

Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms

October 18, 2023

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. Avangrid is a member of the group of companies controlled by Iberdrola, S.A. The Board of Directors of Avangrid (the “Board of Directors”) has adopted this Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms (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 “Governance and Sustainability System”) form the framework of governance of Avangrid and its subsidiaries (collectively, the “Avangrid Group”). Avangrid’s Governance and Sustainability 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

The purpose of this Policy is to establish general principles and guidelines to govern the design, development and application of artificial intelligence tools and algorithms, ensuring compliance with applicable law, the Purpose and Values of the Avangrid Group, the Code of Business Conduct and Ethics, and the other rules of the Governance and Sustainability System. This Policy establishes the tools and guidelines to ensure responsible, transparent, safe and reliable use of artificial intelligence systems and algorithms by Avangrid and reflects Avangrid’s commitment to achievement of goal nine (Industry, Innovation and Infrastructure) and goal eleven (Sustainable Cities and Communities) of the Sustainable Development Goals (SDGs) approved by the member states of the United Nations.

2. Principles

The Avangrid Group’s use of artificial intelligence tools and algorithms will be governed by the following principles:

- a) tools that use artificial intelligence or algorithms should be at the service of the communities in which the Avangrid Group does business, generating tangible benefits for the Avangrid Group and its stakeholders, and contributing to the achievement of the SDGs.
- b) the Avangrid Group will use artificial intelligence and algorithms responsibly, in compliance with its commitment to human rights and to the principles that inform the Purpose and Values of the Avangrid Group and the Code of Business Conduct and Ethics, facilitating human intervention in the designs when necessary to ensure effective compliance with this commitment and the principles set forth in this Policy.
- c) the Avangrid Group will ensure that the artificial intelligence tools and algorithms it uses in the performance of its activities, including, without limitation, the automated processes in which the Avangrid Group uses artificial intelligence and algorithms, foster and promote equal opportunity, diversity, inclusion and sustainability and are used in a manner that is consistent with the Purpose and Values of the Avangrid Group and the Governance and Sustainability System.
- d) the design, development and use of artificial intelligence tools and algorithms used by the Avangrid Group will not discriminate on the basis of race, color, marital status, religion, sex, sexual orientation, gender identity or expression, age, national origin or ancestry, citizenship status, physical or mental disability, genetic information, veteran status, uniformed service member status or any other status protected by federal, state or local law.

- e) the design, development and use of artificial intelligence tools and algorithms will be aligned with Avangrid's innovation strategy, which seeks to keep it at the forefront of new technologies and evolving business models, by encouraging a "culture of innovation."
- f) the Avangrid Group shall inform users of the classifications and types of information/data that may be used in artificial intelligence tools and algorithms.
- g) when used by the Avangrid Group in the performance of its activities, artificial intelligence tools and algorithms shall meet the state and federal requirements for privacy and data protection and shall comply with the principles contained in the Personal Data Protection Policy.
- h) the Avangrid Corporate Security Division, in collaboration with the business, shall update and implement physical and cyber security systems and mechanisms to ensure that adequate, reasonable, and effective measures are in place to protect the artificial intelligence systems and its algorithms from alteration, misuse or unauthorized access.
- i) Users shall receive training on the responsible use of artificial intelligence tools, including its operation and the consequences that may arise from the use of incomplete, biased algorithms.
- j) Avangrid will have adequate, reasonable and effective mechanisms in place to monitor and control the data used for the development of digital applications and the design, as well as the possible malfunction of artificial intelligence tools and algorithms.
- k) Avangrid Group shall assess and maintain a list of approved artificial intelligence tools.
- l) Avangrid's Corporate Security Division shall evaluate compliance with the provisions of this Policy at least once a year and shall report the results of its evaluation to the Audit Committee.