



People, Remuneration and Nomination Committee Charter

Afterpay Limited
February 2021

1. Purpose of Charter

This Charter sets out the role, responsibilities, composition, structure and processes of the People, Remuneration and Nomination Committee (**Committee**) established by the Board of Afterpay Limited (**Board**).

2. Role of the Committee

The role of the Committee is to assist the Board in fulfilling its governance and oversight responsibilities relating to:

- **People:** management programs to optimise the contributions of Afterpay employees to support and further corporate objectives, including L&D, succession and leadership development, talent management, diversity, organisational culture, employee engagement and wellbeing;
- **Remuneration:** Afterpay's remuneration framework, practices and disclosures, the remuneration of the Chair and other non-executive directors, the remuneration (including incentives) and performance of the CEOs and other executives; and
- **Nomination:** Board and Board committee composition and succession planning, diversity, performance evaluation, induction and continuing professional development.

The key responsibilities of the Committee are set out in **Attachment 1**. The authority of the Committee is as expressly stated in this Charter or as otherwise authorised by the Board.

3. Composition

The Committee will have at least three members, a majority of whom will be independent directors.

The Board will appoint Committee members and will appoint the Chair of the Committee from amongst the independent directors.

If a member ceases to be a director of the Board, that member ceases to be a member of the Committee.

4. Meetings

The Committee will meet as often as necessary in order to fulfil its role. It is intended that the Committee will meet at least four times each calendar year.

Additional meetings may be convened by the Chair of the Committee, taking into account requests from any member of the Committee, the Chair of the Board, the Chief Executive Officers (**CEOs**), or the Chief People Officer (**CPO**).

The quorum for any meeting will be two Committee members, including at least one independent director.

The Committee Chair is responsible for the conduct of all Committee meetings.

If the Committee Chair is unable to attend a meeting, the members present at that meeting will appoint another member to act as Chair at that meeting.

Committee members may attend meetings in person or participate by videoconference or other electronic means. Committee decisions and recommendations may be made by circular or written resolution (including email or other electronic means).

The Committee may, from time to time, delegate specific authority to the Committee Chair to approve remuneration-related or people-related matters in between scheduled Committee meetings.

Attendance by non-Committee members

Directors of the Board who are not Committee members may attend Committee meetings. The CPO will be invited to attend Committee meetings as required. Other members of management and external consultants or advisers may be invited to attend meetings, as the Committee Chair thinks fit.

If a Committee member or an attendee has a material interest in a matter that is being considered at a Committee meeting, that person must not take any part in decision-making on that matter. However, members may be present at Committee meetings and may participate in the formulation of recommendations to the Board in relation to the remuneration of non-executive directors.

Secretary

The Company Secretary (or their delegate) will be the Secretary of the Committee.

Agenda and documentation

The Secretary will prepare an agenda for each Committee meeting for review by the Committee Chair. Any Committee member may require business to be included on the agenda provided the Committee Chair and the Secretary have been given prior notice.

The agenda and supporting documentation for each Committee meeting will be circulated within a reasonable time prior to that meeting to Committee members, other directors, the CPO, and other attendees, as appropriate.

Minutes

Minutes of Committee meetings will be prepared by the Secretary, approved by the Committee Chair in draft and circulated to all members. The minutes of a Committee meeting will be approved at the next Committee meeting and then signed by the Committee Chair.

5. Reporting to the Board and interaction with other committees

The minutes of each Committee meeting will be provided to all directors of the Board.

The Committee Chair will, at the next Board meeting after a Committee meeting (or earlier if considered necessary), brief the Board on matters arising out of the Committee meeting and advise of any decisions and/or recommendations made.

Any significant issues or material risks to Afterpay that the Committee becomes aware of will be notified to the Board. Material legal and regulatory developments, including any shareholder approvals required in respect of remuneration matters, will also be notified to the Board.

The Committee Chair will refer matters relating to the duties and responsibilities of other Board committees to the appropriate committee. In particular, the Committee will liaise with the Audit, Risk and Compliance Committee to ensure there is effective coordination between the two committees to assist in developing an integrated approach to remuneration that reflects prudent and appropriate risk.

6. Access to information and independent advice

The Committee will have unrestricted access to management and rights to seek explanations and additional information from management.

The Committee may engage external consultants to provide analysis or information from time to time in accordance with approved protocols for obtaining external remuneration advice.

The Committee has authority to conduct or direct investigations into any matters within this Charter. The Committee may obtain external, independent legal or other professional advice as considered necessary or desirable by the Committee to assist it in any investigation or to carry out its responsibilities. As appropriate, the Committee will inform the Chair of the Board, the CEOs, the CPO, and the Company Secretary of any decision to authorise such an investigation or obtain such external advice.

7. Performance evaluation and Charter review

The Board will undertake an annual evaluation of the Committee's performance and effectiveness as part of the Board evaluation process.

The Committee will periodically review this Charter to determine its adequacy for current circumstances, and recommend proposed amendments to the Board.

Attachment 1 - Key Committee responsibilities

People

CEO succession

- Undertake, and make recommendations to the Board regarding, CEO and executive key management personnel (**KMP**) succession planning

Learning and development

- Review Afterpay's learning and development strategy and programs, including talent management and career development opportunities
- Oversee programs for the ongoing leadership and capability development of executives and other key senior management

Programs to optimise the contributions of people

- Review, and make recommendations to the Board as appropriate in relation to, major changes and developments to management programs to optimise the contributions of Afterpay's employees to support and further corporate objectives, particularly relating to:
 - other executive and senior leader succession
 - attraction, recruitment and retention and talent identification
 - performance management
 - gender pay equity
 - organisational culture, employee engagement and wellbeing
 - employee value proposition

Diversity and inclusion

- Review, and recommend to the Board, Afterpay's Diversity and Inclusion Policy
- Review the setting of, and recommend to the Board, annual measurable objectives for achieving diversity (regarding gender and more broadly) in the composition of the Board, senior executives and workforce generally, and monitor progress towards achieving those objectives
- Review, in relation to each reporting period, diversity disclosures for inclusion in Afterpay's annual reporting

People and culture

- Review, and recommend to the Board, Afterpay's Code of Conduct
- Receive reports and monitor action plans in respect of material breaches of the Code of Conduct, Anti-bribery and Corruption Policy and the Whistleblower Policy
- Review the following matters and consider whether any significant matters should be brought to the attention of the Board:
 - employee superannuation arrangements
 - indemnity and insurance arrangements for nominated officers
 - people and culture trends and metrics
 - other people and culture matters identified from time to time, or as requested by the Board

Remuneration and performance

Remuneration framework

- Monitor and review Afterpay's remuneration framework (including key policies and practices) and make recommendations to the Board as required, ensuring that the framework is aligned with Afterpay's purpose, values, strategic objectives and risk appetite
- Consider the outcome of the annual shareholder vote on the adoption of the remuneration report when reviewing Afterpay's remuneration policies and practices

Non-executive director remuneration

- Review and recommend to the Board the remuneration arrangements for the Chair and other non-executive directors (including base fees, committee fees, travel and other benefits) and the maximum aggregate level of fees

Remuneration and performance of CEOs and other executives

- Review, and make recommendations to the Board in relation to, the remuneration and other key employment arrangements for the CEOs, other members of executive KMP and other senior executives (as required), including quantum, structure (fixed, performance based, and equity-based), and outcomes (including as to the exercise of any Board discretion), having regard to the remuneration framework
- Review and approve the remuneration and other key employment arrangements for members of the Global Leadership Team (including those allocated as either Afterpay level E1 or E2) who are not executive KMP, including quantum, structure (fixed, performance based, and equity-based), and outcomes (including as to the exercise of any Board discretion), having regard to the remuneration framework

- Review and recommend to the Board the key accountabilities and appropriate performance measures for the CEOs, other members of executive KMP and other senior executives (as required)
- Review the key accountabilities and appropriate performance measures for other executives
- Monitor the performance of the CEOs and assist the Chair of the Board in undertaking an annual evaluation of each CEO's performance, having regard to Afterpay's remuneration framework
- Review the performance evaluation process for other members of executive KMP and other senior executives, and the CEOs' annual evaluation of each executive's performance, having regard to Afterpay's remuneration framework

Incentive (including equity-based) plans

- Review and make recommendations to the Board regarding any new, or material amendments to any existing, employee incentive plans including, but not limited to, equity-based plans, and approve any immaterial amendments to these plans
- Review and make recommendations to the Board annually in respect of the STI plan (budget, outcomes, design)
- Review and make recommendations to the Board annually in respect of the LTI plan (including executive LTI offers and vesting outcomes)
- Review and approve adjustments to employee equity vesting outcomes or eligibility to receive STI or LTI payments, including but not limited to, where vesting conditions have not been met, or subject to relevant clawback provisions
- Exercise powers/authorities/discretions relating to incentive plans that are delegated to it by the Board

Remuneration disclosures

- Review and recommend to the Board the annual remuneration report, ensuring that it is consistent with the information known to the Committee, and appropriately reflects the remuneration decisions of the Committee and the Board and the outcomes of those decisions
- Satisfy itself that Afterpay's remuneration-related disclosures, including the annual remuneration report, satisfy applicable governance, accounting and legal requirements
- Review the report of the Committee's composition, responsibilities and discharge of those responsibilities for inclusion in Afterpay's annual reporting

Other

- Review and recommend to the Board minimum shareholding guidelines for non-executive directors
- Approve the engagement of remuneration consultants to directly support the Committee as required

Nomination

Board and Committee composition and succession planning

- Undertake succession planning for the Board, its Committees and the Chair having regard to the skills, experience, diversity, independence and knowledge required for the Board to discharge its duties
- Assist the Board to develop and regularly review its Board skills and experience matrix
- Develop general processes for the Board for the selection and appointment of new non-executive directors and the re-election of incumbent non-executive directors
- Support the Board in identifying and considering potential non-executive director candidates as appropriate, having regard to:
 - their personal attributes, the skills and experience matrix and relevant diversity criteria (including but not limited to diversity of gender, background, ethnicity, geography and age), and fit with the rest of the Board
 - the capability of the candidate to devote the necessary time and commitment to the role
 - potential conflicts of interest and independence of the candidate, which are to be assessed by the Committee prior to making a recommendation in relation to appointment
- Monitor that appropriate background checks are undertaken in relation to all potential non-executive director candidates

Director independence

- Assess and report to the Board as to the independence of a non-executive director on appointment and then annually

Board, Committee and director performance evaluation

- Recommend to the Board the process for evaluating the performance of the Board, its Committees, the Chair and individual directors, including whether to use external facilitators

Director induction and continuing professional development

- Oversee the program for inducting new directors
- Periodically review Board and individual director professional development needs
- Ensure directors receive briefings on material developments in laws, regulations and accounting standards relevant to Afterpay