

# Crime Prevention Policy

October 15, 2019

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

## 1. Purpose

AVANGRID is committed to adhering to the principles of integrity, honesty and social responsibility. Our actions should reflect the highest standards of ethical behavior and compliance with the law. This Policy, together with the Anti-Corruption Policy adopted by the Board of Directors, articulates AVANGRID’s commitment to preventing fraudulent or illegal conduct, maintaining effective mechanisms for communication and awareness-raising among directors, officers and employees, and developing a corporate culture of ethics and honesty. This Policy contributes to the achievement of goal sixteen (Peace, Justice and Strong Institutions) of the Sustainable Development Goals (SDGs) adopted by the member states of the United Nations.

To further develop and support the principles set forth in this Policy, AVANGRID has implemented as a set of measures designed to prevent, detect, and react to possible crimes, which shall also cover the prevention and control of other fraud, administrative violations, and serious irregularities (the “Crime Prevention Program”). This program is intended to assure third parties and judicial and administrative authorities that the AVANGRID Group effectively complies with the duties of supervision, monitoring and control by establishing appropriate measures to prevent crimes or to significantly reduce the risk of the commission thereof. Additionally, the Crime Prevention Program is intended to strengthen the existing commitment to work against all forms of fraud and corruption, including extortion and bribery of public officials or other persons. The Crime Prevention Program includes action and supervision protocols designed to reduce the risk of commission of criminal wrongs and fraudulent activities in general (i.e., conduct that is illegal or contrary to the Code of Business Conduct and Ethics or the Corporate Governance System), supplemented by effective and permanent control systems that may be updated as required.

## 2. Scope

This Policy shall apply to all directors, officers and employees of the AVANGRID Group. AVANGRID’s compliance division (the “Compliance Division”) is responsible for ensuring compliance with this Policy and monitoring the effectiveness of the action principles set forth therein. Furthermore, all third persons acting as representatives of the AVANGRID Group shall, to the extent possible, promote the implementation of a program for the prevention of crimes similar to those of the AVANGRID Group.

## 3. Principles

The principles governing the AVANGRID Group’s actions to prevent fraudulent and illegal acts are as follows:

- a) AVANGRID will develop a set of integrated and coordinated actions to prevent and combat the possible commission of fraudulent or illegal conduct by any director, officer or employee of the AVANGRID Group, which



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shall also comply with the Anti-Corruption Policy, General Risk Control and Management Policy, and the Sustainable Development Policy adopted by the Board of Directors.

- b) AVANGRID will create a transparent environment, integrating the various systems developed to prevent crimes and maintaining appropriate internal channels to encourage the reporting of possible fraudulent or illegal conduct, including the Ethics and Compliance Helpline, which allow directors, officers and employees of the AVANGRID Group and other interested third parties to report financial or accounting improprieties, other conduct that may entail a breach of AVANGRID's Corporate Governance System, or the commission of an act contrary to the law or to the rules of the Code of Business Conduct and Ethics.
- c) The AVANGRID Group will act at all times in compliance with applicable law and within the framework established by the Code of Business Conduct and Ethics, as well as pursuant to the internal Avangrid rules and regulations.
- d) AVANGRID will foster a preventive culture based on the principle of "zero tolerance" for fraudulent or illegal conduct or corruption and on the highest principles of ethical and responsible behavior by all directors, officers and employees of the AVANGRID Group.
- e) AVANGRID will encourage all actions and decisions by directors, officers and employees to be based on four basic premises: (i) whether the action or decision is ethical, (ii) whether the action or decision is legal, (iii) whether the action or decision will benefit AVANGRID and the AVANGRID Group, and (iv) whether the individual is prepared to assume responsibility for such action or decision.
- f) AVANGRID will ensure that the Compliance Division has the resources required to efficiently and proactively monitor the implementation of and compliance with this Policy.
- g) AVANGRID will develop and implement appropriate procedures for the control and comprehensive management of crime prevention at all companies of the AVANGRID Group.
- h) AVANGRID will seek to focus on proactive activities, such as prevention and detection, rather than on reactive activities, such as investigation and punishment.
- i) AVANGRID will promptly investigate any allegation of fraudulent or illegal conduct and, to the extent feasible, ensure confidentiality to the reporting party and the person(s) investigated. In addition, AVANGRID's will fully cooperate with appropriate government investigations, with coordination being directed through AVANGRID's legal services division.
- j) AVANGRID will endeavor to use fair, non-discriminatory, and proportional disciplinary measures. The AVANGRID Group has a "zero tolerance" policy for retaliation against employees who report known or suspected incidents of fraudulent or illegal conduct or violations of this Policy in good faith and punishment, penalties, and all other forms of retaliatory action are strictly prohibited.
- k) AVANGRID will notify all directors, officers and employees of the AVANGRID Group regarding their duty to report any fraudulent or illegal conduct and will implement training programs, whether in person, online or by another appropriate method, regarding the duties imposed by applicable law and this Policy.
- l) AVANGRID will impose disciplinary penalties in accordance with applicable law for conduct that contributes to preventing or impeding the discovery of crimes as well as the breach of any specific duty to inform the control bodies of violations that may have been detected.

#### **4. Control, Evaluation, and Review**

##### Control

The Compliance Division shall be responsible for ensuring effective implementation and development of and compliance



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with the Crime Prevention Program. For such purposes, the Compliance Division shall have the power of initiative and control required to oversee such responsibilities, ensuring that the Crime Prevention Program responds to the needs and circumstances of each of member of the AVANGRID Group and that the disciplinary system appropriately penalizes the breach of the measures provided for in the program.

The foregoing is without prejudice to such bodies or units specifically focusing on the control of criminal or fraudulent activities as it may be necessary or advisable to create at certain companies of the AVANGRID Group in order to comply with the industry-specific or local laws in which such AVANGRID Group member carries out its respective activities, with which relations shall be established for coordination purposes as appropriate pursuant to the respective applicable law.

#### Evaluation

At least once per year, the Compliance Division shall evaluate the compliance with and effectiveness of this Policy and of the Crime Prevention Program, and if there are significant violations of the program or material changes in the organization, the structure of control, or the activities carried out by the AVANGRID Group, the Compliance Division shall assess whether an amendment or modification of this Policy and/or the Crime Prevention Program is appropriate.

#### Review

The Audit and Compliance Committee shall periodically review this Policy and shall propose to the Board of Directors such changes, amendments or updates that may be necessary or would contribute to the development and ongoing improvement thereof, taking into account any suggestions or proposals made by the Compliance Division or the directors, officers or employees of the AVANGRID Group.



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