

Corporate Tax Policy

February 13, 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 Corporate Tax 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 the application of good tax practices and compliance with applicable tax laws and regulations and seeks the coordination of the tax practices followed by the companies of the AVANGRID Group within the framework of its Corporate Governance System.

2. Principles

Compliance by the AVANGRID Group with its tax obligations and its relations with tax authorities shall be governed by the following principles:

- a) Compliance with all applicable tax laws and regulations in the various jurisdictions in which the AVANGRID Group operates and timely payment of all taxes due and owed (taking into account all applicable extensions).
- b) The continuing assessment and management of significant tax risks based on a reasonable interpretation of applicable legal provisions and in close relationship to the activities of the businesses of the AVANGRID Group.
- c) Ensuring that the AVANGRID Group’s payment of taxes bear an appropriate relationship to the structure and location of activities, resources, and business risk of the AVANGRID Group.
- d) The strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity, and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defense of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions.
- e) The provision of timely and accurate information to decision-making bodies of the AVANGRID Group on the material tax implications of transactions or matters.
- f) Recognition that a key contribution of the AVANGRID Group to the communities in which it does business is through the payment of taxes in such communities pursuant to which the AVANGRID Group contributes to the achievement of goal eight (Decent Work and Economic Growth) of the Sustainable Development Goals (SDGs) approved by the member states of the United Nations.

3. Tax Practices

In furtherance of the foregoing principles, the AVANGRID Group will:



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

- a) Refrain from using corporate structures adopted in bad faith exclusively for the purpose of obtaining an inappropriate tax benefit or that are intended to impede the ability of the taxing authorities from obtaining knowledge regarding the party responsible for specific taxable activities, the owner of certain assets, or rights involved in a specific transaction.
- b) Not create or acquire entities resident in tax havens or jurisdictions included in the European Union's list of non-cooperative tax jurisdictions for the exclusive purpose of obtaining a tax benefit or avoiding a tax penalty
- c) In consultation with counsel and other advisors, implement the best practices generally followed in the United States.
- d) In consultation with counsel and other advisors, cooperate in good faith with applicable taxing authorities undertaking investigation and/or inspection proceedings regarding AVANGRID Group's tax practices and in the detection and investigation of fraudulent tax practices by others.
- f) Provide all relevant tax-related information and documents requested by taxing authorities in a timely manner to the extent the AVANGRID Group does not, in consultation with counsel, legitimately dispute the relevance or legality of such request.

4. Administration and Reporting

The Audit and Compliance Committee of the Board of Directors (the "Committee") is responsible for ensuring compliance with this Policy, which may be delegated in the sole discretion of the Committee. The AVANGRID Group shall adopt control mechanisms necessary to ensure compliance with tax laws and regulations and with the principles set forth above, as part of an appropriate business management, and management shall ensure that the AVANGRID Group has the appropriate resources for such purposes. The head of the tax division of the AVANGRID Group shall report to the Committee on an annual basis regarding the Avangrid Group's compliance with this policy. Additionally, the Committee will report to the audit and risk supervision committee of the board of directors of Iberdrola, S.A. on compliance with this Policy in accordance with the Corporate Tax Policy of Iberdrola, S.A.

