

NORTHERN POWERGRID HOLDINGS COMPANY:
GROUP UK TAX STRATEGY

This is the UK tax strategy for each UK sub-group, UK qualifying company and UK permanent establishment within the Northern Powergrid group of companies.

- Both our ultimate parent company, Berkshire Hathaway Inc., and our parent company, Berkshire Hathaway Energy Company, require that we pursue a low risk tax strategy and engage with His Majesty's Revenue & Customs ("HMRC") in an open and honest manner.
- We shall manage our tax affairs in accordance with the core principles of our parent company, Berkshire Hathaway Energy, these are;
 - Customer Service
 - Employee Commitment
 - Environmental Respect
 - Regulatory Integrity
 - Operational Excellence
 - Financial Strength
- We shall manage our tax affairs responsibly and transparently and in a way that is compatible with the requirements for HMRC's low tax risk classification by;
 - being open and timely with HMRC about the management of all tax compliance risk
 - raising significant compliance issues, uncertainties and/or irregularities with HMRC as they arise
 - promptly providing full, accurate and helpful answers to HMRC queries
 - providing appropriate resources to deal with all tax obligations
 - maintaining clear accountabilities up to and including the Board for the management of tax compliance risk and tax planning.
- We shall strive to maintain compliance with tax laws and legislation via a strong system of internal governance that requires well documented internal processes and controls, using appropriately qualified and experienced staff and external advisors where necessary.
- We shall ensure all decisions are taken at an appropriate level, with diligent professional care and judgment and supported with documentation that evidences the facts, conclusions and risks involved. Unusual material tax items are reported to the Finance Director.
- We shall actively seek open dialogue with HMRC and provide all relevant information that is necessary for HMRC to review possible tax risks, working collaboratively with HMRC to achieve early agreement on disputed issues wherever possible.
- We shall strive to ensure all tax returns and the agreed tax payments are made within statutory deadlines and provide all relevant tax-related information and documents that may be requested by HMRC on a timely basis.
- We shall never deliberately conceal or knowingly misrepresent issues to HMRC. If we discover errors, we shall disclose them as soon as reasonably practical.
- All transactions must be fully justifiable and have a business purpose or commercial rationale.
- We shall seek to utilise certain reliefs and incentives that may exist and to show respect for the intention of the tax legislation.

- We shall only adopt a tax planning position that we believe is more likely than not to be settled in our favour following full disclosure of relevant facts to HMRC.
- We shall not use artificial structures that are unrelated to the Company's business for the sole purpose of reducing the tax burden.
- External tax planning advice may be sought;
 - for large, unusual transactions
 - in respect of any business in specialist sectors
 - to assist in forming an opinion on uncertain positions; or
 - for overseas business ventures

The company regards the publication of this strategy as satisfying our statutory obligation under Paragraph 19 (2), Schedule 19, Finance Act 2016 for the financial year ending 31 December 2024.