

## **Our Approach to Tax in the UK**

This document regarding our approach to tax in the UK is published by DOCOMO Digital Limited on behalf of its UK affiliates as listed in the Appendix A in accordance with the requirements of paragraphs 19(2) and 22(2) of Schedule 19 of the UK Finance Act 2016. This document is effective for the financial year ending 31.03.2022 and will be reviewed annually and updated as necessary.

### **Our Business Overview**

DOCOMO Digital group provides payment services to third parties.

DOCOMO Digital Ltd ("the Company") is the parent company of the DOCOMO Digital group of companies ("the Group").

As the holding, the Company's activities focus on setting the strategic direction of the Group, along with the supervision of the implementation of the business and financial strategies.

The Company also provides management services to the subsidiaries of the Group. Payments services comprise a full range of payment services to carriers and physical and digital merchants. It's divided into two areas:

- DCB (Direct Carrier Billing), a solution that allows charging payments to the mobile phone bills of the customers.
- Non DCB that covers a full range of Financial Services and Alternative Payment Methods (e.g. mobile wallets) available to merchants.

### **Our approach to tax risk management and governance**

We are committed to highest ethical standards and compliance with all relevant laws and regulations, social standards, and internal business policies.

Our business is overseen by the Chief Finance Officer ("CFO") of DOCOMO Digital Limited, who is supported by other experienced finance teams. The CFO's responsibilities include risk management, governance and oversight with respect to tax. Reporting to our CFO, the finance team with the regular additional support of the external advisory tax firm, ensures that robust tax administration (including timely filing of tax returns, making of tax payments and prompt dealings with any queries from Her Majesty's Revenue and Customs ('HMRC')) is maintained.

Any new business opportunity is first analyzed by the CFO involving internal counterparts and external tax advisors when necessary, in order to identify any potential tax risks and to ascertain any possible tax compliance requirements.

Furthermore, any business of particular complexity or significance in respect of size/scope, is fully tested to identify any potential risk.

Ongoing tax matters are dealt with in the established administration procedures. Any tax matters requiring further assessment is escalated to the senior management team for careful consideration and, if necessary, discussed and determined by board members. The board members constantly work closely with the finance and legal teams to manage tax and regulatory risks of the business.

We maintain policies of internal control systems as approved by senior management of the business to deal with various risks including tax. Our business is subject to Senior Accounting Officer ('SAO') obligations, and our SAO, that is the CFO, is responsible for ensuring that our tax accounting arrangements are appropriate. Our SAO therefore plays a vital role in achieving our tax strategy by having an oversight over our relevant tax processes and controls.

As part of the overall risk management and governance arrangements, our business is also supported by external advisors, where necessary.

### **The level of tax risk we are prepared to accept**

We have very low risk appetite towards tax risks, and we are committed to maintaining and enhancing our tax compliance processes and controls by ensuring that appropriate training and guidance are provided within our finance and tax teams.

The assessment of tax risks includes the analysis of our adherence with our ethical code of conduct, the probability of a claim, the overall exposure to liabilities, penalties and reputational risk and adequately factors in any specific country risk.

### **Our approach to tax planning**

Tax, and more generally, fiscal behavior, forms part of our code of conduct.

Tax planning has a limited scope in determining our tax strategy. We do not make

use of any tax planning other than for the mere purposes of taking advantage of available tax reliefs, as they are intended by the lawmakers. Nor do we pursue any unintended tax advantage, neither by operating within the letter, but not the spirit of the law, nor through contrived or artificial transactions.

We refrain from bringing about any tax planning strategies to artificially shift profits to low or no tax locations where there is little or no economic activity, as well as situations where businesses may obtain multiple tax deductions for the same economic cost to reduce the enterprise's overall tax liability.

Our preference is to ensure that profits are reported where economic activities are carried out and value created.

Overall, in determining our tax strategy we always aim to prioritize compliance and risk management over the quest for the tax saving itself, as we hold the view that this is integral to the overall strategy of value creation for our shareholders and future sustainability of our business. We seek appropriate external advice on an ongoing basis to implement this strategy consistently.

### **Our approach to dealings with HMRC**

We aim to maintain a good relationship with HMRC, and work collaboratively with them in an open and honest manner.

We systematically monitor tax compliance duties and deadlines, and ensure we do our utmost to keep up with any new guidance from tax authorities applicable to our business.

We also adopt a policy of advance clearance and cooperation with tax authorities, as such, we consult or seek tax authorities' agreement, as the case may be, with respect to any significant uncertainty or potential advantage deriving from the application of any tax law to our business.

We retain records of our decision making processes and ensure that any tax analysis performed is included in the retained records and made readily available for future perusal.

**Approved by Jonathan Kriegel, DOCOMO Digital Ltd. CEO, on 23/03/2022.**

Appendix A  
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