

# Avangrid Networks, Inc.

## Audit and Compliance Committee Charter

November 15, 2023

### 1. Committee Purpose and Charter

The Audit and Compliance Committee (the “Committee”) of Avangrid Networks, Inc. (the “Company”) is a standing committee of the board of directors the Company (the “Board of Directors”) with powers of information, assessment and presentation of proposals to the Board of Directors within the scope of its functions described herein. The purpose of the Committee shall be to represent and assist the Board of Directors in its oversight of: (i) the integrity of the Company’s financial statements and internal controls; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the independence and qualifications of the Company’s principal independent registered public accounting firm (the “Independent Auditor”); and (iv) the performance of the internal audit of the Company (the “Internal Audit” and the division of the Company unit responsible for the Internal Audit, the “Internal Audit Division”).

This Charter sets forth the principles of action and the internal operating procedures for the Committee. Proposals to modify this Charter will be considered by the Committee at the request of the Chairperson of the Committee or a majority of the Committee members. Any such modifications recommended by the Committee will be reviewed and approved by the Board of Directors.

### 2. Membership of the Committee

The Committee shall consist of three directors, all of whom are appointed by the Board of Directors. Two members of the Committee shall be “independent” in accordance with the Company’s By-Laws. Each Committee member must be “financially literate” as used in New York Stock Exchange (“NYSE”) Rule 303A.07 (as such qualification is interpreted by the Board of Directors in its business judgment), particularly in the areas of accounting, auditing or risk management, to perform their responsibilities as members of the Committee, and each Committee member shall have the ability to read and understand the Company’s basic financial statements. At least one member of the Committee shall have “accounting or related financial management expertise” as used in NYSE Rule 303A.07, as determined by the Board of Directors in its business judgment. The Committee will have a Chairperson, who shall be an Independent Director, and a Secretary, each of whom will be appointed by the Board of Directors. Committee members shall not simultaneously serve on the audit committees of more than two other public companies without prior approval of the Board of Directors.

### 3. Authority and Responsibilities

The Committee will have the following authority and responsibilities:

- a) With respect to the Internal Audit Division:
  - i) Oversee the independence and efficiency of the Internal Audit Division, ensuring that it has sufficient resources and the professional qualifications necessary to carry out its functions optimally.
  - ii) Approve the guidelines and the annual action plans established by the Director of the Internal Audit Division, in accordance with the guidelines and general plans established by the Company and its subsidiaries (the “Avangrid Networks Group”).
  - iii) Propose the budget of the Internal Audit Division for approval by the Board of Directors.
  - iv) Propose to the Board of Directors the appointment, re-election or removal of the Director of the Internal Audit Division.

- v) Review and approve annually the performance goals and objectives applicable to the compensation of the Director, Internal Audit Division, and evaluate a least annually the Director of the Internal Audit Division's performance in light of those goals and objectives and related compensation.
  - vi) Oversee the Internal Audit Division, functionally at the direction of the Chairperson of the Committee and, more broadly, as directed by the Chairperson of the Board. The Director of the Internal Audit Division shall be the regular point of contact for communication with the Committee and the rest of the Company's organization without prejudice to the provisions of the following paragraph (b) and shall be responsible for preparing the information required at meetings, which the Director of the Internal Audit Division shall attend if the Committee deems appropriate, but in any case subject to the provisions of Section 11 below. The Director of the Internal Audit Division shall inform the Committee of any incidents, accounting, internal accounting controls, auditing matters, financial irregularities or illegal acts which may occur in the development of the annual activity plan, presenting them at the end of each year with an activity report.
  - vii) Receive regular information on the activities carried out by the Internal Audit Division.
  - viii) Ensure that management complies with the conclusions and recommendations contained in the reports of the Internal Audit Division. The Committee may gather information and request the collaboration of any member of management of the Company or its subsidiaries and will notify the Chairperson of the Board of Directors and the Chief Executive Officer of the Company, as applicable.
- b) With respect to the internal monitoring and risk management systems:
- i) Review with management, the Internal Auditor, and the Independent Auditor, the Avangrid Networks Group major risks and enterprise exposures and the steps management has taken to monitor or mitigate such exposures, including without limitation operational, legal, internal control, financial and economic risks, contingent liabilities and other off balance-sheet risks and emerging risks.
  - ii) The risk division of the Company (the "Company's Risk Division") will keep the appropriate information and coordination relationship with the existing audit and compliance committees, if any, of the boards of directors at the Company's subsidiaries to ensure that the Avangrid Networks Group's major financial risks are appropriately reported to the Committee.
  - iii) Report semi-annually to the Board of Directors on the Avangrid Networks Group's major risks and the steps management has taken to monitor and control such exposures.
- c) With respect to the Independent Auditor:
- i) Appoint and oversee the work done by the Independent Auditor.
  - ii) Select, retain, compensate, oversee and terminate, if necessary, any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
  - iii) Review and inform the Avangrid Networks Board of Directors regarding all audit, audit related and permitted non-audit services that may be provided by the Independent Auditor.
  - iv) Receive regular reports from the Independent Auditor on issues and developments in accounting or auditing legislation and in the auditing practices in force from time to time, establishing the necessary information channels between the Internal Auditor and the Avangrid Networks Group.
  - v) At least annually, obtain and review a written report from the Independent Auditor describing (1) the firm's internal quality control procedures, (2) any material issues raised by the most recent Public Company Accounting Oversight Board inspection, by an internal quality control review of the firm,

peer review, or by any inquiry or investigation by governmental or professional authorities within the past five years, concerning an independent audit or audits carried out by the firm, and any steps taken to deal with any such issues, (3) all relationships between the firm and the Company or any of its subsidiaries or affiliates; and (4) any relationships or services that may impact the objectivity and independence of the Independent Auditors, and discuss such report with the Independent Auditor.

- vi) Review and discuss with the Independent Auditor (1) all critical accounting policies and practices to be used in the audit; (2) all alternative treatments of financial information within generally accepted accounting principles in the United States (“GAAP”) that have been discussed with management of the Company, the ramifications of the use of alternative treatments and the treatment preferred by the Independent Auditor; and (3) other material written communications between the Independent Auditor and management, including, without limitation, any management letter or schedule of unadjusted differences.
- vii) To review with management and the Independent Auditor: (1) any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company’s selection or application of accounting principles; (2) any significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including the effects of alternative GAAP methods; and (3) the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company’s financial statements.
- viii) To review with management, the Internal Auditor, and the Independent Auditor the adequacy and effectiveness of the Company’s internal controls, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company’s internal controls and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees a with significant role in such internal controls, and review and discuss with management and the Independent Auditor disclosures relating to the Company’s internal controls.
- ix) Review and discuss with the Independent Auditor and management (1) any audit problems or difficulties, including difficulties encountered by the Independent Auditor during their audit work (such as restrictions on the scope of their activities or their access to information), (2) any significant disagreements with management, and (3) management’s response to these problems, difficulties, or disagreements.
- x) Review and resolve disputes between management and the Independent Auditor.
- xi) Review and discuss with the Independent Auditor all matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standards No. 16, Communications with Audit Committees.
- xii) Review with the Independent Auditor: (1) the scope and results of the audit; (2) any problems or difficulties that the Independent Auditor encountered in the course of the audit work, and management’s response; and (3) any questions, comments or suggestions the Independent Auditor may have relating to the internal controls and accounting practices and procedures of the Company.

Review the Independent Auditor’s work throughout the year, including obtaining the opinions of management and the Internal Audit Division, and, at least annually, evaluate the qualifications, performance, and independence of the Independent Auditor.

- xiii) Issue, on an annual basis and prior to the issuance of the Independent Auditor’s report, a report setting forth an opinion on the independence of the Independent Auditor. This report shall, in all cases, address the provision of the additional services referred to in subsection 2(c)(iii) above.

- xiv) Serve as a communication channel between the Board of Directors and the Independent Auditor, from whom the Committee will receive regular information on the auditing plan and the results of its execution.
- d) With respect to the process for the preparation of the Company's financial information:
- i) Review and discuss with management and the Independent Auditor the annual financial statements (including the related notes) of the Company, the form of audit opinion to be issued by the Independent Auditor on the financial statements, and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
  - ii) Review and discuss with management and the Independent Auditor the periodic economic and financial information of the Company,
  - iii) Obtain and review certifications from management on the Company's periodic financial reports as to compliance on the content and the preparation of such financial reports with laws, regulations, and any other applicable rules.
  - iv) Oversee compliance with the legal requirements and the correct application of the accounting and financial information principles and practices that may be applicable to the annual accounts of the Company.
  - v) The Committee shall report to the Board of Directors on the semi-annual and quarterly economic and financial information.
- e) With respect to compliance with legal requirements, good governance requirements, and the prevention and correction of illegal or fraudulent conduct:
- i) Receive information from Avangrid's compliance unit (the "Compliance Unit") in connection with any matter relating to regulatory compliance and the prevention and correction of illegal or fraudulent conduct.
  - ii) Review, through the Compliance Unit, the internal policies and procedures of the Company and the operation of the Ethics and Compliance Helpline (as defined in the Company's Code of Business Conduct and Ethics) to verify the effectiveness thereof to prevent inappropriate conduct, and identify any modifications to such policies or procedures or new policies or procedures that, if adopted or implemented would be more effective at promoting the highest ethical standards for submission to the Board of Directors. In particular, report to the Board of Directors any proposals to modify the Regulations of the Compliance Unit.
  - iii) Review and ratify the annual operating budget of the Compliance Unit for submission to the Board of Directors, and ensure that the Compliance Unit has the necessary human and material resources to perform its duties, also ensuring its independence and effectiveness.
  - iv) Approve the annual activities plan of the Compliance Unit.
  - v) Propose to the Board of Directors the appointment, re-election or removal of the Chief Compliance Officer.
  - vi) To review, approve, and evaluate at least annually the Chief Compliance Officer's performance and related compensation.
  - vii) Establish procedures for (1) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (2) the confidential, anonymous submission by employees of the Company of concerns regarding

questionable accounting or auditing matters, and review any complaints or concerns received pursuant to such procedures.

- viii) Receive the report on ethics compliance submitted to the Committee by the Chief Compliance Officer to provide an update on the compliance programs established and maintained by Avangrid Networks, compliance-related training programs and corporate governance actions, the crime prevention program, ethics and compliance communications made to employees of the Avangrid Networks Group, and similar practices.

- f) With respect to cases of irregular and improper financial conduct:

- i) Establish and supervise the channels that permit the employees of the Company to communicate appropriately, confidentially and anonymously any irregularities, especially those of a financial and accounting nature, which they may have witnessed at the Company, taking into account in each case, applicable regulations regarding the protection of personal information and the fundamental rights of the parties involved.
- ii) Undertake the necessary investigations in connection with claims by third parties against the Company or in connection with irregular or illegal conduct, in accordance with the provisions of the preceding paragraph.

- g) With respect to special purpose vehicles and tax haven companies:

Review and report to the Board of Directors on the proposed creation or acquisition by the Company or its subsidiaries of holdings in special purpose vehicles or entities in any jurisdiction or territory considered a tax haven, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the group of companies controlled by Avangrid, Inc. (the "Avangrid Group").

- h) Business Separation of Activities Compliance:

- i) Give its opinion on the report on separation of activities submitted to the Committee by the Compliance Unit to provide an update on compliance with the separation of activities focusing on the effectiveness of the practices, procedures, and systems adopted in accordance with applicable regulatory requirements of the Avangrid Networks Group.
- ii) Oversee any regulated business separation of activities report of the Avangrid Networks Group.
- iii) Inform the Board of Directors in advance of any changes to the business separation of activities regulatory requirements applicable to the Avangrid Networks Group.
- iv) Consider the suitability of and advise the Board of Directors in advance about all proposed appointments and removals of directors at all regulated business subsidiaries of the Company in order to protect the effective management independence of the regulated companies.

- i) Physical and cyber security:

- i) Oversee, discuss with management, and regularly receive information from Avangrid Networks' corporate security, physical and cyber security matters, incident response management, and initiatives for continuous improvement.
- ii) Review risks related to physical security, information security, cyber security, and technology, as well as the steps taken by management to mitigate such risks.

- j) The Committee will also assume any other functions that, as the case may be, the Company's bylaws or the Board of Directors assign or delegate to it.

#### **4. Information to the Board of Directors**

The Chairperson of the Committee will inform the Board of Directors of the activities of the Committee and any action taken during any meeting of the Committee at the first meeting of the Board of Directors after the applicable meeting of the Committee. The Committee will inform the Board of Directors regularly of its decisions, recommendations and significant developments in the course of performing the above functions. In furtherance of the foregoing, the Committee will submit any recommendation or resolution that is subject to approval of the Board of Directors within a reasonable time prior to the contemplated meeting of the Board of Directors.

#### **5. Performance Evaluation and Annual Report**

The Committee shall conduct an annual evaluation of the performance of its duties under this charter. The Committee will submit to the Board of Directors for its approval an annual report of its activities, an evaluation of the adequacy of the Committee's charter and the results of its performance evaluation, in each case for the previous year, within the three months after the end of each year.

#### **6. Outside Advisors**

The Committee may access such documents, accounting or non-accounting records, contract or other information of any nature as it may deem necessary to perform its duties. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside consultants, legal counsel, and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside consultants, legal counsel, and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its outside consultants, legal counsel, and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its outside consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter. Such advisors shall submit their reports, if any, directly to the Chairperson of the Committee.

#### **7. Relationship with the Audit and Compliance Committees of Other Companies in the Avangrid Group**

For the proper discharge of the duties assigned to the Committee in this Charter, and within the scope of action of the Committee, the coordination of relations between and among the Committee and the audit committees that exist within the Avangrid Group, shall be channeled through the chairs of the respective audit and compliance committees, according to the framework established by the audit and compliance committee of Avangrid, Inc. The scope of this Charter must be in line with the contents of the charter of the audit committee of Avangrid Inc., without prejudice to any amendments that may be required taking into account the circumstances of each company. The audit and compliance committees shall ensure the independence and effectiveness of their respective internal audit areas.

For the performance of the duties assigned to the Committee in this Charter in connection with the Internal Audit, the Director of the Internal Audit Division of the Company shall ensure the appropriate framework for coordinating relationships and information with the internal audit areas existing at other companies within the Avangrid Group.

#### **8. Term and Removal**

The directors appointed to the Committee will continue to serve on the Committee for as long as their appointment as directors of the Company continues in force, unless the Board of Directors determines otherwise. The directors which comprise the Committee and that are re-elected as directors of the Company by decision of the shareholders, will continue to carry out their positions on this Committee, without the need for re-election, unless the Board of



Directors determines otherwise. The members of the Committee will cease in their positions when they cease serving or are removed as directors of the Company or by resolution of the Board of Directors.

## 9. Committee Meetings

The Committee will meet as many times as necessary, in the sole discretion of the Chairperson of the Committee, to comply with their undertakings, which shall be at a minimum at least four (4) times per year. In addition, the Committee shall meet at the request of two (2) of its members or the Chairperson of the Board of Directors. The Chairperson of the Committee, or the Secretary of the Committee at the request of the former, will provide notice to the Committee's members of the meetings by means of email or any other reasonable means, addressed to each of its members, indicating the place, date and time of the meeting, as well as the agenda. The notice must be provided at least 48 hours in advance, unless there is a need for an urgent meeting. The notice requirement for the meetings of the Committee will be deemed waived when, all the members of the Committee being present, the Committee unanimously accepts holding the meeting and the points on the agenda.

## 10. Quorum and Adoption of Resolutions

At least two (2) Committee members shall be required for and shall constitute a quorum for the transaction of business by the Committee. Committee meetings will be presided over by the Chairperson of the Committee, and if the Secretary of the Committee is not present, the Chairperson of the Committee shall appoint another Committee member to act as Secretary of the Committee for purposes of the meeting.

All resolutions by the Committee shall be adopted by a majority of votes of the members present at the meeting. The Secretary of the Committee will draft the minutes of each of the meetings held, which will be approved by the Committee. Any action required or permitted to be taken by the Committee may be taken without holding a meeting if all members of the Committee consent in writing or by electronic submission to the adoption of a resolution authorizing such action. All resolutions so adopted by the members of the Committee, and the written consents thereof, shall be recorded with the minutes of the proceedings of the Committee.

## 11. Meeting Attendance

The Chairperson of the Committee may request, through the Chairperson of the Board of Directors, the attendance of any member of the Board of Directors at the meetings of the Committee. The Chairperson of the Committee may also request, through the Secretary of the Board of Directors, the attendance of any officer, manager, or employee of the Company as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto.

Persons who are not either members of the Committee or the Board of Directors may not attend meetings when the matters to be covered are outside of the scope of the powers or duties of such persons, unless otherwise requested by the Chairperson of the Committee. The Committee may invite such members of management to its meeting as it deems appropriate. However, the Committee shall, at such times as it deems appropriate, meet separately with each of management, the Internal Auditor, and the Independent Auditor to discuss any matters that the Committee or any of such persons or firms believe should be discussed privately.

## 12. Interpretation and Integration

Any questions regarding the interpretation of this Charter will be resolved by a majority vote of the members of the Committee at a meeting or, in absence of a majority, by the Chairperson of the Committee. The Board of Directors must be notified of the interpretation and resolution of any such questions that may arise. In the absence of any

specific regulations, the provisions of the Company's Bylaws relating to the operation of the Board of Directors, provided they are not incompatible with its nature and function, will be applicable to the Committee.

### **13. Delegation**

To the extent permitted by law, the Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.