

Compliance System Transparency Report

2023



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01.

Introduction



1. Introduction

Avangrid (the “Company”), a leader in clean energy innovation and reliability, strives to build a more accessible clean energy model that promotes healthier, more sustainable communities every day. To fulfill its purpose, Avangrid not only follows applicable laws and regulations; it holds itself to the highest ethical standards when working with customers, shareholders, regulators, co-workers, and other stakeholders. The Company’s proactive stance toward ethics and compliance is critical to supporting and enabling its ESG+F based strategy – focused on respecting the environment, contributions to society, prudent and ethical governance principles, and strong financial performance.

Avangrid’s Board of Directors (the “Board”) oversees the management of Avangrid and its businesses with a view to enhancing the long-term value of Avangrid for its shareholders. The Company’s Articles of Incorporation, By-Laws, Corporate Governance Guidelines, Code of Business Conduct and Ethics, and other policies pertaining to corporate governance and regulatory compliance, risk, sustainable development, and social responsibility (collectively, the “Governance and Sustainability System”) form the governance framework of Avangrid and its subsidiaries. The Governance and Sustainability System is based on a commitment to ethical principles, transparency, and leadership in the application of best practices for good governance, and is designed to be a working structure for principled actions, effective decision-making, and appropriate monitoring of both compliance and performance.

The Company’s Code of Business Conduct and Ethics (the “Code”) is a guide for the actions of directors and employees at all levels of Avangrid and is the basis for the Company’s Supplier Code of Business Conduct. The Code articulates the principles that apply at Avangrid to ensure ethical conduct and is designed to protect both Avangrid and its employees. Avangrid’s Corporate Compliance and Ethics Program (the “Compliance Program” or the “Program”) serves as a mechanism for establishing a culture of strong ethical standards and compliance with the Code and applicable laws and regulations. The Program is administered by the Company’s Compliance Division, which is overseen by the Governance and Sustainability Committee of the Board. Avangrid’s Compliance Program is built around the criteria for an effective compliance program established under Chapter 8 of the U.S. Federal Sentencing Guidelines and guidance provided by the United States Department of Justice. Embedded in the culture of its application is a focus on continuous improvement and adoption of industry best practices.

Supporting a demonstration of the Program’s effectiveness, this Transparency Report (“Report”) describes Compliance Program initiatives and actions taken during 2023.



02.

Compliance Unit and Division



2. Compliance Unit and Division

2.1. Overview of the Compliance Unit and Division

In October 2023, Avangrid expanded leadership involvement in its Governance and Sustainability System by establishing a new Compliance Unit, that reports directly to the Governance and Sustainability Committee (“GSC”) of the Board. This program enhancement, which was approved by the Board, is an example of the Company's ongoing commitment to maintaining corporate governance best practices. Avangrid's Compliance Unit will oversee the Company's Compliance System and ensure the effectiveness of the Compliance Program and the prevention and correction of fraudulent and/or illegal conduct. The Compliance Unit is vested with broad powers, budgetary autonomy, and independence.

The GSC is responsible for developing and maintaining the Company's Governance and Sustainability System in addition to overseeing Avangrid's compliance with legal and regulatory requirements, Avangrid's environmental, social, and governance activities and initiatives, and non-financial sustainability reporting. The GSC is comprised of three directors, two of whom are independent. Its compliance oversight responsibilities include:

- Recommending to the Board the appointment or removal of members of the Compliance Unit, including an external chairperson, a secretary, and the chief compliance officer;
- Ensuring the Compliance Unit has the necessary resources to perform its duties and, operates effectively and independently;
- Reviewing and approving the annual activities plan of the Compliance Unit;
- Evaluating and approving the CCO's annual performance and compensation;
- Receiving from the Compliance Unit, through the Chief Compliance Officer reports on the effectiveness of the Company's Compliance Program and the prevention and correction of illegal or fraudulent conduct; and,
- Establishing channels for the reporting irregularities, including the Company's third party facilitated helpline.

The Compliance Unit will include an independent chairperson, the Avangrid Chief Compliance Officer (“Avangrid CCO”), and other members of Avangrid Group management with responsibilities related to risk management and compliance. The Compliance Unit is responsible for governance oversight of ethical matters including compliance with the Code, managing the Company's Helpline, ensuring effectiveness of the Compliance Program. Operationally, the day to day compliance activities will continue to be performed by the Compliance Division with oversight from the Avangrid CCO. Introduction of the Compliance Unit is expected to create several governance benefits to the Company, including enhanced:

- Industry expertise from an independent chairperson, who will be an established expert in U.S. corporate compliance best practices;
- Internal compliance knowledge from other Avangrid business areas;
- Resources involved in governance and oversight; and,
- Program visibility, leadership access and influence, and support for ethics culture.

At the subsidiary company levels, both Avangrid Networks Inc. (“Networks”) and Avangrid



Renewables LLC (“Renewables”) will create Compliance Units similar to Avangrid’s Compliance Unit.. In addition to the new oversight by Networks’ and Renewables’ Compliance Units, the Avangrid CCO and the subsidiary chief compliance officers will continue to meet regularly to establish priorities, identify risks, and monitor progress of Compliance Program initiatives. The new coordination:

- Fosters knowledge sharing and maximization of synergies;
- Supports efficient allocation of resources and budget;
- Shares approaches to training and Program implementation; and,
- Promotes transparency with stakeholders.

2.2. 2023 Board Meeting Frequency

During 2023, each chief compliance officer provided reports regularly to their respective governing Board committees. Their regular reporting included updates on key ethics and compliance initiatives, a review of important ethics and compliance issues affecting the Company, and training in key areas of compliance and ethics risk and industry best practices. The Avangrid CCO met with the GSC five times. The Networks chief compliance officer met with the Avangrid Networks Board of Directors once and the Avangrid Networks Audit and Compliance Committee five times. The Renewables chief compliance officer met with the Avangrid Renewables Board of Managers four times.

2.3. Budget and Resources

Each year the Avangrid and subsidiary chief compliance officers prepare and submit annual plans and budgets to their respective governing bodies for approval. The annual plans and budgets describe key activities planned for the year and are designed to facilitate compliance with required standards under the U.S. Federal Sentencing Guidelines for an effective compliance program. Certain annual plan activities recur each year (e.g., training and communications); however, the chief compliance officers add initiatives each year for continuous development and enhancement of the Compliance Program.

2.3 Professional Qualifications

The Compliance Division is comprised of individuals with diverse skills which enable the Division to effectively manage day to day activities and challenges. The Compliance team maintains various legal, auditing, and corporate compliance industry certifications and licenses appropriate to support the Compliance Division’s needs.

The primary Compliance certifications obtained by professionals in the Compliance Division are:

- **Certified Compliance & Ethics Professionals (CCEP)** issued by the Society of Corporate Compliance and Ethics. Regarding ethics based team members, in 2023 Avangrid’s CCOs and staff were certified or in the process of obtaining CCEP certifications.
- **Certification in Risk Management Assurance (CRMA)** issued by the Institute of Internal Auditors.



- **Certified Internal Auditor (CIA)** issued by the Institute of Internal Auditors.
- **Certified International Compliance Officer (CICO)** issued by the Spanish Instituto de Oficiales de Cumplimiento
- **Compliance Certification (CESCOM)**, issued by the Asociación española de Compliance

During 2023, members of the compliance division participated in diverse training sessions.

161 hours of training
received on average by the
professionals of the compliance function



03.

Compliance Risk Assessments



3. Compliance Risk Assessments

Avangrid's Compliance Program uses various compliance risk assessment methodologies, including formal processes deployed annually. These include the Crime Prevention Program ("CPP") and Biannual Board-Appointed Officer Certification. The Compliance Division also initiated its development of a recently adopted Iberdrola Group-wide Risk Assessment methodology, which will launch for the first time in 2025.

3.1 Crime Prevention Program

Avangrid's CPP, first launched in 2014, is a collaboration between Compliance, Legal Services, and relevant business areas, to assess overall effectiveness of the Avangrid Compliance Program. The CPP underpins the Company's Anti-Corruption Policy and Crime Prevention Protocol, which are key components of Avangrid's Governance and Sustainability System.

At the annual launch of Avangrid's CPP, Avangrid's professionals from both Compliance and Legal Services work with each business area to identify both criminal and the most material civil legal and regulatory risks relevant to the Company. Working together, they account for changes in laws and enforcement trends, and address how they impact business operations. The business areas review controls and Avangrid business leaders then certify as to the implementation of the controls.

3.2 Biannual Board-Appointed Officer Certification

During 2023, the Compliance Division implemented a process for board-appointed officers to certify that they have reported to the Compliance Division any potential material violations of law or the Code. Officer certifications related to Compliance are an increasingly common best practice to help companies demonstrate that (i) they are identifying and addressing misconduct, and (ii) senior executives are meeting their fiduciary duty of oversight.

The certification program described here evidences the Company's commitment to ensuring that it maintains the highest standards for ethical conduct and compliance with the law. The Compliance Division launched its first biannual certification in mid-2023 with the second covering the period through December 31, 2023.

3.3 New Compliance Risk Assessment Process

During 2023, Avangrid began developing a new compliance risk initiative to assess key compliance risks facing the business, controls for applicable risks, and assurance that the controls have been implemented. This new process, which is closely related to the CPP, is expected to evolve as Avangrid looks to leverage compliance controls and evidence best practices within the Iberdrola Group.



04.

Regulations



4. Code of Business Conduct and Ethics & Compliance Regulations

4.1 Code of Business Conduct and Ethics

The Avangrid Code of Business Conduct and Ethics (the “Code”), adopted by the Board, is applicable to all directors, officers, and employees of the Company and its subsidiaries. The Code describes the Company’s core ethical values such as principles of integrity, honesty, and social responsibility; respect for the environment; safety and reliability; and customer focus. Consistent with these values, the Code establishes standards of conduct and provides guidance for employees to make appropriate decisions when faced with issues of an ethical nature.

The Code is reviewed and updated at least annually to ensure that it remains current with rules and regulations and the ethical challenges faced by employees. The Code is also supplemented by a Supplier Code of Business Conduct (the “Supplier Code”), adopted by the Board, and is incorporated into the Company’s contracts with its vendors. The Supplier Code allows the Avangrid Chief Compliance Officer to issue waivers and amendments of the Supplier Code. The Supplier Code establishes an expectation that vendors will comply with the law and key ethical principles (e.g., anti-corruption) if they wish to conduct business with the Company.

Avangrid drafted its Supplier Code to promote readability and transparency, using a reader-friendly format similar to the Code. Topics in the Supplier Code include health and safety, human rights, environmental protection, and anti-corruption and bribery. The Supplier Code also has been updated to include the Company’s enhanced measures to protect employees, agents, and contractors against retaliation. Both the Code and the Supplier Code also provide information on how employees, suppliers, and other external stakeholders can report legal and ethical concerns to the Company. Similar to the Code, the Supplier Code is reviewed annually for updates.

4.2 Regulations

Avangrid’s Board has adopted, and Avangrid has implemented the Avangrid Governance and Sustainability System integrated by a suite of internal rules and procedures that reflect best United States and international practices. For continuous improvement, and in compliance with best practices, the Board, with the assistance of its Compensation, Nominating, and Corporate Governance Committee, annually conducts a comprehensive review of the Avangrid Governance and Sustainability System to incorporate any new identified best practices. The Avangrid Governance and Sustainability System includes Avangrid’s corporate governance guidelines, the Code, the Supplier Code, and committee charters. It is publicly available in the Corporate Governance section of Avangrid’s website, www.avangrid.com.

Avangrid’s Governance and Sustainability System is complemented by policies and procedures developed, approved, and regularly updated by the Compliance Division. These include but are not limited to the:



- Gifts and Hospitality Rule and Register
- Personal Use of Company Assets Rule
- Sponsorships, Donations, and Other Social Contributions Rule
- Protocol for the Management of Third Party Fraud, Corruption Risk, and OFAC Compliance
- Anti-Corruption Red Flags Guidance
- Corporate Transactions Protocol
- Protocol for Reporting Workplace Compliance Issues
- Investigation Guidelines

In 2023, the Compliance Division added a new risk-based protocol for handling complaints raised against certain senior executive officers of the Company. Under the new procedure, such complaints are immediately referred to outside counsel for independent investigation.



05. Risk Management



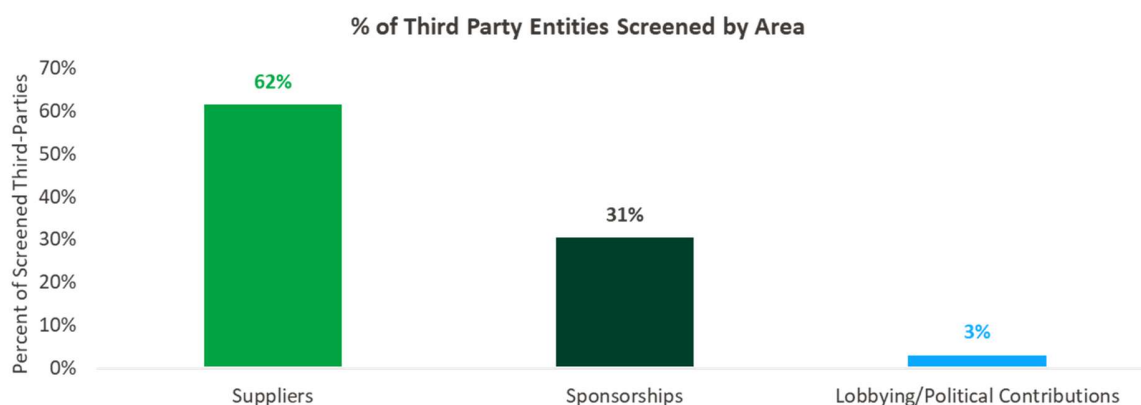
5. Risk management

5.1 Third Parties

Avangrid's vendor selection process includes evaluation of a potential supplier's commitment to promoting ESG initiatives through the use of a standardized scorecard. A prospective supplier's resulting "Sustainability Score" is considered an important factor in deciding whether Avangrid will award business to that supplier. During 2021, to further improve the compliance due diligence process, Avangrid began requiring new suppliers to complete an ethics questionnaire as part of the onboarding process.

Compliance utilizes a combination of tools to conduct compliance-focused due diligence on potential, new, and existing business partners and philanthropic partners of Avangrid. Automated workflows have been implemented in the Avangrid SAP enterprise system to allow Compliance to block or flag counterparties on the basis of compliance considerations and risks.

Compliance Evaluations by Oversight



5.2 Trade Professionals

| *Background Checks*

Pursuant to Company policy, all prospective employees are subject to a criminal background check prior to hiring. Persons internally promoted to a director level or higher role are subject to a refreshed background check. Director level and above are considered by the Company to be "substantial authority personnel" under the U.S. Federal Sentencing Guidelines.

| *Conflicts of Interest*

The Compliance Division annually deploys a conflict of interest survey (the "Survey"). All Avangrid supervisors and above participate in the Survey, excluding certain employees unable



to complete it for reasons such as extended disability, leave, or upcoming retirement. The Survey facilitates disclosure of outside activities and other potential conflicts of interest. It is also provides Survey participants an opportunity to disclose potential violations of the Avangrid Code not already reported.

In the second quarter of 2023, the Compliance Division launched the annual Survey. Compliance Division staff and chief compliance officers reviewed the disclosures to identify potential conflicts of interest and other compliance issues. Potential conflict risks identified through the process were reviewed for potential mitigation with the assistance of both Management and the People and Organization (“P&O”; formerly, Human Resources, or “HR”) department. Additionally, at the end of the Survey, respondents were asked to confirm a statement regarding their obligation to comply with the Code and applicable Company policies and procedures. In the second quarter of 2023, Compliance and P&O coordinated to begin expanding the reach of the conflicts of interest disclosure to include new hires. Expansion is ongoing.

| *Related Party Transactions*

In line with the Avangrid Related Party Transaction Policy, Compliance received no reports from directors regarding activities that would cause or appear to cause a conflict of interest with respect to related parties transactions.

| *Gifts and Hospitality*

The Avangrid Gifts and Hospitality Rule and Register (the “Rule”) applies to all employees, contractors, and third-party representatives of Avangrid and is based on expectations articulated in the Code.



06.

Separation of Activities



6. Separation of activities

Separation of Activities compliance concerns affiliate transactions and information sharing, in compliance with regulations of Federal Energy Regulatory Commission (“FERC”) and is considered a high-priority field of regulatory compliance in the energy industry. The Avangrid Audit Committee (“AC”) Charter delegates to the AC oversight for aspects of separation of activities compliance. Therefore, the AC periodically reviews information related to the FERC Compliance Program and Separation of Activities provided by the Chief Compliance Officer.

The governing authorities of Avangrid’s subsidiaries, Networks, and Renewables, have adopted the Avangrid Governance and Sustainability System and appointed their own chief compliance officers reporting to the governing authority, and they maintain responsibility for and oversight of their respective company’s FERC compliance programs. In Networks, this includes a Separation of Activities program.

Avangrid’s chief compliance officers prepare compliance reports concerning the companies’ efforts relating to FERC, including Separation of Activities compliance. Until 2023, the separate compliance reports of Avangrid and its two principal subsidiaries were made publicly available on each company’s respective internet site. Beginning in 2023, a consolidated summary report on the Separation of Activities is published under the Corporate Governance section of Avangrid’s [website](#).

Based on the overall activities reflected in this report, the Avangrid Chief Compliance Officer, supported by confirmation from the chief compliance officers of Avangrid Networks and Avangrid Renewables, and by the Avangrid Networks Chief FERC Compliance Officer (the “CFCO”), confirmed to the Avangrid Audit Committee that, for 2023, their respective FERC Compliance and Separation of Activities Programs had implemented controls, policies, and procedures designed to ensure material compliance with the legal and regulatory requirements for such programs.



07. Training



7. Training

During the second quarter of 2023, the Company launched its annual required Code of Business Conduct and Ethics training to all Avangrid employees. The training reinforced the expectations and requirements for working in a corporate culture that prioritizes ethical behavior and compliance with the Code, applicable laws, and regulations. All employees were required to complete the training, excluding certain employees unable to take the training due to reasons such as disability leave or retirement. In 2023, Compliance partnered with an external training development firm to continue to improve the annual Code training. The following were notable added features:

- Enhancements to the overall user experience by improving the training's usability and accessibility, incorporating elements including a training progress indicator, animated introductions to each module, subtitling, help menu, and a print version;
- Incorporation of other new videos, storyboards, and animations to improve employee engagement, including video messages by the Company's Chief Executive Officer and the Company's Chief Compliance Officer;
- Providing specific ethics and compliance examples from the industry and within the Company; and,
- Including a requirement for employees to confirm their compliance with the Code.

The 2023 Code training was supplemented by other compliance-related training programs concerning key aspects of the Company's operations. Some are administered by departments other than the Compliance Division. Key topics that certain groups of managers and employees were trained in included:

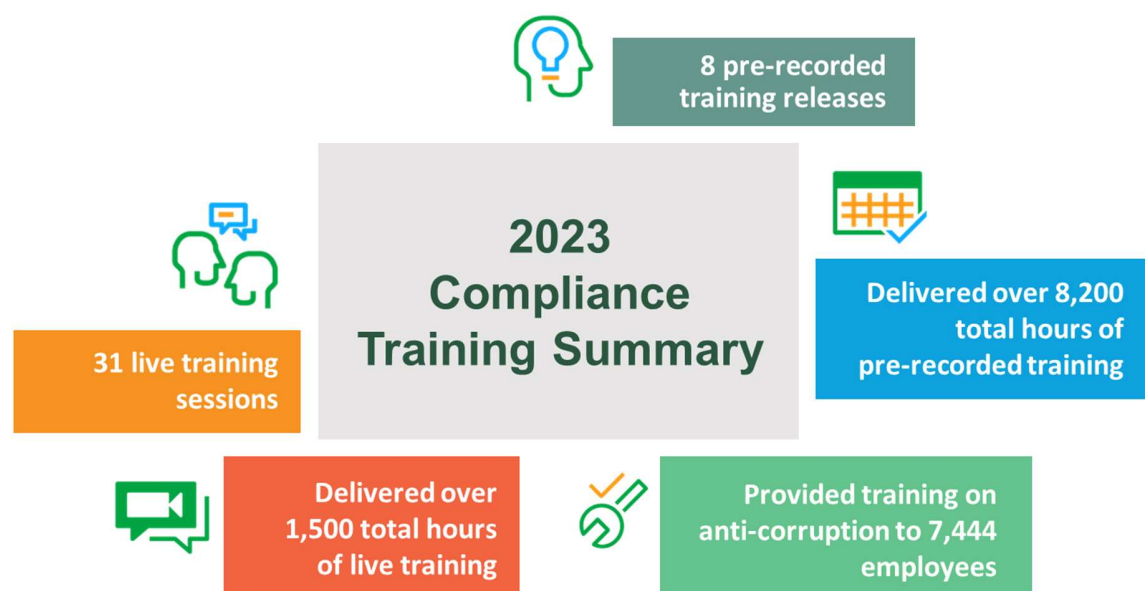
- FERC Standards of Conduct
- NERC and Cyber Security
- Health & Safety
- Energy Anti-Market Manipulation
- Harassment and Discrimination
- Diversity and Inclusion
- Anti-Corruption
- Compliance and competition in purchasing
- Vendor and third-party management
- Environmental Compliance
- Gas Safety



- Fair competition
- ESG
- Affiliate transaction and information sharing restrictions
- Ethics culture and the importance of reporting concerns

During 2021, Compliance and People & Organization partnered in developing a live ethics training program for new managers, entitled “Leading with Integrity.” This training, held remotely in a group setting, focuses on the values and behaviors expected of people managers, to advance their development as effective ethical leaders. In 2023, Compliance began to spotlight senior leaders by inviting them to discuss their views of the importance of ethics during the training. Leading with Integrity training is provided annually to about 25% of all people managers, in groups of about 15 participants. During 2023, approximately 300 employees were enrolled in Leading with Integrity training workshops.

In addition, all new managers were assigned a newly developed online leadership course. The online training is part of the leadership essentials curriculum and provides instruction on and access to fundamental Compliance Program resources and activities, including guidance on how to address employee concerns, review and approve transactions, communicate standards, and spot red flags.





08.

Communications



8. Communications

Avangrid's Corporate Communications group and Compliance Division collaborate to ensure employees receive regular communications intended to provide guidance and raise awareness of common ethics and compliance issues faced in the workplace. Managers and Ethics Liaisons¹ also receive regular communications on resources available to them for promoting an ethical work environment.

Compliance develops an annual communications plan (the "Communication Plan" or the "Plan") to achieve these goals. One feature of the Plan is to schedule communications to address topics at times of the year when they are most relevant. These communications include, e.g., all employee training awareness emails prior to the launch of the annual Code and Our Regulated Industry Training, communications regarding politics in the office prior to November elections, and reminders about the Company's Gifts and Hospitality Rule prior to the holiday season.

Another aspect of the Plan, building on practices established in recent years, is to use electronic media to take advantage of enterprise social media platforms, direct e-mail communications from leadership, cascaded messaging, employee portal and blogs, video conferencing, and other forms of employee-directed communications. The Compliance Division's 2023 Communication Plan also included guidance disseminated by newsletter and email.

Another annual goal of the Communication Plan is to promote across the Company awareness of Global Ethics Day. During 2023, the Compliance Division hosted a live webinar about Enron, a widely-recognized example of failed corporate ethics. Avangrid's network of Ethics Liaisons helped with hosting this event, in person and via webinar simulcasts across Avangrid's larger locations to promote ethics awareness.

During 2023, the Compliance Division launched a new cascaded communications initiative encouraging supervisors to have conversations with their teams about ethics and compliance. Compliance implemented internal tracking to help measure the initiative's success. Through the initiative, supervisors engaged with employees to discuss topics including:

- The importance of annual Code training content;
- Communications about ethics culture (based on the Company's 2022 Ethics Culture Survey results); and
- Communications about the meaning of Global Ethics Day.

Compliance continuously adjusts its communication approaches to keep compliance messaging both fresh and engaging. For example, a column called "Ask the Ethicist" adopted in recent years, uses a conversational Q&A format between fictional employees and a fictional professional

¹ Ethics Liaisons are employee ambassadors for ethics and compliance. The Ethics Liaison Program is considered a best practice for compliance programs. Ethics Liaisons assist with Compliance communications, serve as local business champions for ethics issues and culture, and host compliance events for local employees.



ethicist, based on prior examples of ethics guidance provided to employees. A sample of topics address in Avangrid's 2023 *Ask the Ethicist* series included:

- Recommending vendors;
- Gifts and hospitality; and,
- Outside business activities (*i.e.*, work outside of Avangrid).

The Compliance Division also introduced a series of articles which provided more fundamental ethics rules to an increasing number of new employees.

Over this past year, Compliance enhanced its communications efforts using initiatives focused on employee awareness, such as Helpline posters displayed throughout the Company's facilities. In addition, with the assistance of People and Organization, a personal message from the Chief Compliance Officer is distributed with a copy of the Code to new employees and managers joining the Company.

In 2023, Compliance communications from senior leaders were both added and updated to Avangrid's annual Code training. The Avangrid Chief Compliance Officer provided a new Compliance and Ethics video message at the end of the annually updated Code training, while Avangrid's CEO provided his video message at the start of the training.

Also in 2023, Avangrid's General Services Division developed and launched an employee mobile application ("Iberdrola I-on"). Compliance partnered with General Services to integrate the Avangrid Code of Business Conduct and Ethics and Helpline to the application's user interface. The application is deployed to all employee mobile devices to promote access to compliance resources.

Number of Communication Initiatives

Internal Activities		Outside Activities	
E-Mails	31	Events	2
Newsletter	14	Press Releases	2
Informative meeting	15	Social Media	10
Employee Portal	9		
All internal	69	All external	14



09. Ethics Mailboxes



9. Ethics Mailboxes

Under the Code, Avangrid has an open-door policy to encourage employees to raise their ethics and compliance concerns. Avangrid strictly prohibits retaliation against employees who report ethics and compliance concerns in good faith.

In furtherance of its open-door and anti-retaliation policies, Avangrid provides 24/7 access to a reporting service (the “Helpline”) administered by a third-party provider. The Helpline is available to employees, contractors, consultants, suppliers, and to the public, and is used both to seek guidance on ethics and compliance-related matters, and to report situations that may require investigation. The Helpline allows callers, and online Helpline users, to anonymously report their concerns and seek guidance. To drive continuous improvement, callers are provided an opportunity to report retaliation and provide feedback on the effectiveness of the Helpline process.

In 2023, Compliance continued its efforts with other departments, such as P&O, to leverage Helpline data and management information to identify and mitigate ethics and compliance-related risks raised both through the Helpline and other channels, e.g., email.

Compliance continually tracks Helpline data and reports its analyses and insights to the Governance and Sustainability Committee of the Board. The following points summarize ethics and compliance reports made directly or indirectly to the Compliance Division during 2023, including those made using the Helpline.

- In 2023, the Compliance Division received a total of 98 compliance-related reports. These reports included matters raised directly to Compliance Division personnel, indirectly to other departments, and through the Helpline. The compliance-related claims were screened and investigated, resulting in corrective actions when appropriate, such as employee discipline and/or process and control improvements. See Figure 10.1.
- Compliance received an additional 90 communications reporting suspected ethics and compliance violations that were found not to be compliance- or ethics-related; instead, they concerned, for example, general business and labor relation issues. In such cases, matters were referred to the appropriate business area for resolution.
- The Compliance Division also received 190 inquiries seeking ethics and compliance guidance. The number of inquiries has remained consistent with prior years and illustrates employee engagement at all levels in seeking out guidance prior to taking questionable actions. The Company continues to take steps to encourage its employees to seek ethical guidance when appropriate. See Figure 10.2.
- The Compliance Division’s analysis suggests that subject areas for reported concerns were typical of those received by other companies in the United States using helpline reporting services. The most common categories of allegations were related to (i) human resources, diversity, and workplace respect; (ii) business integrity; and (iii) concerns related to misuse or misappropriation of corporate assets. The overall number,



substantiation, and types of reports remain consistent with past experience and industry benchmarking. Figure 10.1 provides a representative graphic, which Compliance considers to be consistent with industry benchmarking.

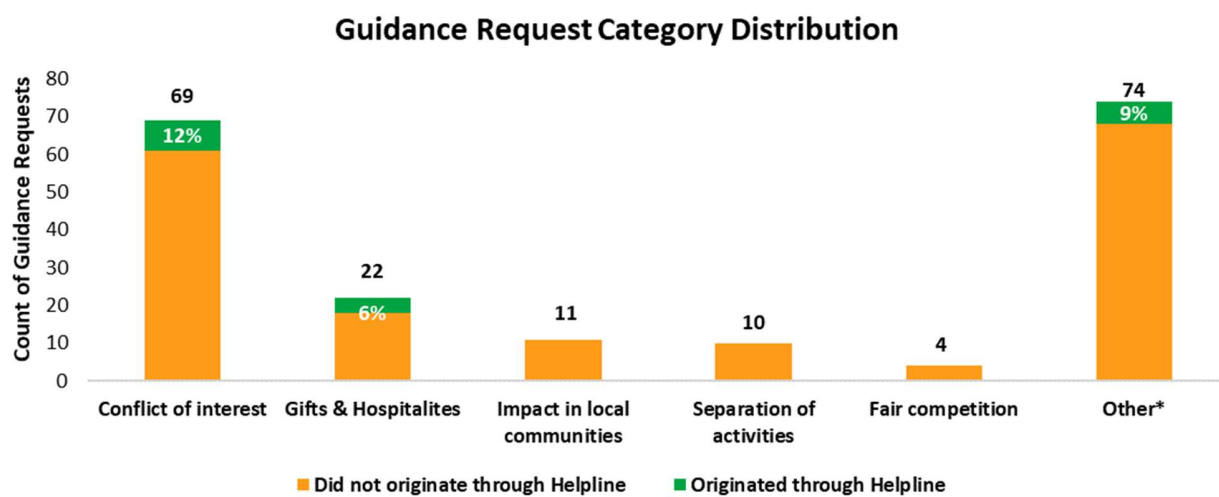
- Statistics, trends, and other matters of interest are reviewed regularly with the Company's executive leadership and the GSC. A sample of topics addressed within the GSC meetings included:
 - Status report regarding the annual Compliance plan
 - Notable program updates, amendments, or quarterly initiatives
 - Compliance activity highlights

- Figure 10.1





• Figure 10.2



2

² Other includes implementation of internal regulation and procedures (21), and regulatory compliance (7) matters.



10. Monitoring and review



10. Monitoring and review

10.1 Internal Audit

Core elements of Avangrid's Corporate Compliance Program are subject to periodic audits and certifications, with certain functions acting as key controls for the company. In 2023, the Compliance Helpline reporting system was audited to ensure controls were implemented for accurate reporting of key non-financial indicators in Avangrid's annual Sustainability Report. These indicators relate to the reporting of instances of corruption, fraud, and discrimination. There were no findings, but Compliance implemented additional record reviews to further ensure the accuracy of reported figures.

10.2 External reviews

| Compliance Leader Verification

In 2023, upon successfully concluding Ethisphere's Compliance Leader Verification evaluation, Avangrid received feedback, for example, to apply to its written standards, and other recommendations intended to further develop Avangrid's Compliance Program. As a result, Avangrid is in the process of evaluating potential improvements to certain policies to improve readability and comprehension.



11. Program Assessments and Recognitions



11. Program Assessments and Recognitions

The hallmark of Avangrid's Compliance Program has been a focus on continuous improvement, for which Avangrid has earned consistent recognition:

11.1 World's Most Ethical Companies List

In 2023 Avangrid was recognized as one of the World's Most Ethical Companies for the fifth consecutive year by the Ethisphere Institute, a global thought leader in defining and advancing standards for ethical business practices.

Ethisphere's 2023 ranking for the World's Most Ethical Companies shows that Avangrid is one of only nine honorees globally in the Energy and Utilities sector in 2023. A total of 135 honorees were recognized spanning 19 countries and 46 industries.

11.2 Compliance Leader Verification

In 2023, Avangrid earned the [Compliance Leader Verification](#) ("CLV") from the Ethisphere Institute for 2023-2025. This is Avangrid's third two-year CLV program certification, which the Company has maintained since 2019.

The CLV process involves a rigorous review of an ethics and compliance program and corporate culture. Avangrid's performance was evaluated on six key areas: program resources and structure; perceptions of ethical culture; written standards; training and communication; risk assessment, monitoring and auditing; and enforcement, discipline, and incentives. Avangrid conducts a biennial Ethical Culture survey to assess employee perceptions across eight pillars of an ethical culture.

The CLV certification is valid for two years with the next recertification process to occur in 2025.

11.3 Just Capital Just 100

The Company has been recognized for the third consecutive year as one of America's most just Companies by JUST Capital and CNBC. The list is an annual ranking of the most just U.S. public companies. The list recognizes America's best corporate citizens in creating a positive workplace, supporting our communities and protecting the environment.

Avangrid improved its overall ranking from 48 in 2022 to 45 in 2023. The Company is ranked second overall within the utility industry, up from fourth in 2022, and in 2023, is ranked first among utilities for its commitment to the environment.



12. Enhancing Ethical Culture



12. Enhancing Ethical Culture

The Compliance Division is focused on continually enhancing ethical culture at Avangrid. Ethical culture is evaluated through ethics culture surveys. Every two years, Avangrid undertakes an ethics culture survey with its employees, most recently in 2022, with the next planned for 2024. Ninety-five percent of employees participated in the 2022 survey and the results remained favorable from the previous survey, with Avangrid's ethical culture meeting or exceeding a number of external benchmarks.

After completion of the survey by employees, the Compliance Division analyzed the results and communicated its insights to Company management and employees to use in improving employee training, management, and communication initiatives. The 2022 Ethics Culture Survey results were communicated to employees via the Company's internal newsletter, Pulse, and disseminated to business area leaders to consider and drive actions to address ethical culture opportunities in their departments. During 2023, Avangrid presented its ethics culture measurement and mitigation program to an industry roundtable of chief compliance officers, which Deloitte hosted. Many of the activities discussed in these presentations are focused on highlighting the importance of ethics culture to employees. These include manager ethics culture toolkits, site visits to share survey results with employees and supervisors, and Ethics Liaison events to discuss key culture-based stories, such as Theranos and Enron.

Avangrid's Ethics Liaison Program has existed for several years to serve as a local advisor to direct employees to appropriate compliance resources. Most employees work at a location with an ethics liaison, and the liaisons represent a diverse range of functional departments. In 2023, Compliance onboarded and trained eight new ethics liaisons throughout Avangrid's locations. The 2023 activities included training for liaisons, communications to employees regarding their liaisons, and local events (an interactive distributed exercise on the Houston Astros cheating scandal and a panel discussion simulcast on the Enron scandal).

This concludes the 2023 Avangrid Compliance System Transparency Report.

