



CODE OF GOOD GOVERNANCE

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INDEX

INTRODUCTION	4
PRELIMINARY TITLE	5
Chapter I. Objects and principles	5
Article 1. Objects	5
Article 2. Principles	6
TITLE I. GOVERNANCE STRUCTURE	6
Chapter I. Purpose	6
Article 3. Purpose	6
Chapter II. Board of Directors	7
Article 4. Composition and Powers	7
Article 5. Internal Organization	7
Article 6. Operation	8
Article 7. Adoption of Resolutions within the Board of Directors	8
Article 8. Consultative Bodies	8
Article 9. Executive officer	9
Article 10. Secretary of the Board of Directors	9
Chapter IV. Directors	9
Article 11. Principles Governing the Holding of the Position of Director	9
Article 12. Director Profile	10
Article 13. Term of Office, Re-election, Removal and Suspension	10
Article 14. Compensation of Directors	11
Article 15. Informational Powers of a Director	11
Chapter V. Duties of Loyalty of the Directors	11
Article 16. Duty of Regulatory Compliance	11
Article 17. Duty of confidentiality	11
Article 18. Use of Foundation Assets	12
Article 19. Conflict of Interest	12

Article 20. Acceptance of Presents and Gifts	13
Article 21. Duties of Notification	13
Chapter VI. Director’s Duties of Diligence	13
Article 22. Duty to Properly Prepare Meetings of the Board of Directors	13
Article 23. Duty of Active Participation	13
Article 24. Duty of Diligence	14
TITLE II. ACHIEVEMENT OF THE FOUNDATION’S PURPOSES	14
Chapter I. Relations with the contributors	14
Article 25. Founder and Founder Director	14
Article 26. Preparation of Multi-year master plans	14
Chapter II. Informational Transparency	14
Article 27. The Foundation on the Internet and its Participation in Social Networks	14
Article 28. Relationship with the Auditor	15
Article 29. Relations with Suppliers	15
TITLE III. AMENDMENT	15
Article 30. Amendment	15



INTRODUCTION

The governance of foundations requires the efficient use of their tangible and intangible assets to ensure that their foundational purposes are met.

Based on this premise, Avangrid Foundation (the “Foundation”) believes in the importance of adopting good corporate governance practices as a requirement not only to properly achieve its foundational purposes but also to further its social function and transparency in its activities, thereby strengthening the recognition and trust of the communities in those regions in which it carries out its activities.

Therefore, the Board of Directors approves this Code of Good Governance of the Foundation (the “*Code of Good Governance*”), which reflects recommendations on good governance for non-profit entities and on the principles of social responsibility of foundations.

The Foundation was incorporated on 08 November 2001, is registered as a non-stock Corporation in the State of Delaware, and is designated a 501 (c) (3) in accordance with the Internal Revenue Code of the U.S. Department of Treasury (EIN 13-4200689). Avangrid Foundation’s constitutional document is its By-laws of Avangrid Foundation, Inc. (the “By-laws”).

Article II.1.2 of the By-laws gives the Board of Directors the power to interpret from time to time, to adopt and make, alter or revoke, any governance documents of the Foundation and otherwise for the furtherance of the purposes for which the Foundation is established, provided that such documents are not contrary to the By-laws. In the use of such power, the Board of Directors, in order to improve and update the Foundation’s governance system, desires to create a Governance System that articulates a simple organizational structure that facilitates the presentation thereof to, and understanding thereof by, all those parties interested in furthering its purposes.

The Foundation’s governance system is structured around the By-laws of Association and this *Code of Good Governance*, which, together with Law and the Internal Revenue Code, constitute its basic rules.

This *Code of Good Governance*, which interprets and further complements the By-laws of the Foundation in accordance with generally recognized principles, missions and values in the area of charitable entities, within the framework of its foundational purposes, and which is an instrument that serves as a guide for the Directors and other personnel providing their services at the Foundation to carry out their activities in conformance with such principles, mission and values.

PRELIMINARY TITLE

Chapter I. Objects and principles

Article 1. Objects

1. The Foundation's objects are specifically restricted to Charitable Purposes and, subject to that qualification, the objects for which the Foundation is established (the "Objects") are:
 - a) the advancement of education
 - b) the advancement of environmental protection or improvement, in particular, promotion, dissemination and support of knowledge, research and culture in their most varied forms, with a special focus on the development of and progress toward a sustainable energy model that respects the environment and biodiversity;
 - c) the advancement of the arts, heritage, culture or science, in particular;
 - cultural initiatives for the promotion and support of scientific, technological dissemination and environmental protection activities, encouraging, in particular, the development of studies of all kinds in the areas of energy, biodiversity and environmental impact in general ;and
 - in the areas of restoration, development and conservation of the cultural heritage, as well as the development of projects and activities to promote and disseminate art and culture, and to technically and financially support cultural and artistic activities carried out by public and private institutions;
 - d) the prevention or relief of poverty and the relief of those in need by reason of disability or other disadvantage, in particular, the development of initiatives to support social action in the areas of cooperation and solidarity in order to actively contribute to the improvement of the quality of life of the most underprivileged groups, through initiatives for the development of infrastructure and services that provide for their full social and labor integration, as well as professional training, insertion into the work force and the generation of employment opportunities for disadvantaged persons that allows for the creation of jobs for them, and ultimately, for the integration into the labor market;
 - e) the advancement of citizenship and community development.

Article 2. Principles

1. The Foundation assumes a set of principles that state its commitment with

respect to good governance. The pillars upon which its activities are based are the social responsibility of foundations and informational transparency.

2. The awareness, dissemination and implementation thereof serve as a guide for the activities of the members of the Board of Directors, the director and other officers and professionals making up the Foundation.
3. The principles are:
 - a) Principle of prudence in investments, which entails the optimization of its financial resources to achieve the foundational purposes.
 - b) Principle of transparency, which ensures equal opportunity in accessing the activities of the Foundation and entails the supply of clear information regarding the sources of its financing.
 - c) Principle of regulatory compliance, pursuant to which the Foundation will promote the achievement of its purposes within the framework of the strictest compliance with the law applicable from time to time and in each region.
 - d) Principle of proper operation of the Board of Directors, which requires that the Foundation's highest governance body be made up of a number of members that ensures the efficient operation of the organization while also ensuring independent decision-making by the Directors.
 - e) Principle of planning and monitoring of specific activities, pursuant to which the Board of Directors will approve the Foundation Action Plan setting forth the objects and activities that are expected to be developed in order to achieve the foundational purposes. The Board of Directors will also articulate systems for the internal control and monitoring of the various activities that are implemented.

TITLE I. GOVERNANCE STRUCTURE

Chapter I. Purpose

Article 3. Purpose

1. This *Code of Good Governance* is intended to formalize the objects and principles that guide the actions of the members of the Board of Directors and the Foundation's personnel in the planning and execution of all activities through which the purposes of the Foundation are effected.
2. This *Code of Good Governance* is approved within the framework of the rule-making powers given by the By-Laws of Avangrid Foundation, Inc. to the Board of Directors thereof, and reflects the principal domestic and international

recommendations on the good governance of charitable entities and on the principles of social responsibility of foundations.

Chapter II. Board of Directors

Article 4. Composition and Powers

1. The By-laws of the Foundation is its principal governing document, specifying the size, organization and operation of the Board of Directors, which is responsible for ensuring compliance with the Foundation's objects, directing and channeling its strategy, and supervising its activities.
2. The Board of Directors is the body that governs, represents and manages the Foundation. It is responsible for managing the property and rights making up its assets, fully ensuring the continued performance and usefulness thereof, in order to achieve the foundational purposes.
3. Within the limits set by the By-laws, the Board of Directors will be comprised of the number of members that ensures efficient operation of the organization while also assuring independent decision-making by the Directors.
4. The Board of Directors will have the powers attributed thereto by law and the By-laws, and including the following:
 - a) To engage in all activities and adopt all kinds of resolutions that it deems necessary to properly carry out the management and governance of the Foundation, subject to the provisions of law.
 - b) To interpret and further develop any governance documents or appropriate supplemental rules and regulations, implementing internal rules regarding the structure, organization and operation thereof.
 - c) To approve the annual financial statements and the Foundation Action Plan, and to supervise the implementation thereof.

Article 5. Internal Organization

1. Consistent with the By-laws and applicable law, The President of the Board of Directors, elected by the Board of Directors from among its members, shall also be the Chairman of the Board of the Foundation and shall be the highest representative of the Foundation before all persons, authorities and public or private institutions.
2. The Board of Directors may also appoint from among its members Vice president or other officer, who will perform the duties of the President and Chairman of the Foundation if the President is absent or otherwise unable or incapable of performing the duties of President or Chairman, or by delegation there from.

Article 6. Consultative Bodies

1. The Board of Directors may approve the creation of other consultative support and advisory bodies.
2. The Board of Directors if appropriate may create other control and supervisory bodies to assist in the performance of its duties with respect to the financial information of the Foundation, as well as to ensure compliance with legal and good governance requirements.

Article 7. Executive officer

1. The Board of Directors may appoint an executive officer director of the Foundation for the management and administration of the Foundation.

Chapter IV. Directors

Article 8. Principles Governing the Holding of the Position of Director

1. In the performance of the obligations arising from their position, Directors must act in accordance with the following principles:
 - a) Principle of integrity: entails acting loyally, honorably, in good faith, objectively, and at all times consistent with the goals and principles of the Foundation.
 - b) Principle of prudence: entails that in the performance of activities, a Director may not make any kind of investment of the Assets of the Foundations that would pose undue risk to the attainment of the Foundation's goals and purposes.
 - c) Principle of non-discrimination: requires no discrimination by reason of race, color, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social status of the persons with whom a Director relates.
 - d) Principle of transparency: requires full disclosure of any possible situations of conflicts of interest in which a Director may generally be involved vis-à-vis the interests of the Foundation, and especially with respect to the performance of specific activities of the Foundation.
 - e) Principle of diligent and responsible compliance with the obligations inherent to the position: entails attendance at and sufficient preparation for the meetings of the Board of Directors.
 - f) Principle of legality: requires strict compliance with law.
 - g) Principle of independence: imposes acting at all times with freedom of judgment, with loyalty to the Foundation, and independently of their own or other persons' interests. As a result, they shall refrain from holding their own interests over those of the Foundation.

- h) Principle of abstention: entails abstention from decision-making that could affect the Foundation if they are in a situation of conflict of interest, leaving meetings at which any such decisions are raised and refraining from accessing confidential information in connection with such conflict.
- i) Principle of communication: Involves the obligation of immediately notifying the President or the Secretary of the Foundation in writing of situations of conflict of interest in which they may be involved.

Article 9. Director Profile

1. The Board of Directors shall ensure that the position of Director is at all times held by individuals who are well known at the domestic or international level in the various areas covered by the Foundation's purposes, taking into account the geographic diversity in which it carries out its activities.

Article 11. Compensation of Directors

1. Directors shall hold their office without compensation for the performance of their duties, without prejudice to the right to be reimbursed for duly substantiated expenses incurred in the performance of their duties or to the coverage of the risks inherent thereto by means of liability insurance.

Article 12. Informational Powers of a Director

1. Directors have the broadest powers to obtain information regarding any aspect of the Foundation, to examine the books, records, documents and other information regarding the activities of the Foundation, to inspect all of its facilities, and to communicate with the Executive Officer.
2. In particular, they shall have the right to examine the annual financial statements as well as all documentation and records in support thereof. The exercise of this power shall not involve unjustified hindering of the normal operation of the Foundation.
3. The exercise of the above powers shall first be channeled through the Secretary of the Board of Directors, who shall act on behalf of the President of the Board of Directors.

Chapter V. Duties of Loyalty of the Directors

Article 13. Duty of Regulatory Compliance

1. The Directors of the Foundation shall strictly comply with law in carrying out its activities, attending to the spirit and purpose of the rules. In addition, they shall fully adhere to the commitments and obligations assumed by the Foundation in its contractual relations with third parties, as well as the usage and good practices of the countries in which it performs its activities.

2. The Directors must be particularly aware of the laws and regulations governing the holding of their office and that apply thereto, as well as the principles of good governance and those governing the holding of the office of Director this *Code of Good Governance*.

Article 14. Duty of confidentiality

1. A Director shall maintain the secrecy of the deliberations and resolutions of the Board of Directors and shall generally refrain from disclosing information, data, reports or records to which the Director has had access in the holding of the Director's position, or from using them for the Director's own benefit or that of persons related thereto within the meaning of Article 20.2 and 20.3 of this *Code of Good Governance*.
2. This duty of confidentiality shall survive even after the Director has left office.

Article 15. Use of Foundation Assets

1. A Director may not use assets of the Foundation or the Director's position to obtain a pecuniary advantage unless the Director has paid sufficient consideration and it is a standardized service.

Article 16. Conflict of Interest

1. A conflict of interest shall be deemed to exist in those situations in which there is a direct or indirect conflict between the personal interest of the Director and the interests of the Foundation. A personal interest of the Director shall exist when the matter directly affects the Director or a person related thereto.
2. For purposes of this *Code of Good Governance*, the following shall be considered related persons:
 - a) The spouse of the Director or a person with a similar relationship of affection.
 - b) The ascendants, descendants and siblings of the Director or the spouse (or person with a similar relationship of affection) of the Director.
 - c) The spouses (or persons with a similar relationship of affection) of the ascendants, descendants and siblings of the Director.
 - d) Entities in which the Director or the Director's related persons, either directly or through a nominee, are under any of the control situations provided by law.
 - e) Companies or entities in which the Director or any of the Director's related Persons, either directly or through a nominee, holds a management position or from which they receive emoluments for any reason, provided that the Director also directly or indirectly exercises a significant influence on the financial and operating decisions of such companies or entities.

3. Directors shall observe the following rules regarding conflicts of interest:
 - a) Independence: act at all times with professionalism, loyalty to the Foundation and independently of personal or third-party interests. In consequence, they must abstain at all times from prioritizing their own interests over and above those of the Foundation.
 - b) Abstention: abstain from intervening or influencing in decisions possibly affecting the Foundation with which there is a conflict of interest, from participating in the meetings in which these decisions are debated, and from accessing confidential information concerning this conflict.
 - c) Notification to the Board of Directors, through the Chairman or Secretary thereof, of any conflict of interest in which they are involved. To this effect, the occurrence or potential occurrence of a conflict of interest must be notified in writing to the President of the Foundation.

3. These general principles of action must be observed particularly in cases in which the situation of conflict of interest is, or may reasonably be expected to be, of a kind that constitutes a situation of structural and permanent conflict of interest between the Director, or a person related to the Director, and the Foundation.

Article 17. Acceptance of Presents and Gifts

1. Neither the Directors of the Foundation nor the persons related to them may give or receive presents or gifts in the performance of their duties of such significance that they might give rise to a conflict of interest by affecting the freedom and independence with which they should perform such duties.

2. This prohibition shall not apply when the gifts or presents are of negligible economic value, are customary courtesies, or are not prohibited by Law or generally accepted practices at similar institutions.

Article 18. Duties of Notification

1. A Director must notify the Foundation, through the President or the Secretary of the Board of Directors, of any change in the Director's professional situation or any other change that might affect the normal performance of the Director's duties.

Chapter VI. Director's Duties of Diligence

Article 19. Duty to Properly Prepare Meetings of the Board of Directors

2. The Directors shall attend the meetings of the Board of Directors to which they are duly called, properly preparing for them and diligently informing themselves of the issues to be dealt with at such meetings.

Article 20. Duty of Active Participation

1. The Foundation expects that its Directors will actively participate in the meetings of the Board of Directors in order for their knowledge to contribute to the enrichment of viewpoints that will ensure well-founded decision-making.

Article 21. Duty of Diligence

1. A Director, within the framework of the duties assigned thereto by the Foundation's Governance system, must perform any task specifically entrusted thereto by the Board of Directors or the President thereof to carry out the foundational activities and to implement the resolutions adopted by the Board of Directors with the diligence of a prudent businessperson and faithful representative.

TITLE II. ACHIEVEMENT OF THE FOUNDATION'S PURPOSES

Chapter I. Relations with the contributors

Article 22. Founder and Founder Director

1. The Directors, in consultation with legal and other professionals, will be charged with determining whether any conditions associated with donations from Avangrid or its affiliated companies comply with applicable law and the principles of good governance and Foundation independence. The determination of the Directors shall be final.

Article 23. Preparation of Foundation Action Plan

1. The Foundation shall prepare the Foundation Action Plan consistent with its charitable purposes.
2. At the end of each fiscal year the Foundation shall prepare a report on the performance of the activities carried out which have been funded by donations and planned activities for which donations are sought for the coming year.

Chapter II. Informational Transparency

Article 24. The Foundation on the Internet and its Participation in Social Networks

1. The Foundation's website is the main instrument of transparency policy. Through the website, the Foundation will report on its activities to the general public and to third parties directly related thereto, and the website will also serve as an instrument to facilitate an understanding of and participation in future activities, as well as to disclose its purposes and principles.
2. The Foundation's website shall contain at least the following information, without prejudice to the Board of Directors approving the inclusion of other information at any time:
 - a) The By-Laws of Avangrid Foundation, Inc.
 - b) The *Code of Good Governance*.

Article 25. Relationship with the Auditor

1. The Board of Directors shall establish an objective, professional and ongoing relationship with the auditors of the Foundation, with the highest respect for the independence thereof.
2. The auditor shall be appointed using a transparent, efficient and equitable selection formula.
3. The Board of Directors shall receive information from the auditors regarding issues that might put their independence at risk.

Article 26. Relations with Suppliers

1. The Foundation's relations with its suppliers shall be guided solely by standards of objectivity, impartiality and equal opportunity, avoiding any favoritism or the interference of conflicts of interest in the selection thereof.

TITLE III. AMENDMENT

Article 27. Amendment

1. The Board of Directors may amend this *Code of Good Governance* upon its own initiative or upon the initiative of the President or the Secretary of the Board of Directors.
2. The Board of Directors undertakes to update this *Code of Good Governance* in order to ensure that it conforms to applicable laws and regulations at all times, to the needs of the Foundation.