Snap Inc.

SNAP INC.

OUR GLOBAL TAX STRATEGY

INTRODUCTION

Snap Inc. is a camera company.

We believe that reinventing the camera represents our greatest opportunity to improve the way people live and communicate. We contribute to human progress by empowering people to express themselves, live in the moment, learn about the world, and have fun together.

We seek to run our business in the long-term interest of all our stakeholders, including investors, governments, employees, and our communities. We view tax not just as a legal obligation but as a way to appropriately support the communities where we operate — in other words, we view it as part of our overall corporate mission. Ensuring that we pay the right amount of tax, at the right time, and in the right place is a critical part of our approach. We hold our employees and anyone working on our behalf to the highest standards of lawful and ethical conduct. These high standards reflect our values – we want to maintain the trust of our customers, business partners, governments and the public, and foster a reputation for integrity and transparency.

Our global business activities require us to pay a variety of taxes, including corporate income taxes, value-added taxes, withholding taxes, and employment taxes. We also collect and pay taxes on behalf of our employees.

OUR APPROACH TO RISK MANAGEMENT AND GOVERNANCE ARRANGEMENTS

“Risk management” is a term that describes the actions we take to lower the risk of us accidentally getting something wrong. In simple terms, this involves working out what could possibly go wrong and then determining what steps we should take to lower the risk of that happening. This is achieved through a mix of policies (decisions on what we should do) and internal controls (the means by which we try to lower that risk).

We align with industry best practices around tax governance. At Snap, our tax strategy is a core part of corporate responsibility and governance and is overseen by the audit committee of Snap Inc.’s Board of Directors. The audit committee is composed of independent directors and has a charter that outlines its responsibilities. Those responsibilities include reviewing our tax risk assessment and our system of internal controls. The audit committee meets quarterly and discusses tax matters. If the committee believes any matters require the attention of the full board, these matters are discussed at the next board meeting.

Our executive officers, including our general counsel and chief financial officer, are responsible for the day-to-day implementation of risk management. They rely on specialists on their teams and our system of internal controls to execute our risk management strategy. There is an open dialogue between the audit committee and those individuals tasked with the day-to-day implementation of risk management. We have clear procedures for tax risk management and carry out risk assessments before entering into tax planning for significant transactions.

HOW WE DEAL WITH TAX UNCERTAINTY

We want to get our taxes right. We seek to comply with all of our tax payment and reporting obligations consistent with the applicable laws, regulations, and generally accepted standards. But sometimes it is not clear what the right answer is. Our business spans many countries around the world, and the interaction of complex tax laws in different jurisdictions can make it difficult to determine the right answer. There is a risk that tax authorities might disagree with us or with each other.

Our values and commitment to doing business responsibly and ethically guide the way we manage these risks and we consider them as part of our broader business risk management processes.

Where we are unclear on a particular matter, we seek advice and counsel from professional advisors outside the company who are chosen for their knowledge of the subject-matter and issues.

OUR ATTITUDE TOWARDS TAX PLANNING

We believe in doing business in a straightforward way by having a corporate legal structure and operating model that follows the commercial substance of our business – we don't want tax considerations pushing our business to do things it wouldn't normally do. Our tax team works to support our commercial and business objectives and make sure that tax is included in the overall planning process in the same way as other costs and benefits. We don't undertake transactions the sole purpose of which is to create a tax benefit inconsistent with a reasonable interpretation of relevant tax law.

Some countries allow taxpayers to take advantage of certain incentives, make choices in how they are taxed, or elect different tax treatments. We may claim such incentives and make such elections where they are aligned with the commercial activities of our business (for example, a credit for the research and development we undertake), and we seek to implement them consistent with the intent and spirit of the law.

As part of the normal commercial activity of our global business, there are many transactions between Snap group companies in different countries. Our goal is for the transfer pricing for these transactions to reflect an "arm's-length" or market price, based on the functions, assets and risks of the parties involved and supported by appropriate economic analysis of similar transactions between unrelated parties, such that we pay tax according to the value created by each part of our business. Our two principal entities (our U.S. parent and our U.K. subsidiary) take the vast majority of the business risk in our group; as such, because our group is currently not profitable on a consolidated basis, both of these entities are currently loss-making.

Intellectual property plays a critical role in our industry, and you can tell a lot about a company by its IP structure. Our IP structure is straightforward and follows the commercial substance of our business. In 2016, our U.K. subsidiary licensed a portion of our IP from our U.S. parent in a taxable transaction. As such, our U.S. parent and our U.K. subsidiary are the companies in our group that are primarily responsible for engaging with our customers. The U.K. serves this role because it's an important market for us, it has a strong talent pool and business environment and we have significant operations there.

We also engage in local sales support activities in other key markets besides the U.S. and the U.K. When that activity becomes significant to us, we evaluate whether to establish a local subsidiary, with a local team, to sell to local advertisers and record advertising revenue locally, whether through direct sales, our advertising API, or our self-serve platform. As a result, we recognize most of our revenue "locally," which results in more profit being recognized where our customers are located as compared to a more centralized sales structure that is the historical norm in our industry. This not only allows us to be more transparent with local tax authorities, but also positions us to serve our local customers in those markets more responsively and is more aligned with our mission and values. Revenue that is not booked "locally" (e.g., where we have no local business presence, or our local business presence is still developing) is recognized by our U.K. subsidiary and is subject to tax at the normal U.K. corporate income tax rate. We do not operate in tax havens and do not have any stateless or "nowhere" income that is not taxed – our profits are fully subject to tax in the jurisdictions where we have substantive business operations. In short, our goal is for our corporate legal structure to follow our business, not the other way around.

OUR RELATIONSHIP WITH TAX AUTHORITIES

We aim to engage in an open, honest, and transparent manner with anyone we deal with and this includes all tax authorities in respect of all tax matters. We will work in a cooperative and constructive manner with tax authorities to resolve disputes or where there may be uncertainty in the interpretation of tax laws.

We proactively and constructively engage in dialogue with governments, intergovernmental organizations and industry groups to support the development of tax systems that are fair, efficient, effective, administrable and sustainable. This includes support for the OECD's ongoing work on international tax reform ("Pillar One" and "Pillar Two," intended to address the digitalization of the economy). We urge tax policy makers to implement international tax reform to (i) tax only net profits (not revenue), and only once, (ii) recognize, and allow taxation of, some element of value creation that is not currently being taxed in market jurisdictions where companies have no or limited physical presence but do have local customers/users, (iii) maximize certainty and administrability, and minimize controversy and (iv) ensure a level playing field.

We are transparent about our approach to tax. The tax disclosures in our public audited financial statements are straightforward and easy for stakeholders to understand. We commit to publicly disclosing country-by-country information when we become profitable and income tax expense and income taxes paid become material.

DECLARATION

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