



Afterpay Limited ASX: APT

ASX Announcement

27 August 2020

Corporate Governance Statement and Appendix 4G

Afterpay Limited attaches its Corporate Governance Statement for the year ended 30 June 2020 and the accompanying Appendix 4G.

Authorised by:

Anthony Eisen
CEO & Managing Director

ENDS

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afterpay 

Corporate Governance Statement

Afterpay Limited

ACN 618 280 649

This corporate governance statement is current as at 27 August 2020
and has been approved by the Board.

1. Overview

Corporate Governance at Afterpay

The directors and management of Afterpay Limited (Afterpay or the Company) are committed to conducting the business of the Company and its controlled entities (the Group) in an ethical manner and in accordance with high standards of corporate governance.

This Corporate Governance Statement describes Afterpay's corporate governance framework and its governance practices during the financial year ended 30 June 2020 (the Reporting Period or FY2020). These arrangements comply with the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations), unless otherwise indicated below.

The Board periodically reviews Afterpay's governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments. The Company has reviewed its corporate governance framework against the 4th edition of the ASX Principles and Recommendations and will be reporting against the 4th edition for the financial year ending 30 June 2021.

Further information about Afterpay's corporate governance framework and practices can be accessed on the Company's website (www.afterpay.com/en-AU/corporate-governance), which includes links to each of the publicly available documents referenced in this Corporate Governance Statement.

The Board is comprised of a majority of independent non-executive directors.

Three new independent directors

Gary Briggs, Pat O'Sullivan and Sharon Rothstein were appointed during FY2020.

Following an extensive global search, in **May 2020**, **Elana Rubin was appointed** as the independent **Chair of the Board**.

Elana previously held the position of independent Interim Chair [since July 2019].

The Board set measurable **diversity objectives for FY2021**

including a Board gender diversity target of **40% female, 40% male and 20% open** by the end of FY2023.

The AML/CTF Review Sub-Committee

was established to assist and report to the Board

in relation to the Group's anti-money laundering and counter-terrorism financing policies, practices and procedures, and engaging with and responding to AUSTRAC in relation to the external audit of the Group's compliance with AML/CTF obligations.

The Board provided stewardship for the Group's **response to the COVID-19 pandemic**

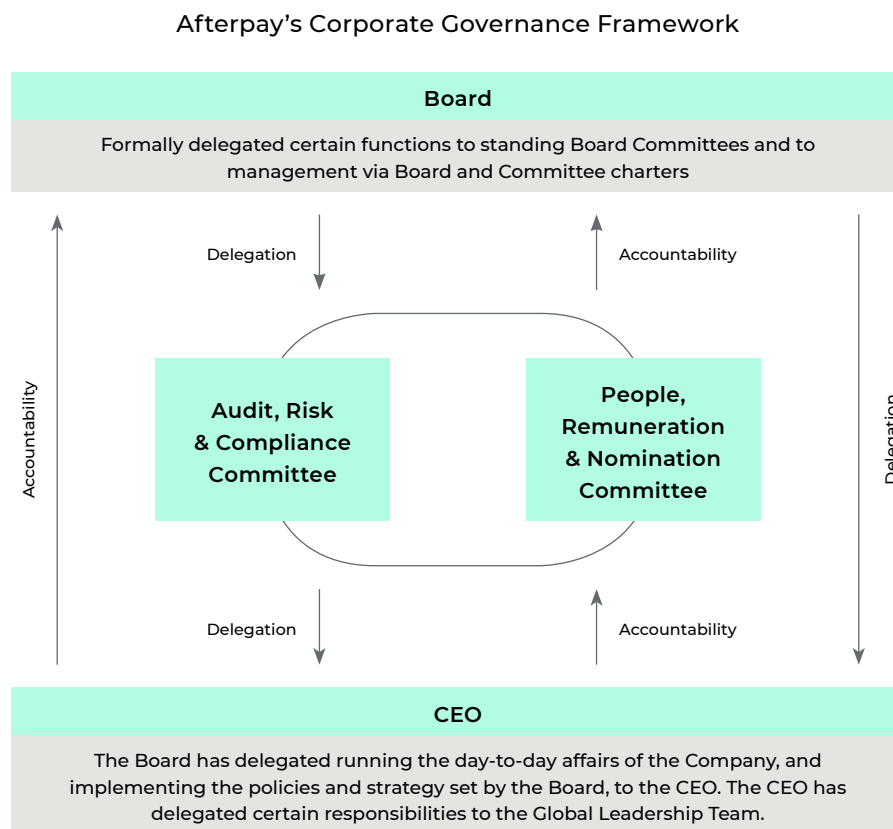
and **directors agreed to a 20% reduction in their fees/remuneration for three months** from May 2020 in light of the uncertainties around the impact of COVID-19 on key stakeholders and the broader community at that time.

The Board and Committee Charters and key governance **policies were refreshed** having regard to regulatory developments and market practice,

and a **new Anti-bribery and Corruption Policy** was adopted by the Board.

Afterpay's Corporate Governance Framework

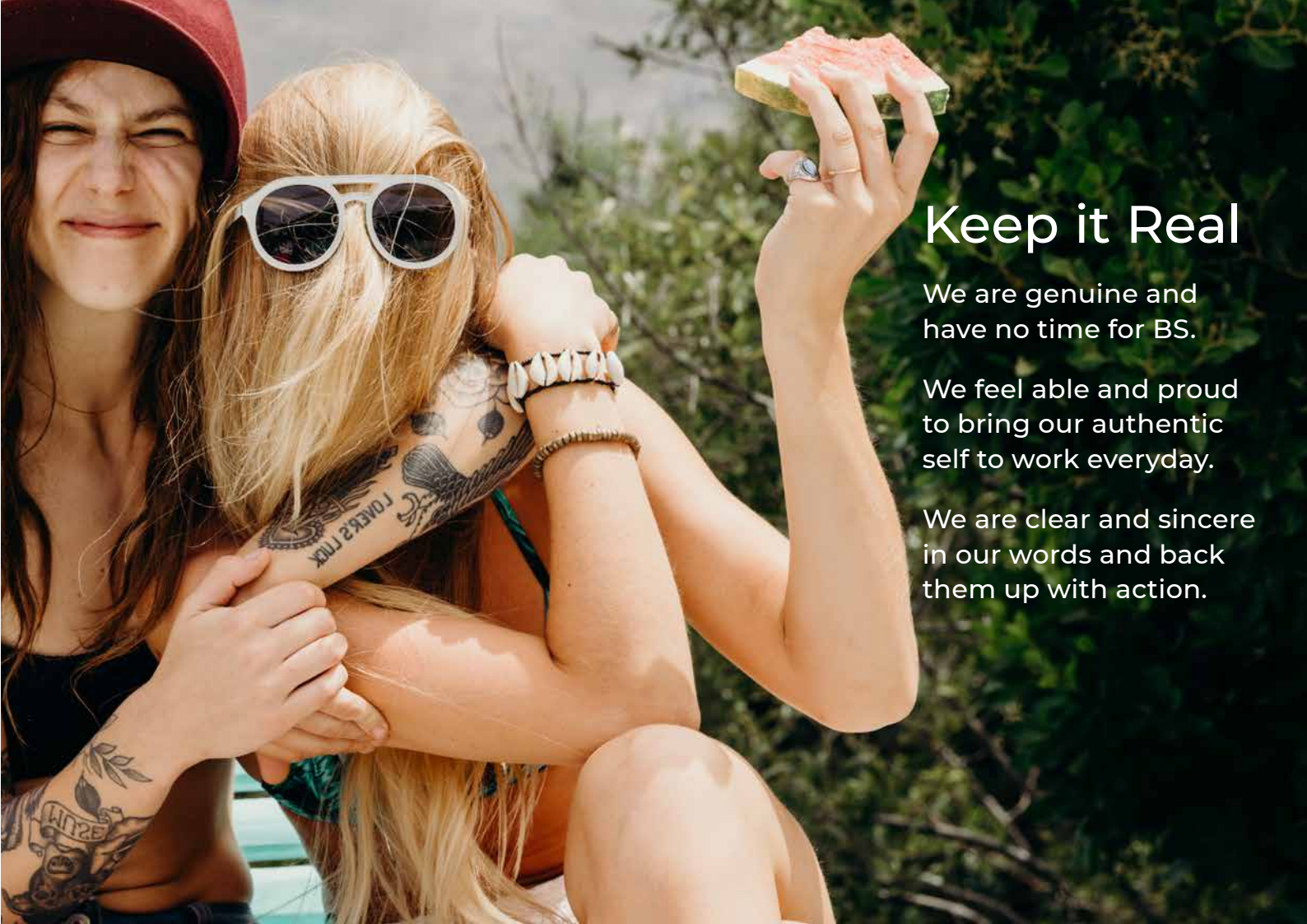
The diagram below shows Afterpay's Corporate Governance Framework, which is designed to promote and foster accountability.



Afterpay's values

The Afterpay model is based on trust.

The Board recognises that good corporate governance is essential to preserving trust and creating long-term shareholder value, and is supported by Afterpay's values. These values are expected to inform our decisions, from the top down, and they underpin our corporate culture.

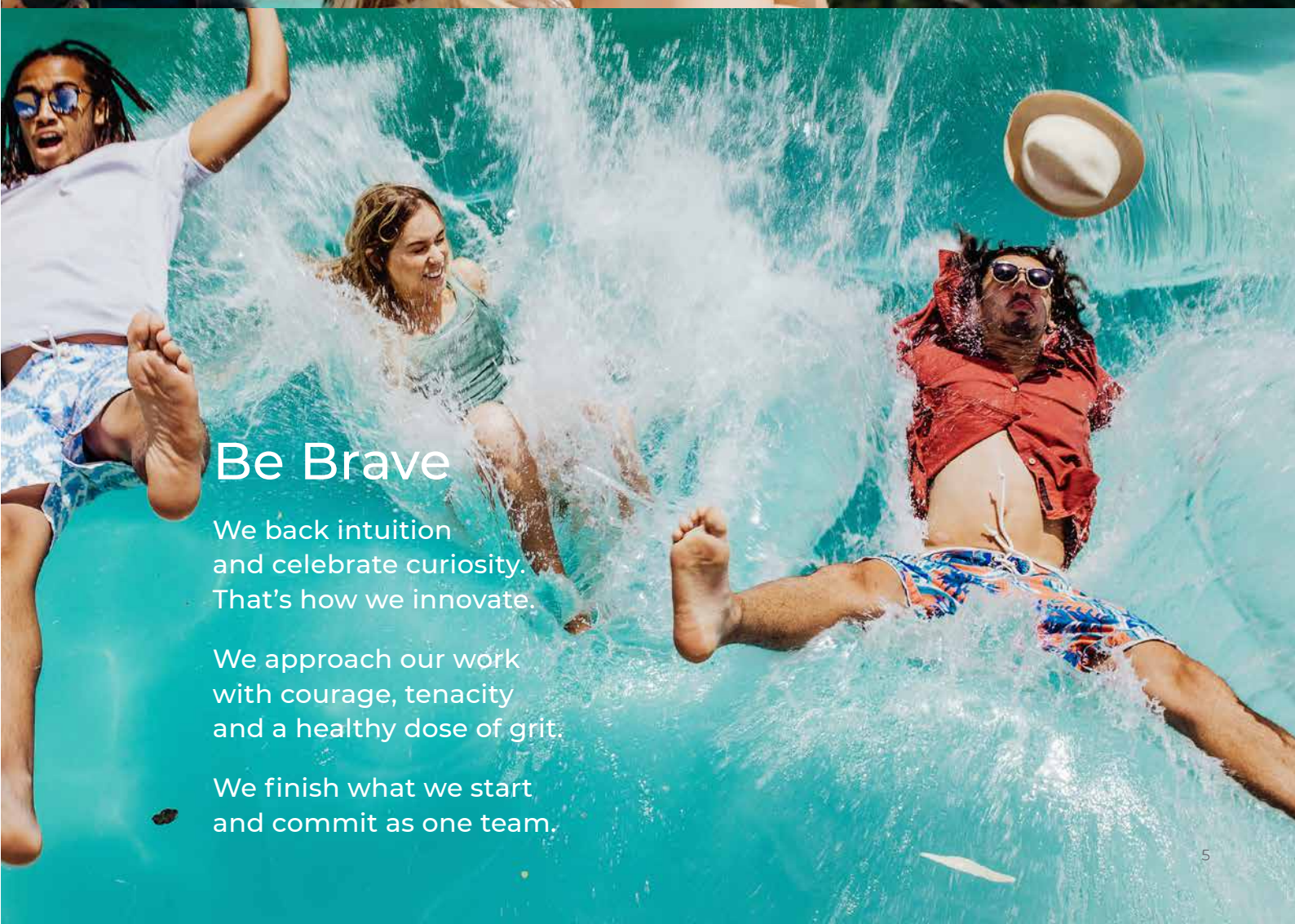


Keep it Real

We are genuine and have no time for BS.

We feel able and proud to bring our authentic self to work everyday.

We are clear and sincere in our words and back them up with action.



Be Brave

We back intuition and celebrate curiosity. That's how we innovate.

We approach our work with courage, tenacity and a healthy dose of grit.

We finish what we start and commit as one team.

A woman with long brown hair and glasses, wearing a white button-down shirt, sits at a desk with a silver laptop. A young boy with short brown hair, wearing a white shirt, sits on her shoulders with his hands on her head. In the background, a framed picture of a green field with people is on the wall, and a vase of white flowers is on the desk.

Do the Right Thing

We look for the win/win on behalf of every stakeholder.

We hold ourselves accountable for our actions.

We act with honesty, humility and transparency.

A man with a bun hairstyle, wearing a white and black jacket, black leggings, and white sneakers, is running from left to right. He is in front of a large, solid red wall. To the right, there are pink columns and a tree trunk.

Shape the Future

We are perpetually excited about the opportunities ahead of us.

We make thoughtful decisions quickly and execute them with intensity and quality.

2. Board of directors

The Board of directors as at the date of this Corporate Governance Statement is set out below.

Name	Date of appointment	Independent (yes/no)
Elana Rubin (Chair)	30 March 2017 Appointed Interim Chair on 1 July 2019 Appointed Chair on 25 May 2020	Yes
Anthony Eisen (Chief Executive Officer & Managing Director)	5 July 2017 Appointed CEO & Managing Director on 1 July 2019	No
Nicholas Molnar (Global Chief Revenue Officer & Executive Director)	5 July 2017 Appointed Global Chief Revenue Officer on 1 July 2019	No
Dana Stalder	24 January 2018	Yes
Gary Briggs	1 January 2020	Yes
Pat O'Sullivan	1 March 2020	Yes
Sharon Rothstein	1 June 2020	Yes

David Hancock was a director from the beginning of the Reporting Period until 8 October 2019.
Clifford Rosenberg was a director from the beginning of the Reporting Period until 24 May 2020.

The role of the Board

The Board has adopted a Board Charter that sets out the role of the Board and its relationship with management. Some key elements of the Board's roles and responsibilities are described in the diagram below.



Director nomination and succession

The People, Remuneration & Nomination Committee is responsible under its Charter for reviewing Board succession plans, with an aim of maintaining an appropriate mix of skills, expertise, knowledge, experience, independence and diversity on the Board.

The Committee also oversees the process for recruiting new directors by developing policy and procedures for the selection and appointment of new directors and assisting the Board to identify qualified individuals for nomination to the Board.

Appropriate background checks of a potential candidate are performed before the candidate is appointed by the Board or recommended to shareholders for election. This includes checks of the person's character, experience, education, criminal record and bankruptcy history. Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.

Prior to directors seeking election or re-election at an Annual General Meeting (AGM) of the Company, Afterpay provides shareholders with all material information known to the Board and relevant to a decision on whether or not to elect or re-elect that director in the notice of AGM.

All directors have entered into written agreements with the Company, which set out their duties and responsibilities.

Director independence

The Board is currently comprised of a majority of independent non-executive directors, including an independent non-executive Chair.

The Company transitioned to a Board with a majority of independent directors from 9 October 2019. Prior to David Hancock's resignation as a director on 8 October 2019, the Board consisted of six directors, of whom three were independent (being Dana Stalder, Clifford Rosenberg and Elana Rubin). Despite not having a majority of independent directors for a small part of FY2020, the Board considered that its composition was appropriate in the context of the Company at that time and in light of the skills and experience that the founding shareholders brought to the Board.

Under Afterpay's Board Charter, a director will be considered independent if they are free of any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Group as a whole rather than in the interests of any individual shareholder or other party.

The Board regularly reviews the independence of each director, having regard to the independence guidelines in the Board Charter and the definition of independence set out in the ASX Principles and Recommendations.

The Board has determined that all non-executive directors are independent. Anthony Eisen, Nick Molnar and David Hancock (prior to his resignation as a director) are/were not independent on the basis that they hold/held executive roles within the Company.

Directors are required to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence.

Board skills matrix

The Board recognises the importance of having directors who possess a broad range of skills, knowledge, experience and diversity in order to facilitate constructive discussion and efficient decision-making, and guide good governance across the business.

The Board skills matrix is reviewed annually by the Board, with a view to it capturing the skills needed to address existing and emerging business and governance issues relevant to the Group, and takes into account any changes in the Group's circumstances and strategic priorities.

The current mix of skills and experience represented on the Board as at the date of this Corporate Governance Statement is set out in the skills matrix below.

Skill/experience	Description	Directors with skill/ experience*
Digital and Technology		
Digital platforms	Experience in the use of online platforms to deliver products and services	7
Disruptive technologies	Experience in digital technologies, implementing technology products, leveraging digital technologies and digital disruption	7
Online communities	Experience leveraging online communities to drive business	6
Industry		
Retail	Experience in the retail industry	7
Consumer facing	Experience conducting business directly with consumers	7
Sales and marketing	Experience with customer base and industry participants, marketing strategies, and business development	6
Global markets	Experience in conducting business in, and proven knowledge of, an overseas market in which the Company operates	6
Senior Executive		
Executive leadership	Held senior executive position in an organisation of significant size / a listed company (in Australia or overseas)	7
Financial acumen	Qualifications or experience in financial accounting and reporting, corporate finance and internal controls	6
Capital management	Experience in capital management strategies, including capital partnerships, debt financing and capital raisings	6
M&A	Experience in corporate transactions and joint ventures	6
Strategy	Experience in developing, implementing and challenging a plan of action to achieve the Company's long-term objectives	7
Governance, Stakeholders and Regulatory		
Listed companies	Experience as a director on a listed company board in Australia or overseas	7
People and Culture	Experience in building workforce capability, setting a remuneration framework that attracts and retains high calibre executives, and promoting diversity and inclusion	7
HSE and sustainability	Experience related to workplace health, safety, environment and corporate responsibility issues within a large business	7
Legal, governance and compliance	Ability in, and understanding of the application of legal, governance and compliance principles and regulations	6
Risk management and compliance oversight	Experience in identifying, assessing and managing strategic, operational and financial risks and monitoring compliance management frameworks and systems.	6

* Includes directors assessed as being "advanced" or "intermediate" in the particular skill/experience.

Induction and professional development

New directors undertake a comprehensive induction program, which includes the provision of information on the Company's core values, strategy, objectives, operations, as well as its governance framework.

New directors also meet with key members of senior management to gain a more detailed understanding of the Group's services and capabilities.

The Board receives ongoing governance updates and briefings throughout the year. Directors are encouraged to, and do, attend ongoing professional development and training programs to enable them to develop and maintain their skills and knowledge. The Board, including through the People, Remuneration & Nomination Committee, periodically reviews whether directors have the requisite skills, knowledge and familiarity with the Group and its operating environment in order to fulfil their role on the Board. A training program is prepared to support any required development.

Independent professional advice

The Board Charter states that directors may, with the consent of the Board or Chair (or in the case of a request by the Chair, the consent of the Chair of the Audit, Risk & Compliance Committee) obtain independent professional advice, at the Company's expense, as considered necessary to assist in fulfilling their duties and responsibilities.

Performance reviews and evaluation

The directors undertake an annual process to review the performance and effectiveness of the Board, Committees and individual directors.

The Chair is responsible for the annual review and the Company Secretary oversees and facilitates the process. As part of the review, each director completes a questionnaire relating to the Board's role, composition, procedures, practices and behaviour. The questionnaires are confidential. The Chair leads a discussion of the questionnaire results with the Board as a whole and provides feedback to individual directors as necessary.

A performance evaluation in accordance with the process set out above was undertaken in respect of the Reporting Period.

3. Board committees

The Board has established two standing committees, the People, Remuneration & Nomination Committee and the Audit, Risk & Compliance Committee, and has delegated to each committee duties to assist the Board in exercising its responsibilities and discharging its duties.

Each committee has a separate charter that sets out the roles and responsibilities of that committee, as well as the membership and any other requirements for the operation of the committee. The committees are chaired by and comprise independent non-executive directors. Prior to 1 June 2020, the People, Remuneration & Nomination Committee consisted of two independent non-executive directors. While the composition of the Committee was not consistent with Recommendations 2.1 and 8.1 of the ASX Principles and Recommendations, the Board considered it appropriate in light of the overall composition of the Board. However, following Board changes during the year and the growth and expansion of the Company, the composition of the Committee was changed so that it is now consistent with the ASX Principles and Recommendations.

Each committee regularly reports to the Board on all matters relevant to the committee's roles and responsibilities.

The members and role of each standing committee are set out in the diagram on the next page.

Board

People, Remuneration & Nomination Committee

Members

Current

Elana Rubin (member for entire year and Interim Chair since 1 June 2020)

Pat O'Sullivan (member since 1 June 2020)

Sharon Rothstein (member since 1 June 2020)

Former

Clifford Rosenberg
(member and Chair until 24 May 2020)

Role

The Committee's role includes reviewing and, where required, making recommendations to the Board in relation to:

- the remuneration framework and policy;
- contract terms, remuneration and incentive plans for Executive Directors and senior executives;
- employee benefit programs and share incentive plans;
- non-executive director remuneration;
- the review of the performance of the Board, directors and senior executives;
- the size and composition of the Board (and Committees)t, including identifying potential director candidates;
- succession planning;
- induction and continuing professional development programs for directors;
- corporate culture;
- people-related policies and practices to attract, develop, retain and motivate employees; and
- the effectiveness of the Diversity and Inclusion Policy and developing measurable objectives to achieve gender diversity in the composition of the Board, senior executives and workforce generally and monitoring progress.

Audit, Risk & Compliance Committee

Members

Current

Pat O'Sullivan (Chair since 1 March 2020)

Elana Rubin (member for entire year)

Dana Stalder (Chair until 29 February 2020)

Former

Clifford Rosenberg
(member until 24 May 2020)

Role

The Committee's role includes:

- reviewing financial reporting and related processes and making recommendations to the Board in relation to the annual and interim financial statements;
- reviewing the Risk Management Framework (and risk appetite statement) with a view to making a recommendation to the Board that it continues to be sound, and monitoring management's performance against the framework;
- reviewing the effectiveness of internal controls, policies and procedures to assess, monitor and manage business risk and receiving reports on new and emerging sources of risk and the risk controls and mitigation measures in place;
- reviewing and making recommendations to the Board in relation to taxation matters;
- reviewing and approving the terms of engagement and fees of the external auditor;
- reviewing and approving internal audit and external audit plans, reviewing periodic audit reports and monitoring management's responsive to audit findings; and
- and reviewing the effectiveness of the Group's compliance program and reviewing reports in relation to compliance with legal and other regulatory requirements.

The Board has also established the AML/CTF Review Sub-Committee to assist and report to the Board in relation to reviewing the anti-money laundering and counter-terrorism financing (AML/CTF) policies, practices and procedures of the Group and the performance and effectiveness of those policies, practices and procedures and engaging with and responding to regulators, including AUSTRAC, in relation to the Group's AML/CTF obligations. The AML/CTF Review Sub-Committee is comprised of the Chair of the Board, the CEO & Managing Director, the Chief Enterprise Risk Officer and the Executive Vice President Public Policy & External Affairs.

The number of times each committee and the Sub-Committee met through FY2020 is set out on page 47 of the FY2020 Annual Report.

4. Management

Appointment

All senior executives have entered into written agreements with the Company, which set out their rights, duties and responsibilities.

Performance reviews and evaluation

The Board, together with the CEO & Managing Director, evaluates the performance of the Group's senior executives annually. The Board also reviews the CEO & Managing Director's performance annually. In each case, the extent to which the executive achieved their performance goals is reviewed.

A performance evaluation of the Group's senior executives, including the CEO & Managing Director, was undertaken during the Reporting Period.

Further information about these reviews and remuneration outcomes for FY2020 is set out in the Company's Remuneration Report, which is at pages 53 to 83 of the FY2020 Annual Report.

Remuneration

The Board has formulated a Remuneration Policy which is available on the Company's website.

Further information about Afterpay's remuneration framework, including the policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives is set out in the Company's Remuneration Report, which is at pages 53 to 83 of the FY2020 Annual Report.

Company Secretary

The Company Secretary is appointed and removed by the Board and reports to and is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board Committees. Further details on the Company Secretary are provided in the Directors' Report within the FY2020 Annual Report.

5. Shareholders and reporting

Market disclosure

The Company is committed to effective communication with its customers, shareholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Board has adopted a Continuous Disclosure Policy which has established procedures designed to ensure compliance with the disclosure requirements of the ASX Listing Rules and the Corporations Act. All information disclosed to the ASX is promptly posted on the Company's website. Directors receive copies of ASX announcements promptly after release.

Presentations to investors and analysts given in conjunction with the release of financial results and new and substantive investor and analyst presentations are released to the ASX immediately prior to the making of those presentations.

The Board considers potential disclosure issues at each of its meetings.

Communication with shareholders

Afterpay has adopted a Communications Policy and communicates information to its shareholders and other stakeholders regularly, through a range of different forums and publications. For example:

- investors are able to communicate with the Company electronically by emailing the Company Secretary and the Investor Relations team and communicate with the Company's registry electronically by emailing the registry or via the registry's website;
- the Company encourages its shareholders to receive company information electronically by registering their email addresses online with the Company's share registry;
- the Company encourages its shareholders to participate in the AGM, by attending, exercising their voting rights and asking questions of the Board. Afterpay conducts all voting at the AGM on a poll, ensuring that voting outcomes reflect the proportionate holdings of all shareholders who vote (whether in person or by proxy or other representative); and
- the Company's external auditor attends the AGM and is available to answer questions from shareholders on the conduct of the audit; and
- the Company's 'Investor Centre' section of its website provides up-to-date information about the Company, including all announcements made to the market, annual and half yearly reports, all corporate governance policies and charters adopted by the Board, information provided to analysts or media during briefings and the full text of notices of meeting and explanatory material.

6. Risk management

Risk Management Framework and Policy

The Group operates various policies and procedures to identify, assess and manage business and operational risks. Responsibility for risk management is shared across the organisation. The Board is responsible for setting the risk appetite and overseeing the establishment of and approving risk management strategy, policies, procedures and systems of the Company. The Company's management team is responsible for establishing the Company's Risk Management Framework. During the year, the Company appointed a Chief Enterprise Risk Officer as part of its focus on enterprise risk management and proactively identifying and mitigating risks.

The Board has delegated to the Audit, Risk & Compliance Committee responsibility for reviewing and monitoring the Company's Risk Management Framework to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

The Company has formulated a Risk Management Policy which is available on the Company's website.

In addition, the Audit, Risk & Compliance Committee is required, under its charter, to undertake a review of the Company's Risk Management Framework with management at least once annually, to satisfy itself that it continues to be sound. A review of the Risk Management Framework and the Risk Management Policy was undertaken during the Reporting Period.

Business and sustainability risks

The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation.

The Key Risks and Business Challenges section on page 39 of the FY2020 Annual Report contains detailed information about the Company's material business risks, including any exposure to economic, environmental and social sustainability risks (including the risks associated with macroeconomic factors, including a slowdown in merchant and customer growth resulting from the COVID-19 pandemic).

Internal audit

During the Reporting Period, PwC was engaged to provide internal audit services for the Group in accordance with the terms set out in the Internal Audit Charter, which was approved by the Audit, Risk & Compliance Committee.

Internal Audit's mission is to ensure that the Group's operations are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. Through a systematic and disciplined approach, Internal Audit helps the organisation accomplish its objectives by evaluating and improving the effectiveness of its risk management, control and governance processes.

Internal Audit uses a risk-based methodology, including reviewing the Group's Risk Management Framework and underlying risk registers, to develop the internal audit plan. In performing their work, Internal Audit have unrestricted access to review all aspects of the Group's operations.

Internal Audit is independent of the external audit function, and reports to both the Chief Enterprise Risk Officer and the Audit, Risk & Compliance Committee in relation to the services they provide.

The Audit, Risk & Compliance Committee approves the internal audit plan, reviews reports and agreed actions, and ensures that planned audit activities are aligned to business risks.

Prior to the establishment of the internal audit function, the Audit, Risk & Compliance Committee (being responsible for ensuring that the Company has appropriate internal audit systems and controls in place, and overseeing the effectiveness of these internal controls) received recommendations from the external auditors in relation to internal control weaknesses and had oversight of the implementation of recommendations to improve internal control weaknesses, as well as reviews of and improvements to risk management and internal control processes.

Management assurances / certification

Prior to approval of the financial statements for the full year and half year reporting period, the Board receives written certifications from the CEO & Managing Director and the Chief Financial Officer in relation to the Company's financial reporting processes.

In respect of the financial statements for the half year ended 31 December 2019 and the full year ended 30 June 2020, the CEO & Managing Director and the Chief Financial Officer declared that, in their opinion:

- the financial records of the Company have been properly maintained; and
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and

- that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

7. Diversity and inclusion

Diversity and Inclusion Policy

Afterpay is committed to the principles of employing people with a broad range of experiences, skills and views.

The Company's Diversity and Inclusion Policy requires the commitment of the directors and senior management to promote the specific objective of diversity and inclusion, and seeks to ensure, to the extent that is practicable and appropriate, that the Company's director appointment and employee recruitment processes are undertaken with reference to the objectives of the Diversity and Inclusion Policy.

Measurable objectives

In FY2020 the Company did not have formal measurable objectives for achieving gender diversity as recommended by Recommendation 1.5 of the ASX Principles and Recommendations. However, the Board is committed to gender diversity and during the Reporting Period, the Board set measurable objectives for the year ahead with a view to progressing towards a balanced representation of women at a Board and senior management level. The measurable objectives for FY2021 are as follows:

- Progress towards the gender diversity target for the Board, being 40:40:20 by end of FY23.
- Progress towards the gender diversity target for senior managers (levels E1, E2 and E3), being 40:40:20 by end of FY23.
- Include diversity as a relevant consideration in annual succession planning.
- Measure recruitment applications, offers of employment, promotion rates, and exit rates and reasons with a diversity lens.
- Undertake a gender pay equity audit to gain a stronger insight into the effectiveness of the Group's gender diversity programs and initiatives.
- Benchmark the Group's position on gender diversity (and any other diversity areas available) against its peers.
- Run a diversity and inclusion survey to better understand the diversity within the Group's workforce and their lived experience of inclusion and belonging. This will create the diversity and inclusion baseline.
- Once the diversity and inclusion baseline has been determined, introduce additional diversity and inclusion targets in all relevant areas including, but not limited to, women in science, technology, engineering and mathematics, gender composition across the entire workforce and Indigenous employment and participation.
- Run conscious inclusion training for the Global Leadership Team, with key insights to inform the action plan for 2021 and beyond.
- Offer people on extended parental leave the option (without any obligation) to receive all-staff communications and to attend work functions and training programs.

- As at 30 June 2020, proportions of men and women on the Board, in senior executive positions (being individuals who report to the CEO & Managing Director) and across the workforce generally are set out on the next page.

	Woman	Male
Board	28.5%*	71.5%
Senior Executives	50%	50%
The Afterpay Workforce	46.4%	53.6%

* Including the Chair.

In accordance with the Workplace Gender Equality Act 2012, Afterpay submitted a Workplace Gender Equality Report for Reporting Period. The submission includes details of APT's Gender Equality Indicators and is available on the Company's website.

8. A culture of acting lawfully, ethically and responsibly

Code of Conduct

The Code of Conduct sets out the Group's values and the expected standards of professional behavior for everyone at Afterpay, including directors, senior executives and employees. The code is about steering the collective moral compass of the talented people who work at Afterpay.

The Code of Conduct covers a range of areas, including:

- conducting business and managing relationships with colleagues, customers, shareholders and other stakeholders in an open, honest and fair manner and with integrity;
- complying with the laws and regulations in the regions the Group operates and not participating in any practices that could compromise Afterpay's reputation; and
- the responsibilities of everyone at Afterpay to uphold the Code of Conduct and to report breaches.

The People, Remuneration & Nomination Committee and the Audit, Risk & Compliance Committee are informed of any material breaches of the Code of Conduct.

Anti-bribery and Corruption Policy

During the Reporting Period, the Board adopted a new Anti-bribery and Corruption Policy, which confirms Afterpay's zero-tolerance approach to bribery and corruption.

The policy sets out prohibited conduct as well as the Group's requirements in relation to gifts and hospitality and political, charitable and community donations.

The People, Remuneration & Nomination Committee and the Audit, Risk & Compliance Committee are informed of material breaches of the Anti-bribery and Corruption Policy.

Whistleblower Policy

Afterpay has a Whistleblower Policy, which encourages individuals to report suspected or actual misconduct, as well as unlawful activity. The Policy emphasises that Afterpay will protect whistleblowers who speak up.

The policy is supported by a confidential whistleblower service, which is maintained by an external service provider and operates across the Group's operations globally.

Afterpay is committed to absolute confidentiality and fairness in relation to all matters raised and will support and protect those who report matters in accordance with the Policy and the law. In particular, any person who makes a report will not be discriminated against or disadvantaged for speaking up. All matters raised are resolved by way of investigation and action as required.

The People, Remuneration & Nomination Committee and the Audit, Risk & Compliance Committee are informed of material breaches of the Whistleblower Policy.

Securities Trading Policy

The Company has a Securities Trading Policy to assist directors and employees to comply with their obligations under the insider trading prohibitions of the Corporations Act and to protect the reputation of the Company, its directors and employees.

The policy prohibits all employees from trading in Afterpay securities during blackout periods, with additional restrictions applicable to directors, other key management personnel and certain other employees, including that they may only trade after they have obtained the prior approval of the relevant person as set out in the policy.

The policy also prohibits directors, other key management personnel and certain other employees from entering into any arrangements which operate to limit the economic risk associated with holding Afterpay securities that are unvested or subject to a holding lock or restriction or enter into any margin lending arrangement involving Afterpay securities.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Afterpay Limited

ABN/ARBN

30 618 280 649

Financial year ended

30 June 2020

Our corporate governance statement² for the above period above can be found at:³

these pages of our annual report: _____

this URL on our website: www.afterpay.com/en-AU/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 27 August 2020 and has been approved by the Board.

The annexure includes a key to where our corporate governance disclosures can be located.

AMANDA STREET

Company Secretary
27 August 2020

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ✓ in our Corporate Governance Statement; AND ✓ in our Board Charter which is located at: www.afterpay.com/en-AU/corporate-governance	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	... the fact that we have a diversity policy that complies with paragraph (a): ✓ in our Corporate Governance Statement ... and a copy of our diversity policy or a summary of it: ✓ at this location:	✓ an explanation why we have not set measurable objectives in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>www.afterpay.com/en-AU/corporate-governance</p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p>✓ in our Corporate Governance Statement</p>	
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement</p>	
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement AND</p> <p>✓ in our Remuneration Report, which is contained in our 2020 Annual Report</p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>www.afterpay.com/en-AU/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement AND</p> <p>✓ in the Directors' Report, which is contained in our 2020 Annual Report.</p>	<p>✓ an explanation why we did not have a nomination committee made up of at least three members in our Corporate Governance Statement</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p>✓ in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ✓ in our Corporate Governance Statement AND ✓ in the Directors' Report, which is contained in our 2020 Annual Report ... where applicable, the information referred to in paragraph (b): ✓ in our Corporate Governance Statement ... the length of service of each director: ✓ in the Directors' Report, which is contained in our 2020 Annual Report	
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ✓ in our Corporate Governance Statement AND ✓ at this location: www.afterpay.com/en-AU/corporate-governance	
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
4.1	The board of a listed entity should: (a) have an audit committee which:	... the fact that we have an audit committee that complies with paragraphs (1) and (2): ✓ in our Corporate Governance Statement	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>... and a copy of the charter of the committee:</p> <p>✓ at this location: www.afterpay.com/en-AU/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in the Directors' Report, which is contained in our 2020 Annual Report</p>	
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement</p>	
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<u>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</u>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ✓ in our Corporate Governance Statement <u>AND</u> ✓ at this location: www.afterpay.com/en-AU/corporate-governance	
<u>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</u>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ✓ at this location: www.afterpay.com/en-AU/investor-centre	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ✓ in our Corporate Governance Statement <u>AND</u> ✓ at this location: www.afterpay.com/en-AU/corporate-governance	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	
<u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u>			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose:	... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ✓ in our Corporate Governance Statement <u>OR</u> ... and a copy of the charter of the committee: ✓ at this location:	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>www.afterpay.com/en-AU/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement AND</p> <p>✓ in the Directors' Report, which is contained in our 2020 Annual Report</p>	
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement</p>	
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>... how our internal audit function, which was established during the period, is structured and what role it performs:</p> <p>✓ in our Corporate Governance Statement</p> <p>... for part of the period, the fact that we did not have an internal audit function and the processes we employed for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p>✓ in our Corporate Governance Statement</p>	
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p>✓ in our Corporate Governance Statement AND</p> <p>✓ in the Key Risk and Business Challenges section of our 2020 Annual Report</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>www.afterpay.com/en-AU/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement AND</p> <p>✓ in the Directors' Report, which is contained in our 2020 Annual Report</p>	<p>✓ an explanation why we did not have a remuneration committee made up of at least three members in our Corporate Governance Statement</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p>✓ in the Remuneration Report, which is contained in our 2020 Annual Report</p>	
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p>✓ in our Corporate Governance Statement AND</p> <p>✓ in our Securities Trading Policy and Remuneration Policy, which are available at this location:</p> <p>www.afterpay.com/en-AU/corporate-governance</p>	