Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms

10 May 2022

www.iberdrola.com   Governance and Sustainability System ❧ IBERDROLA

The Board of Directors of IBERDROLA, S.A. (the "**Company**") has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the "**Group**").

Pursuant to the provisions of the Company's *By-Laws* and as part of its commitment to the social dividend, the Group's innovation and digital transformation strategy must be focused on the sustainable creation of value, in accordance with the *Purpose and Values of the Iberdrola group* and with the commitments made in the *Code of Ethics*.

Aware of the significance of artificial intelligence and algorithms in the development and implementation of this strategy, and of the importance of ensuring its responsible use, in accordance with the corporate philosophy of the Company and the principles that inform its corporate culture, based on ethics and on the commitment to sustainable development, the Board of Directors hereby approves this *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms* (the "**Policy**"), aligned with the *OECD Council Recommendation on Artificial Intelligence.*

1. Purpose

The purpose of this *Policy* is to establish the common and general principles and guidelines for conduct that are to govern the design, development and application of artificial intelligence tools and algorithms, ensuring compliance with applicable law, the *Purpose and Values of the Iberdrola group*, the *Code of Ethics* and the other rules of the Governance and Sustainability System under all circumstances.

Along these lines, this *Policy* establishes the tools and guidelines to ensure responsible, transparent, safe and reliable use of artificial intelligence systems and algorithms by the Company.

2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

Finally, the principles established in this *Policy* shall also apply to suppliers that develop artificial intelligence tools for the Company and the entities subject to this *Policy,* as appropriate.

3. General Basic Principles of Responsible Use of Artificial Intelligence Tools and Algorithms

The purpose of this *Policy* is to establish the common and general principles and guidelines for conduct that are to govern the design, development and application of artificial intelligence tools and algorithms in order to achieve the purpose of this *Policy*, which are described below.

a. Principle of tangibility

   Tools that use artificial intelligence or algorithms should be at the service of the people, generating tangible benefits for Company and its Stakeholders, endeavouring to ensure that the development thereof contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

b. Principle of respect for human rights, the *Purpose and Values of the Iberdrola group* and the *Code of Ethics*

   The Company shall endeavour to ensure the responsible use of artificial intelligence and algorithms, in compliance with the Company's commitment to human rights and to the principles that inform the *Purpose and Values of the Iberdrola group* and the *Code of Ethics*, facilitating human intervention in the designs thereof when necessary to ensure effective compliance with said commitment and the principles contained in this *Policy*.

c. Principle of equity

   The Company shall endeavour to ensure that the artificial intelligence tools and algorithms it uses in the performance of its activities foster and promote compliance with the principles of equal opportunity, diversity, promotion of inclusion and sustainability that govern the *Purpose and Values of the Iberdrola group* and the *Code of Ethics*, seeking to avoid unjustifiably discriminatory biases and impacts (based on race, ethnicity, religion, gender, sexual orientation, disability or any other condition of persons) in the design, development or application thereof.

Take care of the environment.
Printed in black and white and only if necessary.

Governance and Sustainability System   IBERDROLA

d. Principle of "innovative culture"

In order to reduce "group-think" and to mitigate unconscious bias and limiting beliefs, the Company shall endeavour to ensure that the design, development and application of artificial intelligence tools and algorithms are aligned with the Group's innovation strategy, which seeks to keep it at the forefront of new technologies and disruptive business models, by encouraging a "culture of innovation" that pervades the entire organisation and promotes motivating work environments that favour and reward the generation of ideas and innovative practices.

e. Principle of traceability and verifiability

The Company shall endeavour to ensure that automated processes in which artificial intelligence and/or algorithms are used do not contain limitations on transparency and/or traceability that prevent the objective verification thereof through audit procedures.

f. Principle of transparency

When necessary or advisable, the Company shall inform users of the category of personal data that it may use in its artificial intelligence tools and algorithms, as well as the purpose or purposes of the processing of personal data giving rise to the use thereof, in accordance with the legal provisions on the protection of personal data that apply in each case.

g. Principle of privacy

The Company shall ensure that the artificial intelligence tools and algorithms it uses in the performance of its activities respect the legal provisions on the protection of personal data applicable in each case and the principles contained in the *Personal Data Protection Policy*.

h. Principle of security

The Company shall have in place physical and logical security systems and mechanisms to protect its artificial intelligence systems and its algorithms against any alteration, misuse or unauthorised access and to ensure the integrity of the data stored or transmitted through them.

i. Principle of self-regulation.

The Company shall adopt measures that permit self-regulation of the responsible use of artificial intelligence tools and algorithms. This shall include providing professionals who use these tools with training on artificial intelligence, its operation and the consequences that may arise from the use of incomplete, biased or non-transparent algorithms, and particularly on the impact it can have on the Company and its Stakeholders.

4. Specific commitment in automated processes using artificial intelligence and algorithms

The Company shall endeavour to ensure that the automated processes in which it uses artificial intelligence and algorithms respect the general basic principles described in the preceding section, promote compliance with the principles that inform the *Purpose and Values of the Iberdrola group* and the *Code of Ethics,* and particularly that they do not suffer from biases that violate the principles of equal opportunity, diversity and promotion of inclusion, nor make it impossible to verify them due to limitations on the transparency and/or traceability of the results.

5. Supervision of the responsible use of artificial intelligence tools and algorithms

The Company shall have adequate, reasonable and effective mechanisms in place to monitor and control the data used for the development of digital applications and the design thereof, as well as the possible malfunction of artificial intelligence tools and algorithms.

The Company's Cybersecurity 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 and Risk Supervision Committee.

* * *

This *Policy* was initially approved by the Board of Directors on 10 May 2022.