

# CORPORATE GOVERNANCE STATEMENT

For the year ended 31 March 2024

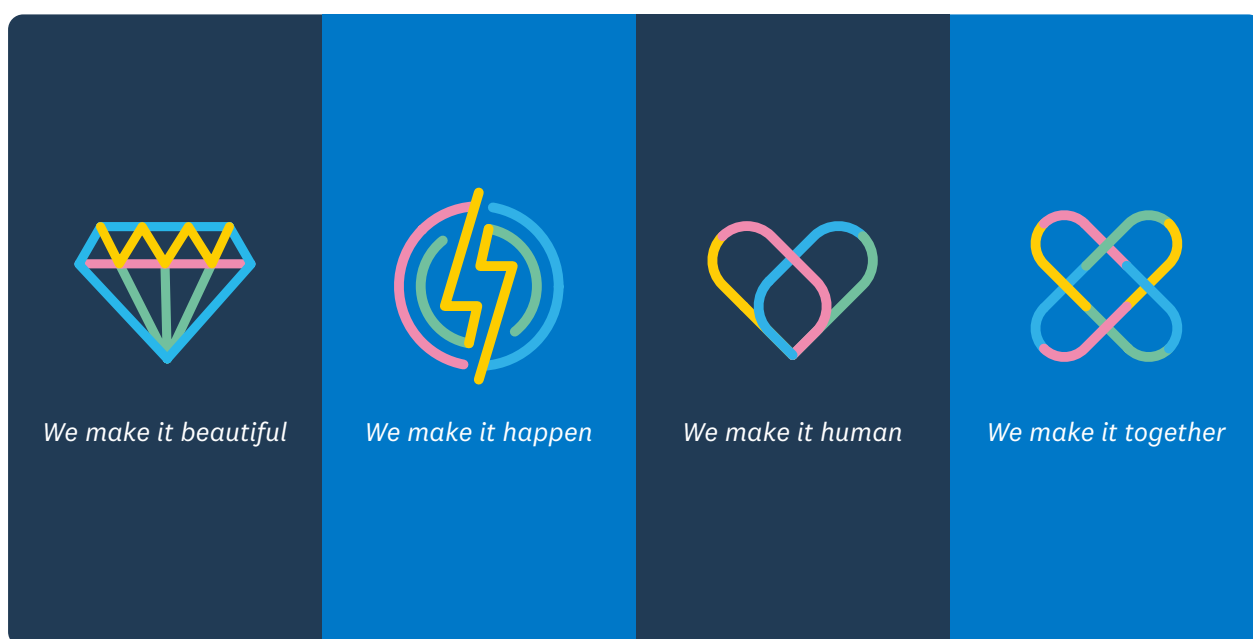


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For the year ended 31 March 2024

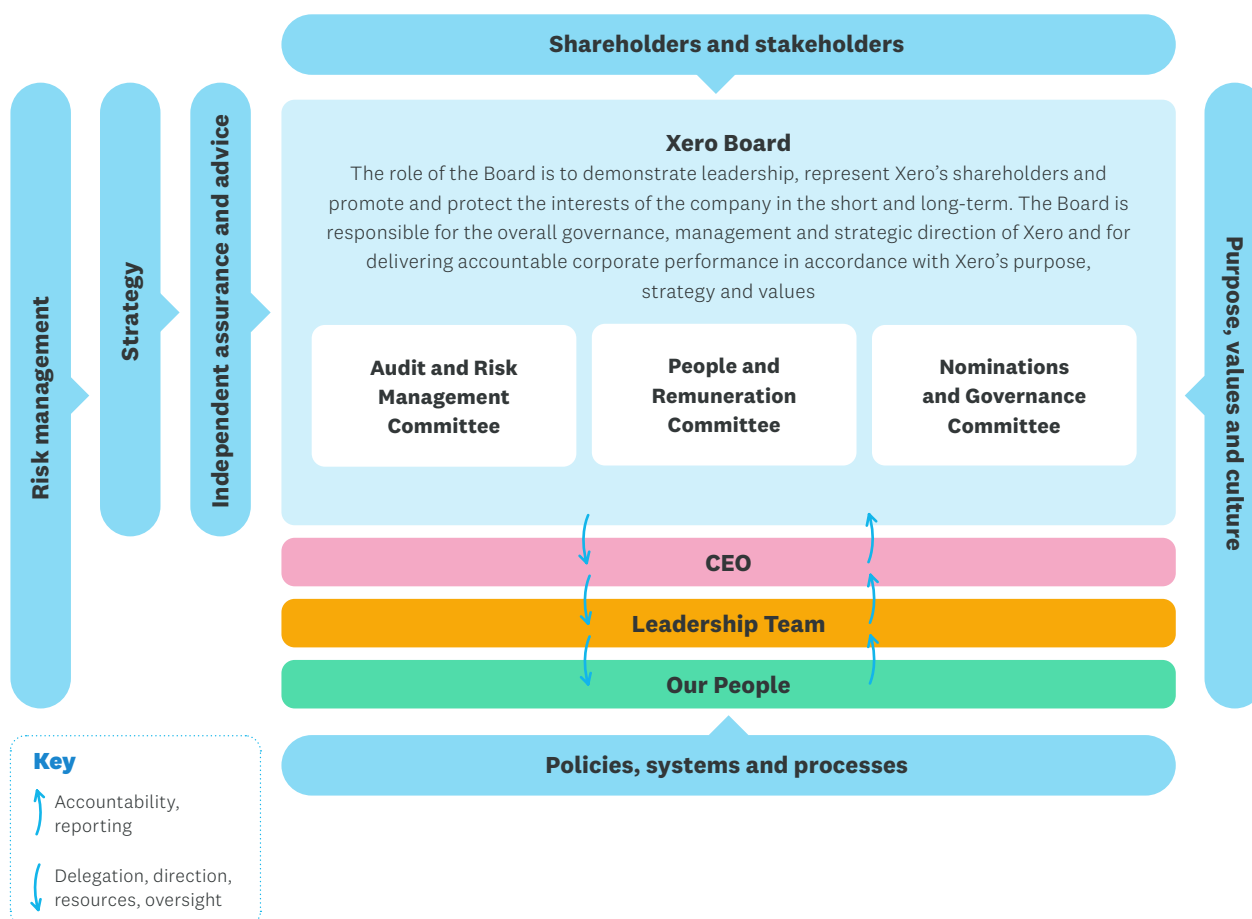
Xero's purpose is to make life better for people in small business, their advisors and communities around the world. Xero is a purpose-led, values-driven business, and the Board of Xero (Board) is committed to a culture that seeks to embed and uphold high standards of corporate governance. The Board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

During FY24, Xero refreshed its company values to better reflect the core behaviours that empower its people, as well as representing the company's aspirational goals. This refresh aligns with the company's FY25-27 strategy and Xero's commitment to deepening our purpose and performance-driven culture. Xero's refreshed values are shown below.



Xero's corporate governance framework is designed to deliver on Xero's purpose and strategy. It encompasses performance monitoring and risk management in a way that reflects Xero's values and the digital, global and high-growth nature of Xero's aspirations. The Board is committed to continuing to improve its practices to support Xero's governance and the delivery of Xero's purpose and strategy.

## Xero's Governance Framework



Xero Limited (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 apply to Xero, certain provisions of the Australian Corporations Act 2001 (Cth) do not.<sup>1</sup>

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) sets out how Xero has complied with each of the ASX Principles and Recommendations during the financial year ended 31 March 2024 (FY24). This Statement has been prepared in accordance with ASX Listing Rule 4.10.3, is current as at 31 March 2024 (unless otherwise indicated), 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](http://www.xero.com/about/investors/governance), including Xero's FY24 Annual Report, Constitution, corporate governance policies referred to in this Statement (including the Code of Conduct), and Board and Committee Charters.

<sup>1</sup> Xero is required to comply 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)

## Xero's Board



### David Thodey, AO

Chair of the Board

Australia

Independent director since June 2019  
and Chair since February 2020  
Nominations and Governance Committee (Chair)  
Audit and Risk Management Committee

David is a business leader focused on innovation and technology, with more than 30 years' experience creating brand and shareholder value. He is active in public policy, innovation and corporate governance.

David is chair of Ramsay Health Care (a global hospital group), co-chair of the Great Barrier Reef Foundation and the Climate Leaders Coalition, and Chancellor-designate at the University of Sydney.

David was CEO of IBM Australia and New Zealand (1999-2001) and Telstra (2009-2015), and has wide experience as a board director including as a past director of Vodafone Group, CSIRO, CSL, and Telstra.

David has a Bachelor of Arts in Anthropology and English from Victoria University of Wellington, and completed the post-graduate General Management Program at Northwestern University's Kellogg School of Management. David received an honorary Doctorate in Science from Deakin University in 2016, an honorary Doctorate in Technology from University of Technology in 2018, an honorary Doctorate in Business from University of Sydney in 2022 and was recognised for his services to business and ethical business leadership with an Order of Australia (AO) in 2017.



### Mark Cross

Non-executive director

New Zealand

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

Mark is an experienced professional director with more than 20 years of international experience in corporate finance and investment banking. He is currently the chair of Chorus, a board member of the Accident Compensation Corporation (ACC) New Zealand and chair of the ACC Investment Committee. His recent previous directorships include Milford Asset Management (Chair) and Z Energy.

Mark was at Deutsche Bank for 10 years, initially based in Sydney in mergers and acquisitions, then in London as a managing director and co-head of a European M&A industry group. Mark holds a Bachelor of Business Studies (Accounting & Finance) from Massey University New Zealand, is a member of Chartered Accountants Australia and New Zealand, a chartered fellow of the New Zealand Institute of Directors, and a member of the Australian Institute of Company Directors.



### Steven Aldrich

Non-executive director

United States

Independent director since October 2020  
People and Remuneration Committee

Steven is an entrepreneur and professional director with more than 25 years' experience in creating and delivering products within the technology and accounting software industries. Steven is currently a non-executive director of Semrush, an online visibility management SaaS platform, and a previous non-executive director of Avantax.

Steven has held a range of senior executive roles, including at GoDaddy, the world's largest services platform for entrepreneurs, where most recently he was chief product officer. Prior to this, Steven was the CEO of Outright, an online bookkeeping service, which was acquired by GoDaddy. Steven has also held various senior management roles at Intuit, including vice president of strategy and innovation for the small business division. Steven holds a Bachelor of Arts in Physics from the University of North Carolina and a Master of Business Administration from Stanford University.



### Anjali Joshi

Non-executive director

United States

Independent director since July 2023  
People and Remuneration Committee

Anjali is an experienced technology and product leader and professional director with more than 30 years of experience in engineering and product management. She is currently a director of LocoNav and was previously a director of Alteryx, Lattice Semiconductor, Iteris, Mobileiron, and McClatchy. Anjali is on the advisory board of the Markkula Center for Applied Ethics at Santa Clara University and an advisor to Insight Partners in New York.

Anjali spent 13 years in senior product leadership at Google, during which time she was instrumental in building and scaling products globally across internet, mobile and video platforms. Prior to joining Google, Anjali held engineering leadership roles at Covad Communications and program management roles at AT&T Bell Labs. Anjali received her Bachelor of Technology in Electrical Engineering from the Indian Institute of Technology, a Master of Computer Engineering from the State University of New York, and a Master of Engineering Management from Stanford University. She was awarded the Distinguished Alumna Award from the Indian Institute of Technology.



**Brian McAndrews**

Non-executive director

United States

Independent director since February 2022  
Audit and Risk Management Committee  
Nominations and Governance Committee

Brian is a professional director who has extensive experience as an executive and CEO, driving growth and innovation for leading technology, SaaS and cloud-based companies. His experience includes leading Pandora Media, a streaming music provider in the US, and aQuantive, a digital marketing services and technology company that was acquired by Microsoft.

Brian is currently lead director of Frontdoor, the largest provider of home service plans in the United States, and is presiding director on the board of The New York Times. He was previously a director of Chewy and Teledoc Health, and chairman of Grubhub.

Brian has been included in the National Association of Corporate Directors Directorship 100, which recognises the most influential board members. He holds a Bachelor of Arts with Honors in Economics from Harvard College and a Master of Business Administration from the Stanford Graduate School of Business.



**Susan Peterson**

Non-executive director

New Zealand

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

Susan is an experienced non-executive director and business leader with a particular interest in helping companies to drive growth through technology, innovation and organisational culture. Susan is currently the chair of Vista Group and an independent director of Arvida Group and Mercury.

Susan is also a board member of Craig's Investment Partners and non-profit Global Women and was previously a member of the New Zealand Markets Disciplinary Tribunal. Susan is a past director of ASB Bank and Trustpower, and a past ministerial appointee to the National Advisory Council on the Employment of Women. Susan holds a Bachelor of Commerce and Bachelor of Laws from the University of Otago.



**Dale Murray, CBE**

Non-executive director

United Kingdom

Independent director since April 2018  
Audit and Risk Management Committee

Dale is an experienced non-executive director and former technology entrepreneur and CEO. Dale is currently a non-executive director at the Cranemere Group, Jupiter Fund Management, LendInvest, and Lightspeed Commerce, and a board advisor to Accelerate:Her. She was formerly a non-executive director and trustee for the Peter Jones Foundation, a non-executive director at Sussex Place Ventures and at the Department for Business, Innovation & Skills (UK).

Dale co-founded and was CEO of mobile pioneer Omega Logic in 1999, which co-launched prepaid top-ups in the UK, leading the growth of top-up transactions to £450m within five years. She then turned to investing and advising startups and won the British Angel Investor of the Year award in 2011. She holds a Master of Business Administration from the London Business School and served on the Business Taskforce on EU Redtape for the British Prime Minister in 2013. Dale was made Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II in 2013, for services to business.



## Board diversity and tenure<sup>1</sup>

As at 31 March 2024

### Gender



- **Male** 57.1%  
(4 directors)
- **Female** 42.9%  
(3 directors)

### Location



- **NZ** 28.6%  
(2 directors)
- **AU** 14.3%  
(1 director)
- **UK** 14.3%  
(1 director)
- **US** 42.9%  
(3 directors)

### Race and ethnicity



- **White and/or European heritage** 85.7%  
(6 directors)
- **Asian Heritage** 14.3%  
(1 director)

### Tenure



- **0-3 years** 42.9%  
(3 directors)
- **3-6 years** 42.9%  
(3 directors)
- **6-9 years** 14.3%  
(1 director)

<sup>1</sup> Percentages do not add up to 100% due to rounding in the data

## 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 to 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. The Board regularly meets without management present, including when considering remuneration arrangements for the Chief Executive Officer (CEO).

**CEO** The CEO of Xero, Sukhinder Singh Cassidy, 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 Executive Leadership Team. The CEO is responsible for managing Xero in accordance with the strategic plan, annual budget and operating plan, and risk appetite approved by the Board. The CEO is not a director of Xero but attends all Board meetings to report to the Board and participate 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, ensure that the Board functions effectively, and to communicate the Board's position to shareholders and other stakeholders.

**Company Secretary** The Company Secretary of Xero, Damien Coleman, 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 to the CEO. All directors have direct access to the Company Secretary. His qualifications and experience are set out on [Xero's Investor Centre](#).

**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. Once appointed, directors receive formal letters setting out the key terms and conditions of their appointment.

Directors are generally appointed by the Board and must subsequently stand for election at Xero's next Annual Meeting of shareholders. Directors must stand for re-election by shareholders at least every three years. The Board determines 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 to shareholders each year in advance of the Annual Meeting.







**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 Executive 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, which are identified and overseen by the Nominations and Governance Committee (NG Committee). All directors are expected to act in accordance with Xero's Code of Conduct and Xero's values.

**Evaluation of the Board** On an annual basis, the Board, with assistance from the NG 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 FY24. The process included the use of confidential in-depth questionnaires completed by directors and management, and reviewed progress against the actions identified during the FY23 external performance review. The overall assessment was that the Board and its committees continue to operate effectively and the Board remains focused on continuing to improve its practices to support Xero's governance and the delivery of Xero's purpose and strategy.

**Skills matrix** The Board comprises directors who bring a mix of skills, knowledge, experience, diversity and independence, together with a deep understanding of current and emerging issues to guide the business. The table below sets out the skills the Board considers necessary to address existing and emerging business and governance issues relevant to Xero and the mix of skills that the Board currently has as a collective. These are presented for the Board as a whole, consistently with the nature of its role and collective responsibility.

The Board is satisfied that it has the appropriate mix of skills and experience necessary to fulfil the Board's role. 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 when considering its composition.

Capability	Number of directors with the capability	
	High capability <sup>1</sup>	Moderate capability <sup>2</sup>
 <b>Global markets</b> Experience in Xero's current and emerging global markets, including scaling global businesses with large customer bases	4	3
 <b>Software as a service (SaaS) technology and data</b> Experience in SaaS, cloud, digital platforms and data	2	5
 <b>Digital product management</b> Experience in digital product management, technology trends and implications, and the software and technology product value chain	2	5
 <b>Sales, marketing and customer experience</b> Experience in customer insight and advocacy, sales, marketing and business development	4	2
 <b>Strategy</b> Experience in strategy and corporate development, including M&A and strategic partnerships	7	-
 <b>Financial acumen</b> Qualifications or experience in corporate finance, financial accounting, and capital markets	2	4
 <b>Governance and risk management</b> Experience as a director on a listed company board, including expertise in investor engagement, governance, compliance, sustainability and risk management principles, policies and frameworks	6	1
 <b>People and culture</b> Experience in setting remuneration frameworks, workforce planning, talent management, culture, and the promotion of diversity, inclusion and belonging	7	-
 <b>Executive leadership</b> Experience as a senior executive in a large organisation or listed company	7	-

<sup>1</sup> 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

<sup>2</sup> 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 independent.

## Board Committees

The Board has established the following standing Committees:

1. Nominations and Governance Committee (NG Committee)
2. Audit and Risk Management Committee (ARM Committee)
3. People and Remuneration Committee (PR Committee)

The Board may also delegate specific functions to ad hoc committees from time to time. The standing Committee charters are available on [Xero's Investor Centre](#). A summary of the responsibilities of each standing Committee and details of their membership are outlined 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 standing Committee meets at least four times per year and all directors have a standing invitation to attend.

### Nominations and Governance Committee

The NG 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
- Corporate governance practices
- 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 and Remuneration Committee

The PR 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 NG Committee)
- Diversity, inclusion and belonging

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 FY24 Annual Report, available on [Xero's Investor Centre](#). The Remuneration Report also contains information on Xero's approach for determining the nature and amount of remuneration for Xero's directors and Executive Leadership Team.



## Board and Committee membership and meeting attendance

Set out below are the members of Xero's Board and standing Committees for FY24, the number of meetings scheduled in advance for the year and attendance at those meetings. In FY24, in addition to the scheduled meetings, the Board, NG Committee and ARM Committee each held one additional meeting, and the PR Committee held three additional meetings.

	Committees															
	Board				NG Committee				ARM Committee				PR Committee			
	Scheduled meetings		Unscheduled meetings		Scheduled meetings		Unscheduled meetings		Scheduled meetings		Unscheduled meetings		Scheduled meetings		Unscheduled meetings	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>
<b>Director</b>																
David Thodey <sup>3</sup>	7*	7	1	1	4*	4	1	1	3	3 (2)	-	(1)	4	4 (2)	1	1 (2)
Steven Aldrich	7	7	1	1	-	-	-	-	-	-	-	-	6	6	3	3
Mark Cross	7	7	1	1	-	-	-	-	5*	5	1	1	6	6	3	3
Rod Drury <sup>4</sup>	4	4	1	1	2	2	1	1	-	-	-	-	-	-	-	-
Lee Hatton <sup>5</sup>	4	3	1	-	-	-	-	-	2	1	1	-	-	-	-	-
Anjali Joshi <sup>6</sup>	4	4	1	1	-	-	-	-	-	-	-	-	3	3	3	3
Brian McAndrews <sup>7</sup>	7	7	1	1	2	2	-	-	5	5	1	1	-	-	-	-
Dale Murray	7	7	1	1	-	-	-	-	5	5	1	1	-	-	-	-
Susan Peterson	7	7	1	-	4	4	1	1	-	(4)	-	(1)	6*	6	3	3

<sup>1</sup>Held represents the number of meetings held while the relevant director was a member of the Board or the relevant standing Committee

<sup>2</sup>Committee meetings are open to all directors to attend. Where the Chair of the Board or the Chair of a standing 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 standing Committee attendance by directors who are not members of the relevant Committee. The Chair of the Board routinely attends all of the Committee meetings as indicated

<sup>3</sup>David Thodey was a member of the PR Committee until 17 August 2023 and was appointed as a member of the ARM Committee on 17 August 2023

<sup>4</sup>Rod Drury retired as a director effective 17 August 2023

<sup>5</sup>Lee Hatton retired as a director effective 17 August 2023

<sup>6</sup>Anjali Joshi was appointed as a director and as a member of the PR Committee on 3 July 2023

<sup>7</sup>Brian McAndrews was appointed as a member of the NG Committee on 17 August 2023

\* Denotes Board/Committee Chair

## Executive Leadership Team

**Appointment** Before appointing a new member of Xero's Executive Leadership Team, Xero undertakes appropriate background checks in relation to an appointee's character, experience, education, criminal record, and bankruptcy history to determine that candidate's suitability. All members of Xero's Executive 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 Executive Leadership Team** The Chair of the Board, with support from the PR 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 PR Committee, reviews the performance of the rest of Xero's Executive Leadership Team.

The performance of Xero's Executive 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 PR Committee. The performance criteria against which the executives are assessed are aligned with Xero's strategy and long-term value creation.

Performance reviews for Xero's Executive Leadership Team took place for FY24 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 FY24 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, key governance policies, and Constitution
- Profiles of Xero's directors and Executive 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 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 shareholders to send enquiries directly to the Xero investor relations team

Xero's FY24 databook can be found at [www.xero.com/sustainability/approach-and-performance/](http://www.xero.com/sustainability/approach-and-performance/) and Xero's media releases can be found on the Xero website at [www.xero.com/media-releases](http://www.xero.com/media-releases)

### Annual Report and other shareholder communications

Alongside the publication of full and half year results on the ASX, 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 communicate with Xero and its share registry electronically.

### Investor relations program

Xero has an investor relations team that 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 shareholders. Activities undertaken as part of the investor relations program include:

- Post-results and ad hoc meetings with institutional shareholders and analysts
- Presentation and disclosure of Investor Day and other ad hoc market presentations

- Attendance at a range of domestic, regional, and global investor conferences to meet with existing and potential shareholders 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

In February 2024, Xero held an Investor Day to provide shareholders, analysts and other stakeholders with more information about Xero's three-year (FY25-27) strategy, and an opportunity to meet with new executives and share insights into the relevant aspects of the business.

### 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 a fully virtual Annual Meeting in 2023 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 or by telephone. Recordings of past Annual Meetings and 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

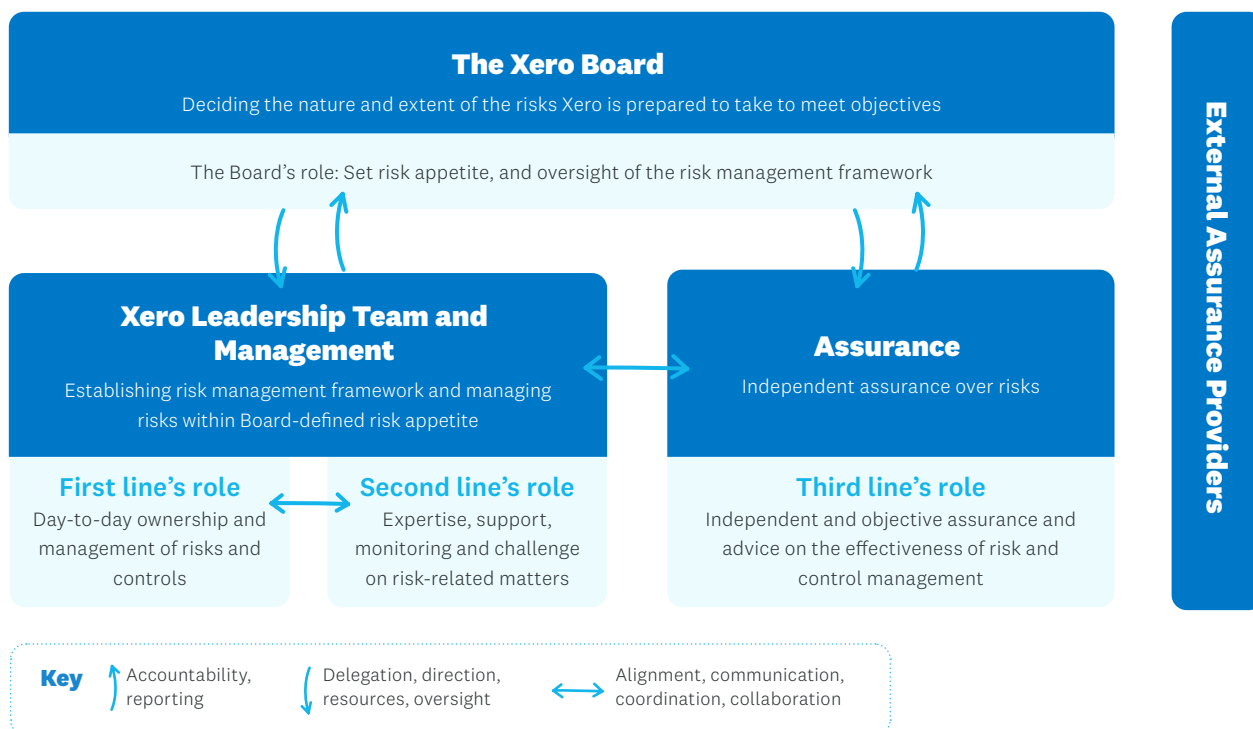
Risk management oversight and accountability is an integral part of Xero's governance. The Board is ultimately responsible for the risk management framework, which includes the systems, structures, policies and processes to support the business to identify and manage current and emerging risks and implement effective monitoring and reporting mechanisms. 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 overall approach to risk management including:

- ‘Risk Guardrails’ which set out Xero’s risk appetite
- 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 to oversee key areas of risk

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

The identified risks are included in a risk radar according to the key risk categories, which include strategic, operational, legal and compliance, financial, and emerging risks. The risk radar is reviewed by Xero’s Executive Leadership Team prior to being submitted to the ARM Committee each quarter. 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 Executive Leadership Team, the ARM Committee and the Board.

The Key Risks section of Xero’s FY24 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 conducted this review for FY24 and 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.

The ARM Committee reviews the risk appetite parameters annually 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 updates on key risk areas throughout the year and, in FY24, the Board approved 'Risk Guardrails' which support decision-making, planning and risk management activities by articulating the risk appetite principles across Xero.

#### **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; and
- 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 opinion is formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **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, containing financial and non-financial information, prepared for the benefit of investors before they are released to the market. Any periodic report must be approved by the Board 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; and
- 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 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 FY24 audit commenced as Xero's audit partner in FY21. The independent audit review partner responsible for the FY24 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. In addition, the external auditor must 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, inclusion and belonging

Xero values diversity, inclusion and belonging 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 better reflect and serve its customers, partners, and the communities that Xero interacts with every day.

The Board has ultimate responsibility for approving policies, practices and measurable objectives for achieving diversity, inclusion and belonging across Xero's workforce generally. The PR Committee assists the Board in relation to diversity, inclusion and belonging, including making recommendations on measurable objectives and monitoring Xero's progress towards achieving these objectives.

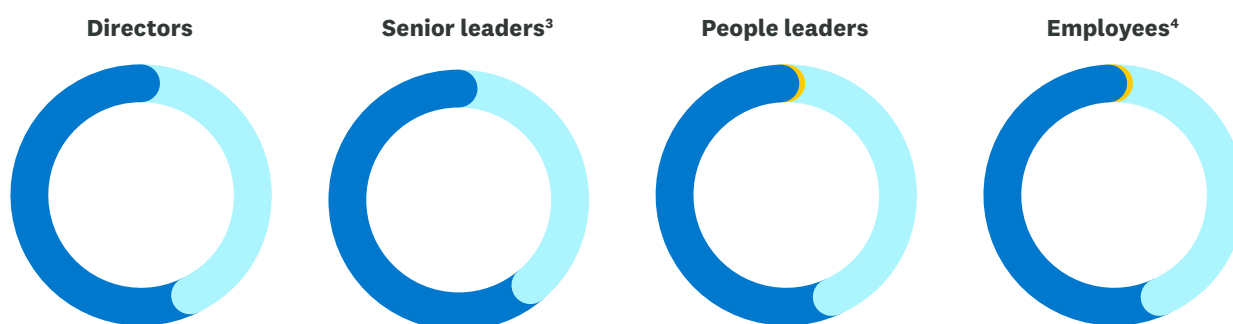
Xero takes a broad view of the meaning of diversity and believes that through inclusion, Xero can tap into and maximise the potential and power of its people's differences. Diversity at Xero includes differences that relate to gender, age, culture, ethnicity, race, disability, family status, migration status, language, religion, sexual orientation, 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, allowing them to be themselves and thrive in their careers at Xero.

Xero's Diversity, Inclusion and Belonging Policy sets out the key principles that summarise Xero's approach to diversity and inclusion.

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 gender diversity objectives for FY24 are set out in the following table:<sup>1</sup>

	Female representation target	Female	Male	Non-binary/Gender diverse	Total <sup>2</sup>
Directors	Xero maintains a gender balance on its Board with not less than 30% women and not less than 30% men. 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	42.9% (3)	57.1% (4)	0% (0)	7
Senior leaders <sup>3</sup>	45% representation of women among our senior leaders,	40% (22)	60% (33)	0% (0)	55
People leaders	our people leaders and all employees by the end of FY25	44.7% (359)	54.8% (440)	0.4% (3)	803
Employees <sup>4</sup>		43.4% (1900)	55.7% (2439)	0.7% (32)	4379



**Key** ● Female ● Male ● Non-binary/Gender diverse

<sup>1</sup> Gender data covers Xero's global workforce, excluding contingent workers. All data is self-reported, as at 31 March 2024

<sup>2</sup> 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. 8 employees (0.18%) were excluded from the total because they have not responded to the gender identification question

<sup>3</sup> Xero's senior leaders includes the CEO, 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

<sup>4</sup> These figures include permanent full-time, permanent part-time, fixed-term, casual employees and interns, and do not include contractors

**Measurable objective for racial and ethnic diversity** Xero's racial and ethnic diversity objective for FY24 is set out in the following table:<sup>1</sup>

	Underrepresented Racial/Ethnic representation target	Employees from Represented Racial/Ethnic Communities	Employee from Underrepresented Racial/Ethnic Communities <sup>2</sup>	Total <sup>3</sup>
All Xeros	By the end of FY27 we aim to have 10% of our workforce globally comprised of identified underrepresented racial groups	67.8% (2813)	5.5% (230)	4152

<sup>1</sup>Racial/ethnic data covers Xero's global workforce (full-time, permanent part-time, fixed-term, casual employees and interns), excluding contingent workers, contract workers, and workers in Denmark, Germany, Norway, Poland, South Africa, and Sweden, which have been removed due to no data currently being collected for race/ethnicity in the country. All data is self-reported, as at 31 March 2024

<sup>2</sup>Underrepresented communities at Xero are identified as the following: Black, Indigenous (US/Canada) and Aboriginal (Australia), Latinx, and Māori and Pasifika

<sup>3</sup>Xero has an optional racial/ethnic identification question that allows employees to choose from options that are aligned to regional census options for racial/ethnic data. The percentages listed represent the proportion of the employee population in Xero's global workforce, excluding contingent workers, contract workers, and workers in the countries Xero does not collect racial/ethnic data as defined above

More information about Xero's progress towards achieving its objectives for diversity, and Xero's Diversity, Inclusion, and Belonging initiatives, is included in the People and Culture section of Xero's FY24 Annual Report, available on [Xero's Investor Centre](#), together with Xero's Diversity, Inclusion and Belonging Policy.

## We Make It Xero

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 its brand and reputation. 'We make it Xero' 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. 'We make it Xero' is core to Xero's culture and identity.

Xero's key governance policies build on 'We make it Xero' and are important components in promoting good corporate governance. They include the Code of Conduct, Whistleblower Policy, Modern Slavery and Human Trafficking Statement, Continuous Disclosure Policy, and Share Trading Policy, which are available on [Xero's Investor Centre](#).



### We make it beautiful

#### Create experiences that customers love

We challenge ourselves to dream big, innovate, and inspire our customers, our communities, and each other with our best work.



### We make it happen

#### Move fast on the right things to deliver value

We value progress over perfection, we drive clarity, decisiveness and accountability, and we continuously learn and refine.



### We make it human

#### Care personally and challenge respectfully

We exchange ideas in a way that is specific, direct and kind, while demonstrating empathy, inclusivity and prioritising wellbeing.



### We make it together

#### Collaborate to create a positive impact

We build trust through transparency, work as a coordinated team, seek diverse perspectives, and nurture positive relationships.



### Code of Conduct

Xero's Code of Conduct applies to all directors, officers, employees, contractors, and consultants of Xero. The Code of Conduct details Xero's standards and values, and sets out expectations for behaviour and conducting business at Xero. The Code of Conduct is underpinned by Xero's policies, some of which are global and some of which are country specific, and includes topics covering safety and wellbeing, respect and responsibility, and workplace behaviour. The Code of Conduct also sets out Xero's zero-tolerance approach to bribery, facilitation payments, and corruption in any form.

The PR Committee oversees ethical compliance, including material breaches of the Code of Conduct and the resulting actions taken by management. The Board is also informed of any material breaches of the Code of Conduct (including breaches of the anti-bribery and corruption requirements).

### Whistleblower Policy

Xero's Whistleblower Policy applies to Xero's current and former directors, officers, 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, and to provide confidentiality and protections and support for people who speak up under the policy. 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 PR 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.

### Modern Slavery and Human Trafficking Statement

Each year Xero publishes 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.

### Continuous Disclosure Policy

Xero's Continuous Disclosure Policy outlines the roles and responsibilities of all Xero directors and employees 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, and CLO & 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. The Chair of the People and Remuneration Committee is authorised to speak to major investors, analysts and proxy advisors in relation to Xero's people and remuneration practices, including ahead of Xero's Annual Meeting.

### Share Trading Policy

Xero's Share Trading Policy governs dealings in Xero securities, and 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, and their connected persons. The 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 invested or restricted Xero securities.