

# UK Tax Strategy Statement

## Background

Urban Outfitters, Inc. (“URBN” or the “Company”) strives to create a tax culture that supports sustainable growth and ensure high standards of business conduct. Furthermore, the Company considers tax risk management essential to maintaining proper, efficient and effective operations.

URBN is committed to conducting its tax affairs consistent with the following principles:

1. Compliance with all relevant laws, rules, regulations, and reporting and disclosure requirements (“Applicable Law”), in all applicable jurisdictions, while seeking to conduct business in a tax efficient manner, but never knowingly in violation of Applicable Law;
2. Consistency with the Company’s overall business strategy;
3. Governance and assurance procedures that are appropriate and address tax risk management;
4. Proactive, collaborative, and professional relationships with tax authorities; and
5. A zero tolerance approach to facilitation of tax evasion under the law of any country.

In September 2016, the Parliament of the United Kingdom (“UK”) enacted the Finance Act of 2016 (the “Act”). Among other things, the Act requires that businesses with specific operations of a certain size within the United Kingdom publish a Tax Strategy Statement (the “Statement”) disclosing (a) the approach of the group to risk management and governance arrangements in relation to UK taxation, (b) the attitude of the group towards tax planning (so far as affecting UK taxation), (c) the level of risk in relation to UK taxation that the group is prepared to accept and (d) the approach of the group towards its dealings with His Majesty’s Revenue and Customs (“HMRC”).

The Act requires that the Statement cover the following types of tax: income tax, corporation tax, value added tax, amounts for which the company is accountable under PAYE regulations, diverted profits tax, insurance premium tax, annual tax on enveloped dwellings, stamp duty tax, stamp duty reserve tax, petroleum revenue tax, customs duties, excise duties, and national insurance contributions.

URBN operates in over 19 countries, including the UK. This Statement sets out the required tax strategy information for URBN UK Limited, URBN International Operations Limited, URBN UK Holdings Limited, Urban Outfitters UK Limited and Anthropologie UK Limited, (collectively “URBN UK”). Urban Outfitters, Inc., a Pennsylvania corporation, is the ultimate parent company of URBN UK and is a publicly traded corporation on the NASDAQ Global Select Market.

This Tax Strategy statement complies with paragraph 16(2) Schedule 19 of the Finance Act of 2016 and is effective through January 31, 2027 (“Effective Period”). This Statement is prepared

annually by the Chief Tax Officer, reviewed by the Chief Financial Officer, and approved by the URBN Board of Directors and URBN UK Boards of Directors, collectively the “Boards.”

URBN considers that all the required items, outlined above, are satisfactorily addressed in this document and therefore, this Statement is compliant with the requirements of the Finance Act of 2016 in respect of the Effective Period.

### **The Approach to Risk Management and Governance Arrangements in Relation to UK Taxation**

URBN acknowledges that the most effective manner of tax risk management must prudently balance the ability to identify and minimize the potential for loss while also maximizing strategic opportunities for commercial growth.

URBN will balance tax risk management and maximization of strategic opportunities for commercial growth by adopting lawful and supportable tax positions. More specifically, the Company will:

- Retain strong technical support for significant tax positions, including opinions from external advisors, when applicable;
- Maintain clear explanations and documentation for significant tax positions, including facts and business purpose;
- Document and regularly demonstrate controls and processes that exist to mitigate potential risks;
- Address and reduce identified risks; and
- Maintain good working relationships with tax authorities.

Furthermore, specific to URBN UK, the Company commits to maintain a low UK tax risk rating by:

- Ensuring the submission of all UK tax returns on a timely basis, including sufficient detail to enable HMRC to form an accurate view of the affairs of the company filing the return with an adequate supporting audit trail and sign-off process;
- Paying the required amount of tax at the required time;
- Ensuring all tax filing positions are supported with appropriate documentary evidence;
- Maintaining tax accounting arrangements which are robust and accurate and comply with the Senior Accounting Officer (SAO) provisions in the UK; Ensuring that the URBN Tax Team have adequate resources and support to manage tax compliance issues on a timely basis, including partnering with external advisors and software to enhance controls and compliance. Where necessary or appropriate, the Company commits to engage qualified external advisors to ensure tax risks are properly assessed and appropriately addressed; and
- The Company takes a zero-tolerance approach to facilitation of tax evasion under the law of any country. URBN remains committed to conducting its business in a professional and fair manner, with integrity in all business dealings and relationships wherever the Company operates. To properly execute under this approach, URBN

implements and enforces effective internal control systems across the Company to counter tax evasion facilitation. Such internal control systems are subject to annual internal audits, as well as external assurance reviews.

The Chief Tax Officer serves as head of global taxes and is responsible for overseeing all tax risk management, tax governance, and tax compliance issues for the Company. The Chief Tax Officer manages a global team of tax professionals (together with the Chief Tax Officer, the “Tax Team”) who, in collaboration with accounting, financial and employment professionals, are accountable for the management of tax risks, execution of compliance obligations and the continued adequacy and effectiveness of related controls.

The URBN “Tax Leadership Team” is comprised of the Chief Executive Officer, the Co-President & Chief Operating Officer, the Chief Financial Officer, the Chief Tax Officer, and the Chief Accounting Officer. The URBN Tax Leadership Team works to ensure that: (1) a tax policy is adopted, updated as necessary, and followed consistently across URBN, with clear lines of responsibility and accountability; (2) the tax strategy is aligned with URBN’s overall approach to corporate governance and risk management, as outlined in the Company’s Code of Conduct and Ethics and various Board Committee charters; and (3) URBN pays the tax required of it and properly makes tax related disclosures under the laws and regulations of the countries in which it operates.

The URBN Board of Directors, along with each subsidiary’s Board of Directors (collectively, the “Boards”) retains approval of and ultimate responsibility for corporate governance, including the tax risk management framework. The Boards, along with the Company’s Board Committees, have oversight of the Company’s management of tax risks and compliance with tax-related obligations.

### **The Attitude of the Group Towards the Tax Planning**

The URBN Tax Team is committed to working with the business as an equal partner to provide appropriate tax-related input and advice to ensure a clear understanding by all stakeholders of the tax costs, benefits and risks associated with certain business transactions and/or decisions.

To properly execute this commitment, the Tax Team makes certain the business understands that the tax function should be involved during consideration, planning, implementation and ongoing maintenance (if applicable) of such transactions and decisions. The Tax Team makes certain the business understands and commits to ensure transactions are structured to give a tax result consistent with economic realities and does not contemplate transactions with the sole purpose of reducing tax liabilities. This understanding between the Tax Team and the business includes regular discussions about the application of this Policy, the Company’s appetite for risk and alignment with Applicable Law.

More generally speaking and concerning compliance obligations, the Tax Team is committed to entering into transactions and making decisions in a manner that is consistent with and complements the Company’s overall corporate strategy with the goal of optimizing after-tax returns for the Company’s stakeholders, while working with the business to appropriately

mitigate tax risk. The Tax Team makes certain that the Company will not willfully engage in tax schemes, abuse tax havens, or structure transactions in such a way to be construed as artificial and/or contrary to the spirit and the clear intentions of the tax legislation under consideration. See also “Tax Code of Conduct” for standards of professional conduct we expect from our Tax Team professionals.

The Company engages external tax advisors for advice and support in instances where the complexity and/or risk level require such advice to eliminate or minimize the associated tax risk. The Tax Team, with the approval of the Chief Financial Officer, may also engage external tax advisors for advice and assistance surrounding industry best practices and maximization of efficiency in performing tax processes.

### **The Level of Risk in Relation to UK Taxation that the Group is Prepared to Accept**

URBN adopts a low-risk approach to the management of its tax obligations with the objective that all tax liabilities properly due under the law are correctly recorded, accounted for, and paid. In applying this approach, the Company recognizes that in certain aspects of tax law there can be ambiguity about the application of rules which can lead to various interpretations by taxpayers and tax authorities, sometimes resulting in tax disputes. Although sometimes unavoidable, the Company aims to balance the prevention of unnecessary disputes with tax authorities versus the preservation of investor value. URBN means to prevent unnecessary tax disputes by maintaining strong, clearly stated technical positions supported by complete documentation of relevant facts. Furthermore, the establishment of good working relationships with tax authorities, coupled with strong compliance procedures and controls to ensure accurate and complete tax reporting also reduce the frequency of unnecessary tax disputes.

The URBN Tax Team provides day-to-day management of tax affairs and exercises reasonable care and diligence to minimize potential tax risk. Tax issues and compliance tasks are assigned to and handled by appropriate subject matter specialists. Such specialists review activities, processes, and tasks to identify key risks and establish appropriate controls. The Tax Team maintains on-going tax governance with strong internal controls to reduce tax risk to materially acceptable levels. The Tax Team exercises appropriate care and judgement in assessing tax risks to arrive at well-reasoned conclusions on how those risks should be managed. The Tax Team may also seek external advice and support from qualified external advisors and applicable subject matter experts where necessary or advisable to eliminate or minimize the tax risk that may arise in connection with the transaction or issue.

### **The Approach of the Group Towards its Dealings with HMRC**

Engage with HMRC regularly to foster an open and collaborative professional relationship. URBN UK’s strategic aim is to avoid disputes with HMRC by:

- Initiating early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- Making accurate and timely disclosures in correspondence and returns and responding to queries and information requests in a timely fashion; and

- Seeking to resolve issues with HMRC and where disagreements arise, working with HMRC to resolve issues by agreement, where possible.

## **URBN Tax Code of Conduct**

This URBN Tax Code of Conduct outlines the parameters within which the URBN Tax Team is expected to operate in its execution of the Global Tax Policy. Non-adherence to this Tax Code of Conduct could result in a disciplinary matter, up to and including termination.

### **Compliance with Applicable Law**

Operate in compliance with Applicable Law, including timely filing all required tax returns, reports and disclosures, paying the required amount of tax at the required time, and maintaining required records supporting all filings and tax payments in relevant jurisdictions.

Meet internationally recognized standards by applying lawful transfer pricing policies, in adherence with the Internal Revenue Code, OECD Transfer Pricing Guidelines and other applicable local statutes, to ensure the required amount of tax is remitted where value is created.

Provide tax advice and guidance as necessary to ensure compliance with Applicable Law, obtaining external advice where necessary or advisable.

Tax specialists identify and monitor key risks for changes in business or Applicable Law and update applicable processes and controls accordingly.

Do not engage in artificial transactions the sole purpose of which is to reduce tax liabilities. The URBN Tax Team provides recommendations for the Company to undertake a transaction in a way that gives rise to tax efficiencies, provided the transaction is aligned to URBN's commercial objectives and complies with Applicable Law.

### **Consistency with the Company's overall business strategy**

Make tax decisions in a manner that is consistent with and complements the Company's overall corporate strategy. Make key business decisions cognizant of tax consequences to optimize after-tax returns for the Company's shareholders.

### **Governance and assurance procedures that are appropriate and address tax risk management**

The URBN Tax Team provides day-to-day management of tax affairs and exercises reasonable care and diligence to minimize potential tax risk.

Tax issues and compliance tasks are assigned to and handled by appropriate subject matter specialists. Such specialists review activities, processes, and tasks to identify key risks and establish appropriate controls.

Maintain on-going tax governance with strong internal controls to reduce tax risk to materially

acceptable levels.

Exercise appropriate care and judgement in assessing tax risks to arrive at well-reasoned conclusions on how those risks should be managed.

Seek external advice and support from qualified external advisors and applicable subject matter experts where necessary or advisable to eliminate or minimize the tax risk that may arise in connection with the transaction or issue.

Proactive, collaborative, and professional relationships with tax authorities

Deal with the applicable tax authorities and other relevant bodies in a professional and timely manner. Seek early agreement on disputed matters and certainty when feasible.

Zero-tolerance approach to facilitation of tax evasion

Expectation that all employees and anyone that works for URBN – e.g. contractors, not to engage in any activity which evades tax or facilitates or may facilitate the evasion of tax by any other person (company or individual).