

General Risk Control and Management Policy

February 15, 2024

The Board of Directors of Avangrid, Inc. ("Avangrid" or the "Company") 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 General Risk Control and Management Policy (the "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 the Company'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.

The General Risk Control and Management Policy rests upon the following pillars:

1. Purpose

The purpose of this Policy is to establish the basic principles and general framework for the control and management of all kinds of risks facing the Company and the Avangrid Group, and which must be applied in accordance with the mission, vision and values of the Avangrid Group approved by the Avangrid Board of Directors.

This Policy is further developed and supplemented by the Corporate Risk Policies and the Specific Risk Policies that may be established for certain businesses and/or companies within the Avangrid Group.

The head of business companies must approve within their corresponding management decision-making bodies the specific risk limits applicable to each of them and implement the control systems required to ensure compliance therewith.

2. Scope

This Policy applies to all companies that make up the Avangrid Group.

Excluded from the scope of this policy are listed subsidiaries, if any, which have their own Corporate Policies approved by their competent bodies.

At those companies in which Avangrid has an interest and to which this Policy does not apply, Avangrid shall promote principles, guidelines, and risk limits consistent with those established in the Policy and in its supplemental Risk Policies and shall maintain appropriate channels of information to ensure a proper understanding of risks.

3. Risk Factors – Taxonomies

From a general viewpoint, a risk is considered to be any threat that an event, action, or omission may prevent the Avangrid Group from reaching its objectives and successfully carrying out its strategies.

The risk factors to which the Avangrid Group is subject generally are listed below:

- a) **Corporate Governance Risks:** Avangrid accepts the need to achieve the fulfilment of the corporate interest and the sustained maximization of the economic value of Avangrid and its long-term success, in accordance with the Avangrid Group's corporate interest, culture, and corporate vision, taking into account the legitimate public and private interests that converge in the conduct of all business activities, particularly those of the various stakeholders

and communities and regions in which Avangrid and its people act. A fundamental requirement for the foregoing is compliance with Avangrid's Governance System, which is inspired by the good governance recommendations generally recognized in international markets and consists of Avangrid's By-Laws, Corporate Policies, the Internal Corporate Governance Rules, and the Other Internal Codes and Procedures approved by the competent decision-making bodies of the Company.

- b) **Market Risks:** defined as the exposure of the Avangrid Group's results and net worth to changes in market prices and variables, such as exchange rates, interest rates, commodity prices (electricity, gas, CO2 emission allowances, other fuel, etc.), prices of financial assets, and others.
- c) **Credit Risks:** defined as the possibility that a counterparty fails to perform its contractual obligations, thus causing an economic or financial loss to the Avangrid Group. Counterparties can be end customers, counterparties in financial or energy markets, partners, suppliers, or contractors.
- d) **Business Risks:** defined as the uncertainty regarding the performance of key variables inherent in the business, such as the characteristics of demand, weather conditions, and the strategies of different stakeholders.
- e) **Regulatory Risks:** defined as those arising from regulatory changes made by the various regulators, such as changes in compensation of regulated activities or in the required conditions of supply, or in environmental or tax regulations. This includes also risks related with compliance with agency regulations requirements, including SEC, FERC, NERC or CFTC obligations.
- f) **Operational, Technological, Environmental, and Social Risks:** defined as those related to direct or indirect economic losses resulting from external events, inadequate internal procedures, including, but not limited to:
 - Technological failures, human errors, and technological obsolescence;
 - Cybersecurity and information systems;
 - Those associated with climate change;
 - Fraud and corruption; and,
 - Litigation, arbitration, and tax.
- g) **Reputational Risks:** Includes the potential public negative impact on the company value and brand of Avangrid and its subsidiaries resulting from internal or external factors that degrade expectations created among various stakeholders. The expectations are the potential loss in revenue, brand degradation and/or the destruction of shareholder value by operational, environmental, cyber, regulatory or other factors associated with potential reputational damage as outlined in the Company's Reputational Risk Policy.

Given the multidimensional nature of the risks, the taxonomy defined in the system consider additional variables to further categorize and better monitor, control and report risk. These additional categories include:

- Classification of risks amongst Structural, Current ("Hot Topics") and Emerging risk. Emerging risks are understood as possible new threats, with an impact that is still uncertain and of indefinite probability, but growing and that could become relevant for Avangrid.
- Inclusion of secondary risk factors, such as environmental, social, governance and financial ("ESG+F"), corruption, tax, third parties, health or cybersecurity, among others.

4. Basic Principles

The Avangrid Group is subject to various risks inherent in the different industries and markets in which it does business, and in the activities it carries out, which may prevent it from achieving its objectives and successfully implementing its strategies.

Aware of the significance of this issue, the Board of Directors will develop all of its capabilities in order to adequately identify, measure, manage and control significant corporate risks to all the activities and businesses of the Avangrid Group. It will

establish, through this Policy, the mechanisms and basic principles for appropriate management of the risk/opportunity ratio, at a risk level that makes it possible to:

- a) attain the strategic objectives formulated by the Avangrid Group with controlled volatility;
- b) provide the maximum level of assurance to the shareholders;
- c) contribute to the fulfillment of the Sustainable Development Goals (SDG) approved by the United Nations, with special focus on the seventh and thirteenth;
- d) protect the results and reputation of the Avangrid Group;
- e) defend the interests of customers, employees, shareholders, other groups interested in the progress of Avangrid, and society in general;
- f) guarantee stability and financial soundness on a sustained basis over time, and
- g) disseminate a risk culture among Avangrid people, through communication and training.

In the implementation of the aforementioned commitment, the Board of Directors and its Executive Committee have the cooperation of the Audit Committee, which, as a consultative body, monitors and reports upon the appropriateness of the system for assessment and internal control of significant risks, acting in coordination with other respective committees existing at the Avangrid Group.

All actions aimed at controlling and mitigating risks shall conform to the following basic principles:

- a) **Integrate** the risk/opportunity vision into Avangrid's management, through a definition of the strategy and the risk appetite and the incorporation of this variable into strategic and operating decisions.
- b) **Segregate** functions, at the operating level, between risk-taking areas and areas responsible for the analysis, control, and monitoring of such risks, ensuring an appropriate level of independence.
- c) **Guarantee** the proper use of risk-hedging instruments and the maintenance of records thereof as required by applicable law.
- d) **Inform** regulatory agencies and the principal external players, in a transparent fashion, regarding the risks facing the Avangrid Group and the operation of the systems developed to monitor such risks, maintaining suitable channels that favor communication.
- e) **Ensure** appropriate compliance with the corporate governance rules established by the Avangrid through its Governance and Sustainability System. Update and continuously improve this system within the framework of the best international practices regarding transparency and good governance and implement the monitoring and measurement thereof.
- f) **Act** at all times in compliance with the law and Avangrid's Governance and Sustainability System and, specifically, in accordance with the values and standards reflected in the *Code of Business Conduct and Ethics* and under the principle of "zero tolerance" for the commission of unlawful acts and situations of fraud set forth in the *Anti-Corruption Policy and Internal Reporting and Whistleblower Protection Policy*.

5. Comprehensive Risk Control and Management System

This Policy and the basic principles underpinning it, conform to the three-line model and are implemented by means of a comprehensive risk control and management system, supported by a Corporate Risk Committee and based upon a proper definition and allocation of duties and responsibilities at the operating level and upon supporting procedures, methodologies and tools, suitable for the various stages and activities within the system, including:

- a) The establishment of a structure of policies, guidelines and risk limits and indicators, as well as the corresponding mechanisms for their approval and deployment, with annual reviews to establish the risk appetite assumed annually in a qualitative and quantitative manner, in accordance with the objectives established in the multi-year plan and the corresponding annual budgets for the Avangrid Group.
- b) The ongoing identification of significant risks and threats, taking into account their possible impact on key management objectives and the accounts (including contingent liabilities and other off-balance sheet risks).
- c) The analysis of such risks, both at each corporate business or function and taking into account their combined effect on the Avangrid Group as a whole.
- d) The measurement and control of risks following homogenous procedures and standards common to the entire Avangrid Group.
- e) The analysis of risks associated with new facilities, as an essential element in risk/return-based decision-making.
- f) The maintenance of a system for internal monitoring of compliance with policies, guidelines, and limits, by means of appropriate procedures and systems, including the contingency plans needed to mitigate the impact of the materialization of risks.
- g) The periodic monitoring and control of profit and loss account risks that might have a significant impact in order to control the volatility of the annual income of the Avangrid Group.
- h) The ongoing evaluation of the suitability and efficiency of applying the system and the best practices and recommendations in the area of risks for eventual inclusion thereof in the model.
- i) The audit of the comprehensive risk control and management system by the Internal Audit Division.

6. Risk Policies and Limits

This Policy is further developed and supplemented by the *Corporate Risk Policies* and the *Specific Risk Policies* established in connection with certain businesses of the Avangrid Group, which are listed below and are also subject to approval by the Board of Directors.

Structure of Risk Policies of the Group:

General Risk Control and Management Policy

Corporate Risk Policies:

- *Corporate Credit Risk Policy*
- *Corporate Market Risk Policy*
- *Operational Market Transaction Risk Policy*
- *Operational Insurance Risk Policy*
- *Investment Risk Policy*
- *Treasury Risk Policy*
- *Equity Share Risk Policy*
- *Reputational Risk Policy*
- *Information Technology Risk Policy*
- *Cybersecurity Risk Policy*

- *Purchasing Risk Policy*
- *Health and Safety Risk Policy*

Specific Risk Policies for the Various Group Businesses:

- *Avangrid Networks Risk Policy*
- *Avangrid Renewables Risk Policy*