

### OUR GLOBAL TAX STRATEGY

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#### INTRODUCTION

Snap Inc. is a camera company.

We believe that reinventing the camera represents our greatest opportunity to improve the way that 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.

At Snap, 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. We want to earn the trust of our customers, business partners, and the public, and our tax philosophy is a part of that. But we also want to do the right thing even when no one is looking. We want our tax structure to follow the commercial substance of our business — we don't want tax considerations pushing our business to do things it wouldn't normally do. This is different from the historical norm in our industry, where many companies have kept their profits in artificial low- or no-tax structures with little substance. We don't and won't 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 jurisdictions where we have substantive business operations.

Our global business activities require us to pay a variety of taxes, including corporate income taxes, employment taxes, value added taxes, property taxes, and other gross-receipts based taxes. We also collect and pay taxes on behalf of our employees. As a growing company that is not yet profitable on a consolidated basis, the majority of our total tax contribution, which was in excess of \$1 billion for the year ended December 31, 2020, comes from taxes remitted by Snap that were collected from our employees on their compensation and customers on their purchases. Our global tax strategy and our commitment to tax fairness covers all of these taxes, not just corporate income tax.

#### GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

"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 and benchmark our governance and control framework against leading practices. 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 at least quarterly and frequently 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.

To ensure that our tax strategy is being followed in our everyday approach to tax, we have implemented robust processes and controls, we test and monitor those controls in real time to make sure they are operating effectively, and our internal audit team periodically reviews our assessments to provide an outside viewpoint. We have clear procedures for tax risk management and carry out risk assessments before entering into tax planning for significant transactions.

Additionally, Snap's Code of Conduct and Whistleblower Policy encourage all employees to speak up and raise any concerns they may have about compliance or violations of law or policy, which in turn applies to all tax matters. These concerns may be reported to our Chief Compliance Officer or through our anonymous helpline.

## **SUPPORTING OUR BUSINESS**

Our tax team works to support the commercial activity of our business and make sure that tax is firmly embedded in both the overall planning process in the same way as other costs, as well as in the product and business roadmaps.

Intellectual property (IP) 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 UK subsidiary licensed a portion of our IP from our US parent in a taxable transaction. Our US parent and our UK 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. The UK 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 recognize most of our revenue "locally," which results in more profit being recognized where our customers are located and more sales-based taxes (such as value added taxes) that we collect and remit to local governments, as compared to a more centralized sales structure that is the historical norm in our industry. 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 UK subsidiary and is subject to tax in the UK at normal corporate income tax rates.

## **OUR ATTITUDE TOWARDS TAX PLANNING AND RISK**

Our tax risk appetite is defined by examining our tax positions through the lens of the principles set out in this global tax strategy. 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. 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 internal tax team members, who are highly qualified specialists who benefit from ongoing training and development, commit to executing their roles consistent with this strategy. 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, as well as their alignment to our approach to tax risk.

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. We aim for substance — we don't seek abusive tax results.

## **GROUP TRANSACTIONS AND PRICING**

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 consistent with OECD principles, 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.

## **INCENTIVES**

Some jurisdictions allow taxpayers to claim tax incentives, for example, to support investment and employment. We may claim such incentives where they are aligned with the commercial activities of our business (for example, a credit for the research and development we undertake) and are made available to all taxpayers in that jurisdiction, and we seek to implement them consistent with the intent and spirit of the law.

## **RELATIONSHIPS WITH TAX AUTHORITIES**

We want to get our taxes right. 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 strive for the highest level of compliance with tax rules and disclosure requirements, including complete, accurate, transparent and timely reporting. But sometimes it is not clear what the right tax answer is. Because of the complex tax laws in countries around the world where we operate, and the interaction between these rules, there is a risk that tax authorities might disagree with us or with each other.

We seek to develop cooperative relationships with tax authorities and aim to engage in an open, honest and transparent manner to resolve disputes or where there may be uncertainty in the interpretation of tax laws.

## **SUPPORTING GLOBAL TAX GOVERNANCE**

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 (1) tax only net profits (not revenue), and only once, (2) 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, (3) maximize certainty and administrability, and minimize controversy, and (4) ensure a level playing field.

## **TRANSPARENCY**

We are transparent about our approach to tax. The income tax disclosures in our publicly available audited financial statements are straightforward and easy for stakeholders to

understand. We obtain an assurance opinion annually, which encompasses our income tax accounting, disclosures, and the design and operating effectiveness of our controls for income taxes. We commit to publicly disclosing, on a country-by-country basis, our total tax contribution when we become profitable and income tax expense and income taxes paid become material.

**DECLARATION**

This document is published by Snap Group Limited on December 31, 2021 and is considered to satisfy the requirements of paragraph 19(2) of Schedule 19 of Finance Act 2016 for the year ended December 31, 2021.