



Modern Slavery Statement

14 December 2021

Introduction

This is Afterpay's second Modern Slavery Statement ("the Statement"), covering the period of 1 July 2020 to 30 June 2021 ("Reporting Period"). It outlines the steps Afterpay has taken to identify, manage and mitigate the specific risks of modern slavery in our operations and supply chain and how we are addressing our obligations under Australia's Modern Slavery Act (2018), the United Kingdom's Modern Slavery Act (2015) and Afterpay's Human Rights and Modern Slavery Policy.

This Statement applies to Afterpay Limited and all subsidiary entities, including Clearpay Finance Limited ("Clearpay"), and their affiliates and related companies (together, "Afterpay", "we", "us" or "our").

About Afterpay

Afterpay is a financial technology company that is publicly listed on the Australian Securities Exchange and currently operates in Australia, New Zealand, the United States, Canada and under the brand Clearpay in the United Kingdom, Spain, Italy and France. Afterpay is a platform that enables customers to pay for goods and services in four fortnightly installments. As at June 2021, Afterpay has over 16 million active customers with approximately 100,000 active merchants and employs around 1,300 people globally.

Afterpay's Modern Slavery Risks

Afterpay recognises that modern slavery is a significant global issue which can occur anywhere, not just in developing countries and economies. According to the 'Global Slavery Index's 2018 report, over 40 million people are living in modern slavery across the globe.¹ Despite the prevalence of the issue, it can often be difficult to identify in global supply chains.

During the Reporting Period, key stakeholders within Afterpay met on a regular basis to review the various systems and processes Afterpay has in place to mitigate modern slavery risks in its business operations and supply chain.

¹ Global Slavery Index [2018] Dataset, Walk Free Foundation, available from: www.globalslaveryindex.org



Based on our business model and geographical footprint, Afterpay has assessed that its modern slavery risk covers a narrow set of industries and suppliers as follows:

- technology companies providing hardware, software and data centres;
- outsourced service providers that provide equipment and services for our employees and offices, including office furniture, office suppliers, promotional materials, maintenance services and food and beverages; and
- companies that provide professional services, such as legal, financial and consulting services

The systems and methods that we use to contract with suppliers are managed centrally and are generally non-complex. We have also examined the geographical profile of our supplier base and do not believe we have any material exposure to suppliers who are based in countries that have a high risk of modern slavery. Notwithstanding, Afterpay acknowledges that it is vital that we continually review our supply chain and operations to reduce the possibility that any of our business activities contribute to or facilitate modern slavery.

In addition, while merchants are not part of the Afterpay supply chain, we are mindful of the specific challenges and risks that exist in certain industries and are particularly conscious of the human rights and modern slavery issues that exist in the global fashion industry. Afterpay is committed to working with and supporting merchants in the fashion industry who take active steps to prevent modern slavery and human rights abuses across their business operations and supply chains.

How Afterpay has addressed its Modern Slavery Risks

Our commitment to addressing Modern Slavery risks is supported by the key pillars outlined below, namely:

- Strong policy framework;
- Management of our supply chain; and
- Staff training and awareness.

Policy Framework

We have a comprehensive set of policies, systems and procedures that contribute towards the mitigation of the modern slavery risks which Afterpay may face. These set out our values, how we operate and expectations of our staff and suppliers. These are reviewed and refreshed on an annual basis. This policy framework ensures that our staff and suppliers clearly understand our expectations, and also how we deal with behaviour and actions which are inconsistent with these expectations. The following policies are those that are most relevant to mitigating modern slavery risk in our business operations and setting appropriate expectations among our staff and supply chain:

<p>Human Rights and Modern Slavery Policy</p>	<p>This policy is the foundation of our Modern Slavery Program. The policy outlines the ways in which Afterpay ensures that human rights are respected by:</p> <ul style="list-style-type: none"> • Treating our staff with respect and providing a safe, fair and non-discriminatory workplace; • Promoting and respecting diversity and inclusion within our business;
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	<ul style="list-style-type: none"> • Ensuring that we are complying with all relevant laws and regulations in each of our markets; and • Not tolerating modern slavery and human trafficking.
Anti-Bribery and Corruption Policy	Bribery and corruption, especially in supply chains, are risks that have contributed to the spread of modern slavery around the world. This policy articulates our commitment to complying with laws and regulation addressing bribery and corruption in each country in which we conduct business.
Whistleblower Policy	Afterpay's Whistleblower policy encourages ethical conduct by providing mechanisms for any former or existing employee, or party associated with Afterpay's supply chain, to speak up and report actual or suspected wrongdoing. This policy is a vital element in establishing and supporting one of our core values of 'Do The Right Thing.'
AML/CTF Program	<p>Afterpay understands that the prevention of money laundering and terrorism financing is a vital component of our efforts to mitigate modern slavery risks in our business.</p> <p>Afterpay maintains a Global AML/CTF Program that sets a minimum standard that all Afterpay business units must meet. During the Reporting Period, Afterpay made significant investments in maturing its global and local AML/CTF Programs and underlying systems and processes.</p>
Employee Code of Conduct	Afterpay's Employee Code of Conduct helps to ensure that all Afterpay employees not only act in accordance with all relevant laws, but also with openness, honesty, fairness and integrity. The Employee Code of Conduct underpins all of Afterpay's business operations and promotes ethical business practices that mitigate the risk that any of Afterpay's business operations contribute to modern slavery and any other human rights abuses.
Prohibited and High Risk Country Policy	Afterpay has implemented a Prohibited and High Risk Country Policy. Amongst other risks, the policy assists Afterpay employees and procurement staff identify countries that may pose a higher degree of modern slavery risk

Supplier Risk Assessment & Due Diligence

Our contract management framework is one of the key ways in which we articulate our human rights expectations and mitigate the potential risk of modern slavery arising in our supply chain. During the Reporting Period, Afterpay has made improvements to its contract management framework to ensure that appropriate due diligence is performed on all new suppliers in Afterpay's supply chain. We have summarised the ways that these processes mitigate the risks of modern slavery below:

<p>Contracting with Third Parties Policy & Process</p>	<p>Afterpay’s Contracting with Third Parties Policy articulates the framework for our due diligence standards, including the requirement to assess the modern slavery risks of all of our suppliers. This policy was first approved in October 2020. It is supported by the Contracting with Third Parties Process which was implemented in November 2020 and outlines the due diligence measures performed on all new suppliers.</p>
<p>Supplier Modern Slavery Risk Assessment</p>	<p>Afterpay assesses all of its suppliers for modern slavery risks. Where those risks are deemed to be inherently higher, it may require the supplier to complete our Modern Slavery Questionnaire. The results of the questionnaire, together with an assessment of the supplier conducted by modern slavery subject matter experts within Afterpay, determine whether additional forms of risk mitigation should be taken. Where Afterpay is not satisfied that the risks can be effectively mitigated, we will look to find an alternative supplier.</p>
<p>Supplier Code of Conduct</p>	<p>Afterpay has developed a Supplier Code of Conduct (“the Code”) which sets out our expectations of suppliers in relation to human rights, labour rights, workplace health and safety, environmental management and modern slavery. The Code was reviewed during the Reporting Period to ensure that our expectations are clear.</p> <p>The Code has been incorporated into Afterpay’s supplier agreement templates and will become a mandatory requirement for all suppliers in the next reporting period.</p>

Modern Slavery Training Program

We understand that one of the most effective tools for mitigating Afterpay’s modern slavery risks is building awareness of modern slavery risks through education. All Afterpay staff are required to complete specific Modern Slavery training on an annual basis. This training was designed to educate our staff about the causes and impacts of modern slavery. All staff will be required to undertake ‘refresher’ training on an annual basis.

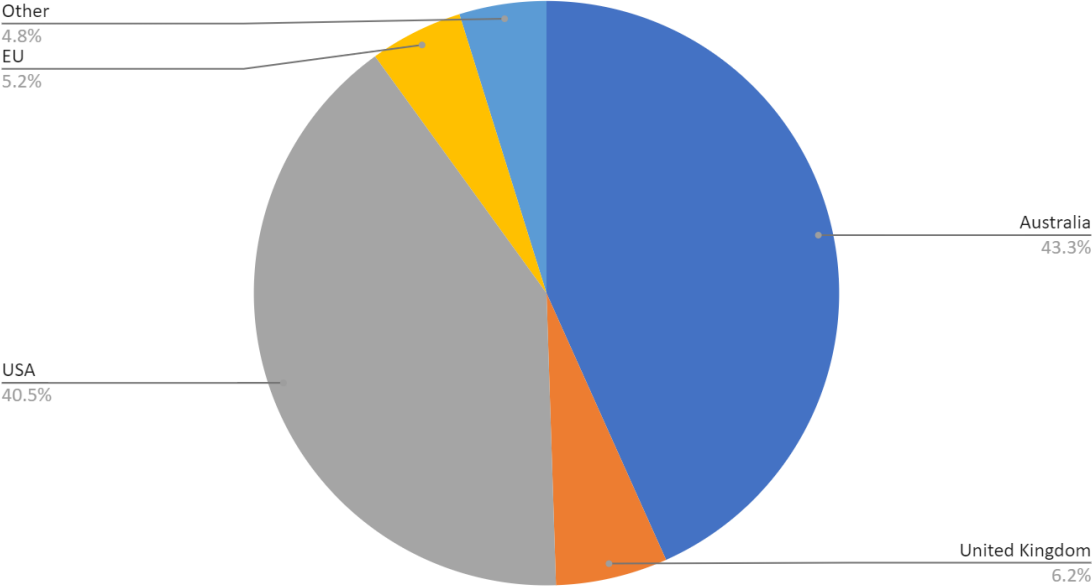
Monitoring our Modern Slavery Program

During the Reporting Period, we have monitored the effectiveness of the measures that we have implemented to mitigate modern slavery risks in our business operations and supply chain. Our monitoring program has led to some of the following improvements to Program:

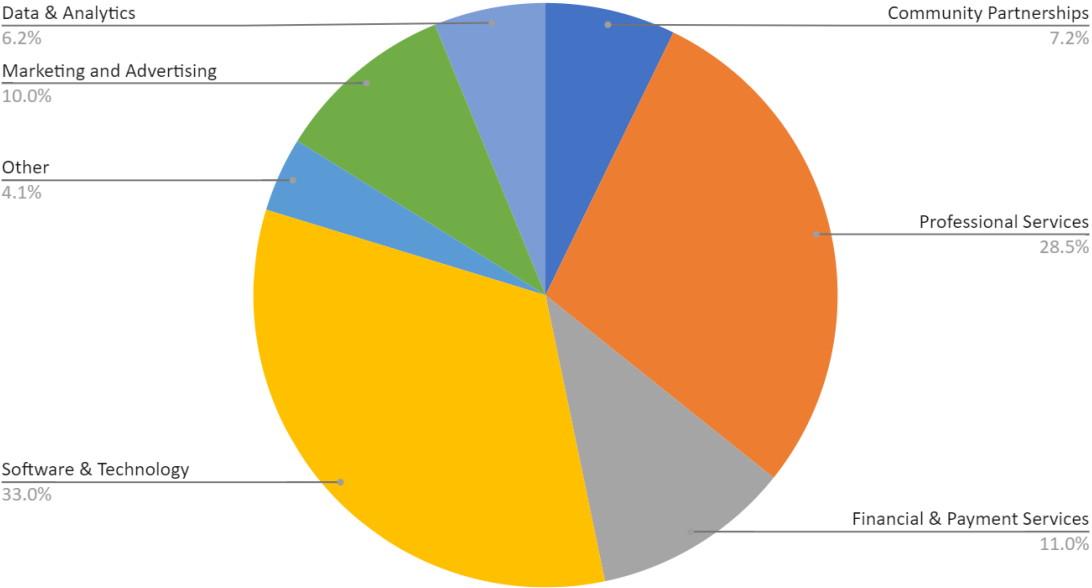
- We have delivered specific modern slavery training to all Afterpay employees;
- We have implemented a system to ensure relevant policies and other documents are reviewed on a regular basis.
- We have established a partnership with a third party organisation, Good on You, that supports businesses in the retail industry that have taken active steps to prevent modern slavery and human rights throughout their business; and
- We have developed metrics to assist the monitoring of our modern slavery program. These metrics help us understand our risk profile as well as measure the performance of the controls we have put in place to mitigate modern slavery risks in our business. As demonstrated below, from the analysis and

review undertaken of our Contract Register, we are able to assess the risks in our supply chain based on the location and industry of our suppliers and we have assessed our supply chain as low risk.

The Location of Afterpay's Supply Chain



The Industries of Afterpay's Supply Chain





We note that:

- No supplier that, according to our Modern Slavery Program, was required to be subject to additional due diligence was onboarded without the due diligence being adequately completed; and
- No cases of suspected modern slavery risks were identified in our supply chain

Other Considerations

In August 2021, Afterpay announced that Square Inc. ("Square") intends to acquire Afterpay Limited. The closing of the transactions is expected in the first quarter of calendar year 2022, subject to the satisfaction of certain closing conditions

The Statement was approved by the Afterpay Limited Board of Directors

A handwritten signature in black ink, appearing to read "A. Eisen", is positioned above a horizontal line.

Anthony Eisen,
Co-CEO of Afterpay Limited

14 December 2021