

Infinera Corporation 2017 Tax Strategy

This paper sets out the tax strategy of Infinera Corporation's UK subsidiary Infinera Ltd ("Infinera UK") to fulfill our responsibilities under section 161 and paragraph 19(2) of the Schedule 19 of the Finance Act 2016.

Infinera has a strong focus on business ethics and corporate responsibility. Infinera is dedicated to fostering a culture of integrity and honesty. Our overall tax strategy is guided by our values "to hold ourselves accountable for, the highest standards of conduct and behavior in every action, interaction and aspect of our work". We see responsible administration, compliance with tax laws and payment of taxation as one of the primary responsibility of our business.

1. Overview of our business

Infinera provides optical transport networking equipment, software and services to telecommunications service providers, internet content providers ("ICPs"), cable providers, wholesale and enterprise carriers, research and education institutions, enterprise customers, and government entities across the globe. Infinera generates over 60% of its revenue from the US market.¹

2. Tax risk management and governance (Infinera to confirm accuracy of this section)

Our internal control process are an important part of the tax risk management. We identify, assess and manage tax risks through appropriate tax control framework.

Infinera's US management owns and implements our tax strategies which are overseen by the Board of Directors and audit committee. The global tax team manages our tax risk day-to-day to ensure tax policies and procedures are in place and maintained consistently around the world. The global tax team reports to the Board of Directors and audit committee on a regular basis on how tax risks are managed and monitored.

We believe compliance with tax legislation is the key to managing our tax risk. We commit to meet tax compliance requirements and to file appropriate tax returns in the UK on a timely manner. We adhere to relevant tax law and seek to minimize the risk of uncertainty or disputes. We seek to establish strong internal processes and a good relationship with our professional advisors to manage our tax and reputational risk.

3. Tax planning and tax risk

When developing the Group's business model and making business decisions, Infinera considers relevant tax regulations and the commercial and economic substance on a transaction by transaction basis. We seek expert advice to ensure we are compliant in each of relevant tax territories.

Infinera UK's intercompany transactions are conducted on an arm's-length basis and in accordance with the UK transfer pricing regulations and the OECD guidelines. In the UK, our tax planning activities are limited to utilize the tax incentives within the UK tax framework when applicable to our business case and the level of risk in relation to UK taxation is low.

¹ Infinera annual SEC filing.

4. Relationships with HMRC

We seek to develop and sustain good working relationships with HMRC based on mutual respect. We maintain open dialogue with the HMRC in a cooperative and timely manner. We strive to adopt a proactive approach to the provision of required information to HMRC to resolve disputes and to achieve certainty.