Directors' Remuneration Policy for Employee and Non-Employee Directors

The Current Remuneration Policy was approved by the Company's shareholders at the Company's 2016 Annual General Meeting. Under U.K. company law, the Company is required to put its Remuneration Policy to a vote of its shareholders at least every three years. The New Remuneration Policy will be subject to such a vote at the Company's 2019 Annual General Meeting. Should the New Remuneration Policy be approved by shareholders, the Committee may make minor changes to the New Remuneration Policy that do not have a material advantage to directors without seeking shareholder approval.

Measures taken by the Company to prevent conflicts of interest in determining the compensation arrangements for its directors include, but are not limited to: the composition of the Committee, which is comprised exclusively of independent non-employee directors; the Committee's consultation with independent compensation consultants and relevant Company personnel to develop recommendations for the Board regarding director compensation; the use of peer benchmarking to inform such recommendations; and other measures set forth in the Committee's charter, available at: https://s2.q4cdn.com/141359120/files/doc_downloads/Gov_Documents/2017/CLDC/Atlassian-CLDC-Charter.pdf.

Employee Directors

The Company's approach to the Remuneration Policy for employee directors

The Company currently has two employee directors serving as Co-CEOs, Michael Cannon-Brookes and Scott Farquhar. Each is a founder and significant shareholder in the Company (each owning over 25% of our outstanding shares) and this is reflected in their non-market remuneration structure. For example, as of July 1, 2019, each Co-CEO is being paid only the statutory minimum wage in Australia. Additionally, the Co-CEOs have waived their entitlement to participate in any annual bonus arrangement and neither currently participates in any of Atlassian's long-term incentive arrangements. Consequently, the remuneration packages of our Co-CEOs are not indicative of the remuneration package that the Company would be expected to provide in the event that any new employee director were to be appointed during the duration of the New Remuneration Policy. This section of the New Remuneration Policy therefore distinguishes between those elements of remuneration that our Co-CEOs currently receive, and what the Company's approach would be to offering the various elements of remuneration to newly appointed employee directors.

Employee directors' Remuneration Policy table

The following table sets out the New Remuneration Policy in respect of the components of remuneration that our Co-CEOs are eligible to receive. Any newly appointed employee director would also be eligible to receive these components of remuneration. Employee directors will only receive remuneration for their service as Atlassian employees and not for their service as members of the Board; hence, they do not receive the remuneration components set out in the Non-Employee Directors' Remuneration Policy Table below.

Element	Purpose and link to strategy	Operation
Salary	To provide the base level of remuneration for the role in order to attract, retain and reward high caliber employee directors.	Salaries for employee directors are set by the Committee, taking into account such factors as it determines to be necessary to recruit the caliber of employee directors needed to operate a company of our size and complexity. While the New Remuneration Policy permits employee directors to receive a salary commensurate with the purpose of attracting and retaining high caliber employee directors, as of July 1, 2019, the Co-CEOs have elected to receive a non-market salary set at the statutory minimum wage in Australia. The complete terms of any new employee director's salary would be determined by the Committee at the applicable time taking into consideration the factors above. Salaries for employee directors are normally reviewed annually, but not necessarily increased annually. The levels of any salary increases would generally be expected to take into account remuneration levels at benchmarked companies, although the Committee may award bigger increases if it determines that the circumstances warrant such increases. This limit is not included as a target or an indication of the salary increases that the Committee may expect or be prepared to award.
Retirement Benefits	To provide a market competitive level of retirement benefits.	Any retirement provision required by law (or similar) in the jurisdiction in which the employee director is resident would be provided (this includes, without limitation, mandatory superannuation requirements in Australia, where our current Co-CEOs reside). In addition, while the New Remuneration Policy allows for retirement-related benefits in excess of mandatory benefits to employee directors, including provisions of additional benefit contributions or a cash payment in lieu of such contributions up to an annual maximum of 30% of base salary, as of July 1, 2019, the Company does not currently do so for our Co-CEOs.

The following table summarizes the New Remuneration Policy with respect to other components of remuneration, which we would expect to offer to any newly appointed employee directors. Newly appointed employee directors will only receive such remuneration for their service as employees to the Company and not for their service as members of the Board; hence, they will not receive the remuneration components set out in the Non-Employee Directors' Remuneration Policy Table below. In addition, the current employee directors are eligible to receive the following components of remuneration, although they do not do so currently and there is no intention that they will do so in the fiscal year ending June 30, 2020.

Element	Purpose and link to strategy	Operation and assessment of performance
Benefits	To provide a market competitive level of benefits.	Benefits to be provided to employee directors would be determined by the Committee taking into account such factors as it determines to be necessary, with the aim of creating a competitive overall remuneration package. The provision of benefits would not be expected to be performance-related. Benefits may include, but are not limited to, the provision of private medical, health and/or life insurance, tax gross-ups and/or other perquisites. Benefits may also be provided to reflect the jurisdiction in which an employee director is recruited or to which an employee director is relocated for business reasons, including relocation costs, tax equalization arrangements and/or arrangements to take into account exchange rates.
Long-term incentive plans	To enable a closer alignment of employee directors' interests with those of the Company and its shareholders, thereby stimulating their efforts on the Company's behalf. To incentivize key employee directors to achieve key long-term objectives. To retain employee directors.	Employee directors are eligible to participate in the Company's 2015 Share Incentive Plan (the "Equity Plan"), which was approved by shareholders in November 2015 . Annual participation in the Equity Plan is subject to the individual limits on participation determined under the terms of the Equity Plan. Participation in the Equity Plan would be in such form permitted under its rules as is determined by the Committee. In the event that the Company adopts new equity incentive plans, employee directors would be eligible to participate in such plans, subject to the terms of, and the maximum levels of participation provided in, such plans. In respect of any performance-related equity awards granted to employee directors, performance measures, vesting provisions, weightings and targets would be set by the Committee. Following the grant of an award, the Committee would have the authority to amend performance measures and targets if events happen that cause such measures and targets to no longer qualify as fair tests of performance. As the Company does not have any employee directors who participate in equity incentive plans (as of the effective date of the New Remuneration Policy), the complete terms of an employee director's participation in such arrangements, including any deferral, vesting, and holding periods, would be determined by the Committee at the applicable time.
Broad-based equity purchase plans	To enable participation in the same equity arrangements as may be offered to a broad employee population.	Employee directors may also participate in any stock purchase plan adopted by the Company from time to time, up to the relevant limits for participation as applies to such arrangements.

Element	Purpose and link to strategy	Operation and assessment of performance
Annual bonus	To provide an incentive for superior performance and to motivate employee directors toward even higher achievement and business results, to tie their goals and interests to those of the Company and its shareholders, and to enable the Company to attract and retain highly qualified employee directors. The performance metrics would be set to align to the Company's objectives for the relevant year, and may include individual performance measures.	Annual bonuses would be determined by reference to performance, in the normal course measured over one fiscal year. The performance measures, weightings and targets for the annual bonus would be set by the Committee on an annual basis. Performance measures may include tests of both business and individual performance. The maximum annual bonus that may be awarded would be 200% of salary. As the Company currently does not have any employee directors who participate in annual bonus arrangements (as of the effective date of the New Remuneration Policy), the complete terms of an employee director's participation in such arrangements would be determined by the Committee at the applicable time. In respect of an employee director's participation in annual bonus arrangements in any year, the Committee would have the authority to amend performance measures and targets if events happen that cause such measures and targets to no longer qualify as fair tests of performance. The Company expects that annual bonuses would be delivered in cash (but the Company may also elect to deliver part of the value of any annual bonus in the form of an equity award).

In addition to the components of remuneration above, the Company would continue to deliver on any contractual entitlement to remuneration or benefits, and any cash or equity incentive awards, which are held by: (i) any current employee director on the effective date of the New Remuneration Policy; or (ii) an employee or officer of the Group on the date they are promoted to the role of employee director. Appropriate disclosure would be made of any remuneration paid (or similar) to an employee director pursuant to any such arrangements.

The Company would reimburse all reasonable expenses incurred by employee directors in connection with their service on the Board. This would include expenses incurred for attending Board or committee meetings, or the Company may alternatively provide a travel allowance for such purpose. The Company may reimburse reasonable expenses for items which, for tax purposes, would be treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the employee director or provide a tax gross-up. In addition, the Company would provide liability-related insurance and indemnification benefits to employee directors.

A statement of the consideration of Atlassian's approach to remuneration for employees other than directors is included in the "statement of consideration of employment conditions elsewhere in the Company" below.

External non-executive appointments

Employee directors are able to accept non-executive appointments outside of the Group (as long as this does not lead to a conflict of interest) with the consent of the Board, as such appointments can enhance their Board experience and add value to the Company. Any fees received from such appointments may be retained by the employee director.

Service contracts

Service contracts of the Co-CEOs

The Company has not entered into a director or employment agreement with either of the Co-CEOs.

External recruitments

Under the New Remuneration Policy, any new agreement with a newly appointed employee director would comply with the following principles:

Notice period	The Company may, but shall not be obliged to, include a notice period, to reflect local employment law or practices. To the extent that a service contract includes a notice period, an employee director may be placed on garden leave during the notice period and the Company may have the discretion to terminate the employee director's employment immediately by making a payment in lieu of notice.
Salary	The service contract would include a salary, subject to the provisions and limits set out in the New Remuneration Policy. The salary may continue during any notice period.
Annual bonus	The service contract may include eligibility for an annual bonus, subject to the provisions and limits set out in the New Remuneration Policy. Eligibility for bonus payouts may continue during any notice period.
Retirement benefits	The service contract may include entitlement to retirement benefits, subject to the provisions and limits set out in the New Remuneration Policy. The entitlement to retirement benefits may continue during any notice period.
Benefits	The service contract may include entitlement to other benefits, subject to the provisions and limits set out in the New Remuneration Policy. The entitlement to other benefits may continue during any notice period.
Long-term incentive plans	The employee director would be eligible to participate (in the Committee's discretion) in the Company's long-term incentive arrangements (whether cash or equity-based). Participation in such arrangements would be subject to the provisions and limits set out in the New Remuneration Policy. Eligibility to participate in long-term incentive arrangements may continue during any notice period.
Broad-based equity purchase plans	The employee director would be eligible to participate in the Company's broad-based equity purchase plans. Participation in such arrangements would be subject to the provisions and limits set out in such plans and applicable governing law. The eligibility to participate in broad-based equity purchase plans may continue during any notice period.

New service contracts would also take into account any local law requirements.

In recruiting an employee director, including the promotion of an employee or officer from within the Group to the role of employee director, the Committee would offer the candidate a remuneration package that it believes is appropriate, taking into account the skills and experience of the individual and the need to recruit, retain and motivate individuals of the appropriate caliber.

The remuneration package offered may include the components of remuneration described above in the Employee Directors' Remuneration Policy Table.

For external hires, the Committee may determine that it would be appropriate to provide equity grants or cash bonuses to make whole any individuals who would be required to forfeit equity or cash awards from their existing employer to become an employee director of the Company. The Committee may also determine that it would be appropriate to grant recruitment-related awards (cash or equity-related). In the case of any award granted, the award may be subject to vesting and/or performance conditions as the Committee determines to be appropriate, either under a one-time arrangement or under the terms of the Company's incentive arrangements. In determining the terms of such awards, the Committee may take into account the vesting schedule and conditions attached to the forfeited awards, if any, as well as other factors that it determines to be relevant, including the need to suitably incentivize and retain the individual during their initial years in office.

Loss of office payments

Contractual entitlements

A departing employee director's rights to remuneration upon a termination of employment would be determined in accordance with their service contract and, if applicable, the Executive Severance Plan as described in detail below.

Executive Severance Plan

The Company maintains an Executive Severance Plan, and any new employee director would be eligible to participate (at the Company's discretion) in such Executive Severance Plan. However, Messrs. Cannon-Brookes and Farquhar, our Co-CEOs, are not eligible to participate in the Executive Severance Plan. Employee directors who participate in the Executive Severance Plan would be entitled to receive such payments thereunder as are determined in accordance with the terms of such Executive Severance Plan. In summary, the Executive Severance Plan provides for a severance payment equal to six months of base salary upon a termination by Atlassian without "Cause" (as defined in the Executive Severance Plan) or a resignation by the participant for "Good Reason" (as defined in the Executive Severance Plan). In addition, upon such qualifying termination within 12 months following a "Change in Control" (as defined in the Executive Severance Plan) in which outstanding equity awards of the Company will be assumed, continued or substituted by the successor entity, a participant would generally receive accelerated vesting of 100% (or such lower percentage as may be determined by the Board or Committee) of all unvested and outstanding equity awards held by them at such time (provided, that any equity awards subject to performance conditions will be deemed satisfied at the target levels specified in the applicable equity award agreements). Notwithstanding the foregoing, if the outstanding equity awards of the Company will not be assumed, continued or substituted by the successor entity in connection with the Change in Control, then each participant would receive 100% accelerated vesting of all unvested and outstanding equity awards held by them at such time (provided that any equity awards subject to performance conditions will be deemed satisfied at the target levels specified in the applicable equity award agreements).

Annual bonus, long-term incentive plans, and broad-based equity purchase plans

The terms of a departing employee director's participation in any annual bonus or long-term incentive plans would be governed by the terms of such arrangements. As the Company does not (as of the effective date of the New Remuneration Policy) have any employee directors who participate in any such arrangements, the Committee would determine such terms at the applicable time. Without limiting the contractual entitlements which such terms may convey, it is expected that such terms would include discretion for the Committee to permit payment of an annual bonus for any full or partial year of service provided by the departing employee director and/or under notice and/or with respect of which a payment in lieu of notice payment is made. In addition, the Committee would have the authority to accelerate the vesting of any equity awards.

With respect to any awards made to an employee director under any broad-based equity purchase plans, the same termination provisions would apply as those for employees generally.

Other

The Company may enter into new contractual arrangements with a departing employee director in connection with their separation of service from the Company, including, but not limited to, a release of claims, as well as confidentiality, restrictive covenants and/or consultancy arrangements, where the Committee determines it necessary or appropriate to do so. The Company may pay reasonable legal fees on behalf of an employee director in connection with their separation of service from the Company. The Company may agree to provide other ancillary or non-material benefits, payments or similar, or ongoing benefits (or a cash-equivalent) for a specified period, to a departing employee director.

Change in Control

The Executive Severance Plan referred to above includes provisions that may apply following a Change in Control. Separately, the treatment of incentive awards in the event of a Change in Control, or other corporate event affecting the Company, would be determined in accordance with the terms of such awards, and the effect of a Change in Control or such other corporate event may include accelerated vesting separate and apart from the accelerated vesting provisions in the Executive Severance Plan. The Company may agree to pay reasonable legal fees on behalf of an employee director with respect to the effect of a Change in Control or other corporate event on such employee director's personal position.

Share ownership requirement for employee directors

Given the very significant equity ownership stake our Co-CEOs hold in the Company, the Company does not currently require a target level of share ownership for employee directors. The Committee would consider this in the event that any new employee director were to be appointed.

Non-Employee Directors

Non-employee directors' Remuneration Policy table

Element	Purpose and link to strategy	Operation (including maximum levels)
Fees	To attract and retain high-caliber non-employee directors.	Non-employee directors each receive an annual retainer for their service on the Board paid in equal quarterly installments, with supplementary retainers payable for additional Board and committee responsibilities. Retainers are for general availability and participation in meetings and conference calls of the Board. Annual retainer for Board membership $55,000 Additional retainer for the chair of the Board $50,000 **Additional retainers for the committee chairs** Audit Committee $20,000 Compensation and Leadership Development Committee $15,000 Nominating and Corporate Governance Committee $10,000 The fee levels are reviewed on a periodic basis, and may be increased by the Company after taking into account factors such as the time commitment of the role and market levels in peer companies of comparable size and complexity. Additional payments may also be made above these retainer levels if time commitments significantly exceed expectations.
Equity awards	To attract and retain high-caliber non-employee directors.	On the date of each annual general meeting ("AGM"), each non-employee director who continues as a non-employee director following the AGM is granted RSUs on the date of such AGM having a Value of $250,000 (the "Annual Grant"). "Value" means the product of (i) the fair market value of one Class A ordinary share of the Company on the grant date, and (ii) the aggregate number of shares pursuant to such award. A new non-employee director who joins other than at an AGM (on the first eligible grant date following their appointment to the Board) is granted a pro-rata proportion of an Annual Grant based on the time between their appointment and the next AGM. The Annual Grant vests in full on the earlier of: (i) the one-year anniversary of the grant date; and (ii) the next AGM, subject to continued service as a director through the applicable vesting date, unless the Committee determines that circumstances warrant continuation of vesting. All such equity awards become fully vested in the event of a "Sale Event" (as defined in the Equity Plan) affecting the Company, in accordance with the terms of the Equity Plan. The RSUs are currently granted under the terms of the Equity Plan. The Committee may change or otherwise revise the terms of such awards (including in granting the awards in a form other than as RSUs).

Other matters

In addition to the components of remuneration above, the Company will continue to deliver on any contractual entitlement to remuneration or benefits, and any cash or equity incentive awards, which are held by any current or former non-employee director on the effective date of the New Remuneration Policy. Appropriate disclosure will be made of any remuneration paid (or similar) to a non-employee director pursuant to any such arrangements.

The Company would reimburse all reasonable expenses incurred by non-employee directors in connection with their service on the Board. This would include expenses incurred for attending Board or committee meetings, or the Company may alternatively provide a travel allowance for such purpose. The Company may reimburse reasonable expenses for items which, for tax purposes, would be treated as a taxable benefit, in which case the Company may also pay any such tax on behalf of the non-employee director or provide a tax gross-up. In addition, the Company would provide liability-related insurance and indemnification benefits to employee directors.

Share ownership requirement for non-employee directors

Each non-employee director is required, within four years of their initial election to the Board, to own Class A ordinary shares having an aggregate value of at least $250,000. Compliance with this requirement will be assessed on each July 1 based on the 90-day average closing price of the Company's Class A ordinary shares ending on the trading day immediately preceding such date. Only Class A ordinary shares owned in the following forms shall be considered in determining compliance with this requirement: shares held directly by, or in a grantor trust for the benefit of, the non-employee director or their immediately family members; shares owned by a partnership, limited liability company or other entity to the extent of the non-employee directors' interest therein (or the interest therein of their immediate family members) but only if the non-employee director has or shares power to vote or dispose of such shares; and shares underlying vested RSUs that have not yet been settled.

Non-employee directors are subject to this share ownership requirement for as long as they continue to serve on the Board. Failure to meet this requirement may result in cash retainers being paid in the form of Class A ordinary shares and/or in a restriction being imposed on the non-employee director's right to sell Class A ordinary shares, as determined by the Committee. The Committee, in its sole discretion, may evaluate whether exceptions to this requirement shall be made in the event of severe financial hardship, a requirement to comply with a court order to transfer shares or as a result of significant share price fluctuations. The requirement has been meet for all non-employee directors.

Terms of appointment and terms on termination of office

Current director agreements for the non-employee directors

Details of the director agreements currently in place for the non-employee directors are as follows:

	Date of director agreement
Jay Parikh	July 30, 2013
Enrique Salem	July 30, 2013
Shona L. Brown	November 3, 2015
Heather Mirjahangir Fernandez	November 3, 2015
Steven Sordello	November 26, 2015
Sasan Goodarzi	April 24, 2018

None of the director agreements above have a fixed term, contain a notice period or termination provisions, or contain any provision for benefits upon a termination of service. In line with the Non-Employee Directors' Remuneration Policy Table above, the director agreements do provide for full vesting of equity awards in the event of a Sale Event.

The Company has not entered into a director agreement with Richard P. Wong.

Current non-employee directors' equity awards

For the fiscal year ended June 30, 2019, current non-employee directors received equity grants in accordance with the Current Remuneration Policy. Non-employee director equity grants after December 4, 2019 will be awarded in accordance with the New Remuneration Policy if such policy is approved by the Company's shareholders at the Company's 2019 Annual General Meeting.

New non-employee directors and approach to recruitment remuneration

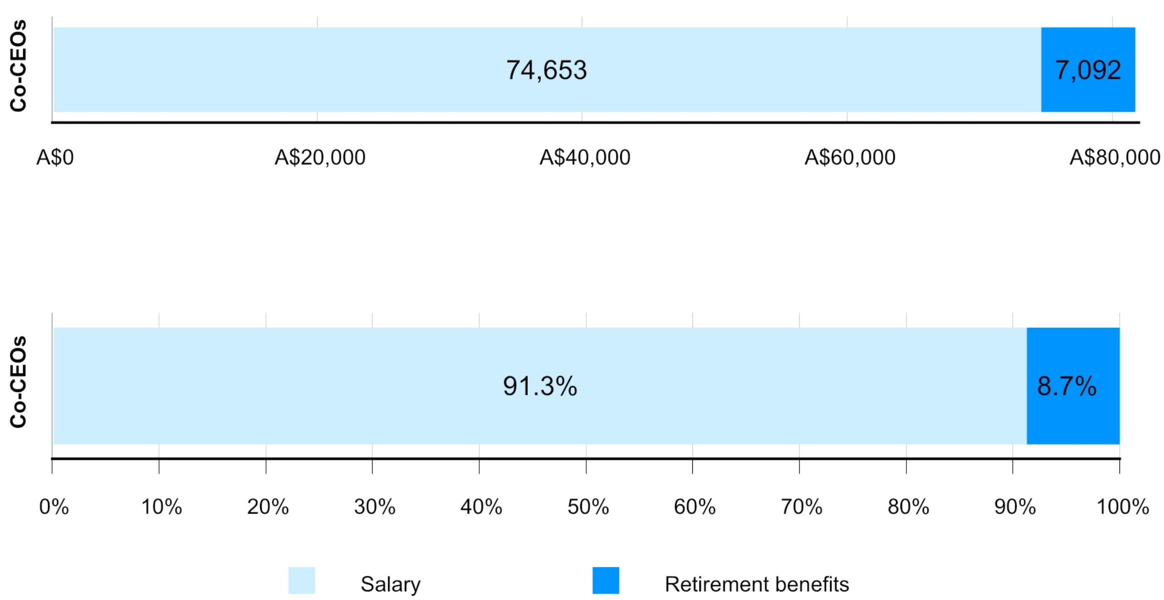
Director agreements for any newly elected non-employee director would include an entitlement to fees and equity awards in line and on the same terms with those set forth in the Non-Employee Directors' Remuneration Policy Table above. Any such agreement would not contain a notice period or termination provisions or any provision for benefits upon a termination of service. In line with the Non-Employee Directors' Remuneration Policy Table above, the director agreements would provide for full vesting of equity awards in the event of a Sale Event.

Development of the New Remuneration Policy

Illustration of the New Remuneration Policy for current employee directors

While the New Remuneration Policy permits employee directors to receive a salary commensurate with the purpose of attracting and retaining high caliber employee directors and to participate in annual bonus and long-term incentive arrangements, each employee director has elected to receive the statutory minimum wage in Australia and waived his entitlement to an annual bonus, each in respect of the fiscal year ending June 30, 2020. In addition, neither employee director will participate in any annual bonus arrangement, nor be granted any long-term incentive awards during the fiscal year ending June 30, 2020.

As illustrated below, the remuneration payable to the Co-CEOs in the first year in which the New Remuneration Policy applies, being the fiscal year ending June 30, 2020, will consist of a base salary of AUD $74,653.28 and retirement benefits of a level required in accordance with Australian requirements (currently at 9.5% of base salary). In line with the Company’s normal practices, salaries will be reviewed on an annual basis. As the Co-CEOs will not participate in any performance-related component of remuneration in the fiscal year ending June 30, 2020, this level of remuneration is not dependent on individual or Company performance.



Statement of consideration of employment conditions elsewhere in the Company

The Company consults with certain employees who have expertise in executive and director compensation as part of its usual process for determining director remuneration and in formulating the New Remuneration Policy. In addition, compensation across the senior management population was taken into account when setting pay levels for the employee directors. For the non-employee directors, the Committee was advised by Semler Brossy, independent compensation consultants, on developments and benchmarks in non-employee director remuneration which were used to set the remuneration for the non-employee directors. The New Remuneration Policy was designed to take into account the Company’s need to recruit and retain high caliber non-employee directors and to reflect the position of the two current employee directors who are significant shareholders in the Company. While the provisions of the Remuneration Policy as they would apply to future employee directors would be generally in line with the remuneration arrangements for the Group’s other senior management, the remuneration, including terms and levels of awards for any new employee director, may differ from those of other senior management as the Company sets remuneration by reference to external benchmarking and local market practice in place at the relevant time of hire.

Statement of consideration of shareholder views

The Current Remuneration Policy was approved by the Company's shareholders on December 6, 2016 at the Company's 2016 Annual General Meeting. While the Committee is open to engagement with shareholders on remuneration issues, the Committee did not receive any views on director remuneration from non-director shareholders in preparing the New Remuneration Policy, which views would have been taken into account in formulating the New Remuneration Policy.

This New Remuneration Policy will be subject to a vote of the Company's shareholders at its 2019 Annual General Meeting.

Changes

Under the Current Remuneration Policy, upon the first eligible grant date following initial election to the Board, each non-employee director was granted an initial, one-time grant of RSUs having a Value of $250,000. The Initial Grant would vest as to 25% on the one-year anniversary of the grant date and the remaining 75% would vest in equal quarterly installments over the next three years, subject to continued service as a director through the applicable vesting dates, unless the Committee were to determine that circumstances warrant continuation of vesting.

Under the New Remuneration Policy, new non-employee directors will not receive an Initial Grant. Other than this change, the differences between the New Remuneration Policy and the Current Remuneration Policy are not significant. Should the New Remuneration Policy be approved by shareholders, the Committee may make minor changes to the New Remuneration Policy that do not have a material advantage to directors without seeking shareholder approval.