prevent wildfires.

Emergency Preparedness

Avista has developed Emergency Operating Plans (EOPs) and Emergency Action Plans (EAPs) to respond to varying types of emergencies, from large utility outages, hydroelectric dam failures, incidents such as fires, floods or earthquakes, cyber security breaches, or other emergencies. The EOPs and EAPs are focused on responding to the initial emergency, minimizing potential dangers to people, property and the environment, and on stabilizing the situation until we can return to normal operations. These plans are regularly exercised internally and in conjunction with local emergency responders and peer utilities. In support of these plans, and to ensure proper coordination with local emergency responders, Avista utilizes the Incident Command System (ICS) as the means by which all emergencies are managed. Each of our EOPs and EAPs align with the use of ICS.

[Click here to learn more about Avista's Public Safety Program and Materials](#)

- Dial 811 Before You Dig
- Avista's COVID-19 Response
- Safety Around Dams
- Tree Trimming
- Wildfire Resiliency Plan
- Natural Gas Safety
- Electric Safety
- Beware of Scams
- Emergency Responders
- Public Officials
- Safety Videos
- Kid's Center

Reliable Service

Our diverse energy mix is the foundation for providing our customers with clean, reliable power at fair and affordable prices. Avista's electrical generation portfolio, including hydroelectric, biomass, natural gas, coal, wind and solar allows us to keep electricity rates as low as possible by providing flexibility to shift between generating resources when it makes economic sense while still maintaining the reliability of the electrical system.

In addition to our customers' direct use of natural gas, which is more efficient and cleaner compared to other energy choices such as wood or oil, natural gas is also used to generate electricity and is often relied upon as a flexible resource that supports the integration of renewable generation such as wind and solar. When the wind dies down and the sun doesn't shine as bright, our natural gas generation can immediately ramp up to balance this unanticipated dip in renewable generation. We're committed to our natural gas operations and generation and are excited to continue and share the value and benefits that natural gas provides to our customers and communities both today and into the future.

To help ensure reliability, we continue investing capital to operate and maintain our current electric and natural gas utility infrastructure. This solid foundation enables Avista to plan and build for the future, a future that is increasingly being influenced by emerging technologies and climate change implications. Prudent and essential capital investments in our existing hydro-electric plants, integrating additional renewable energy projects, upgrading and modernizing our transmission and distribution systems, replacing aging natural gas equipment and pipelines and providing our customers with more energy related products and services are all part of the complex challenges that we face to ensure the continued delivery of safe and reliable energy services to our customers.

Western Energy Imbalance Market

In March of 2022, Avista will begin operating within the Western Energy Imbalance Market (EIM) operated by the California Independent System Operator. Most investor-owned utilities in the Pacific Northwest are either participants in the Western EIM or plan to integrate into the market in the near future. The Western EIM is a real-time energy balancing market that automatically uses

the lowest-cost electric resources available over a large geographic area to meet utility customer needs while optimizing the use of renewable energy. By rebalancing supply and demand across a larger, more diverse footprint, and in a more economic manner, the Western EIM participants can share generation resources, which drives customers' costs lower and allows for the efficient use of renewable resources while maintaining the reliability of the electrical grid. [Learn more](#) about our participation in the Western EIM.

Energy Affordability

Avista is overseen and regulated by public utility commissions in the states in which we operate. Unlike most companies, which can change their prices whenever they want, Avista must engage in a public and transparent rate setting process to explain why changes in rates are necessary. It is only after a thorough review, including potential revisions to our request, that we may change our prices following approval from the state public utility commissions. This rate case process is highly regulated, typically takes numerous months to complete, and affords interested parties, such as customers and consumer advocates, the opportunity to participate and provide feedback. [Learn more about how our prices are set by state public utility commissions.](#)

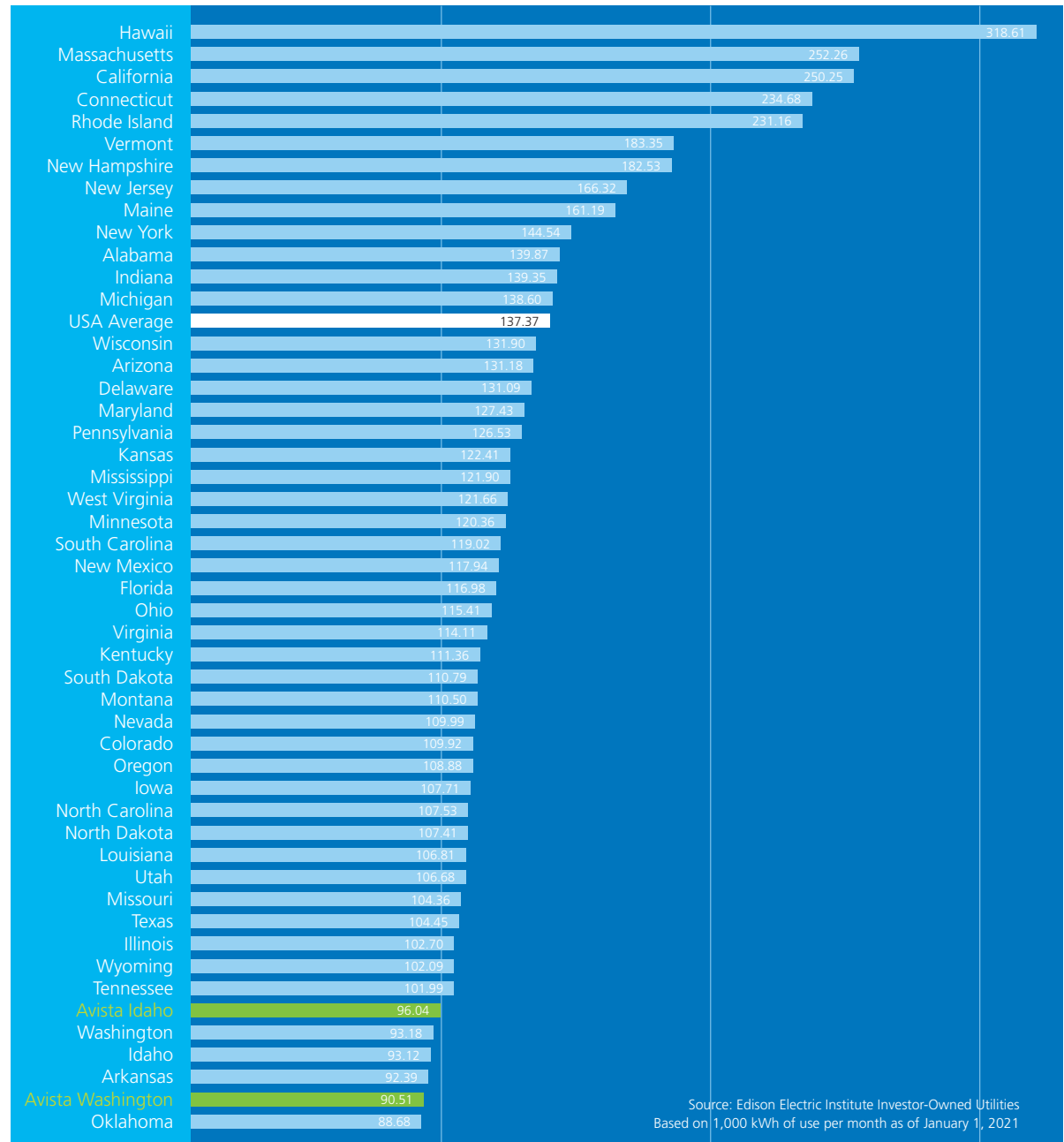
Reliability Metrics

	2020	2019	2018	2017	2016
SAIDI Outage Time/Customer (minutes)	132	137	126	183	121
SAIFI Sustained Outages/Customer	0.89	0.94	0.81	1.20	0.79
CAIDI Average Restoration Time (minutes)	148	145	155	153	153

Across the nation, communities and utilities are dealing with a similar reality of rising energy costs. Delivering safe and reliable energy includes operating, maintaining and upgrading capital intensive infrastructure made up of pipes, poles, wires, meters, substations, dams and other generating stations. Many infrastructure components of our system are 30, 40 or 50 years old and need physical replacement, as well as upgrades to keep pace with emerging technologies and customer expectations. Avista will need to continue to invest hundreds of millions of dollars in our system every year to keep pace and to continue providing safe and reliable service for our customers.

We work hard every day to plan, build, operate and maintain our energy systems with an eye towards the future and seeking innovative ways to be more efficient and meet customer expectations. This hard work continues to pay dividends in terms of keeping our energy prices affordable. Our customers pay some of the lowest energy prices in the nation. On average, the total monthly cost of Avista's residential electric service is 33% lower than the national average for investor-owned utilities. Avista recognizes that strong financial performance is achieved in tandem with strong communities who are able to leverage our safe, reliable and affordable energy for their own economic vitality.

Comparison of Electricity Costs in the U.S.



Energy Assistance Programs

We recognize that energy affordability is a serious issue for many of our customers. We care deeply about our customers and keep their energy cost burden at the forefront of our operating decisions. Within Avista's service territories, there are many individuals and families living on fixed or limited incomes, including seniors and individuals with disabilities. These members of our communities may rely on assistance to maintain essential needs such as food on their tables, access to healthcare and utility services. To assist our customers, we focus on actions and programs in four primary areas:

- Advocacy for, and support of, energy assistance programs that provide direct financial assistance
- Low-income and senior outreach programs
- Energy efficiency and conservation education
- Support of community programs that increase customers' ability to meet the basic costs of living

In addition to account management measures such as comfort level billing, preferred due date, payment arrangements, auto-pay, online energy management tools and bill comparisons, Avista partners with community action agencies to provide bill assistance to income-qualified residential customers. Bill assistance is funded through a variety of energy assistance programs. To learn more about these programs and how Avista may be able to help, please call us at 800-227-9187 or [visit us online](#).

Bill Assistance Programs

Low-Income Rate Assistance Program (LIRAP):

State approved rate surcharge designated for bill payment assistance for our electric and natural gas customers in Washington and our natural gas customers in Oregon.

LIRAP Senior/Disabled Rate Discount:

WUTC approved rate discount for income-eligible residential customers with disabilities and seniors (age 60+) who reside in Washington.

Low-Income Heating Assistance Program:

Federally funded program to help low-income households with home heating and cooling costs, emergency situations and weatherization services.

Project Share:

Funded through donations from customers, employees and Avista to provide emergency energy assistance grants for limited income and low-income residential customers.

COVID-19 Response

In March 2020, during the early stages of the COVID-19 global pandemic, Avista voluntarily suspended collection activities, service activation deposits, late fees and disconnections of service for non-payment across our services and territories. Since then, we continue to engage with our state regulatory agencies in order to meet their evolving compliance requirements and guidance regarding the resumption of collection activities in response to the global pandemic.

In addition, Avista worked with the Washington and Oregon Public Utilities Commissions to provide additional assistance to residential customers with past due balances who had been economically impacted by the global pandemic. As a result of this effort, Avista was able to provide in excess of \$7 million in one-time bill assistance relief. While each state had different eligibility requirements and program administration of the funds, over 11,000 of our residential customers received bill assistance funds to help reduce or eliminate their COVID-19-related past due balances. To learn more about our COVID-19 response and what bill assistance options may be available, please call us at 800-227-9187 or [visit us online](#).

Number of Energy Assistance Engagements

	2020		2019		2018		2017	
	Number of Events	Number of Participants	Number of Events	Number of Participants	Number of Events	Number of Participants	Number of Events	Number of Participants
Energy Fairs	—	—	5	3,977	5	3,722	4	1,494
Workshops	7	224	52	1,873	48	1,611	41	1,336
Mobile Outreach	5	680	77	5,024	85	7,553	62	5,168
General Outreach	87	6,723	56	3,407	45	3,940	67	6,520
Total Outreach Impact	99	7,627	190	14,281	183	16,826	174	14,518

Amount of Aid by Bill Assistance Programs¹

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
LIRAP grants made ²	\$6,883,923	\$6,496,448	\$6,455,546	\$6,717,231	\$5,311,243
Project Share grants made	\$245,947	\$240,699	\$256,705	\$264,399	\$290,833
Avista contributions to Project Share	\$509,797	\$454,849	\$472,172	\$480,521	\$506,222
LIHEAP grants made ³	\$8,319,404	\$4,627,719	\$4,655,439	\$4,832,017	\$4,874,660

¹ The bill assistance program year is October 1 through September 30

² LIRAP is only available in Washington and Oregon

³ Avista is an active partner in advocating for and facilitating the distribution of federal Low Income Heating Assistance (LIHEAP) funds.



Energy Assistance Engagement

We actively engage with low-income, senior and vulnerable customers through recurring energy efficiency and conservation education events throughout our service territories. These education events demonstrate energy savings opportunities, provide free samples, distribute energy usage guides, share information about utility payment options and our energy assistance programs, as well as provide other valuable community resources including safety and independent living resources for seniors, employment and financial counseling services, and connections to local community food banks. Recognizing that many members of this target audience may be reliant on medical equipment or living with chronic health conditions, we also review power outage preparedness and encourage individuals to create a plan should an outage occur. To learn more about these events and how to participate in them, please [visit us online](#).

Education Events

Energy Fairs: Held in neighborhood community centers and other locations that are recognized as core gathering locations in a given neighborhood.

Conservation Workshops: Held in convenient locations such as senior centers and community meal sites.

Mobile Outreach: Held in more remote locations across our service territory and coordinated with other mobile community agency outreach programs to offer additional resources.

General Outreach: Conducted at community events and through agency collaboration by training and equipping their staff with energy efficiency information and energy saving items to distribute to their clients.

2.

Bringing value to our customers through services, programs and methods for using energy efficiently, and that otherwise help to enrich customers' lives.

Energy Efficiency and Conservation Programs

Help the environment and save money at the same time? It may sound too good to be true, but it isn't. When our customers choose to participate in energy efficiency programs with Avista, they help by consuming less energy and save on future utility bills. For more than 40 years Avista has been offering Demand Side Management (DSM) or energy efficiency programs, creating shared value for all customers. [Learn more](#) about our energy efficiency programs.

For our customers, DSM means managing their own energy use. For Avista, it also means implementing programs that help customers use less energy as well as ways Avista can generate energy, through better equipment and processes. It's how we plan, implement, measure and monitor energy efficiency as a way to ensure it's being used wisely.

At Avista, we make choices everyday about the best and most affordable source of energy to deliver to our customers. Energy efficiency gives us one more choice — and one that is lower cost. This is why it is an important element of our [Integrated Resource Plans](#) as we look to the future.

Our approach to energy efficiency is based on two key principles: to pursue cost-effective electric and natural gas energy savings by offering financial incentives for qualifying energy saving measures, and to use the most effective means to deliver energy efficiency services to customers.

Small Business Partner Program

Avista launched a commercial DSM outreach effort designed to target our rural small business customers in Washington and Idaho. The goal is to raise awareness of our DSM program and services that may assist these small businesses in managing and reducing their energy consumption in order to lower their energy-related costs. Customers are provided information on energy efficiency rebates, offered free energy assessments, provided with LED lamp replacements and billing assistance information. Our initial efforts have touched over 8,900 small businesses across 99 rural communities and have completed 36 unique projects saving over 320,000 kWh of electricity and over 2,000 therms of natural gas.



Electricity Conservation in kWh

Year	Idaho	Washington	Annual	Cumulative
2011	34,395,000	97,579,000	131,974,000	131,974,000
2012	20,431,000	60,371,000	80,802,000	212,776,000
2013	18,341,000	49,663,000	68,004,000	280,780,000
2014	15,744,000	56,593,000	72,337,000	353,117,000
2015	17,141,000	56,343,000	73,484,000	426,601,000
2016	50,765,000	71,572,000	122,337,000	548,938,000
2017	42,373,000	64,666,000	107,039,000	655,977,000
2018	29,805,000	46,442,000	76,247,000	732,224,000
2019	25,231,000	41,741,000	66,972,000	799,196,000
2020	16,710,969	24,186,000	40,896,969	840,092,969

Energy Saving Advice

[Visit us online to learn more about energy saving advice.](#)

Cumulative reductions in electricity consumption over the past 10 years is more than the annual electricity usage of 76,000 of our customer homes.

Natural Gas Conservation in Therms

Year	Idaho	Washington	Oregon	Annual	10 Year Cumulative
2011	281,000	905,000	312,274	1,498,274	1,498,274
2012	228,000	612,000	277,402	1,117,402	2,615,676
2013	19,000	581,000	217,177	817,177	3,432,853
2014	* 0	615,000	192,955	807,955	4,240,808
2015	* 0	920,000	210,738	1,130,738	5,371,546
2016	189,000	546,000	230,503	965,503	6,337,049
2017	306,000	1,046,000	347,324	1,699,324	8,036,373
2018	248,000	737,000	415,818	1,400,818	9,437,191
2019	217,000	504,000	391,204	1,112,204	10,549,395
2020	352,548	595,332	419,378	1,367,258	11,916,653

* Avista's Idaho natural gas DSM programs were suspended in 2013, 2014 and 2015 (2013 saw some activity due to prior commitments). Avista filed for and was approved to reinstate its Idaho Natural Gas DSM programs January 1, 2016.

Cumulative reductions in natural gas consumption over the past 10 years is more than the annual natural gas usage of 16,000 of our customer homes.



Smart Meters

Advanced Metering Infrastructure, otherwise known as smart meters, is a game changer for our customers in Washington. Smart meters open the door to two-way communication between Avista and our customers for operational efficiencies, improved customer usage information, and provides a platform for accommodating new and emerging technologies in the future.

Conventional meters do not have any communication capabilities, so we often rely on customers to report an outage to us. With smart meters, we can now detect the outage right away often before a customer even knows of the outage. In addition, smart meters can relay energy data directly to Avista, meaning no more on-site meter reads by Avista employees which reduces our meter reading costs.

Smart meters give our customers greater control over their energy bills by providing detailed information about their energy consumption. Customers may view their energy data across different intervals (monthly, daily and hourly) and obtain trending and comparison data. This enhanced information will arm our customers with a better understanding of their energy use in order to make informed decisions regarding how best to manage their energy consumption and reduce their own bills. Customers may also receive automatic alerts via email or text message regarding their energy usage when it exceeds their pre-determined threshold.

Smart meters are the foundation for new and emerging technologies associated with the smart grid and modernization of utility infrastructure.

With a smart grid, digital technologies may be applied to every aspect of the industry, from generation to transmission, distribution and the customer interface. This will help the grid sense what is happening to the energy flow, keep it in balance, and improve reliability, making the grid more resilient in the face of outages and other problems. The smart grid of the future will also contribute to a more sustainable community. With this technology, we'll be able to integrate more renewable generation onto our energy systems and reduce our region's carbon footprint. [Learn more about our smart meter program.](#)

We have deployed 436,700 smart meters (electric and natural gas) to 268,417 customer locations in Washington.

From these totals, 99.14% of customers received smart meters, while 0.86% of our eligible customers opted-out.

Electric Transportation

As concerns about a changing climate grow, the imperative to move away from fossil fuels in the transportation sector continues to gain momentum. The global transition to electric transportation is driven by climate policy mandates and operational cost saving opportunities across the economy over the long-term. Considerable investments in electric battery technologies and systems around the world continue to improve functionality and drive down electric vehicle and equipment costs, increasingly providing a viable option for residential and commercial customers to make the switch.

Whether moving people or goods, electric transportation powered by clean, affordable and renewable energy sources promises a better energy future for all. By mid-century, electric transportation loads could account for 20% or more of a utility's electrical load. This additional load must be managed and integrated within the electrical grid in an optimal way in order to avoid costly system upgrades.

Avista is laying the foundation to achieve an accelerated transition in a way that benefits all customers. [Our comprehensive Transportation Electrification \(TE\) Plan](#) aims to satisfy emerging customer needs, reduce transportation related greenhouse gas emissions and provide value beyond traditional energy services.

Building on what we learned from our initial EV pilot program carried out from 2016 through 2019, the TE Plan lays out a roadmap for transitioning to a better energy future aligned with our clean energy goals, where by 2045 the majority of transportation is powered by clean, reliable and affordable electricity.

This transition will save our customers in vehicle fuel and maintenance costs, while eliminating more than 80% of greenhouse gases in the transportation sector that currently account for the largest source of emissions in our region.

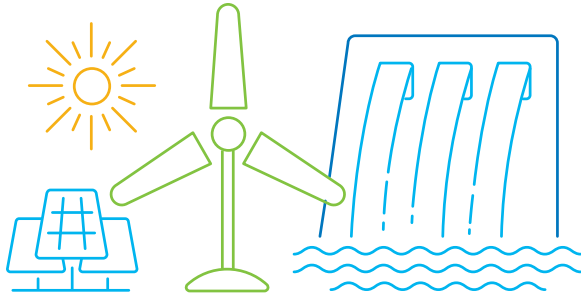
A number of programs and activities in the TE Plan are designed to achieve strategic objectives in a cost-effective manner including:

- **investments in public, commercial and residential charging infrastructure**
- **education and outreach throughout our communities**
- **support for low-income communities and customers**
- **commercial and public fleet electrification including medium and heavy-duty applications**
- **optimally integrating transportation loads with the grid to maximize benefits for all customers**

Recent regulatory approvals in Washington state have enabled commercial EV rates with time-of-use designs to encourage off-peak charging, accelerated fleet electrification and private investments in public DC fast charging sites. Locally, we have witnessed the growing electrification of public transit and city fleets, electric forklift adoption and strong customer interest in workplace and residential charging. By working together with our industry partners, community leaders, regulators, and customers, Avista is committed to bringing cost-effective solutions to electrical transportation, providing a model at both a regional and national level in order to realize the shared benefits of electric transportation over the next several decades. [Learn more about our TE Plan and the benefits of electric transportation online.](#)

Clean Energy Fund Grant

Avista's Transportation Electrification Plan received strong engagement and support by a number of local community leaders, public and private organizations and industry partners. These partnerships led to collaboration with the Spokane Regional Transportation Council (SRTC), Urbanova, the Spokane Transit Authority (STA), the Spokane Tribe, Spokane International Airport, and the cities of Spokane, Spokane Valley, Cheney, Liberty Lake, and Airway Heights, culminating in a successful application led by the SRTC for grant funding from Washington State's Clean Energy Fund. The grant award totaling \$2.5 million was the largest of all grant recipients and will help boost funding for regional charging infrastructure buildout in the 2021-2025 time frame. The grant is being matched by Avista funds for charging infrastructure and STA investments in battery-electric bus charging infrastructure and equipment.



My Clean Energy Program

Lower your carbon footprint by joining My Clean Energy :

- It's affordable — green your electricity for as little as \$.01 per kWh
- It's for everyone — whether you rent or own
- No contracts required — start or cancel at anytime

Customer options for a more sustainable future

- Generate your own renewable energy
- Purchase renewable energy
- Participate in community renewable options
- Compressed natural gas
- Electric Transportation



3.

Building value for our customers and communities through active involvement in organizations, causes and engagement with local stakeholders to grow jobs and improve the quality of life in our region.

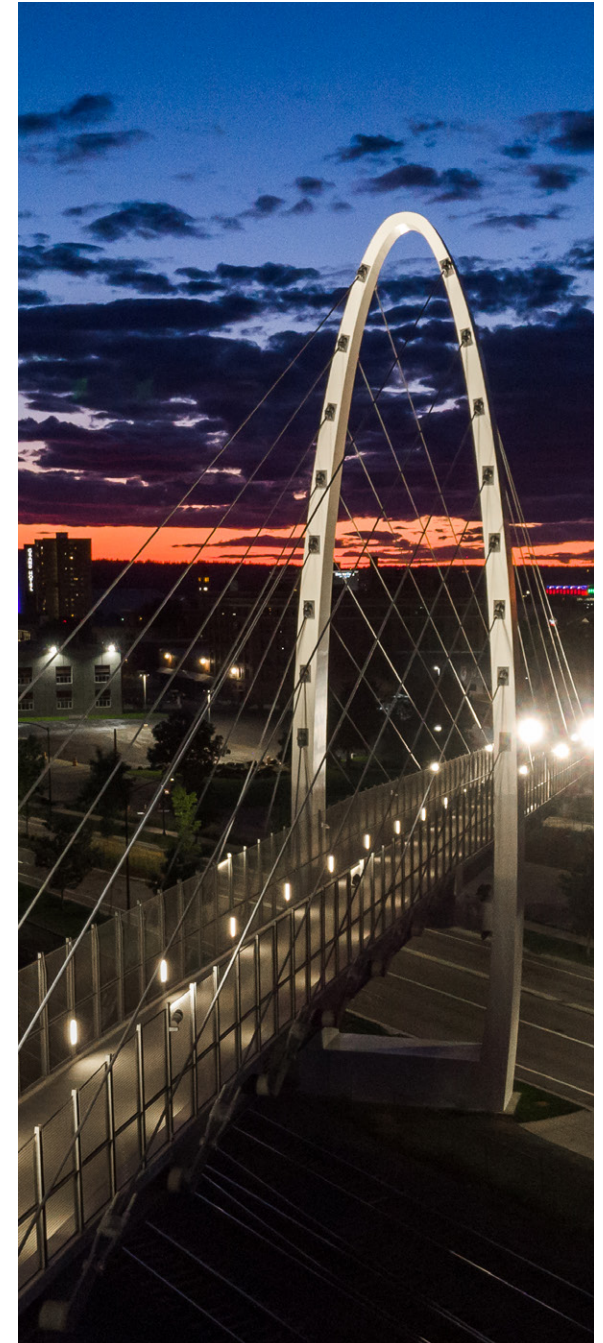
University District

Our purpose goes beyond providing the energy that powers the lives of our customers. We're here to improve the quality of life and to enhance the strength, health and economic vitality of the communities we serve and call home. For over 130 years, Avista has been an integral part of the growth and success of our local communities.

One way we are strengthening the Spokane area is through the continued transformation of the University District and the positive impact these collective efforts have on our local and regional economies. The University District is home to six higher education campuses, two medical schools, a research facility and more. The knowledge and innovation growing here is shaping the future of energy, driving economic development, and attracting students and businesses. We are proud to play a key role in the vibrant growth of the University District.

When Avista Chairman Scott Morris envisioned creating the five smartest blocks in the world, we provided an under-utilized piece of land, recruited the right partners and, through intentional growth and development, created space for innovation that will drive business and enhance the economic vitality of our region. The result is the Catalyst building and the adjacent Scott Morris Center for Energy Innovation, which together anchor the South Landing of the University District.

The five-story, 150,000 square foot Catalyst building aims to be one of the largest zero-carbon, zero-energy buildings in North America, as certified by the International Living Future Institute. It is built to become an innovation hub where industry and academia intersect to foster innovation and collaboration within dry labs, offices, classrooms and common study areas. The four-story, 40,000 square foot Scott Morris building houses a shared-energy plant that will provide centralized heating, cooling and electricity for multiple buildings in the South Landing development. This innovative shared energy model, called an Eco-District, could transform how the electrical grid operates in the future. [Learn more about our innovative developments here.](#)



Regional Efforts

Avista's Regional Business Managers (RBMs) are actively involved with local government, businesses and civic organizations across the Northwest and focus on improving quality of life, economic growth strategies, sustainability efforts and other local infrastructure and construction projects. RBMs also facilitate the identification of philanthropy and sponsorship opportunities that support education, economic and cultural vitality of the communities that we serve.

We are a founding investor of [Inland Northwest Partners \(INP\)](#), a non-profit organization that is focused on enhancing the long-term vitality of our service territory communities in Washington and Idaho. The INP facilitates knowledge sharing to build strong economic bases among member communities. Collectively, the INP represents a deep pool of economic development know-how and experience. Educational meetings, programs and seminars are the core offering. These forums provide a means to share ideas and experiences and form new partnerships. Topics include technology, financing community initiatives, forging regional partnerships, local business expansion & retention, job recruitment and much more.

We are also active in our Oregon service territory through our involvement with the [Southern Oregon Regional Economic Development Inc. \(SOREDI\)](#), a non-profit organization dedicated to increasing the long-term prosperity of Jackson and Josephine Counties which are home to most of our Oregon communities. Through engagement, education and outreach, SOREDI aims to improve the region's quality of life by deploying economic growth strategies and sustainability efforts to help local businesses prosper.

Avista's RBMs are leading a Rural Vitality Initiative to help local leaders gain fresh perspectives, new insights and challenge their current vision in order to explore fresh possibilities for their communities. Through workshops and assessments, a current understanding of each community is emerging and these leaders are developing strategic action plans. Our RBMs are continuing their work with these communities to assist in further developing and implementing these action plans. Participating small rural communities are eligible to apply for a Rural Vitality grant from the Avista Foundation to help fund specific implementation measures.

Competitive Business Intelligence

Avista recently partnered with INP to launch SizeUp Inland NW. This free online tool enables small and medium-sized businesses across our service territories to access market research and business intelligence that is industry-specific and hyperlocal. This information can help business owners make data-driven decisions as they recover from the impact of COVID-19, build resiliency and thrive. SizeUp Inland NW uses big data, cloud computing and computer algorithms to deliver custom analysis for local businesses. The data comes from hundreds of public and proprietary data sources and is updated regularly to provide the following types of data:

- Rank business performance compared to industry competitors
- Discover potential customers and suppliers
- Better understand the competitive landscape
- Optimize advertising to target ideal customer segments
- Find ways to save their business money

Avista has also launched SizeUp Southern Oregon to provide the same free competitive business intelligence for small and medium-sized businesses across Avista's six county service territory in southern Oregon.

SizeUp Inland NW



Meet Avista's RBMs

Find contact information and learn more about how our Regional Business Managers may help.

Supply Chain

We are committed to maximizing the value created through effective supply chain services to meet our operational needs and to provide value through efficiencies and cost savings that we can pass along to our customers. Our internal processes ensure a competitive contracting environment while at the same time developing strong partnerships with our suppliers.

We also focus on developing and maintaining supplier engagements among diverse organizations that self-identify as women-owned, diverse-ownership, small business, veteran-owned and disadvantaged. In addition to encouraging diversity among our suppliers, we also seek to engage with local and small businesses when their products and services meet our supply chain requirements. We believe that supplier diversity enhances our supply chain by bringing in different experiences and perspectives, which can result in increased innovation and competition.

Avista actively solicits diverse suppliers through several channels. For example, Avista's supply chain team attends the "Meet the Bigs" event sponsored by the Greater Spokane Inc. This event provides small and local businesses an opportunity to connect with larger businesses to discuss capabilities and business needs. Another example is engaging with regional American Indian Tribes that reside within our service territory to provide resources and educational materials, and to share information about current bidding opportunities.

In order to grow additional diversity into our supply chain beyond current enhancements geared to promote economic inclusion, we are strengthening relationships with external diversity organizations. These organizations, such as Procurement Technical Assistance Center — Spokane, an organization that supports diverse businesses, and AHANA, a Spokane based non-profit organization that supports and promotes multi-ethnic and multi-cultural businesses, will be a catalyst for identifying and recruiting new diverse suppliers.

Throughout 2022, we will be rolling out additional information and resources regarding our supply chain diversity efforts. [Learn more about how to do business with Avista and follow our new developments here.](#)

Local Impact

As one of the largest taxpayers in the region, paying over \$100 million in taxes annually, our economic impact supports family-wage jobs in rural, suburban and urban communities in our 30,000 square-mile service territory in eastern Washington, northern Idaho and parts of southern and eastern Oregon and Sanders County, Montana

Supply Chain Spend Breakdown 2020

Total Diversity Spend ¹	\$24.1M
% of Goods and Services Total Spend	5.2%
Total Small Business Spend	\$36.8M
% of Goods and Services Total Spend	8.0%
Total Local Community Spend	\$157.3M
% of Goods and Services Total Spend	34.3%
Total Supply Chain Managed Spend	\$459.1M

¹ Diversity spend includes Women, Minority, Disadvantaged or Veteran owned businesses.

4.

Providing meaningful philanthropic support to our communities without impacting customer rates, recognizing that these efforts help to strengthen our communities, broaden the reach of local organizations, and improve our local economies.

The Avista Foundation

Our vision for giving back means that we are investing in organizations and causes in ways that can be transformational and have long-lasting impact. Avista community investments are made through corporate and foundation donations and are never included in customer rates. Rather, we give back a portion of the profits that we are allowed to earn from our state utility commissions and reinvest in the communities we serve. We believe that bringing value to our customers, communities and attaining our business goals go hand-in-hand.

Since its founding in 2002, the Avista Foundation has created a legacy of investments for our local communities and continues to serve as the primary charitable vehicle our Company. The Avista Foundation focuses its giving on grants that strengthen communities and enhance the quality of lives of the people served by our company. Emphasis is in the areas of:

- **Education** — supporting K-12 education particularly in the fields of science, math and technology; and higher education including scholarships.
- **Vulnerable and limited income populations** — providing assistance to those on limited incomes and support for initiatives to reduce poverty.
- **Economic and cultural vitality** — supporting projects that help our communities and citizens to grow and prosper. Avista corporate donations focus primarily on energy assistance and economic vitality-related initiatives that benefit our customers and communities.

In 2019, our Company celebrated its 130th anniversary by committing a new investment of \$7 million into the Avista Foundation. This new investment is being targeted to assist our local communities to prevent homelessness, promote youth education, and support small communities. During 2020, the Avista Foundation provided grants totaling \$2.5 million for community vitality, education, health and human services, arts and culture, and youth organizations and programs throughout our service territories. [Learn more](#) about the Avista Foundation.

Avista Foundation Grants by Category

	2020	2019	2018	2017	2016
Health & Human Services	\$1,474,542	\$1,338,599	\$723,529	\$609,056	\$689,456
Youth	\$206,489	\$505,990	\$337,121	\$188,234	\$177,552
Arts & Culture	\$102,172	\$282,680	\$169,043	\$141,341	\$183,873
Education	\$603,655	\$335,204	\$318,224	\$719,598	\$485,320
Community Vitality	\$127,810	\$899,903	\$403,294	\$617,755	\$670,011
Environmental*	\$10,860	\$22,299	\$20,323	\$17,652	\$25,010
Total	\$2,525,528	\$3,384,675	\$1,971,534	\$2,293,636	\$2,231,222

*The majority of Avista's support for environmental stewardship comes through the millions spent each year in meeting the federal license requirements for our projects on the Clark Fork and Spokane rivers. Please see our Environmental Commitments section of this report for more information.

The Avista Foundation Anti-Hate Policy

The Avista Foundation shares the philanthropy industry's commitment to preventing the funding of organizations linked to hateful activities. As a best practice and in order to highlight transparency and consistency in our grantmaking decisions, our Anti-Hate Policy is designed to screen and confirm that organizations we fund are not engaged in hateful activities.

Anti-Hate Policy

The Avista Foundation does not support hateful activities. The Avista Foundation implements this policy through due diligence to ensure that hateful activities are identified and steps are taken to avoid any Avista Foundation support for them.

"Hateful activities" is defined to mean activities that incite or engage in violence, intimidation, harassment, threats, exploitation, or defamation targeting an individual or group based on their actual or perceived race, color, religion, national origin, ethnicity, immigration status, gender, gender identity, sexual orientation, age or disability. These activities are contrary to the Avista Foundation's mission and its charitable purpose. The Avista Foundation relies on data crosschecked from various sources to determine if a nonprofit falls into one of these categories.

Decisions regarding grant distributions, and the investment of assets, are made at the sole discretion of the Avista Foundation in furtherance of its charitable mission.

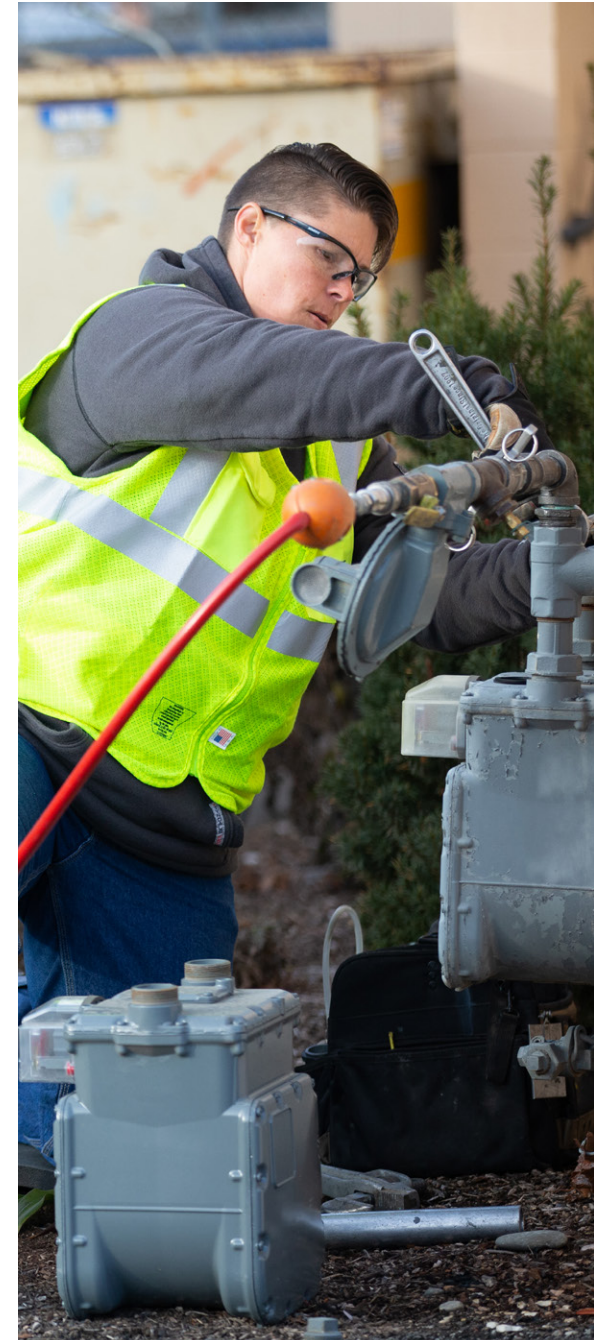
Avista Scholarships

Planning for our future is not limited to our utility infrastructure, but also entails growing and supporting our future workforce. As part of our focus and effort to support our communities and reach of local organizations, we partner with colleges and universities throughout our service territories to provide several different scholarship opportunities for students. Our aim for these scholarships is to promote excellence in the STEM fields of science, technology, engineering and math. Our hope is that students will become innovators, problem solvers and part of a diverse and talented class of new workers, ensuring a skilled and local workforce for our future.

Avista scholarships are offered at select colleges and universities across Washington, Oregon, and Idaho:

- Community Colleges of Spokane
- Eastern Oregon State College
- Eastern Washington University
- Gonzaga University
- Lewis and Clark State College
- Oregon Institute of Technology
- Southern Oregon State College
- University of Idaho
- Walla Walla Community College
- Washington State University

[Learn more](#) about Avista's scholarship opportunities.



5.

Supporting and encouraging our employees to help local charities and community organizations in the regions in which we operate.

Employee Giving

This is who we are — human empowering. This is not just our brand promise, but the consistent way that our employees interact, innovate, and lead meaningful change in our local communities. Wherever and whenever there is a major event, it's a given that Avista will be there. Our employees embrace the spirit and can-do attitudes of our customers and our communities and embrace the many opportunities to serve in volunteer capacities for personal growth, for camaraderie, for fun and to serve others. And often, our employees are leading local organizations that support and impact the towns they call home all throughout our service territories.

Our external interactions and volunteering efforts provide unique insights into our local community needs. This connectedness helps us to be good community partners. We also look to engage with various diverse communities across our service territories to learn about areas of mutual interest and to ensure that our community strategies are aligned. Together, we can better identify needs and work together to facilitate lasting solutions.

For over 130 years, we have been an active partner with our local communities with our spirit of service and putting the interests of our customer and our communities at the heart of our actions. Our employees are dedicated to the communities

they call home and participate in numerous local volunteer opportunities. During 2020, in spite of diminished volunteer opportunities due to COVID-19 related restrictions, our employees still managed to deliver over six thousand hours of volunteer service to more than 170 organizations, both large and small, across our service territory. Avista is truly grateful for these exceptional efforts by our employees, especially in facing the many obstacles and health concerns posed by the COVID-19 global pandemic.

Employee Gift Matching

Our employee gift matching program is an intentional and meaningful way for Avista to support and recognize the dedication and generosity of our employees who make personal donations to non-profit organizations in our local communities. Often, when our employees make donations, they have a personal connection to the non-profit organization, perhaps through regular volunteering or knowing someone who was positively impacted by the support or services being provided. Regardless of the reason, it is our

privilege to increase the impact of that personal donation to those non-profit organizations that are so valued by our employees through the matching gifts program of the Avista Foundation.

All eligible gifts up to \$200 each year receive a dollar-for-dollar match. Funding for this program is from the Avista Foundation and is not included in customer rates. We appreciate the opportunity to join with our employees to give generously to causes and local organizations that make meaningful impacts for our children, families, and communities. In 2020, employees generously gave \$25,155 to non-profit organizations that are important to them, their families, and their community. Due to the COVID-19 global pandemic, Avista decided to double its Company match in order to provide additional aid to those organizations who may also be struggling or unable to accept in-person volunteering. As a result of the Company's doubled match in 2020, a grand total of \$78,524 was distributed to local non-profits through the Avista Foundation's employee gift matching program.

Employee Gift Matching Metrics

	2020	2019	2018	2017	2016
Employee Gifts	\$25,155	\$24,312	\$30,150	\$24,443	\$29,464
Company Match	\$50,309*	\$24,312	\$30,150	\$24,443	\$29,464
Dollars for Doers	\$3,060	\$6,590	—	—	—
Total Program Gifts	\$78,524	\$55,214	\$60,300	\$48,886	\$58,928

*In 2020 the Company Match rate was doubled to provide additional aid to those who may be struggling with COVID-19-related impacts.

Employee Volunteering Metrics

	2020	2019	2018
Total Volunteer Hours	6,683	12,988	13,938
Number of Organizations Impacted	171	253	226

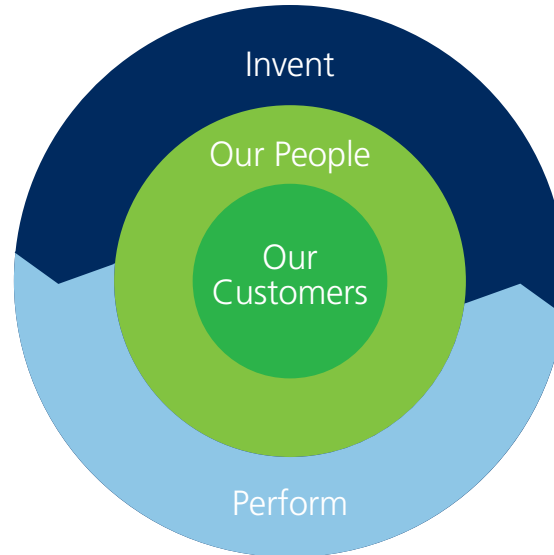
6.

Holding our customers' and communities' interests at the forefront of our decisions, operating our business with transparency, genuine care, and ease of conducting business — our customers can rely on us.

Customers at the Core

Our mission is to improve our customers' lives through innovative energy solutions. We do this safely, responsibly, and affordably, and we place those we serve at the center of everything we do. Quite simply, this is what we do, and why we do it. By placing our customers at the core of everything we do, we ultimately hold their interests at the forefront of our decisions. Avista's four strategic focus areas serve to guide and reinforce our commitments to our customers and communities.

Avista is committed to conducting our business ethically and being transparent about our actions to our stakeholders. We know that our work directly empowers our customers to live their lives to the fullest. As such, we carefully consider how our business intersects with our customers and communities especially on major issues such as climate change. We are committed to working together with our customers, communities and regulators to address the challenging issues of climate change, and aid in the transition to a lower carbon future in ways that make technological, environmental, economic and equitable sense for our customers and communities.



In recognition of these commitments, Avista has been recognized by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, as one of the World's Most Ethical Companies for the past two years. Our actions are mission-driven and values-based, with a commitment to achieving our organizational goals in ways that deliver value for our stakeholders. We're honored to receive this recognition, which demonstrates the leadership of our employees and Avista's commitment to an ethical corporate culture built on trust, collaboration and innovation. [Learn more](#) about Ethisphere and their World's Most Ethical Companies award.

Focus Areas

Where we put our resources and efforts

Our Customers:

We must hold our customers' interests at the forefront of all our decisions, operating our businesses by showing that we are transparent, genuinely care, and are easy to do business with.

Our People:

Our employees are essential: Through them we deliver value to our customers and the communities we serve.

Perform:

Our focus on performance today is critical to serving our customers well and unlocking pathways to growth.

Invent:

The activities that yielded yesterday's successes will not be sufficient to meet the challenges of tomorrow.



Customer Satisfaction

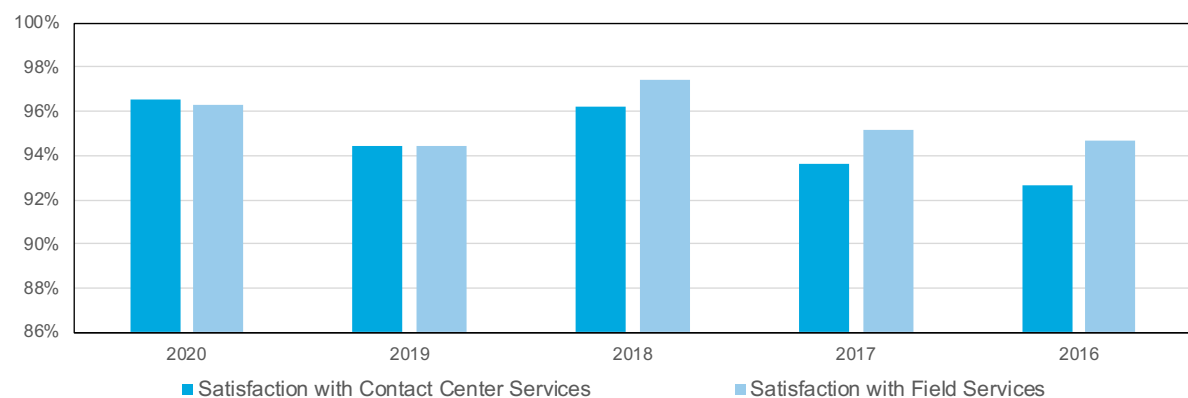
Customers are at the center of everything Avista does. As such, we hold ourselves accountable to meeting the expectations of our customers, and our own service expectations as well. In support of this commitment, we set clear customer satisfaction goals through our Service Quality Measures (SQM) program. The SQM program establishes customer service, operational response times and system reliability goals among others. These customer satisfaction goals are tracked with metrics and internal processes and controls designed to support and enable our employees to meet these ambitious goals. In some instances, if we miss our goals, we may incur financial penalties which are payable to our customers in the form of bill credits. On an annual basis, we send our Washington and Idaho customers a summary SQM Report Card detailing the results of our efforts and serves to highlight our ongoing commitments to customer satisfaction.

Avista also tracks a key customer satisfaction metric referred to as the Voice of the Customer (VOC). The VOC is a survey administered by a third-party vendor to measure the satisfaction of customers who interact with us. Customers are asked to rate customer service attributes, such as their hold wait times, courteous and knowledgeable and service resolution, and then to rate our performance in these same areas. We also analyze customer comments as they often shed light on different perspectives or new opportunities for enhancing our products and services. We are proud to report that for each of the past 21 years, our Voice of the Customer satisfaction ratings have exceeded 90%.

Washington 2020 Service Quality Measures

	Benchmark	2020 Performance	Achieved
Percent of customers satisfied with our Contact Center services, based on survey results	At least 90%	96.5%	✓
Percent of customers satisfied with field services, based on survey results	At least 90%	96.3%	✓
Number of complaints to the WUTC per 1,000 customers, per year	Less than 0.40	0.06	✓
Percent of calls answered live within 60 seconds by our Contact Center	At least 80%	83.4%	✓
Average time from customer call to arrival of field technicians in response to electric system emergencies, per year	No more than 80 minutes	46 minutes	✓
Average time from customer call to arrival of field technicians in response to natural gas system emergencies, per year	No more than 55 minutes	45 minutes	✓

Voice of the Customer (VOC) Results



Stakeholder Engagement

To understand the perspectives and needs of those who rely on us, Avista proactively engages with our stakeholders through a variety of communication methods, partnerships, committees and recurring meetings, research and surveys, employees who are directly responsible for stakeholder engagements and by monitoring emerging initiatives and regulatory proceedings. Our stakeholders include:

- residential, commercial and industrial customers,
- investors, financial analysts, credit rating and financial institutions,
- current and retired employees,
- residents of the communities we serve and those of neighboring cities and towns,
- regional American Indian Tribes,
- non-profit and low-income advocates,
- environmental groups,
- federal, state and local regulators,
- vendors and contracted employees,
- elected officials,
- media channels and
- other companies in the energy industry among others.

Public policy plays important role in shaping the economic environment of our local communities and our operations. As an energy company, we are affected by the decisions made by federal, state and local officials. In turn, these decisions also affect our customers, communities, employees and investors. We have both a Government Relations department and a Regulatory Affairs department who monitor and participate in the public policy and regulatory arenas for the benefit of our stakeholders.

At Avista, we strive to develop collaborative and respectful approaches to these issues so that we have a seat at the table and continue to best represent the interests of our stakeholders.

Avista's Regional Business Managers (RBMs) engage with local government, businesses and civic organizations across the Northwest and focus on improving quality of life, economic growth strategies, sustainability efforts and other local infrastructure and construction projects. RBMs also facilitate the identification of philanthropy and sponsorships opportunities that support education, economic and cultural vitality of the communities that we serve.

Over 25 years ago, the Company established an American Indian Relations department to enhance our partnerships with regional Tribes. As key stakeholders and business partners, we recognize the strategic importance of strong relationships with our regional Tribes. Together, we work to support operations on tribal lands, comply with tribal and federal regulations, pursue business opportunities with Tribes and partner on employment and educational opportunities.

We recognize that the transition to a cleaner energy future may benefit or inadvertently harm customers disproportionately depending on certain factors such as where they live, their primary language or level of income. In order to aid in the identification and understanding of these potential barriers and how best to implement programs equitably, Avista established an [Equity Advisory Group \(EAG\)](#) comprised of Company representatives, customers, community members, environmental justice advocates, community agencies and other interested external parties. The EAG meets regularly to plan for the equitable distribution of energy and non-energy benefits, reduction of burdens to vulnerable populations and highly impacted communities and seeks to remove barriers to public participation such as language, cultural or economic factors.

Avista's EAG is also used to ensure a consistent equity focus in other areas of the Company by coordinating with existing Company advisory groups who similarly incorporate an equity component to their objectives. Our Energy Efficiency Advisory Group and Energy Assistance Advisory Group are also comprised of internal and external representatives including customers, community members and agencies, regulators and other interested parties seeking to ensure that their programs and offerings are equitable and accessible to our low-income customers.

In addition, the Company's [Transportation Electrification Plan](#) details our engagement with local service organizations and community leaders to provide electric transportation to disadvantaged communities and low-income customers. An aspirational goal of up to 30% of overall electric transportation program funding will be targeted for community organizations serving the disadvantaged, through a collaborative process and competitive proposal selections. Avista will also provide additional electric vehicle charging installation assistance for community centers and public libraries, low-income rural towns, multi-unit dwellings, and residential customers receiving bill assistance.

Throughout our company, we encourage stakeholder engagement in our planning and implementation activities on a regular basis. We engage stakeholder in electric and natural gas construction projects, our Technical Advisory Committee (TAC) for long range Integrated Resource Planning (IRP) for electric and natural gas resources, energy efficiency programs, Account Executives engaging with our large commercial and industrial customers, partnership with local community agencies for bill assistance programs, vegetation management programs, emergency response exercises, and the requirements of our hydroelectric licenses, among others.

Lastly, our Corporate Communications department engages with our stakeholders through a variety of communication channels, including: issue-focused emails, social media channels such as Facebook, Twitter and Instagram listening posts, focus groups, surveys, community meetings, print and digital media, electronic and print newsletters, bill inserts, press releases and regular meetings with media editors and news staff.

Micro-Grid Project with the Spokane Tribe of Indians

Avista is partnering with the Spokane Tribe of Indians to develop a micro-grid resiliency project and have been awarded a Washington State Clean Energy Fund grant to support this joint effort. The project is focusing on solutions to help enhance grid reliability and resiliency and providing more affordable energy. Over the next two years, we will build upon the clean energy steps the Spokane Tribe has already taken and develop a suite of project designs that meet the objectives of the Spokane Tribe's energy roadmap and support Avista's goals. Throughout the process, Avista's Equity Advisory Group will gather input from Tribal members. What we learn will create a blueprint for options that Avista can apply to other communities we serve that face similar challenges. This micro-grid project is supporting Tribal goals for emergency preparedness, carbon footprint reduction and self-sufficient strategies to maintain operations during an outage or natural disaster.

Engaging with our Spokane and Clark Fork River Stakeholders

Avista engages with federal and state agencies, conservation organizations, and regional American Indian Tribes to bring a variety of perspectives and interests to the table in implementing federal and state mandated environmental measures associated with the operation of our hydroelectric dams on the Spokane and Clark Fork rivers. Representatives of federal and state agencies address issues such as water quality, endangered species and fish passage. Tribal representatives are ensuring the protection of the area's cultural and natural resources. Other stakeholders represent local non-profits, environmental and community groups and customers regarding recreational opportunities. Together, we work collaboratively to ensure that our stakeholders' interests are recognized and honored in the operations of our hydroelectric facilities.



Our Commitment to Ethical Governance



2021

Our Commitment to Ethical Governance

We maintain a strong foundation of corporate governance practices that promotes transparency, accountability, and engagement, and that ensures there is complete, transparent, and effective oversight of the affairs of our Company to protect and enhance shareholder value. Our efforts and commitments include:

1. Approaching all aspects of corporate governance ethically and with clear standards of appropriate corporate behavior.
2. Promoting effective oversight of the Company through a strong and independent Board.
3. Actively seeking to establish and enhance diversity among our Board of Directors.
4. Striving to improve the performance of the Board of Directors and executive leadership through effective performance assessments, appropriate and fair compensation practices, and ongoing investment in education and professional development.
5. Ensuring that shareholders have an appropriate voice with respect to matters impacting the company through outreach and engagement.
6. Maintaining transparency with respect to governance of the Company and the pursuit of its strategic goals.



1.

Approaching all aspects of corporate governance ethically and with clear standards of appropriate corporate behavior.

Ethical Conduct

Avista's commitment to Corporate Responsibility encompasses a broad approach to sustainability, stewardship and corporate citizenship in order to build long-term value for our stakeholders. For over 130 years, these same principles have guided us in what we do and are reflected in the Company's recognition for the past two years as one of the World's Most Ethical Companies by the [Ethisphere Institute](https://www.ethisphere.com), a global leader in defining and advancing the standards of ethical business practices, corporate character, integrity, transparency and corporate trust.



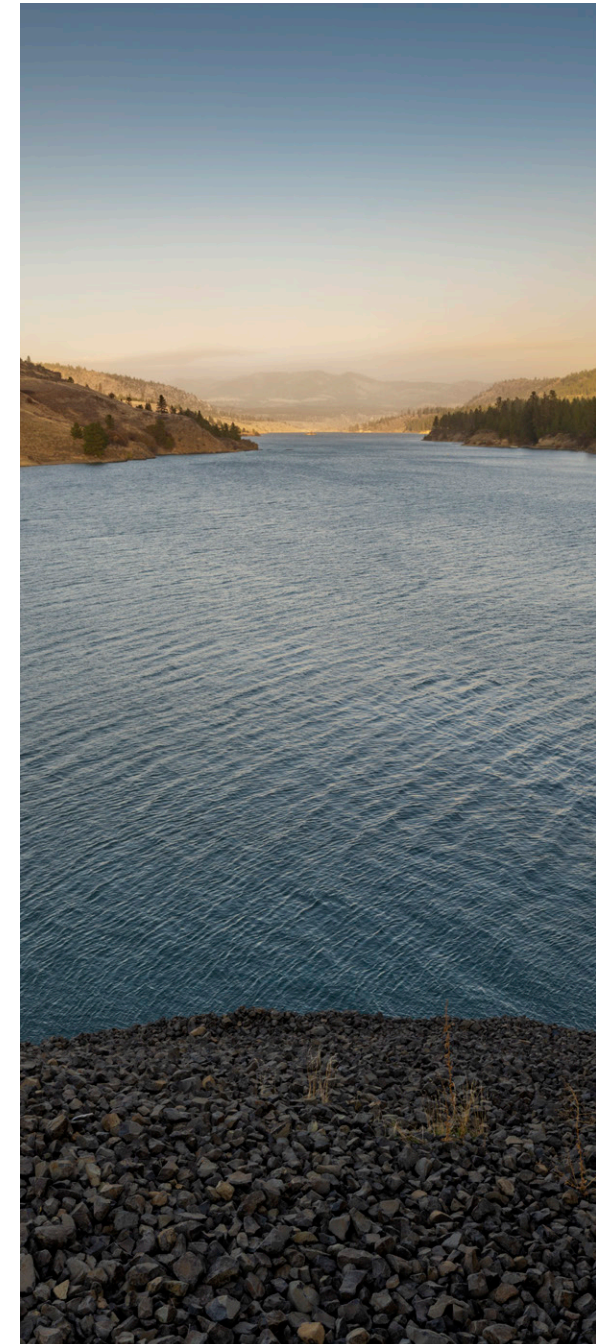
Governance Guidelines

Avista's Governance Guidelines are adopted by our Board to address matters including qualification of directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluation of director and committee performance.

The Governance Guidelines are reviewed annually and updated as necessary. The Governance Guidelines, along with the Bylaws, Board Committee Charters, and our Code of Conduct, provide the framework for the governance of the Company. Our [Governance Guidelines](#) and [Code of Conduct](#) are accessible on the Avista Corporation website.

Directors are each elected annually to hold office for a one-year term. The Governance and Corporate Responsibility Committee is responsible for reviewing, evaluating, and presenting recommended director nominations, and will likewise consider recommendations that are made by our shareholders. Of our eleven directors, currently nine of them are independent and our Chairman of the Board and Chief Executive Officer (CEO) are held by separate parties. Avista has also established the position of Lead Director, a Board elected position to be filled by an independent director for a three-year term.

All members of our Board and executive officers are required to achieve and maintain certain minimum investment levels of Avista common stock for the duration of their tenure. The objectives of our stock ownership guidelines are to strengthen the alignment of Board and executive officer financial interests with those of our shareholders, enhance long-term perspective and focus on shareholder value growth, reinforce "pay at risk" philosophy and provide an additional basis for sharing in Company success or failure as reflected in shareholder returns and to align Company practice with corporate governance best practices.





Board Policy Adherence

Our Insider Trading Policy expressly prohibits all directors and executive officers from engaging in short-sales, zero-cost collars, forward sales contracts, pledging, hedging or otherwise offsetting any decrease in the market value of their Avista shares. Similarly, our Board has adopted a [Related Party Transactions Policy](#) due to the heightened risk of certain transactions that may present potential conflicts of interest for our directors or executive officers. Our [Code of Conduct](#) also applies to our members of the Board and to all employees and our business partners, including; suppliers, contractors, consultants, agents or others working with or on behalf of Avista. We all have the same obligations and responsibilities to understand and follow Avista's Code of Conduct.

Number of Board meetings in 2021	Board Member Attendance
4	100%

Board members complete Code of Conduct training on an annual basis.

We employ a confidential hotline to provide an anonymous way to raise concerns of potential misconduct. Any party may use Avista's confidential hotline that is administered by a third-party vendor and is available 24 hours a day, every day. The Chair of our Audit Committee and members of our executive officer group and senior management are notified of raised concerns directly from the third-party vendor. The investigation results of these reported concerns are presented quarterly to the Audit Committee.

Shareholders and other interested parties may also send concerns about accounting, internal accounting controls or auditing matters to the Chair of our Audit Committee, via the Corporate Secretary's office, at the following address:

Avista Corporate Secretary

1411 East Mission Avenue
P.O. Box 3727 (MSC-10)
Spokane, WA 99220

Avista Hotline:

1-877-861-6690

Avista Alertline Website:

www.avistacorp.ethicspoint.com

2.

Promoting effective oversight of the Company through a strong and independent Board.

Board Independence

The Board has been, and continues to be, a strong proponent of director independence. It is the policy of the Board that a majority of the directors be independent from management and that the Board does not engage in transactions that would conflict with the best interests of the Company's business. The Company's corporate governance structures and practices provide for a strong, independent Board and include several independent oversight mechanisms:

- All members of the Board are independent with the exception of the Chairman of the Board and the President/Chief Executive Officer.
- All members of the Board committees are independent, except for Mr. Morris who chairs the Executive Committee and is a member of the Finance Committee, and Mr. Vermillion who is a member of the Executive Committee.
- Each Board Committee has a separate independent Chair, with the exception of the Executive Committee.
- All Board committees may seek legal, financial or other expert advice from sources independent from management.

In addition to the independent oversight mechanisms listed immediately above, the following items serve to underscore Avista's commitment to ensuring an appropriate balance of director independence:

- Nine of the Company's eleven directors are independent.
- The positions of Chairman and CEO are separated.
- The average tenure of our directors is 8.1 years and their average age is 59.5.
- The Board is committed to board refreshment. Our Board has added five new members in the past five years, four of whom are independent.
- The Company has an independent Lead Director, selected by the Board.
- Independent directors are required to achieve a minimum investment of five times the minimum equity portion of their retainer in Company common stock and are expected to retain at least that level of investment during their tenure on the Board.
- Directors and officers are prohibited from engaging in short sales, pledging, or hedging the economic interest in their Company shares.



Board composition metrics and figures reflective as of December 1, 2021.

Independent Lead Director

The independent Lead Director position was established by the Board. The Lead Director serves a three-year term. The Lead Director's duties include:

- Maintaining an active, positive and collaborative relationship with the Chairman and the CEO.
- Keeping an open line of communication that provides for dissemination of information to the Board and discussion before actions are finalized.
- Serving as primary liaison between independent directors, the Chairman and the CEO.
- Presiding at all meetings at which the Chairman is not present, including executive sessions of the independent directors held at each regularly scheduled Board meeting.
- Calling meetings of the independent directors when necessary and appropriate.
- Working with the Chairman to set meeting schedules and agendas for the Board meetings, including soliciting input from the other independent directors on items for the Board agendas, to ensure that appropriate agenda items are included and that there is adequate time for discussion of these items.

Percentage of Independent Directors

81.8%

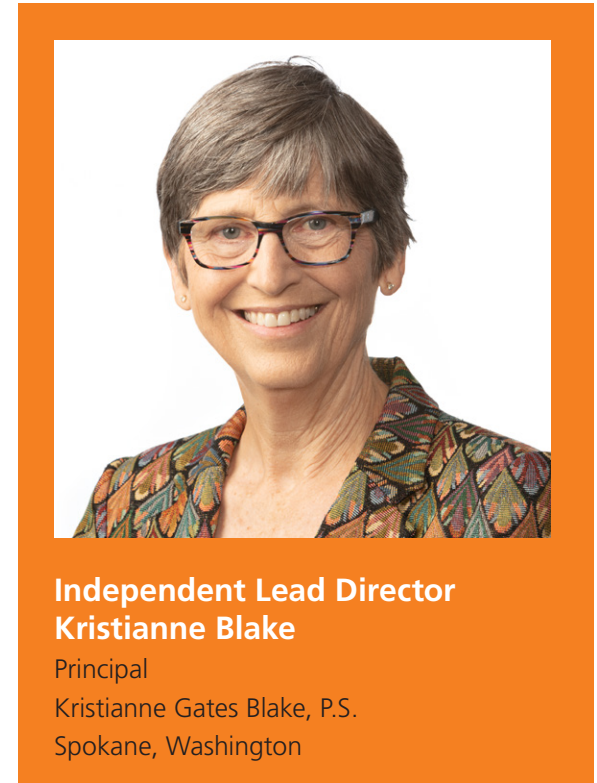
Avista's Lead Director is available for communications and consultation with major shareholders. The Company has a mechanism for shareholders to communicate with the Lead Director and independent directors as a group, or on an individual basis.

Our independent directors meet at each regularly scheduled Board meeting in an executive session without management present. The Lead Director chairs the executive sessions. The Lead Director establishes the agenda for each executive session, and also determines which, if any, other individuals, including members of management and independent advisors, should be available for each such meeting.

We believe that our corporate governance structure and practices provide for a strong, independent Board that promote transparency, accountability and engagement regarding the effective oversight of our Company's affairs in order to protect and enhance shareholder value.

The Positions of Chairman and CEO are Separated

Each Board Committee Led by Independent Chair (Except for Executive Committee)



Independent Lead Director Kristianne Blake

Principal

Kristianne Gates Blake, P.S.

Spokane, Washington

Director Refreshment

New Directors In Last 5 Years	5
Of These New Directors, Number of Independent Directors	4

3.

Actively seeking to establish and enhance diversity among our Board of Directors.

Board Diversity

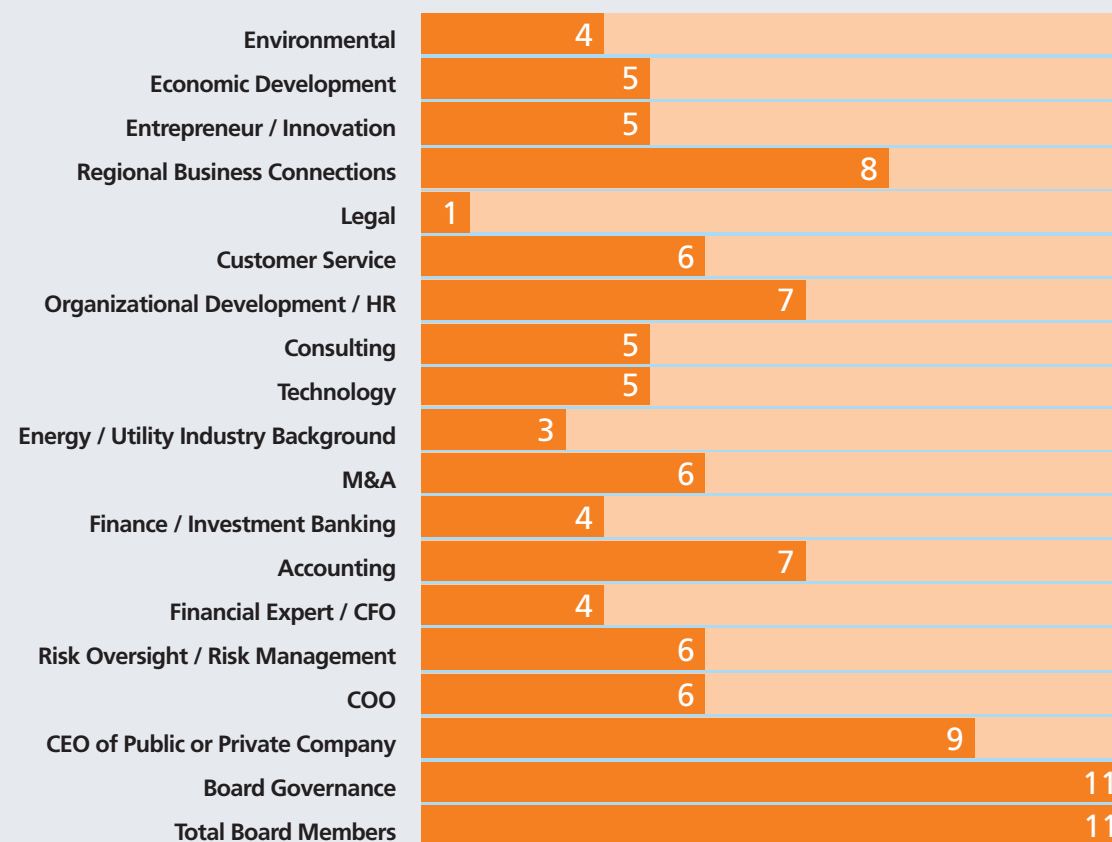
Beginning in 2020, we have adopted a new policy seeking to enhance the diversity of our Board. Avista and the Board are committed to actively seeking out highly qualified women and minority candidates for the Board and will endeavor to include such individuals in each Board candidate pool. This emphasis on diversity will strengthen our robust and effective director nomination and evaluation process.

Board Composition

The Governance and Corporate Responsibility Committee annually reviews with the Board the composition of the Board as a whole and recommends, if necessary, steps to be taken so that the Board reflects the appropriate balance of knowledge, experience, competencies and expertise, all in the context of an assessment of the needs of the Board and the Company at the time. In evaluating a director candidate, the Governance and Corporate Responsibility Committee considers the knowledge, experience, integrity, business acumen and judgment of that candidate; the potential contribution of that candidate to the diversity of backgrounds, as well as diversity in race, gender and culture, experience and competencies that the Board desires to have represented; willingness of that candidate to consider strategic proposals; and any other criteria established by the Board, as well as any core competencies or technical expertise necessary to staff the Board Committees.

Our director nominees bring a balance of relevant skills to the boardroom, as well as an effective mix of diversity and experience. The following graph sets out a summary of the director nominees' core competencies.

Summary of Board Core Competencies

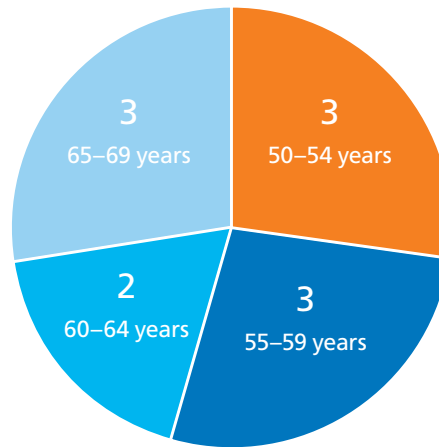


Board Refreshment

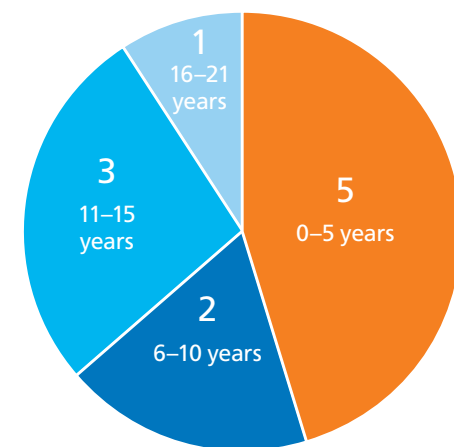
For longer-serving directors, the Governance and Corporate Responsibility Committee also considers the tenure of a director and whether the duration of service impairs such director's independence from management, as demonstrated by the director's relationship with management and the director's participation in Board and committee deliberations. Directors must be able to commit the requisite time for preparation and attendance at regularly scheduled Board and committee meetings, as well as be able to participate in other matters necessary to ensure that good corporate governance is practiced.

The Board believes that it must continue to refresh itself. During the last five years, the Board has added five new members, four of whom are independent, as a result of retirements and departures due to professional and personal commitments. The average tenure of the current directors is 8.1 years and the average age is 59.5. We have also implemented a Director Retirement Policy where directors may not stand for Board election after age 72. This policy applies to all current directors and the Board does not grant waivers or provide exceptions to this Director Retirement Policy.

Director Age Distribution

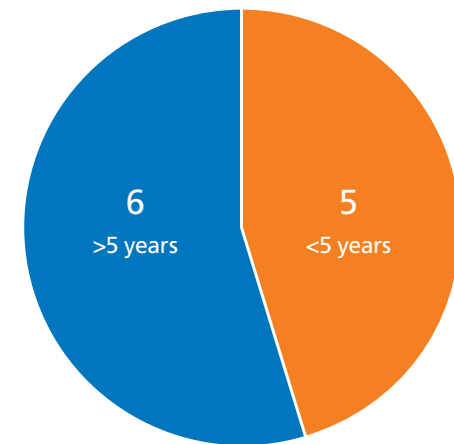


Director Tenure



Average Director Age	Committee Chair Average Tenure
59.5 Years	6.5 Years

New Directors in Last 5 Years



Director Diversity

Director Women	45.5%
Director Ethnic Minorities	18.2%



Avista has been named a Winning "W" Company by 2020 Women on Boards for achieving at least 20% women on its corporate board.

Board composition metrics and figures reflective as of December 1, 2021.

4.

Striving to improve the performance of the Board of Directors and executive leadership through effective performance assessments, appropriate and fair compensation practices, and ongoing investment in education and professional development.

Board Performance

We believe that performance management of our executive officers and our Board remains vitally important to evaluate our strategies, policies, structures and results in order to meet and exceed the ever-changing expectation of our stakeholders.

The Board conducts an annual assessment of its performance and effectiveness. The process is coordinated by the Board Chair and the Chair of the Governance and Corporate Responsibility Committee and is proctored through written assessments completed by each director. Areas of inquiry include, among other things, the following:

- Overall Board performance and areas of focus including strategic and business issues, challenges and opportunities;
- Succession planning;
- Board Committee structure and composition;
- Board culture;
- Board composition;
- Management performance, including quality of materials, provided to the directors; and
- Board meeting logistics.

The Board's committees also conduct annual assessments of their performance and effectiveness through written assessments completed by each committee member. Areas of inquiry include, among other things, the following:

- The sufficiency of their Charters;
- Whether committee members possess the right skills and experience or whether additional education or training is required;
- Whether there are sufficient meetings covering the right topics; and
- Whether meeting materials are effective.

A summary of all committee assessment results is provided to the Governance and Corporate Responsibility Committee and Board for review and discussion.

Annually, the Board Chair conducts an objective assessment of the quality of each Board member, taking into account such factors as attendance, participation, engagement with other Board members, and any other factors deemed appropriate. This process includes a discussion between the Board Chair and the Chairs of each Board Committee, as well as individual interviews of each director. The process provides an opportunity for the Board Chair to seek direct input on individual director performance, as well as practical input from each director on what the Board should continue doing, start doing and stop doing. The information gathered through the assessment process is incorporated into the Governance and Corporate Responsibility Committee's review and recommendation of Board members to stand for election each year.

Executive Performance

Avista executive officers receive annual performance reviews conducted by their direct manager, and the

Compensation Committee of the Board reviews each Named Executive Officer's (NEO) performance ratings. For each NEO, the Compensation Committee also reviews the results of the Company's 360-degree survey, which is a standardized performance survey conducted periodically on multiple leadership performance categories that includes feedback from peers within the Company, direct reports, and the NEO's direct manager.

At the beginning of each calendar year, the Compensation Committee asks our CEO to develop specific performance targets and goals for his role based on strategic goals set by the Board. The Compensation Committee reviews and approves our CEO's goals at its annual February meeting and presents those goals to the full Board for its information and review. The Compensation Committee quarterly reviews our CEO's performance relative to his targets and provides quarterly status updates to the full Board. At the end of the year, the Compensation Committee reviews our CEO's year-end results as part of its overall CEO annual performance review process.

Director Compensation

The Board regularly reviews director compensation to determine whether it is appropriate and competitive in light of market circumstances and prevailing best practices for corporate governance for the energy / utility industry. Through this review process, the Board targets overall director compensation to the median of the same peer group used to review executive compensation. The elements of director compensation reflect the Board's view that compensation to the independent directors should consist of an appropriate mix of cash and stock. The cash portion is paid quarterly, and the stock portion is paid annually. Employee directors are not compensated for their Board service.

Executive Compensation

The Compensation Committee approves and implements a compensation program that focuses executives on the achievement of specific annual, long-term, and strategic goals aligning executives' interests with those of shareholders by rewarding performance that maintains and improves shareholder value. The Compensation Committee believes that the overall compensation of our senior executives should be weighted toward variable performance-based compensation. A significant portion of compensation is linked with goals related to specific items of corporate performance that are likely to produce long-term shareholder and customer value.

Our executives are provided with an annual base salary to compensate them for services rendered during the year. The Compensation Committee reviews the base salary of all executive officers at least annually. The factors that influence the Compensation Committee's decisions in setting the annual base salary for our executives include market data job complexity, experience and breadth of knowledge in the utility and diversified energy industry. The Compensation Committee also considers each executive's responsibilities, which may include electric and natural gas utility operations, as well as subsidiary operations, and recognizes that the Company operates in several states, which requires quality relationships and interaction with multiple regulatory agencies.

Avista's executives are also provided with an annual cash incentive plan designed to align the interests of our executives with both shareholder and customer interests to achieve overall positive financial and operational performance for the Company. The cash incentive plan reflects these goals by having 55% of the total incentive opportunity tied to Consolidated Earnings Per Share, 40% tied to key components

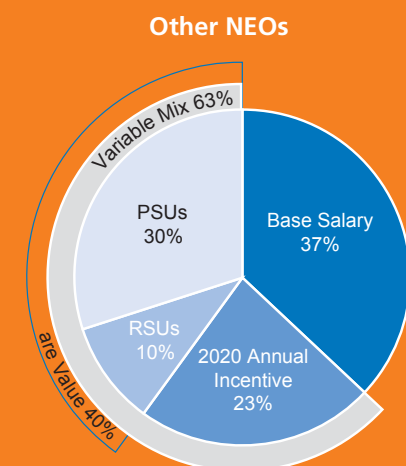
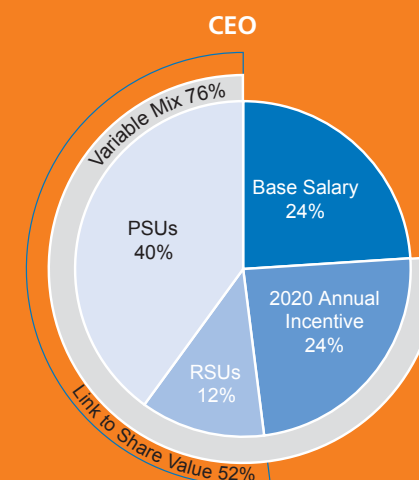
of utility operation and 5% tied to business development. Each metric is independent, which allows the cash incentive plan to pay a portion of the award upon the attainment of one goal even if the other goals are not met.

The cash incentive plan's performance metrics are based on factors that are essential for the long-term success of the Company, and, with the exception of the Consolidated Earnings Per Share and the metric tied to business development, are identical to performance metrics used in the Company's annual cash incentive plan for non-executive employees.

The Compensation Committee believes that having similar metrics for both the cash incentive plan and the non-executive plan encourages employees at all levels of the Company to focus on common objectives.

The Compensation Committee believes that equity-based compensation is the most effective way to create a long-term link between shareholder returns and the compensation provided to executives and other key management. This program encourages participants to focus on long-term Company performance and provides an opportunity for executive officers and designated key employees to maintain ownership in the Company through grants of Company stock that can be earned based on either service or performance, over a three-year cycle. Through the use of long-term performance awards and Restricted Stock Units, the Company can compensate executives for sustained increases in the Company's stock performance, as well as long term growth relative to its peer group for the relevant cycle.

The charts below show the portion of target compensation that is variable and therefore is "at risk" for our CEO and the average for our other NEOs. Variable compensation includes annual incentives, RSUs and performance shares. The charts also show the portion of target compensation for our CEO and the average target compensation for our other NEOs that is directly linked to share value, including RSUs and performance shares.



The Compensation Committee believes that the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. In establishing pay practices for the Company, the Compensation Committee's goal is to design a compensation structure that does not encourage inappropriate risk-taking by employees or executive officers. The following features of the compensation structure reflect this approach:

- Short and long-term incentive payments are capped;
- Annual cash incentive design balances key performance metrics that are focused on financial results and system sustainability over time;
- The total compensation program does not guarantee bonuses and has multiple financial and non-financial performance measures;
- The Compensation Committee reviews both short-term and long-term financial scenarios to ensure the plan design does not encourage executives to take excessive risks but also does not discourage appropriate risks;
- Stock ownership guidelines are in place to strengthen the alignment of the financial interests of executives with those of shareholders;
- Directors and officers are prohibited from engaging in short-sales, zero-cost collars, forward sales contracts, pledging, hedging or otherwise offsetting any decrease in the market value of their Company shares; and
- The Company maintains a formal recoupment (i.e., clawback) policy.

Recoupment Policy

Our Compensation Committee believes that if the Company is required to prepare an accounting restatement as a result of misconduct or a material error, incentive payouts based on the original results should be revised. Therefore, the Board has adopted a formal recoupment policy applicable to incentive compensation awards. The policy authorizes the Company to recover incentive payouts if those payouts are based on performance results that are subsequently revised or restated to levels that would have produced payouts lower than the original incentive plan payouts. If misconduct or material error results in a restatement of financial results, the Compensation Committee may recommend that the Board either require forfeiture of incentive awards or seek to recover appropriate portions of the executive officer's compensation for the relevant period, in addition to other disciplinary actions that might be appropriate based on the circumstances.

Director Education

Our Governance and Corporate Responsibility Committee and management are responsible for director orientation programs. Orientation programs are designed to familiarize new directors with the Company's business strategies and policies. The Governance and Corporate Responsibility Committee is also responsible for director continuing education. Continuing education programs for directors include a combination of internally developed materials and presentations and outside programs presented by third parties. Financial and administrative support is available to directors for attendance at academic or other independent programs.

Succession Planning

Succession plans for our CEO and other officers are an important part of the Company's long-term success, and the Company has in place a succession-planning process that reflects the Company's long-term business strategy. The Compensation Committee conducts an annual review of the succession plans for our CEO and other executives of the Company and receives quarterly updates on the plans. Our CEO and the Compensation Committee review those succession plans annually with the full Board. The succession plans reflect the Board's belief that the Company should regularly identify internal candidates for the CEO and other executive positions and that it should develop those candidates for consideration when a transition is planned or necessary. Accordingly, management has identified internal candidates in various phases of development and has implemented development plans to assure the candidates' readiness. Those development plans identify the candidates' strengths and developmental opportunities, and the Compensation Committee receives periodic updates and regularly reviews the candidates' progress.

The Board has adopted a Contingency CEO Succession Plan to outline the procedures for the temporary appointment of an interim CEO to avoid a vacancy in leadership that may occur because of an absence event due to death, illness, disability, or sudden departure of our CEO.

Ratio of CEO pay to the pay of our median employee for 2020

24 to 1

The following chart shows the Cash Incentive Plan performance goals for each performance metric, the weighting of each metric, and the 2020 actual results of each metric.

Metric	Weighting	Threshold	Target	Exceeds	Actual	2020 Results
Earnings Components						
Consolidated Earnings per Share*	55%	\$1.95	\$2.05	\$2.15	\$1.90	Not Met 0%
Payout can vary 0%–172% based on performance level.						
Business Development	5%	NA	>2 Milestones	NA	2 Milestones	Met 100%
Milestones include new business launches and business ideation processes. Payout is either 100% or 0% based on achievement of this objective.						
Utility Operations Components *Cost Per Customer	20%	\$409.51	\$407.18	\$398.67	\$415.55	Not Met 0%
The Operating and Maintenance (O&M) cost is directly related to maintaining reliable, cost-effective service levels. Payouts can vary 0%–150% based on performance level						
Customer Satisfaction Rating	8%	NA	90%	NA	94%	Met 100%
This rating is derived from a Voice of the Customer survey conducted each quarter by an independent agency. The survey is used to track satisfaction levels of customers that have had recent contact with our call center or service center. This is a hit-or-miss target and the payout is either 100% or 0% based on achievement of objective.						
Reliability Index	8%	NA	1.00	NA	1.18	Met 100%
This measure is derived from the combination of three indices that track average restoration time for sustained outages, average number of sustained outages per customer, and percent of customers experiencing more than three sustained outages during the year. This is a hit or miss target and the payout is either 100% or 0% based on achievement of objective.						
Response Time	4%	NA	<55	NA	38	Met 100%
This measures how quickly the Company responds to dispatched natural gas emergency calls. This is a hit-or-miss target and the payout is 100% or 0% based on the achievement of objective.						

* Payout levels are interpolated on a straight-line basis for results between the threshold performance level and the maximum level.

5.

Ensuring that shareholders have an appropriate voice with respect to matters impacting the company through outreach and engagement.

Shareholder Engagement

We believe that our shareholders are vitally important for the Company to be able to execute on our vision to empower our customers to live their lives to the fullest. As such, we need to regularly engage with our shareholders and ensure that they have an appropriate voice with respect to matters impacting Avista. As an example of this commitment, we proactively adopted Proxy access for director nominees. Avista will continue to focus on our shareholder engagement practices in order to strengthen healthy dialogue and understanding between our corporate governance, business operations and performance and the expectations of our shareholders.

Another example of how we engage with our shareholders include our most recent Say on Pay advisory resolution. Shareholders expressed substantial support for our executive compensation, with approximately 97.16% of the votes cast for the Say on Pay advisory resolution. We view this outcome as a signal of strong shareholder support for our executive compensation philosophy, policies and practices.

In addition to our smaller shareholder engagements and discussions occurring throughout the year, our Annual Meeting presents an opportunity to engage with all our shareholders. By having our

directors stand for election each year (in uncontested elections, directors must be elected by majority of the votes cast), by seeking ratification of our selected independent registered public accounting firm, and by soliciting the Say on Pay advisory resolution, the Board has the opportunity to receive feedback through the voting results of our shareholders, and any other business or engagements that may be raised during the course of the Annual Meeting.

Disclosure Practices

Avista's Corporate Responsibility initiative is yet another example of how our Company strives to ensure that our shareholders have an appropriate voice with respect to matters impacting the company. In response to shareholder engagements and fielded questions concerning environmental, social and governance (ESG) issues and expectations associated with Avista, we launched our Corporate Responsibility initiative intending to provide greater disclosure and transparency around these issues.

Furthermore, we sought to align additional ESG disclosures through widely adopted reporting frameworks that our shareholders supported, namely the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The Company also provides ESG disclosures in accordance with the Edison Electric Institute (EEI) and American Gas Association (AGA) joint reporting template, which includes quantitative generation portfolio and emission data, employee health and safety information, and details on the Company's use of water resources and handling of hazardous waste products. Access Avista's TCFD, SASB, EEI and AGA reporting frameworks on our [Corporate Responsibility](#) webpage.

As a publicly traded company, we also report on material issues impacting the company through a variety of disclosure mechanisms governed by the Securities and Exchange Commission, including our 10-K and Annual Report, quarterly 10-Q filings, and periodic 8-K filings. We also regularly issue press releases regarding issues of importance to our business. Shareholders and other interested parties may subscribe to receive email alerts of these disclosure mechanisms and the Company's press release through our email alerts form on the [Avista Corporation](#) website.



Board Contact Information

Shareholders and other interested parties may send correspondence to our Board or to any individual director including our Lead Director to our Corporate Secretary's office at 1411 East Mission Avenue, P.O. Box 3727 (MSC-10), Spokane, Washington 99220. Shareholders and other interested parties may also contact our Shareholder Services and Investor Relations group through our investor relations contact form on the [Avista Corporation](#) website or through these channels:

Avista Corp. Shareholder Services and Investor Relations

P.O. Box 3727, MSC-19
Spokane, WA 99220-3727
Phone: 509-495-4203

Analyst Contact

Stacey Wenz
Investor Relations Manager
Phone: 509-495-2046
Email: Stacey.Wenz@avistacorp.com

Media Relations

24/7 Media Line:
(509) 495-4174

Interactive Voice Recording (IVR)

1-800-222-4931

6.

Maintaining transparency with respect to governance of the Company and the pursuit of its strategic goals.

Avista's commitment to Corporate Responsibility encompasses our broader approach to sustainability, stewardship, and corporate citizenship in order to build long term value for our stakeholders. We believe that executing good corporate governance is an essential component of this broader approach. And when it comes to our corporate governance, we need to ensure that we clearly communicate, explain and provide transparency in our disclosures in order for our stakeholders to clearly understand Avista's strategic goals.

Board Oversight

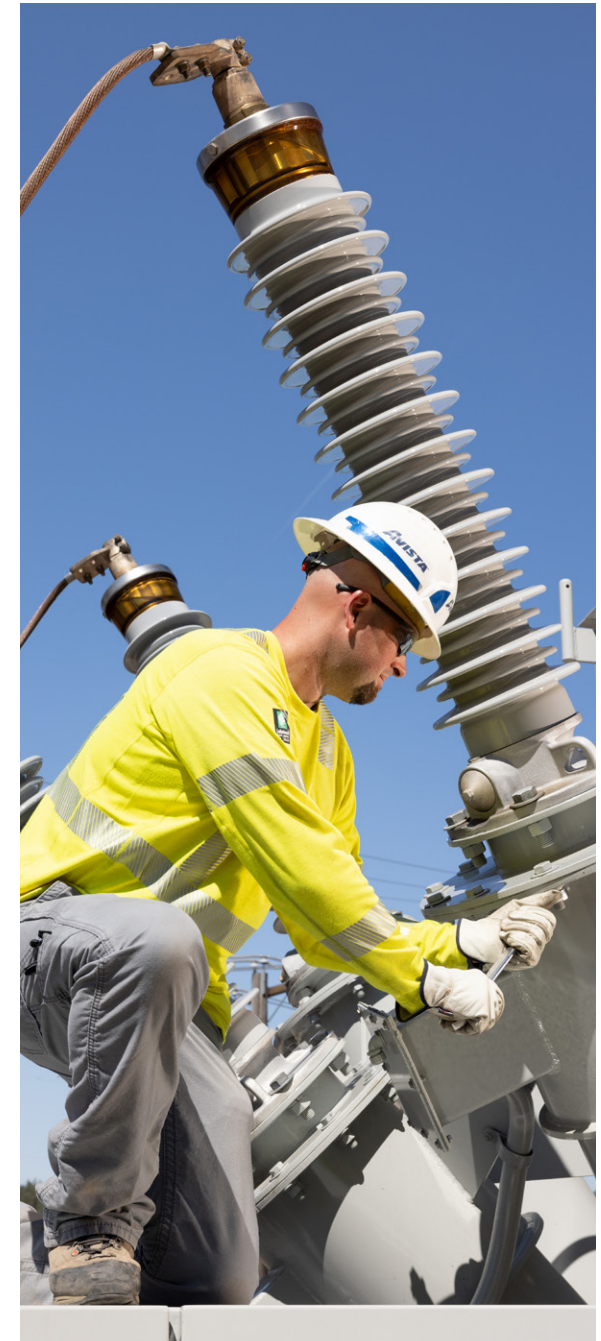
The business and the affairs of the Company are managed under the direction of our Board. As such, the Board gives the Company's executive officers strategic direction and oversees their operation of the Company's business and their conduct of its affairs, with a view to serving the best interests of the Company and its shareholders and other stakeholders.

The Board plays an active role in the identification of the major risks affecting the Company and the oversight of the Company's risk management in pursuit of our strategic goals. The Board's risk oversight process includes receiving reports from members of corporate management on areas of material risk to the Company, including financial, regulatory, energy commodity, operational, compliance, cyber and technology, wildfire resiliency, strategic and external mandate risks. The Board's oversight is conducted primarily through the committees of the Board as set out in their Charters. However, the full Board retains responsibility for the general oversight of risks.

Role of Management

While our Board is responsible for risk oversight, Avista's management team is responsible for the day-to-day management of risks including the appropriate Company officer reporting on risks to the appropriate Board committee or to the full Board. For example, quarterly, the Audit Committee reviews reports on the Company's risk analysis and enterprise risk management processes; and quarterly, the Environmental, Technology and Operations Committee reviews risks related to the Company's operations.

When a committee receives a report from management, the chair of that committee advises the full Board at its next meeting. This enables the Board and its committees to coordinate risk oversight, particularly with respect to the interrelationships among various risks. Our Annual Report on Form 10-K contains a detailed discussion of the material risks to the Company's business and the Company's efforts to manage them. The report can be found on the [Avista Corporation](#) website.



Risk Management

Avista's management team performs their risk management and mitigation related activities throughout the year. We have an enterprise risk management (ERM) process for managing risks throughout our organization facilitating the identification and measurement of various forms of risk that may affect the Company. Our risk management department facilitates the collection of risk information, providing senior management with a consolidated view of the Company's major risks and risk mitigation measures. Each area identifies risks and implements the related mitigation measures.

The ERM process supports management in identifying, assessing, quantifying, managing and mitigating the risks. Despite all risk mitigation measures, however, risks are not eliminated. Our primary identified categories of risk exposure are utility regulatory, operational, cyber and technology, strategic, external mandates, financial, energy commodity, and compliance. We consider the management of these risks an integral part of managing our core businesses and a key element of our approach to corporate governance.

Climate Change Impacts

Concerns about long-term global climate changes and implications could have a significant effect on our business. Our operations could be affected by changes in laws and regulations intended to mitigate the risk of, or alter, global climate changes, including restrictions on the operation of our power generation resources and obligations or limitations imposed on the sale of natural gas. Changing temperatures and precipitation, including snowpack conditions, may affect the availability and timing of stream flows, which may impact hydroelectric generation. Extreme weather events could increase

fire risks, service interruptions, outages and maintenance costs. Changing temperatures could also increase or decrease customer demand.

Our Perform Council is an interdisciplinary team of management and other employees of the Company which regularly meets to discuss, assess and manage potential risks associated with long-term global climate change. Among other things, the Perform Council:

- facilitates internal and external communications regarding climate change and related issues,
- analyzes policy effects, anticipates opportunities and evaluates strategies for the Company,
- develops recommendations on climate-related policy positions and action plans, and
- provides direction and oversight with respect to the Company's clean energy goals.

In addition to the Perform Council, issues concerning climate-related risk and the Company's clean energy goals are reviewed and regularly discussed by the Board of Directors. The Board's Environmental, Technology and Operations Committee regularly reviews and discusses environmental and climate related risks and advises the full Board on any critical or emerging risks and/or related policies. Likewise, the Audit Committee provides oversight of climate-related disclosures in the Company's financial statements.

While the identification of global climate change related risks and opportunities are present and embedded in the Company's ERM processes and Perform Council, a further analysis occurs through the Company's implementation of the Task Force on Climate-related Financial Disclosures (TCFD) framework. For additional information concerning these risks and opportunities, please access Avista's [TCFD framework disclosure](#).



- [Avista Corporation Financial Information](#)
- [Our Commitment to Corporate Responsibility](#)
- [Avista Corporation TCFD and SASB Disclosure](#)

Appendix



2021

Our Commitment to Human Rights

For more than 130 years, Avista Corporation has been committed to providing clean, safe and reliable energy to those we serve. Our work empowers our customers and communities to live their lives to the fullest. We work hard to do what's right for our stakeholders by putting those we serve at the center of everything we do. We remain committed to conducting business ethically, honestly and with mutual respect for the rights of all people.

Our commitment to preserve and respect the rights of all people are inclusive of those human rights principles articulated in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. Avista Corporation's Code of Conduct, Core Policies, other Company policies, business procedures and compliance with applicable laws and regulations underscore and demonstrate our commitment and respect for the rights of all people.

These commitments apply equally to all of Avista Corporation and its affiliates regardless of location or jurisdiction, including all employees, Company officers and members of our Board of Directors. In addition, our business partners — suppliers, contractors, consultants, agents and others working with or on behalf of Avista Corporation have the same obligation and responsibility to follow our commitment to human rights.

The Company's [Code of Conduct](#) and [Commitment to Corporate Responsibility](#) provide greater detail and examples of our commitment to human rights principles including, but not limited to, the following principles:

- Ensure a safe, secure, and healthy work environment so that every person at Avista makes it home safe to their families and loved ones each day.
- Cultivate a workplace of acceptance and mutual respect, valuing equity, inclusion, and diversity in all aspects of our operations.
- Uphold the rights of racial and ethnic diverse groups, women, and other protected groups' rights in the workplace.
- Provide a work environment that is free from discrimination, harassment, and retaliation.
- Respect freedom of association and right to collectively bargain as prescribed in the National Labor Relations Act and outlined in the UN's International Labour Organizations' ('ILO') conventions 87 and 98.
- Uphold a safe, secure, and productive work environment that is free from aggressive, threatening, or violent acts.
- Ensure equal opportunity to qualified individuals in employment decisions and practices.
- Provide and encourage employee assistance programs, medical and mental health benefits and ongoing health and wellness education.
- Ensure fair wages for workers in compliance with all local labor and compensation laws.
- Prohibit child labor, forced labor and all forms of human trafficking.
- Cultivate respectful engagement and collaboration with our stakeholders.
- Partner with local communities and non-profit agencies to promote economic development, philanthropic efforts and other support services.
- Provide formal grievance reporting mechanisms free from retaliation for concerns related to human rights or violations of law or Company policy.

Our Commitment to Human Rights

Our Business Partners

We require that our business partners — suppliers, contractors, consultants, agents and others working with or on behalf of Avista Corporation share our same commitment to conducting business ethically, honestly and with mutual respect for the rights of all people. Avista Corporation's [Contractor Code of Conduct](#) provides details of these requirements including their obligations to uphold human rights within their own operations.

Prohibited Conduct

Any type of behavior prohibited by our commitments to human rights, Company policies or rules and practices will not be tolerated. Anyone determined to have violated these commitments or other policies will be subject to disciplinary action, up to and including termination of employment. Non-employees or contractors engaged in any of these behaviors on Avista's premises will be removed from the property and reported to the proper authorities as deemed appropriate.

Avista will not tolerate retaliation against an employee who participated in a company investigation or reported harassment or discrimination. Retaliation may take on many forms including verbal abuse, threats, making derogatory comments, or spreading malicious gossip. Retaliation may also include firing, denial of a job, receiving negative performance feedback, or denial of some other employment benefit.

Questions & Contacts

If you have questions about these commitments to human rights or other Company policies, please contact your leader or a Human Resources Manager. If you have a concern or become aware of behavior that may not uphold our commitments to human rights or represent a violation of other Company policies, you must raise the issue promptly. If you are uncomfortable talking with your leader, you may raise your concern to a Human Resources Manager or an Ethics and Compliance Manager. As an alternative, you may use Avista's Confidential Message Hotline to leave an anonymous message.

Confidential Message Hotline

If you have additional questions or concerns, you may contact [Legal](#) or [Ethics & Compliance](#) or use Avista's Confidential Message Hotline. Employees are encouraged to use the hotline when uncomfortable working through the normal channels described above or as an anonymous way to raise concerns. The Confidential Message Hotline is available 24/7:

877-861-6690 or [avistacorp.ethicspoint.com](https://www.avistacorp.com/ethicspoint)

All complaints will be investigated to the extent possible, given the information provided.

Avista does not tolerate harassment, discrimination, or retaliation.

Our Commitment to Workplace Safety and Health



It is my most sincere wish that every person at Avista makes it home safe to their families and loved ones each day.

After all, aside from being employees, we are a mix of spouses, fathers, mothers, sons, daughters, brothers, sisters and friends.

There is nothing more important to me than making sure Avista supports a workplace culture where our people are supported and encouraged to place safety and health as their top priority at work and on their own time.

While other companies may value productivity over safety and health, that is not a practice we encourage at Avista. Cutting corners can lead to serious injuries, and that's the last thing we want to happen. We believe that every person at Avista is a vital part of our safety and health efforts, and we expect that each of you will continue to make sure safe work practices are a part of your everyday routine.

Whether that's using a spotter to back up a vehicle or taking extra time to commute to work, no employee will be punished or reprimanded for putting the safety and health of themselves or others first.

The strength of our safety practices at Avista depend on individual accountability, behavior, attitude and a willingness to speak up when a situation seems unsafe.

Our Incident Prevention Manual which details Avista's safety and health rules and practices is only useful if it is read and used to carry out work in a safe and responsible manner. If at any time you have a question about what's in the Incident Prevention Manual, you must speak up and bring your concerns and questions forward to a manager, a Safety Specialist, or any leader at Avista.

Just like every day brings forth a different challenge, every worksite, including an office environment, is different and requires careful inspection to identify potential hazards. By approaching the task at hand with a safety-first mindset, you're demonstrating the type of safety leadership and accountability we look for in all employees of Avista.

Thank you for your safety leadership and commitment to prioritizing safety above all else.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Vermillion". The signature is fluid and cursive, with a prominent initial "D".

Dennis Vermillion Avista President & CEO

Safety Intent Statement

As an Avista safety leader, I am committed and responsible for my safety and the safety of those around me. I am focused on the task at hand and recognize that no situation is routine. I am vigilant in maintaining my hazard awareness because something can always go wrong.

I am always learning and seeking safer ways to complete my work. I step in and speak up when I observe at-risk actions and welcome constructive feedback from others. I support others when they are doing it right.

All of my decisions focus on integrating safety into the work I do. I am well-trained and follow safe work practices in my job and in my life.

My family can rely on me to come home healthy and whole.

Our Commitment to Workplace Safety and Health

Authorization to Stop Work

The safety of our employees is a top priority and Avista continually communicates the importance of creating safe work habits. It is vital for every employee to take personal responsibility for creating a safer work environment and show a demonstrated commitment to safety every second of every day. Our families, friends, coworkers, and the public expect nothing less.

Please take the time to work safely. Be mindful of our safety principles — rushing, frustration, fatigue, and complacency can cause or contribute to — eyes not on task, mind not on task, in the line of fire, losing balance/traction/grip — which increase the risk of injury. Our commitment, which is shared among our leadership team, is to make safety a priority in all operations. This means that emphasis will be placed on activities that support employees' use of safety principles and rules; established for their protection.

Will you help contribute to a safer work environment? We need your commitment. As you set out to work each day, start out with a conscious intention of doing your work in a safe manner.

As a critical element of our priority on safety we have adopted the following "Authorization to Stop Work" which we will clearly post at all our work locations. All employees have the right to report to their supervisor, manager, Safety Department or Human Resources Department unsafe working situations without fear of reprisal. Please help foster a safety culture that achieves results through employee involvement. Your efforts are supported by the leadership at Avista who model and

Authorization to Stop Work

As an employee at Avista I have been given the authority, without fear of reprimand or retaliation, to immediately stop and remove myself from any work activity that presents a danger to me, my co-workers or the public.

It is my responsibility to get involved, question and rectify any situation that is identified as not being in compliance with safety policies and safe practices and to report any unsafe conditions or acts to supervision.

I have the responsibility to question and challenge any work activity that involves a violation of established safety policy.

encourage these safe behaviors and are accountable for their achievement.

Policy Purpose and Summary

It is the policy of Avista to perform work in the safest manner possible, consistent with good work practices. To fulfill the requirements of this policy, an organized and effective safety and health program must be carried out at each location where work is performed.

Responsibility for the safety program is delegated to line supervision in accordance with the chain-of-command. Safety Specialists are staff assistants to management and in no way relieve supervisors of their responsibility and accountability for the safe completion of the work.

The objective of the safety and health program is to proactively reduce consequences of errors which in turn reduces injuries. An incident often results in a loss due to project disruption and delay, and may involve additional losses due to personal injury, illness, equipment damage, property or material damage, company reputation, or a combination thereof.

Other than "force majeure", incidents are preventable and the result of causes related to unsafe and inefficient procedures or methods, unsafe physical conditions, unsafe equipment, unsafe personal acts and usually one or more of these factors in combination.

Since incidents usually result from the same deficiencies that adversely affect employees, quality, productivity, costs, and the public, the safety record is a reliable guide to the general effectiveness of our safety and health program. Furthermore, all supervisors have an obligation to employees and to the company, as well as a moral obligation, to provide the safest work environment possible.

The Incident Prevention Manual is written to ensure that Avista employees are aware of the safety and health rules and practices implemented within our organization and to ensure employee safety in all aspects of our work.

Our Commitment to Workplace Safety and Health

Scope and Applicability

We all must work together to proactively reduce error rates and reduce the consequences of errors. It is the responsibility of Avista to provide a safe and healthful workplace for our employees, subcontractors, vendors, and visitors.

The Incident Prevention Manual (IPM) shall apply to all organizations, facilities, and personnel within Avista, including all regular full-time, temporary, part-time, and student employees. In addition to the IPM, Avista and its employees are subject to various governmental agencies including federal, state, and local entities. The IPM is to be used in conjunction with all supplemental procedures and programs used in the conduct of work by all Avista employees.

Questions or interpretations of rules, procedures, standards, or regulations shall be directed to the Safety and Health Department, which has the overall responsibility for the Incident Prevention Manual.

The following programs are mentioned in the IPM but due to the length and/or complexity, they are stand-alone documents available through the Safety Department:

- **Fall Protection Program**
- **Confined Space Program**
- **Extended Hours Guidelines**
- **Industrial Hygiene Programs**
 - *Lead Exposure Control Program*
 - *Asbestos Exposure Control Program*
 - *Silica Exposure Control Program*
 - *Hazard Communication Program*
 - *Medical Surveillance Program*
 - *Hearing Conservation Program*
 - *Respiratory Protection Program*
 - *Hearing Loss Prevention Program*
- **Insulating, Isolating, & EPZ Grounding Methods**

Employee Responsibilities

Each employee is responsible and held accountable for complying with established safe work practices. Each employee has a right and is responsible for stopping any work that is considered unsafe. In each instance where a “Stop Work” is implemented, the chain-of-command as well as the safety department shall be notified immediately. Avista employees shall:

- Follow all safety rules.
- Report to work ready to perform assigned tasks by using established safe work practices with prescribed personal protective equipment (PPE).
- Comply with all safety instructions and manufacturer’s recommendations.
- Use the correct tool for each task. If knowledge or proficiency with the operation is questionable, ask before use.
- Be actively engaged in tailboard meetings and safety meetings (as required by job description).
- Report all unsafe actions and/or conditions immediately. Take appropriate action if something is observed that could cause immediate injury to a fellow worker.
- Report all incidents, close calls, and injuries immediately, regardless of severity.
- Complete Injury Accident Report Form for all injuries or incidents in which there is discomfort felt.

Our Commitment to Workplace Safety and Health

Prohibited Conduct

As a representative of Avista, all employees shall act in a professional manner and shall be courteous and considerate to the public and other employees.

Indulgence in horseplay, scuffling, and wrestling while on duty or when off duty on company property, or in company vehicles/equipment is forbidden. Employees must comply with Avista's Workplace Anti-Violence Core Policy.

The use of intoxicants or illegal drugs while on duty is strictly prohibited. Prescription drugs shall be evaluated by Avista 1st Care Clinic to determine if they may negatively affect an employee's ability to perform work safely. Employees must comply with Avista's Fitness for Duty — Alcohol and Control Substances Core Policy.

Violations of Policy

Any type of behavior prohibited by this policy, the Incident Prevention Manual or related Avista safety and health rules and practices will not be tolerated. Anyone determined to have violated this policy will be subject to disciplinary action, up to and including termination of employment. Non-employees or contractors engaged in any of these behaviors on Avista's premises will be removed from the property and reported to the proper authorities as deemed appropriate.

Avista will not tolerate retaliation against an employee who participated in a company investigation or reported harassment or discrimination. Retaliation may take on many forms including verbal abuse, threats, making derogatory comments, or spreading malicious gossip. Retaliation may also include firing, denial of a job, receiving negative performance feedback, or denial of some other employment benefit.

Questions and Contacts

If you have questions about this policy or other Company policies, please contact your leader or a Human Resources Manager.

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Forward-Looking Statement

This report contains forward-looking statements, including statements regarding our current expectations, plans or objectives for future operations and other factors, which may affect the company in the future. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond our control and many of which could have significant impact on our operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from those anticipated in our statements.

For a further discussion of these factors and other important factors please refer to our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission. Those reports are also available on our website at www.avistacorp.com. The forward-looking statements contained in this report are current as of December 1, 2021, and should not be relied upon as being current as of any subsequent date.

We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New risks, uncertainties and other factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on our business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.