

Modern Slavery Statement

15 December 2020

Introduction

This Statement is Afterpay Limited's first Modern Slavery Statement ("the Statement") and covers the period of 1 July 2019 to 30 June 2020 ("Reporting Period").

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

The Statement has been produced in accordance with 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 outlines the steps Afterpay has taken to identify and address the risks of modern slavery to its supply chain and business operations.

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 the United Kingdom (under the brand Clearpay). Afterpay is a platform that enables customers to pay for goods and services in four fortnightly instalments. As at November 2020, Afterpay has over 11 million active customers with approximately 63,000 active merchants and employs 865 people globally.

Afterpay's Modern Slavery Risks

Afterpay recognises that modern slavery is a significant worldwide problem. 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.

Based on our business model and geographical footprint, Afterpay believes that our risk to modern slavery is limited to a narrow set of industries, ranging from technology companies providing hardware, software and data centres as well as outsourced service providers to businesses that provide equipment and services for our employees, including office furniture, office suppliers, promotional materials, food and beverage and maintenance and cleaning, amongst others. 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.

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

Notwithstanding, Afterpay acknowledges that it is vital that we continually review our supply chains 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 fashion industry. Afterpay is committed to working with merchants in the fashion industry who take active steps to prevent modern slavery and human rights abuses across their supply chains.

Consultation Process

During the Reporting Period, a Modern Slavery Working Group (the Working Group) was established which included representatives from every market in which Afterpay currently operates, including Clearpay. As a key input to the design of our Modern Slavery Program, the Working Group and other stakeholders across Afterpay met on a regular basis to develop and track our Modern Slavery Program. The members of the Working Group have supported the preparation of this Statement.

In addition to the Working Group, Afterpay also engaged with external experts to assist our understanding of the obligations under Modern Slavery legislation and assist the Working Group's implementation of the Modern Slavery Program. Afterpay also conducted additional research on modern slavery risks, secured program management resources and developing an initial project plan. Finally, Afterpay considered the Australian Border Force's November 2020 'General Feedback' during the drafting of this Statement. The following sections summarise our focus during the Reporting Period and the outcomes of this work.

How Afterpay has addressed its Modern Slavery Risks

Existing Supplier Risk Assessment

One of the first steps we undertook was to develop a risk assessment methodology that we utilised to perform a risk assessment on all our existing suppliers. This included an assessment of approximately 520 suppliers that are used across Afterpay's business in all markets that we operate. The review assessed a number of risk factors, such as industry sector, jurisdiction and the type of entity providing the service to Afterpay.

The review concluded that none of Afterpay's suppliers pose an elevated concern in respect to modern slavery risk.

Human Rights and Modern Slavery Policy

During the Reporting Period, we developed a Human Rights and Modern Slavery policy ("the Policy"). The Policy is guided by the United Nations' Universal Declaration of Human Rights and the ten principles of the UN's Global Compact.

As a foundational element to our Modern Slavery Program, the Policy outlines the ways in which we ensure that human rights are respected by:

- Treating our employees with respect providing a safe, fair and non-discriminatory workplace

- Promoting and respecting diversity and inclusion within our business
- Ensuring that we are complying with all relevant laws and regulations in each of our markets, and
- Not tolerating modern slavery and human trafficking.

The Policy was formally approved in August 2020 and a copy of the Policy can be found [here](#).

Supplier Due Diligence

We commenced work to enhance several internal processes to mature and centralise elements that will improve our controls and oversight of our supply chain and business operations. We built a dedicated procurement department that oversees Afterpay's entire supplier procurement and due diligence process. The scope of this function includes all supplier arrangements globally. Enhancements progressed during the Reporting Period are summarised below.

New Supplier Onboarding Checks

All new suppliers are subject to a risk assessment process to determine if they have factors that increase their modern slavery risk.

Modern Slavery Supplier Questionnaire

Afterpay has introduced a Modern Slavery Supplier Questionnaire ("the Questionnaire"). This Questionnaire is required to be completed by suppliers where Afterpay has identified that they may pose an increased modern slavery risk. Responses to completed Questionnaires will be reviewed to determine, amongst other things, if there are any factors present that require some additional form of risk mitigation. For example, conducting additional due diligence on the supplier or making decisions not to enter a business relationship if the identified risks cannot be adequately mitigated. Where a Questionnaire is required, we will not enter into a contractual relationship with a supplier until appropriate due diligence and/or mitigation has been completed.

Contracting with Third Parties Policy and Process

The Contracting with Third Parties Policy, amongst other things, establishes the framework for our due diligence standards, including the requirement to assess modern slavery risks with third party suppliers. This Policy was approved in October 2020 and enhancements to the underlying process currently being rolled out (including supplier relationship management). This will also be supported by procurement process training for relevant staff.

Supplier Code of Conduct

The Supplier Code of Conduct ("the Code") defines our expectations of suppliers with regard to human rights, labour rights, workplace health and safety, environmental management and modern slavery.

Afterpay expects suppliers to influence their own supply chain to adopt a safe, fair and ethical approach to their operations and to demonstrate adherence with the Code. The Code does this through placing the obligation on suppliers to monitor their compliance, notify any breaches and take reasonable steps to address, resolve and prevent further breaches of the Code.

We are currently in the process of incorporating the Code into all future supplier contracts.

Related Policies

While not directly related to our Modern Slavery Program, Afterpay has a series of existing policies that collectively, and supported by underlying systems and processes, contribute towards the mitigation of the modern slavery risks that Afterpay may face.

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. Without corrupt activity, including the acceptance of bribes, many of the conditions that lead or influence the extent of modern slavery may not exist.

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.' Unless individuals feel they have the ability to safely, and without consequence, report inappropriate conduct, that conduct would likely persist.

AML/CTF Program

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. Money laundering in particular is closely related to modern slavery, as this activity can help to obfuscate funds that were generated through illegal activities such as human trafficking.

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.

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.

Other initiatives

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. Post Reporting Period, two key training initiatives we have rolled out are:

- As part of our new employee induction program, we have included training on our Human Rights and Modern Slavery Policy
- We have conducted training of key personnel, in particular the procurement, legal, compliance and contract management departments, to educate them about the causes and impacts of modern slavery. This training also discussed the measures Afterpay has implemented to mitigate our modern slavery risks.

Assessing our Measures

As this is Afterpay's first Modern Slavery Statement, this Statement represents the baseline of our efforts to reflect on what actions we have taken and bring further focus to how we approach this global issue. We have scrutinised the steps that we have put in place to mitigate the risks of modern slavery to our business, and will continue to monitor and enhance our approach accordingly.

In the year ahead we plan to develop appropriate metrics to assess the performance of our Modern Slavery Program. These metrics will focus on assisting us understand our risk profile and the performance of our controls to manage the modern slavery risk we are exposed to.

The Statement was approved by the Afterpay Limited Board of Directors and Clearpay Board of Directors on 15 December 2020.



Anthony Eisen,
Co-CEO and Managing Director of Afterpay Limited and Clearpay Director
15 December 2020