



Beautiful business

Market release

2022 Corporate Governance Statement and Appendix 4G

WELLINGTON, 12 May 2022 - Xero Limited (ASX: XRO), in accordance with the ASX Listing Rules, attaches its 2022 Corporate Governance Statement and Appendix 4G.

Authorised for release to the ASX by the Chair of the Board & Chair of the Audit and Risk Management Committee

Contact

Toby Langley - Investor Relations
Mobile: +61 450 223995
toby.langley@xero.com

Kate McLaughlin - Communications
Mobile: +64 27 533 4529
kate.mclaughlin@xero.com

About Xero

Xero is a global small business platform with 3.3 million subscribers which includes a core accounting solution, payroll, workforce management, expenses and projects. Xero also provides access to financial services, and an ecosystem of more than 1,000 connected apps and more than 300 connections to banks and other financial institutions. Through Xero's open platform, small businesses can connect to a range of solutions that help them run their business and manage their finances. For three consecutive years (2020-2022), Xero was included in the Bloomberg Gender-Equality Index. In 2021, Xero was included in the Dow Jones Sustainability Index (DJSI), powered by the S&P Global Corporate Sustainability Assessment. Xero has been named as a FIFA Women's Football partner under FIFA's new commercial structure.

Xero Limited (XRO)
NZ Company no. 1830488
ARBN 160 661 183

Registered Address
19-23 Taranaki St
Te Aro
Wellington 6011

www.xero.com

Corporate Governance Statement

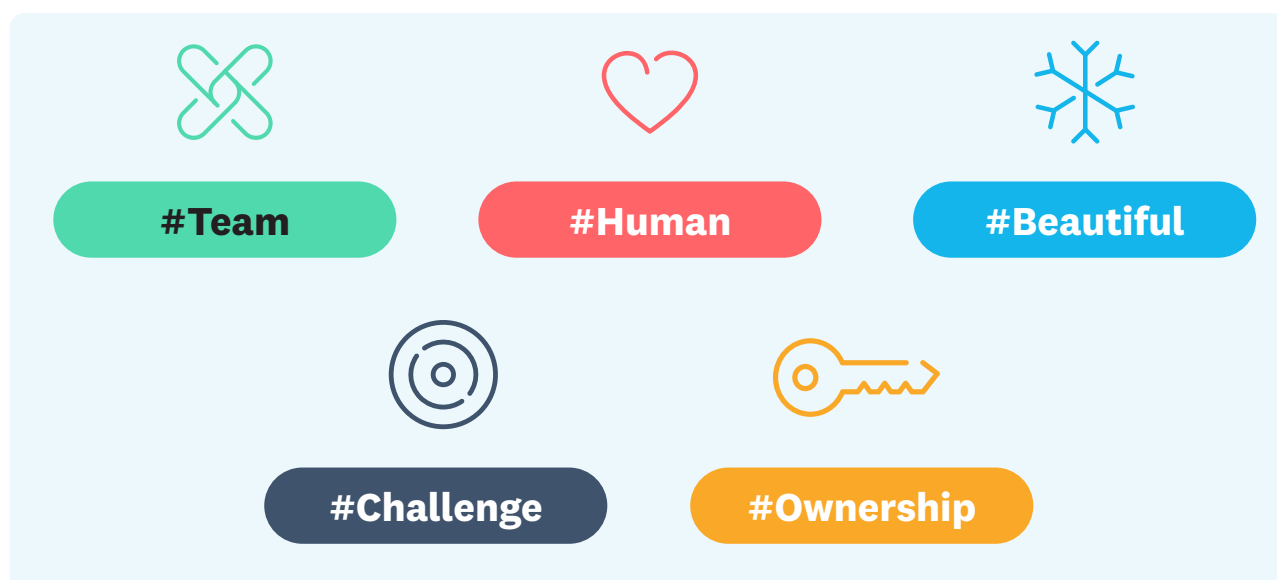
For the year ended 31 March 2022



Corporate Governance Statement

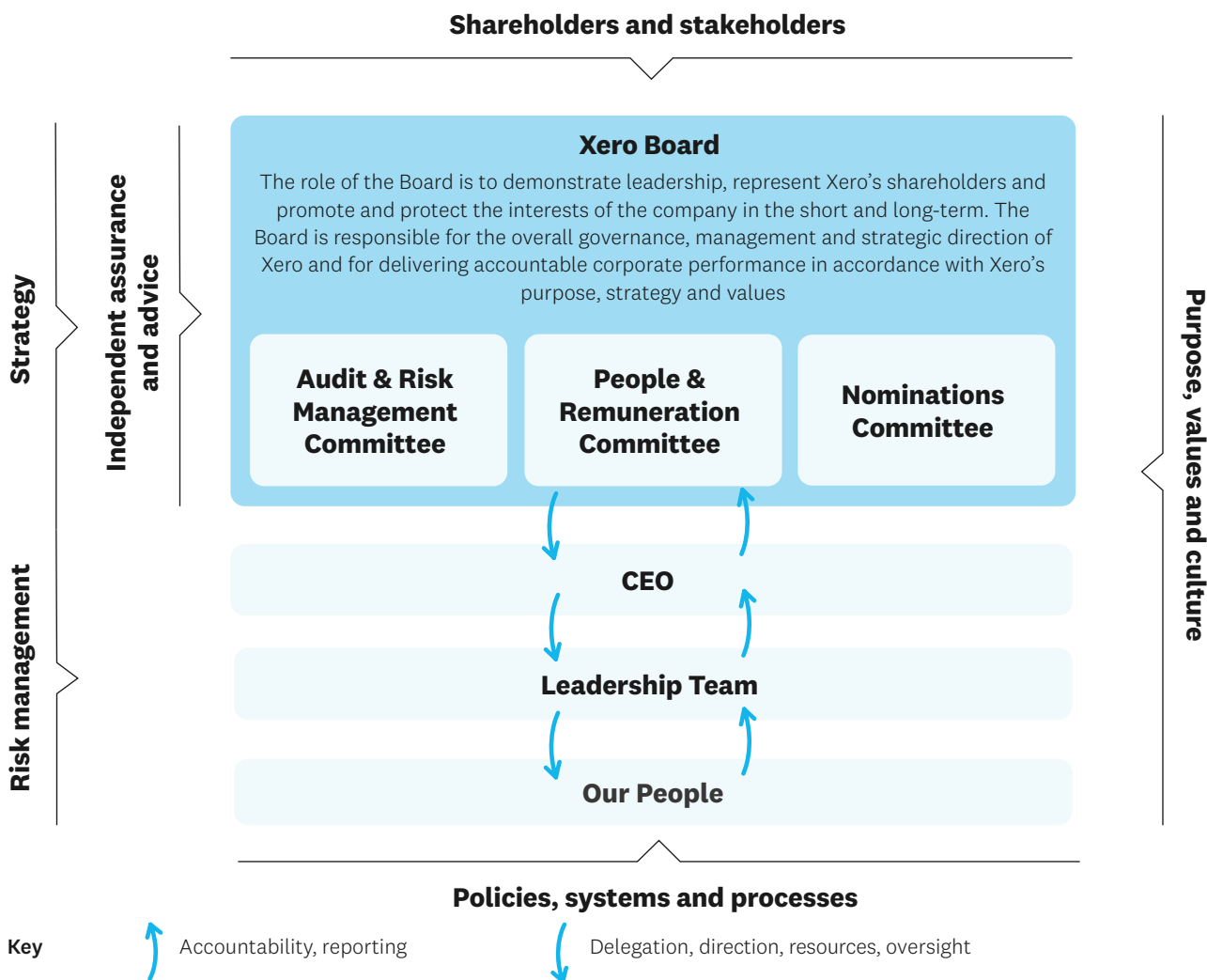
For the year ended 31 March 2022

The purpose of Xero Limited (Xero) is to make life better for people in small business, their advisors and communities around the world. Xero is a purpose-led, values-driven business and the Board of Xero (Board) is committed to a culture that seeks to embed and uphold high standards of corporate governance. The Board recognises the importance of this to good decision-making and long-term value creation. Xero's values are shown below.



Xero's corporate governance framework is designed to deliver on Xero's purpose and strategy, support Xero's operations, monitor performance, and manage risk in a manner that reflects Xero's values and the digital, global and high-growth nature of Xero's business. As Xero grows and evolves, so do the expectations of Xero's investors and other stakeholders, and the Board is committed to a continuous improvement approach to corporate governance.

Xero's Governance Framework



Xero is listed on the Australian Securities Exchange (ASX) and is a New Zealand incorporated and domiciled company. From a regulatory perspective, this means that while the ASX Listing Rules do apply to Xero, certain provisions of the Australian Corporations Act 2001 (Cth) do not.¹

Xero's corporate governance reporting framework has been developed with regard to the ASX Listing Rules and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th edition (ASX Principles and Recommendations). This Corporate Governance Statement (Statement) reports on how Xero has complied with each of the recommendations during the financial year ended 31 March 2022 (FY22). This Statement has been prepared in accordance with ASX Listing Rule 4.10.3, is current as at 1 April 2022, and has been approved by the Board.

This Statement should be read in conjunction with the information and documents on Xero's Investor Centre at www.xero.com/about/investors/governance, where copies of Xero's Annual Report, Constitution, corporate governance policies (including the Code of Conduct), and Board and Committee Charters can be found.

¹ Xero complies with the ASX Listing Rules. As Xero is not incorporated in Australia, it is not a disclosing entity for the purpose of Chapter 2M of the Australian Corporations Act 2001 (Cth) (Financial reports and audits) and certain provisions of that chapter do not apply (e.g. section 295 regarding annual financial report, section 298 regarding directors' report or section 300A regarding remuneration reporting). As a New Zealand company, Xero's annual reporting is primarily governed by the Companies Act 1993 (New Zealand)

The Board of Directors



David Thodey AO

Chair of the Board
Australia

Independent Director since June 2019 and
Chair since February 2020
People and Remuneration Committee
Nominations Committee (Chair)



Lee Hatton

Non-executive Director
Australia

Independent Director since April 2014
Audit and Risk Management Committee



Steven Aldrich

Non-executive Director
United States

Independent Director since October 2020
People and Remuneration Committee



Brian McAndrews

Non-executive Director
United States

Independent Director since February 2022
Audit and Risk Management Committee



Mark Cross

Non-executive Director
New Zealand

Independent Director since April 2020
Audit and Risk Management Committee (Chair)
People and Remuneration Committee



Dale Murray CBE

Non-executive Director
United Kingdom

Independent Director since April 2018
Audit and Risk Management Committee
Nominations Committee



Rod Drury

Xero Founder / Non-executive Director
New Zealand

Director since July 2006
Nominations Committee



Susan Peterson

Non-executive Director
New Zealand

Independent Director since February 2017
People and Remuneration Committee
(Chair)
Nominations Committee

Full director profiles, including information about their relevant qualifications and experience, can be found on [Xero's Investor Centre](#) and in Xero's FY22 Annual Report.

Board diversity and skills

Gender



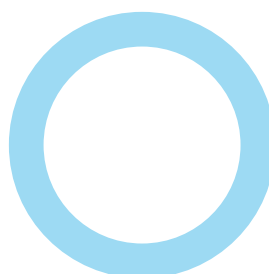
Male **62.5%** (5 directors)
Female **37.5%** (3 directors)

Location



NZ **37.5%** (3 directors)
AU **25%** (2 directors)
UK **12.5%** (1 director)
US **25%** (2 directors)

Race and ethnicity



White and/or European heritage (includes one director who also identifies as Pākehā (a New Zealander of European descent)) **100%**

Tenure



0-3 years **50%** (4 directors)
3-6 years **25%** (2 directors)
6-9 years **12.5%** (1 director)
9+ years **12.5%** (1 director)

The Board

The Board Charter sets out the roles and responsibilities of the Board and the manner in which the Board exercises and discharges its role and responsibilities. It also sets out matters expressly reserved for the Board and those delegated to management. The Board is responsible for the overall governance, management and strategic direction of Xero and for delivering accountable corporate performance in accordance with Xero's purpose, strategy and values.

Xero's Chief Executive Officer (CEO), Steve Vamos, has responsibility for the day-to-day management of Xero's business within the limits determined by the Board, and is supported by the Xero leadership team. The CEO is responsible for managing Xero in accordance with the strategic plan, annual budget and operating plan, risk appetite, and risk management strategies approved by the Board. The CEO is not a director of Xero but attends all Board meetings to report to the Board and participates in discussion as appropriate.

Chair The Chair of Xero, David Thodey, is considered an independent non-executive director. The Chair's role is to lead the Board, facilitate constructive discussion at Board meetings, and ensure that the Board functions effectively and communicates the Board's position to shareholders and other stakeholders.

Company Secretary The Company Secretary of Xero, Damien Coleman, was appointed by the Board on 20 September 2021. His qualifications and experience are set out on [Xero's Investor Centre](#). The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The formal reporting line of the Company Secretary is through the Chief Legal Officer (CLO) who reports to the CEO. All directors have direct access to the Company Secretary.

Director appointment and election Before appointing a director, or putting forward a candidate for election as a director, Xero undertakes appropriate background checks, including director disqualification, bankruptcy, criminal history and education, to determine that candidate's suitability. The qualifications of each director are detailed on [Xero's Investor Centre](#).

Directors are elected by the shareholders. Directors who are appointed by the Board must subsequently stand for election at Xero's next Annual Meeting of shareholders. All directors must stand for re-election by shareholders at least every three years. The Board meets to determine whether to endorse those directors who will stand for re-election at the Annual Meeting, having regard to the skills, knowledge, capacity and experience needed to effectively steer Xero both now and in the future. Information relevant to the election or re-election of directors, including their relevant qualifications and professional experience, is included in the Notice of Meeting distributed each year in advance of the Annual Meeting.

All directors are appointed pursuant to formal letters of appointment setting out the key terms and conditions of their appointment, including:

- Remuneration
- Duties, responsibilities and time commitment
- Board and individual performance evaluation
- Disclosure of interests and matters affecting independence
- Notification of potential conflicts of interest
- Confidentiality
- The Board's policy on obtaining independent advice
- Indemnity and insurance
- Compliance with Xero's policies

Induction All new directors are given appropriate induction to enable them to gain an understanding of Xero's purpose, values, people, customers, operations, financial position, strategy, and risk management framework, and the rights, duties and responsibilities of the Board, its Committees, and management. In addition, new directors are provided with training in relation to Xero's regulatory environment including the ASX Listing Rules. Each new director has the opportunity to meet with existing Board members, Xero's leadership team, and members of the senior management team. All directors are expected to maintain the skills required to discharge their respective roles, and are provided with access to training and professional development opportunities identified and overseen by the Nominations Committee.

Evaluation of the Board On an annual basis, the Board, with assistance from the Nominations Committee, reviews and evaluates its performance (including against the requirements of the Board Charter) and the performance of the Committees and individual directors, including the Chair.

These performance reviews are conducted both internally and, on a periodic basis, externally with the assistance of a facilitator. The Board conducted an internal performance review during FY22. The Chair led a discussion of the outcome of this review with the Board as a whole, and with individual directors. The overall assessment was that the Board and its Committees continue to operate effectively and remain focused on Xero's long-term growth and success.

Skills matrix The Board comprises directors who bring a mix of skills, knowledge, experience, diversity and independence, together with a deep understanding of, and competence to deal with, current and emerging issues to guide the business. The table below summarises the directors' relevant skills. The Board is satisfied that it has the appropriate mix of skills and experience necessary to fulfil the Board's role. All directors are expected to act in accordance with Xero's Code of Conduct, Xero's values, and the Xero Way. The Board is committed to including a diverse mix of skills, knowledge and experience to support effective decision-making, and considers geographic diversity, cultural, ethnic and racial diversity, gender diversity, diversity in age, and diversity of thought.

Capability	Number of directors with the capability	
	High capability ¹	Medium capability ²
 Cloud, online, and financial platforms Expertise in business software and delivering solutions at scale through SaaS, Cloud and platforms	3	5
 Digital product management and marketing Digital product expertise with extensive expertise across technology trends, and implications and the software and technology product value chain	4	4
 Strategy and development Corporate strategy and development including M&A and strategic partnerships	8	-
 Go-to-market and customer experience Deep customer insight and advocacy. Go-to-market expertise including direct sales, internet sales and new markets, and specific customer channel experience	6	2
 Financial expertise Financial expertise with deep public company experience in finance, accounting, planning and investor relations	2	5
 Global markets Exposure to Xero's current and emerging global markets, and expertise in scaling global businesses with large customer bases	2	6
 Listed company governance; risk Depth of expertise in listed company governance, compliance and risk management	6	2
 People and culture Remuneration, workforce planning, talent, culture, and diversity and inclusion	7	1

¹ High capability: High level of knowledge or experience in the relevant skill area. High level of proficiency and experience in applying the skill, including in complex situations, as a senior executive or board member

² Moderate capability: Sound knowledge and understanding of the relevant skill through either experience, application in board and committee activities and/or through training and professional development activities

Independence

The Board Charter states that the Board will consist of a majority of independent non-executive directors. Xero considers a director to be independent when they are a non-executive director who is independent of management and free of any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of their unfettered and independent judgement, having regard to the best interests of Xero as a whole.

In the context of director independence, 'materiality' is considered from both a Xero and an individual director perspective. Directors are required to disclose to the Board relevant personal interests and actual or potential conflicts of interest at the earliest opportunity, including any development that may impact their perceived or actual independence.

Director independence is assessed in accordance with the definition of independence above, and having regard to the relevant factors listed in the ASX Principles and Recommendations. The Board assesses the independence of each director upon their appointment and annually thereafter.

The Board considers all directors, other than Rod Drury, independent. Rod Drury is not considered independent due to his substantial shareholding in Xero, his tenure as a director and his former executive role at Xero.

Board Committees

The Board has established the following standing committees:

- Nominations Committee
- Audit and Risk Management Committee (ARM Committee)
- People and Remuneration Committee (P&R Committee)

The Board may also delegate specific functions to ad hoc committees from time to time. The Committee Charters are available on [Xero's Investor Centre](#). A summary of the responsibilities of each Committee and details of their membership are disclosed below.

The Charter for each standing Committee provides that the Committee will consist of at least three members, all of whom are non-executive directors and a majority of whom are independent. Each Committee must be chaired by an independent non-executive director. The Chair of the Board cannot be the Chair of the ARM Committee. The composition of each standing Committee meets these requirements. Each Committee meets at least four times per year and all directors have a standing invitation to attend.

Nominations Committee

The Nominations Committee assists the Board in relation to:

- Board and Committee size and composition
- director selection, appointment, election and re-election
- selection of, appointment of, and succession planning for the CEO
- non-executive director induction and continuing professional development
- Board performance evaluation
- Board succession planning
- reporting in relation to Xero's corporate governance practices

Audit and Risk Management Committee

The ARM Committee assists the Board to oversee the risk management, corporate reporting, tax and audit practices of Xero and its subsidiaries, including in relation to:

- financial reporting processes, principles, policies and controls and the integrity of Xero's financial statements
- external audit of Xero
- assurance (internal audit) processes
- internal control processes and effectiveness, including controls to safeguard Xero's assets
- financial and non-financial risk management, including risk appetite
- insurance
- Xero's climate strategy, governance and performance
- compliance with applicable legal and regulatory requirements within the Committee's area of responsibility
- other matters referred by the Board from time to time

All Committee members must be financially literate, and the Committee members between them must have the accounting and financial expertise and a sufficient understanding of the industry in which Xero operates to be able to discharge the Committee's mandate effectively. The Committee composition meets these requirements.

People & Remuneration Committee

The P&R Committee assists the Board to oversee strategies and policies relating to:

- people and culture
- remuneration and benefits
- executive performance and development
- succession planning for Xero's executive leadership team (other than the CEO, which is overseen by the Nominations Committee)
- diversity and inclusion

More information about Xero's approach to remuneration, including details of remuneration paid to directors and senior executives, is set out in the Remuneration Report in Xero's FY22 Annual Report, available on [Xero's Investor Centre](#). The Remuneration Report also contains information on Xero's policy for determining the nature and amount of remuneration for Xero's directors and leadership team.

Board and Committee membership and meeting attendance

Set out below are the members of Xero's Board and Committees for FY22, the number of meetings scheduled in advance for the year, and attendance at those meetings. Additional Board and Committee meetings are held to meet governance demands. In FY22, the Board held four additional meetings, the Nominations Committee held four additional meetings, and the ARM Committee and the P&R Committee each held one additional meeting.

Director	Board		Nominations Committee		ARM Committee		P&R Committee	
	Held ¹	Attended	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²
David Thodey	8*	8	5*	5	-	(5)	5	5
Steven Aldrich	8	8	-	-	-	-	5	5
Mark Cross ³	8	8	-	-	5*	5	2	2 (1)
Rod Drury	8	8	5	5	-	-	-	-
Lee Hatton	8	8	-	-	5	4	-	-
Brian McAndrews ⁴	1	1	-	-	1	0	-	-
Dale Murray	8	8	5	5	5	5	-	-
Susan Peterson	8	8	5	5	-	(5)	5*	5
Craig Winkler ⁵	4	4	-	-	2	2	3	3

¹ Held represents the number of scheduled meetings held while the relevant director was a member of the Board or the relevant Committee

² Committee meetings are open to all directors to attend. Where the Chair of the Board or the Chair of a Committee has attended a meeting of a Committee of which he or she was not a member, this is indicated by (). The table does not otherwise report Committee attendance by directors who are not members of the relevant Committee.

³ Appointed as a member of the P&R Committee on 13 August 2021

⁴ Appointed as a director and as a member of the ARM Committee 2 February 2022

⁵ Retired as a director effective 13 August 2021

* Denotes Board/Committee Chair

Leadership team

Appointment Before appointing a new member of Xero's leadership team, Xero undertakes appropriate background checks to determine that candidate's suitability. All members of Xero's leadership team are appointed pursuant to formal letters of appointment setting out the key terms and conditions of their appointment, including remuneration.

Evaluation of the leadership team The Chair of the Board, with support from the P&R Committee, reviews and evaluates the CEO's performance and makes recommendations to the Board on the performance objectives for the CEO for the following year. The CEO, with oversight from the P&R Committee, reviews the performance of the rest of Xero's leadership team.

The performance of Xero's leadership team is reviewed annually. Performance reviews are conducted by assessing each executive's performance against specific quantitative and qualitative performance criteria. The assessment is then discussed with the P&R Committee. The performance criteria against which the executives are assessed are aligned with the financial and non-financial objectives of Xero.

Performance reviews for Xero's leadership team took place for FY22 in accordance with this process. The remuneration, including outcomes resulting from the performance reviews, for the CEO and Chief Financial Officer (CFO) are detailed in the Remuneration Report within Xero's FY22 Annual Report, available on [Xero's Investor Centre](#).

Shareholders

Shareholder communication

Investor Centre Xero's website has a dedicated Investor Centre. This provides important information about Xero and its governance that is relevant to Xero's shareholders. Xero's Investor Centre includes:

- Xero's Board and Committee Charters, policies, and Constitution
- Profiles of Xero's directors and leadership team
- ASX Market Releases
- Full and half year financial results (the Annual Report and Interim Report) and investor presentations
- Links to live and archived webcasts or conference calls for the financial results and other investor briefings
- Key upcoming dates in the financial calendar
- Historical financial reports and share price information
- Details of Xero's share registrar, Link Market Services
- An online form to enable investors to send enquiries directly to the Xero investor relations team

Xero's media releases can be found in the News & Media section of the Xero website at www.xero.com/media-releases.

Annual Report and other shareholder communications Alongside the publication of full and half year results, Xero's Annual Report is made available to shareholders electronically (and by post on election), and includes relevant information about the operations of Xero, including Xero's financial results and other required disclosures. Each shareholder also receives a Notice of Meeting, inviting them to attend and participate in Xero's Annual Meeting. Shareholders may elect to receive communications from, and send communications to, Xero and its share registry electronically.

Investor relations program

Xero has an investor relations team which operates a comprehensive and active investor relations program. The program supports Xero's commitment to ensure its shareholders receive important information in a timely and effective manner and facilitates regular dialogue with investors. Activities undertaken as part of the investor relations program include:

- Post-results and ad hoc meetings with institutional investors and analysts
- Attendance at a range of domestic, regional, and global investor conferences to meet with existing and potential investors in-person or virtually
- Pre-Annual Meeting engagement with beneficial interest holders and the primary governance advisory bodies
- Engagement with the retail investor community through shareholder associations, including pre-Annual Meeting engagement

Annual Meeting

Xero encourages shareholders to attend its Annual Meeting and to ask questions of the Chair, Board, CEO, and CFO, as follows:

- Shareholders are notified of the Annual Meeting in advance of the meeting in accordance with regulatory requirements
- Shareholder voting is conducted via a poll, and shareholders may vote electronically or by proxy
- Xero held fully virtual Annual Meetings in FY20 and FY21 in response to COVID-19. The meetings were held via an online platform provided by Xero's share registrar, Link Market Services. Shareholders were able to watch the meeting live, vote, and ask questions online. Recordings of past Annual Meetings and all presentations are available on [Xero's Investor Centre](#).
- Noting the geographical spread of its shareholders, Xero carefully plans the timing and format of its Annual Meeting to allow as many shareholders as possible to attend and participate

Audit and risk management

Risk management governance

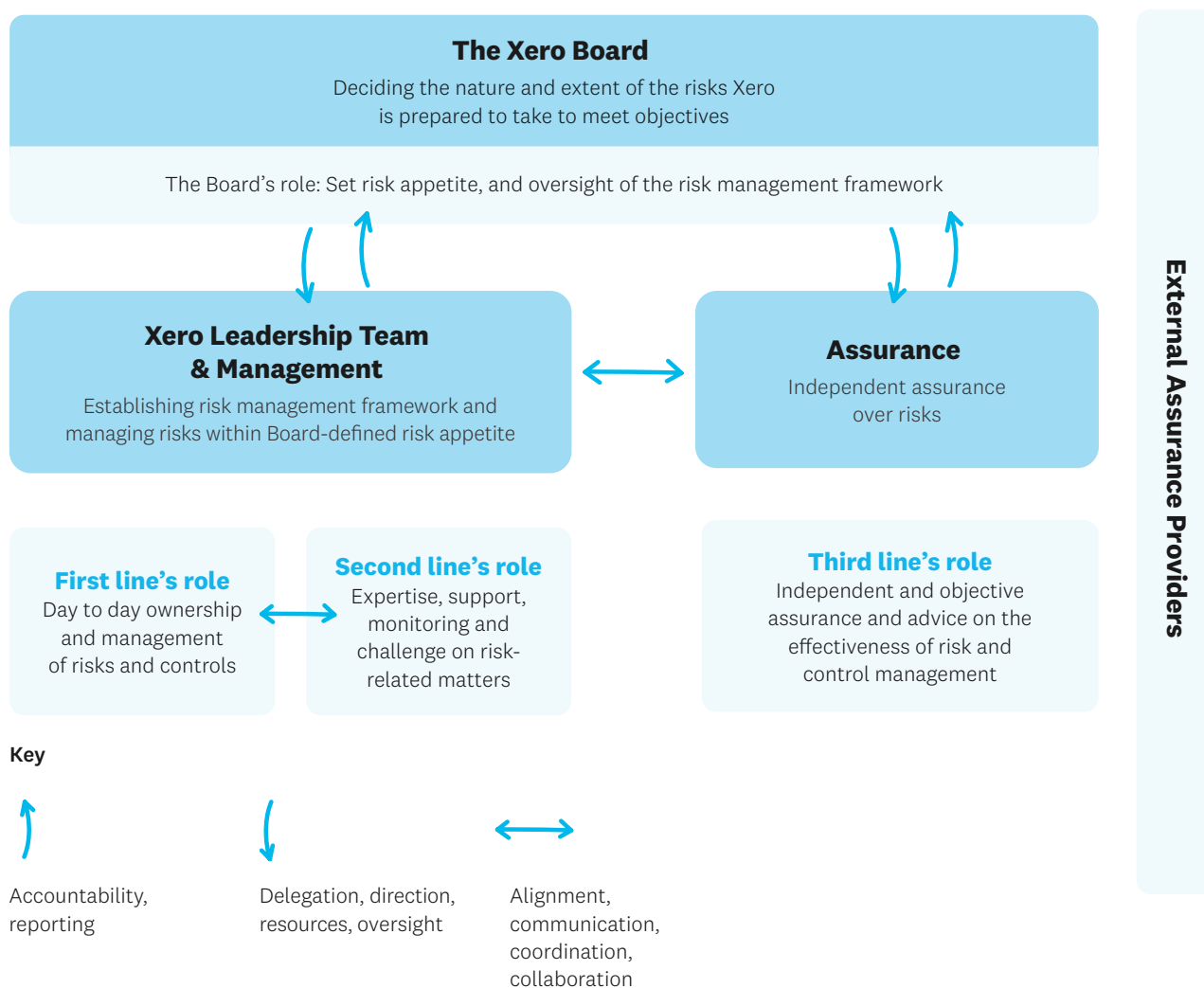
Risk management oversight and accountability is an integral part of Xero's governance. The Board has ultimate accountability for risk management, which includes ensuring that material risks facing Xero have been identified and that adequate controls, monitoring, and reporting mechanisms are in place and operating effectively. The ARM Committee assists the Board with its oversight of risk management, audit, and compliance with legal and regulatory requirements within the Committee's area of responsibility.

The ARM Committee Charter sets out its responsibilities for monitoring Xero's risk management, including how Xero identifies, assesses, monitors and manages financial and non-financial risks within the risk appetite approved by the Board. This is designed to ensure the adequacy and effectiveness of Xero's ongoing risk management framework.

Risk management framework

Xero has aligned accountability for managing risk to the globally recognised 'Three Lines Model'. Key roles are outlined in the diagram below.

Xero's Risk Management Accountability Three Lines Model



Xero has an enterprise risk management framework that is managed by the CFO and overseen by the Board and the ARM Committee. The Executive General Manager of Risk and Assurance has a functional reporting line to the Chair of the ARM Committee (day-to-day reporting is to the CFO) and regularly meets with the Chair without other management present.

There are several components to Xero's risk management framework including:

- Policies and procedures covering key financial and non-financial risks
- Guidelines and limits for approval of all expenditure, including capital expenditure and investments, and non-financial commitments
- Various strategic governance forums, including for the purposes of oversight of key areas of risk, including the Security Governance Group and the Data Use and Governance Group
- Due diligence processes for M&A activities

A key component of Xero's risk management framework is the regular review of key risks and opportunities by Xero's leadership team. The risk profile for Xero and its subsidiaries was developed, and continues to be reviewed and refined, through a series of workshops and discussions involving Xero's leadership team, senior management, and operational specialists.

The identified risks are included in a risk radar for review according to the key risk categories, which include strategic, operational, legal and compliance, financial, and emerging risks. The risk radar is reviewed with each member of Xero's leadership team at least four times per year. Risks lying outside the boundaries of Xero's agreed risk appetite require proactive mitigation and include ongoing action plans, which are tracked and monitored on a periodic basis by Xero's leadership team, the ARM Committee and the Board.

The Risks and Opportunities section of Xero's FY22 Annual Report highlights a range of key risks including economic, environmental, and social sustainability-related risks and how Xero manages, or intends to manage, those risks. More information about Xero's approach to sustainability is also available on Xero's website.

Review of risk appetite and risk framework

The ARM Committee reviews the overall adequacy and effectiveness of Xero's risk management framework at least once a year. It also reviews management's implementation of the risk management framework in light of the risk appetite set by the Board.

The ARM Committee reviews the risk appetite parameters and the risk radar at least four times per year to ensure it has oversight of risk status, understands key changes, and monitors key mitigation action plans. The ARM Committee receives risk 'deep-dive' updates on key risk areas throughout the year. In FY22, the Board participated in a risk workshop that considered macro-level headwinds and tailwinds that may present risks or opportunities to Xero meeting its long-term strategic objectives. The insights from this workshop helped inform the continued implementation of Xero's strategy.

The ARM Committee engaged an external provider to assist with the review of Xero's risk management framework during FY21. Based on ongoing review and improvements made in FY22, the ARM Committee is satisfied that the current framework continues to be sound and that Xero is operating with due regard to the risk appetite set by the Board. Xero will continue to invest in people, processes, and technology to ensure that Xero's risk management framework continues to evolve with the business.

Declaration regarding financial statements

As a New Zealand domiciled company, section 295A of the Australian Corporations Act 2001 (Cth) is not applicable to Xero. However, before the Board approves Xero's half or full year financial statements, the CEO and CFO provide a written declaration to the Board in accordance with the ASX Principles and Recommendations. This declaration confirms that, in their opinion:

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

The CEO and CFO also confirm to the Board that their view is formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

Process for verifying periodic corporate reporting

Xero is committed to providing shareholders and other external stakeholders with timely, consistent and transparent corporate reporting. The verification process for particular periodic corporate reports is tailored based on the nature of the relevant report and its subject matter.

Xero's annual Financial Statements are audited by the external auditor. Xero's interim Financial Statements are reviewed by the external auditor.

Xero has processes in place to verify the integrity of other periodic corporate reports prepared for the benefit of investors before they are released to the market. Any periodic report must be approved before it is released externally. Generally, the approval process includes review by a number of Xero's functions, including the relevant business owner, subject-matter experts, Investor Relations, Communications, and Legal.

The purpose of the review process is to confirm, among other things, that the material:

- is factually accurate and represents Xero's position fairly, including by reference to underlying data sources or supporting documents where relevant
- is consistent with other information Xero has released to the public as part of Xero's financial reporting disclosures
- complies with any applicable legislation or regulations including any approval requirements

External audit

To ensure that the external auditor remains independent, all non-audit work or arrangements with the external audit firm as a customer of Xero must be approved by the ARM Committee. The Committee reports to the Board annually on the provision of non-audit services by the external auditors.

Xero is committed to ensuring that the external auditor carries out its function independently and has adopted an Auditor Independence Policy. The policy requires that the senior audit partner and review partner for Xero must be rotated at least every five years. The senior audit partner responsible for the FY22 audit commenced as Xero's audit partner in FY21. The independent audit review partner responsible for the FY22 audit commenced as Xero's review partner in FY20. The policy also requires the external auditor to confirm annually that it has complied with all professional regulations relating to auditor competency and independence and to monitor its independence, and to report to the Committee twice per year that it has remained independent during the previous six months.

The external auditor attends and is available to answer shareholder questions at Xero's Annual Meetings.

Internal audit

Xero has an Assurance function which provides independent and objective assurance and advice on Xero's organisational governance, risk management and internal control processes. The Assurance function assists the business in understanding and managing risk and provides confidence that the key elements of the business that are relied on to manage risk are in place and working effectively.

The General Manager of Assurance reports to the Executive General Manager of Risk and Assurance and also has direct access to the Chair of the ARM Committee. The Assurance function develops an assurance plan which is approved by the ARM Committee twice per year. The ARM Committee receives and reviews reports regarding assurance activity undertaken and, through these reports, monitors the progress of management action plans.

Diversity and inclusion

Xero values diversity and inclusion and considers it a priority in the creation of a sustainable business capable of delivering value for all stakeholders, including shareholders. Xero embraces the diverse experience, ideas, skills and perspectives of its people. The diversity of its people enables Xero to innovate, attract and retain top talent, and to better reflect and serve its customers, partners, and the communities with which Xero interacts every day.

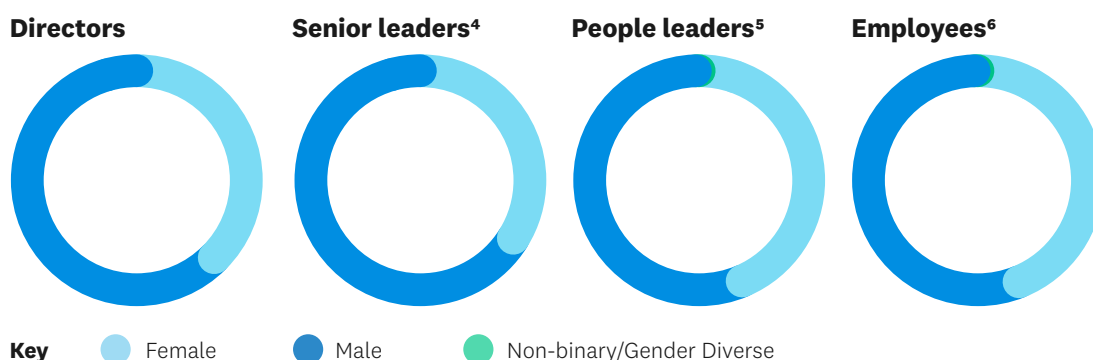
Xero takes a broad view of the meaning of diversity and believes that it's through inclusion that Xero will tap into and maximise the potential and power of its people's differences. The Board has ultimate responsibility for approving policies, practices and measurable objectives for achieving diversity and inclusion. The P&R Committee assists the Board in relation to diversity and inclusion, including making recommendations regarding the measurable objectives and Xero's progress towards achieving these objectives.

Xero's Diversity and Inclusion Policy sets out six key principles that provide the framework for Xero's goal of developing and maintaining a diverse and inclusive workplace and the implementation of initiatives to promote and support this. Diversity at Xero includes differences that relate to gender, age, culture, ethnicity, race, disability, family status, migration status, language, religion, sexual orientation, and gender identity as well as differences in background, skills, work styles, perspectives and experience. Inclusion means all of Xero's people have a sense of belonging and fairness, feel valued and respected, and can play their part in creating business success.

Xero's Respect and Responsibility Policy supports a clear and consistent approach to equal opportunity, promotes a workplace free from discrimination, harassment, sexual harassment, and bullying, and sets out the internal process to resolve concerns and complaints.

Measurable objectives for gender diversity Xero's measurable gender diversity objectives for FY22, as approved by the Board, are set out in the following table, including Xero's progress towards achieving the objectives and the proportion of women employed by Xero Limited and its subsidiaries (Xero Group) as at 31 March 2022:¹

	Female representation target	Female	Male	Non-binary/ Gender diverse	Total ²
Directors	Xero maintains a gender balance on its Board by having at least 3 women and at least 3 men as directors. ³ By the end of FY25, the Board aspires to have at least 40% women and 40% men as directors, with the remaining 20% unallocated to allow flexibility for renewal and to recognise that gender is not binary	37.5% (3)	62.5% (5)	0% (0)	8
Senior leaders ⁴	45% representation of women among our senior leaders, our people leaders and all employees by the end of FY25	33.9% (19)	66.1% (37)	0% (0)	56
People leaders ⁵		43.7% (423)	55.8% (541)	0.41% (4)	969
Employees ⁶		44% (1,990)	55.3% (2,501)	0.49% (22)	4,526



¹ Gender and age data covers Xero's global workforce, excluding contingent workers and Planday employees. All data is self-reported, as at 31 March 2022

² Xero has an optional gender identification question that allows employees to choose from the following options: female, male, gender diverse, non-binary, none of the options offered and prefer not to say. Where employees have selected none of the options offered or prefer not to say, their responses are included in the total. 25 employees (0.55%) were excluded from the total because they have not responded to the gender identification question

³ Given an intended board size of 7 - 9 directors, this equates to maintaining not less than 30% female representation and not less than 30% male representation on the Board

⁴ Xero's senior leaders includes senior executives with global roles who report directly to the CEO and their direct reports whose roles meet a minimum role size as determined by a job evaluation methodology






⁵ Xero's people leaders include all managers across the organisation


⁶ These figures include permanent full-time, permanent part-time, fixed-term, casual employees and interns, and do not include contractors

More information about Xero's progress towards achieving its measurable objectives for diversity, and Xero's Diversity and Inclusion initiatives, is included in the People and Culture section of Xero's FY22 Annual Report, available on [Xero's Investor Centre](#), together with Xero's Diversity and Inclusion Policy.

The Xero Way

Xero is, and always has been, a values-driven business. As a rapidly scaling global business, Xero's values are not only important internally, but are integral to Xero's brand and reputation. The Xero Way is a set of behaviours that aligns with each of the Xero values and defines how the team should behave in interactions with one another and with external stakeholders. The Xero Way is core to Xero's culture and identity. Xero's key governance policies build on the Xero Way and are a key tool in promoting good corporate governance. They include the Code of Conduct, Whistleblower Policy, Modern Slavery and Human Trafficking Statement, Continuous Disclosure Policy, Share Trading Policy, and Subsidiary Governance Policy.

 #Human	 #Challenge	 #Team	 #Ownership	 #Beautiful
Xeros are authentic, inclusive and really care	Xeros dream big, lead and embrace change	Xeros are great team players	Xeros deliver on our commitments	Xeros create experiences that people love
Kind and assume best intent	Are curious and think big	Champion Xero's purpose and priorities	Do what we say we will do	Create experiences that inspire and delight
Inclusive, approachable and show empathy	Welcome challenging conversations and do it with respect	Work together to do what's best for Xero and our customers	Own our mistakes and take positive action	Do high-quality work
Are willing to be vulnerable, share fears, failures and learnings	Lead and embrace change, seeking new and better ways	Appreciate and celebrate each other and success	Move fast to get the right things done	Go the extra mile

 *"Xeros" is a term used to refer to Xero employees internally*

Code of Conduct

Xero's Code of Conduct (the Code) applies to all directors, officers, employees, contractors, and consultants of Xero. The Code details Xero's standards and values and sets out expectations for behaviour and conducting business at Xero. The Code is underpinned by Xero's policies, some of which are global and some of which are country specific, and include topics covering safety and wellbeing, respect and responsibility, and workplace behaviour. The Code also sets out Xero's zero-tolerance approach to bribery, facilitation payments, and corruption in any form. The P&R Committee oversees ethical compliance, including material breaches of the Code and the resultant actions taken by management. The Board is also informed of any material breaches of the Code (including breaches of the anti-bribery and corruption requirements).

The Code is available on [Xero's Investor Centre](#) and is also made available to employees via Xero's intranet.

Whistleblower Policy

Xero's Whistleblower Policy applies to Xero's current and former employees, contractors, consultants, volunteers, interns, casual workers or agency workers, and to any current or former suppliers (whether paid or unpaid) and their employees. The policy also applies to the relatives, dependants, or spouses of any of those people. The policy aims to encourage a culture of openness and accountability within Xero and to encourage its people to speak up about any concerns as soon as possible. It includes topics such as the types of concerns that can be raised, how to raise concerns, how whistleblowers will be protected and supported, and how Xero will investigate and deal with any concerns that are raised. The P&R Committee is informed of material incidents under the Whistleblower Policy and oversees the actions taken by management in response. The Board is also informed of any material incidents reported under the policy.

The Whistleblower Policy is available on [Xero's Investor Centre](#) and is also made available to employees via Xero's intranet.

Modern Slavery and Human Trafficking Statement

Xero has published a statement (on behalf of itself and Xero Australia Pty Limited under Australia's Modern Slavery Act 2018 (Cth) and on behalf of itself and Xero (UK) Limited under the United Kingdom's Modern Slavery Act 2015) setting out the actions that it has taken to understand potential modern slavery risks related to its business and supply chains and to implement steps to prevent slavery and human trafficking.

This statement is available on [Xero's Investor Centre](#).

Continuous Disclosure Policy

Xero's Continuous Disclosure Policy describes the key obligations of the Board and Xero's leadership team to ensure that Xero complies with its disclosure obligations under the ASX Listing Rules. The Continuous Disclosure Policy applies to all directors and employees of Xero, as well as any contractor, consultant, or other person who has agreed to comply with Xero's policies.

The Board is responsible for compliance with Xero's continuous disclosure obligations and has established a Disclosure Committee, comprising the CEO, CFO, CLO and Company Secretary to support this primary responsibility and provide assurance to the Board. Xero's Company Secretary is primarily responsible for overseeing and coordinating all communications with the ASX, and is the Disclosure Officer for the purpose of the policy. Any briefing or presentation materials that contain price-sensitive information are released to the ASX before being communicated outside Xero. The Board receives copies of all material Market Releases as soon as possible after they have been released to the market.

Xero's representatives authorised to speak on behalf of Xero to major investors and analysts are the Chair, CEO, CFO, Executive General Manager of Investor Relations, Executive General Manager of Communications, General Manager of Corporate Communications, or their respective delegates, and any other person authorised by the CEO.

Xero's Continuous Disclosure Policy is available on [Xero's Investor Centre](#).

Share Trading Policy

Xero's Share Trading Policy governs dealings in Xero securities, and applies to all directors and employees of the Xero Group, as well as any contractor, consultant or other person who has agreed to comply with Xero's policies, and their connected persons. This policy is designed to ensure acknowledgement of, and support compliance with, relevant insider trading laws, as part of Xero's commitment to good governance. Xero's Share Trading Policy prohibits transactions that are intended to hedge or otherwise limit the economic risk of unvested or restricted Xero securities.

Xero's Share Trading Policy is available on [Xero's Investor Centre](#).

Subsidiary Governance Policy

The Board has adopted a Subsidiary Governance Policy which applies to all subsidiaries in the Xero Group. This policy outlines applicable corporate governance practices and principles including board composition, director and officer responsibilities and reporting. The intention of this policy is to facilitate a consistent approach to governance across the Xero Group while enabling flexibility to ensure that each subsidiary operates appropriately, efficiently and to its full potential in accordance with a flexible model of operational integration that is adapted to appropriately suit the business of that subsidiary. Further information about the Xero Group subsidiaries is available in the Disclosures section of Xero's FY22 Annual Report available on [Xero's Investor Centre](#).

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

Xero Limited

ABN/ARBN

81 160 661 183

Financial year ended:

31 March 2022

Our corporate governance statement¹ for the period above can be found at:²

- ☐ These pages of our annual report:
- ☒ This URL on our website: <https://www.xero.com/about/investors/>

The Corporate Governance Statement is accurate and up to date as at 1 April 2022 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 12 May 2022

Name of authorised officer authorising lodgement: Damien Coleman, Company Secretary

¹ "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.

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 Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (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.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter on our website at: https://www.xero.com/au/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the	<input checked="" type="checkbox"/> and we have disclosed a copy of our Diversity and Inclusion Policy on our website at:	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate governance/charters/”).

⁵ If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
	<p>composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) 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>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p>https://www.xero.com/about/investors/governance/</p> <p>and we have disclosed the information referred to in paragraph (c) on page 12 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/about/investors/</p> <p>and, as we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	
1.6	<p>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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) on page 5 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/about/investors/</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process on page 5 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/about/investors/</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	A listed entity should:	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
	<p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>and we have disclosed the evaluation process referred to in paragraph (a) on page 7 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/au/about/investors/</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process on page 7 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/au/about/investors/</p>	<p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND 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><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of the charter of the committee on our website at:</p> <p>https://www.xero.com/about/investors/governance/</p> <p>and the information referred to in paragraphs (4) and (5) on page 7 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/about/investors/</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix on page 5 of our Corporate Governance Statement available on our website at:</p> <p>https://www.xero.com/about/investors/</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
	(b) if a director has an interest, position, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	and we have disclosed the names of the directors considered by the board to be independent directors on page 6 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/ No director has an interest, affiliation or relationship referred to in paragraph (b). We have disclosed the length of service of each director on page 3 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/	
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values on page 1 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code. 	<input checked="" type="checkbox"/> and we have disclosed our code of conduct on our website at: https://www.xero.com/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy on our website at: https://www.xero.com/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy, which forms part of our Code of Conduct, on our website at: https://www.xero.com/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.	<input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee on our website at: https://www.xero.com/about/investors/governance/ and full director profiles, including the information referred to in paragraph (4), on our website at: https://www.xero.com/about/investors/governance/ and the information referred to in paragraph (5) on page 7 of our Corporate Governance Statement available on our website at: https://www.xero.com/au/about/investors/	<input type="checkbox"/> set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
	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.		
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy on our website at: https://www.xero.com/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: https://www.xero.com/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
		and we have disclosed how we facilitate and encourage participation at meetings of security holders on page 8 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/	
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of 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 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><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of the charter of the committee on our website at: https://www.xero.com/about/investors/governance/</p> <p>and the information referred to in paragraphs (4) and (5) on page 7 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/</p>	<input type="checkbox"/> set out in our Corporate Governance Statement
7.2	<p>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 that the entity is operating with due regard to the risk appetite set by the board; and</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period on page 10 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/</p>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
	(b) disclose, in relation to each reporting period, whether such a review has taken place.		
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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 governance, risk management and internal control processes.	<input checked="" type="checkbox"/> and we have disclosed how our internal audit function is structured and what role it performs on page 10 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/	<input type="checkbox"/> set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks on pages 23 to 27 and 55 to 59 of our Annual Report and, if we do, how we manage or intend to manage those risks on pages 23 to 27 and 55 to 59 of our Annual Report available on our website at: https://www.xero.com/about/investors/	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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 (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	<input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee on our website at: https://www.xero.com/about/investors/governance/ and the information referred to in paragraphs (4) and (5) on page 7 of our Corporate Governance Statement available on our website at: https://www.xero.com/about/investors/	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
	executives and ensuring that such remuneration is appropriate and not excessive.		
8.2	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.	<input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives on pages 133 to 155 of our Annual Report available on our website at: https://www.xero.com/about/investors/	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (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 (b) disclose that policy or a summary of it. 	<input checked="" type="checkbox"/> and we have disclosed our Share Trading Policy, which governs this issue on our website at: https://www.xero.com/about/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
			<input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<input type="checkbox"/> and we have disclosed the terms governing our remuneration as manager of the entity at: <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement