

### OUR GLOBAL TAX STRATEGY

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#### Introduction

Snap Inc. is a technology company.

We believe the camera presents the 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.

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 understand that our tax strategy is an important element of earning the trust of our customers, business partners, governments, and the public. This includes doing 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 that have little relationship to the substance of their business. We don't and won't operate in tax havens, and do not have any stateless income that is not subject to tax. 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. For the year ended December 31, 2022, our total tax contribution was approximately \$1.2 billion. As a growing company that is not yet profitable on a full year consolidated basis, this comprised \$200 million in taxes borne by Snap and \$1 billion in taxes collected by Snap from our employees on their compensation and customers on their purchases. Taxes directly borne and collected by Snap are a meaningful economic contribution that supports the communities where we operate. Our global tax strategy covers all of these taxes, not just corporate income tax.

#### Tax Governance, Risk Management, and Compliance

Risk management describes the actions we take to lower the risk of us accidentally getting something wrong. We manage risk through a mix of policies and internal controls. Snap operates a global tax control framework that includes process risk and control management for financial reporting purposes and based on relevant local regulations. Our aim is to proactively identify and mitigate tax risks while ensuring an ongoing monitoring plan to remain compliant.

We align with industry best practices around tax governance and annually benchmark our tax strategy and tax control framework against leading practices. Our tax strategy is overseen and explicitly reviewed and approved by the Audit Committee of Snap Inc.'s Board of Directors. While the Audit Committee has primary oversight of tax matters, including reviewing our tax risk assessment and system of internal controls, these matters are escalated to the attention of the full Board if appropriate.

Our tax control framework helps ensure that our tax strategy is being followed in our everyday approach to tax. This includes meeting all our tax obligations such as tax return filing,

payment of taxes, and tax accounting and reporting. We proactively test and monitor these controls to ensure they are operating effectively, and our internal audit team periodically reviews our assessments to provide an outside viewpoint. We have a tax risk management policy and carry out risk assessments before entering into tax planning for significant transactions.

Our tax strategy is reflective of, and reactive to, our wider business here at Snap. The tax team is involved in the planning and implementation of significant transactions such as changes to business activities, acquisitions and divestitures, changes in corporate structure, and financing arrangements. Members of the tax team support our global business strategy development to ensure the tax implications of business decisions are considered.

Our people are the critical component in delivering on our tax strategy and governance commitments. Our tax team members are highly qualified and knowledgeable specialists who undergo ongoing training and development, and possess relevant professional licenses. Snap tax team members receive training on and agree to follow Snap's tax strategy, governance policies, and internal controls.

Additionally, Snap's Code of Conduct requires that we respect the laws (including tax laws) of the places where we operate. Our Code of Conduct and Whistleblower Policy encourage all employees to speak up and provide clear avenues of communication to raise any concerns they may have about compliance, expressly including all tax matters.

## **Our Attitude Toward Tax Planning and Risk**

Our tax risk approach is governed by the tax principles set out in this section and is underpinned by our commitment to paying the right amount of tax at the right time and in the right place. Our values and commitment to doing business responsibly and ethically guide the way we manage these risks.

Where we are unclear on a particular matter, we seek advice from professional advisors who are chosen for their knowledge of the subject matter, as well as their alignment with our approach to tax risk. We proactively gather and document the relevant facts and technical basis of positions taken. We don't undertake transactions for the sole purpose of creating a tax benefit inconsistent with a reasonable interpretation of tax law. We aim for substance — we don't seek abusive tax results.

## **Supporting Our Business**

Our tax team works to support the commercial activity of our business and make sure that tax is firmly embedded in the overall planning process in the same way as other costs, and in Snap's 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. 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 transaction taxes being collected and remitted 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 standard corporate income tax rates.

## **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. These transactions reflect an “arm’s-length” or market price in alignment with OECD principles. This is based on the functions, assets, and risks of the parties involved and supported by the 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 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. We strive for the highest level of compliance with tax rules and disclosure requirements, including accurate and timely reporting. But it is not always clear what the tax legislation intends. Because of the complex tax laws in countries 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 including HMRC (the United Kingdom tax authority) and aim to engage in a transparent manner, including proactive disclosure of all relevant facts.

## **Supporting Global Tax Administration**

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. We urge tax policy makers to implement international tax reform to (1) tax only net profits — not revenue — and do so 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 while minimizing 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 on a full-year consolidated basis and income tax expense and income taxes paid become material.

We welcome stakeholder feedback on our tax strategy and our transparency on tax matters. Please address any comments or suggestions to [tax@snap.com](mailto:tax@snap.com).

**Declaration**

This document is published by Snap Group Limited and the other Snap group entities in the United Kingdom on December 31, 2023 and is considered to satisfy the requirements of paragraph 19(2) of Schedule 19 of Finance Act 2016 for the year ended December 31, 2023.