



Beautiful business

UK Gender Pay Gap Report

At Xero, we believe fostering diversity and inclusion is an integral part of supporting our people, customers, partners and their communities. Through our inclusive work policies and practices, we are committed to championing diversity and gender equality, not only at Xero but within the tech sector and our broader community.

One of the key strategies in reducing the gender pay gap is to build a culture that empowers women to join, stay, and succeed, at all levels.

This report looks at the period 5 April 2022 to 5 April 2023, with numbers drawn from April 2023 as required by UK Gender Pay Gap reporting. In addition to the metrics required by the UK government, we believe pay equity is one of the most impactful measures of ensuring fair pay for all. That's why our pay equity gap is included in this report to provide some additional context to how we measure fair pay.

Overall, our mean and median pay gap continue to narrow, decreasing fairly significantly compared to the previous year. However, we acknowledge there is still room for improvement. We remain focused on what we can do to continue narrowing the gap and have provided more on our approach to Diversity and Inclusion within this report.

The **Gender Pay Gap** is the difference between the average hourly earnings for men and women, regardless of their roles.

The **mean** is an average, calculated by adding up employee pay for either men or women and dividing this by the total number of men or women employees. The mean gender pay gap is the difference between the mean figures for men and women.

The **median** gender pay gap is calculated by listing all men employees' wages from highest to lowest, doing the same for women employees, and comparing the number that sits in the middle for each. The median pay gap is the difference in pay between those two figures.

The **gender pay equity gap** is different from the way the 'pay gap' is calculated. It compares employee pay to the market for people who are performing the same role, or different work of equal or comparable value.

Xero's gender pay gap on 5 April, 2023

The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings. In the UK, the average gender pay gap for all employees is **14.3%**. Xero's mean gender pay gap is **8.7%**. Women comprise **50% of our UK workforce (on 5 April 2023)**.

The figures below show hourly pay for Xero's UK employees on 5 April 2023, including the percentage of men and women in each of the four pay quartiles. We've included comparisons with the last reporting period (5 April 2022) to show our progress.

Looking at salary levels, we're encouraged to see an improvement in the number of women in the upper middle and upper quartiles of pay, however we recognise there is still room for improvement.

	Men		Women		Percentage gap	
	2022	2023	2022	2023	2022	2023
Mean hourly rate	£32.69	£33.34	£27.66	£30.45	15.4%	8.7%
Median hourly rate	£25.55	£26.49	£23.01	£24.86	10%	6.2%
Lower quartile	51.4%	49.3%	48.6%	50.7%	-	-
Lower middle quartile	45.7%	47.8%	54.3%	52.2%	-	-
Upper middle quartile	49.6%	44.9%	50.4%	55.1%	-	-
Upper quartile	60.1%	57%	39.1%	43%	-	-

During the reporting period, 93% of men and 94.3% of women received bonus pay. Those who don't receive bonus pay are those who started part way through the year and therefore had not received a bonus payment or allocation in the 12 month period to 5 April 2023.

The median bonus gap has increased from 8.1% to 20.1%, however it's positive to see the mean (average) bonus gap has decreased significantly from 33.2% to 9.5%. Bonus payments can be made up of shares, commission and LTIs. The average bonus pay on 5 April 2023 was 9.5% higher for men than for women.

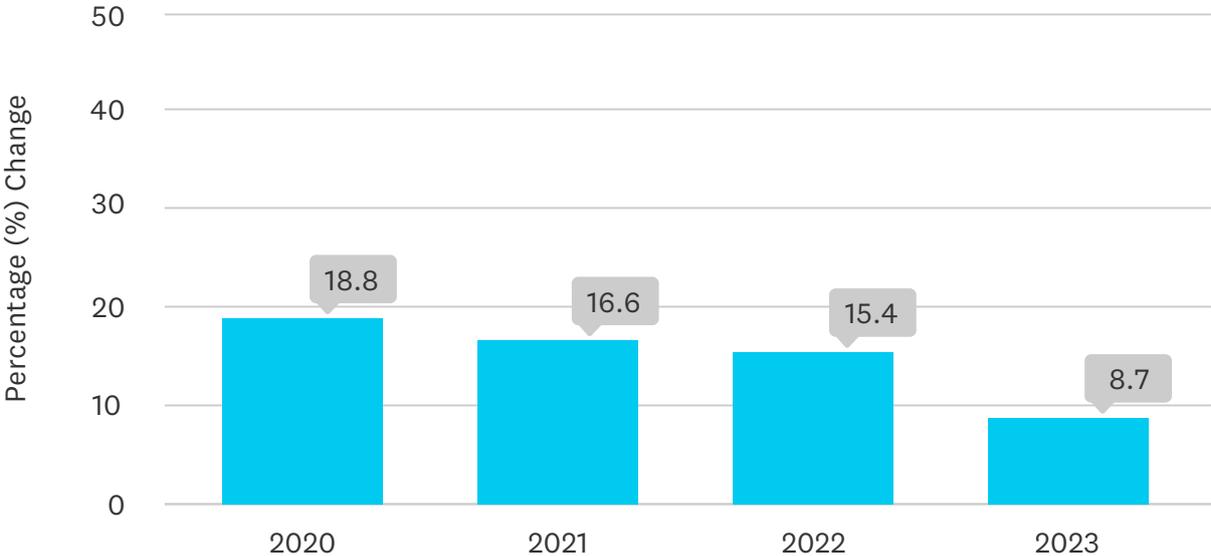
Xero's mean and median pay gap has decreased to 8.7% and 6.2%, respectively

Our mean (average) gender pay gap has continued to narrow, decreasing by 6.7% in the last period, from 15.4% (April 2022) to 8.7% (April 2023).

Our median pay gap has also decreased from 10% (April 2022) to 6.2% (April 2023). It's encouraging to see this much progress made, however we recognise there is still work to do to further improve this.

Our gender pay gap is primarily impacted by the higher proportion of men in higher paying roles. The upper quartile is made up of a smaller proportion of women (43%), compared to the other quartiles. Whilst we're pleased to see the percentage of women in the upper quartile increase year-on-year, we recognise there is still room for improvement.

Change in our UK mean pay gap over the last four years



Pay equity and our commitment to fair pay for all

Xero is committed to equal pay for equal work and rewarding our people fairly. So in addition to the UK government’s required gender pay gap metrics, we also report our gender pay equity analysis. This compares employee pay to the market for people who are performing the same role, or different work of equal or comparable value.

A gender pay gap is different to pay equity and it is important to consider both measures. Pay gaps do not include any consideration of the roles that individuals are in, and unlike pay equity, can be impacted by the number of men or women an organisation has at different levels or in different roles.

Looking at pay equity as an additional measure gives us a more balanced picture of like for like pay. Globally, we’re pleased to report that our pay equity gap is less than 1% when benchmarked against the market.

We have put in place programmes to help address factors that contribute to addressing gender pay equity, including:

Unconscious bias learning module available to all employees

Dedicated education for leaders ahead of remuneration reviews

Inclusive leadership facilitated learning available to all employees

Our Women of Xero, and Diversity in Tech Employee Resource Groups, which focus on supporting women in the workplace and women in tech through financial education and wellbeing sessions, superannuation education and other initiatives

Our [Diversity and Inclusion Policy](#) and principles which contain a commitment to equal pay for equal work, and remunerating our people fairly

We share the results of our gender pay equity analysis with our people, and we’ll continue monitoring and taking action on the results

We have a compensation structure designed for fair pay where managers can view the benchmarking data to ensure consistency

Insights and reporting to ensure we don’t inadvertently contribute to a gender pay equity gap as part of salary reviews every six months

Analysis of new hires to ensure there is no gender bias in hiring for any given roles

At Xero, we value diversity and inclusion and the value it brings to our people and the communities in which we operate.

Diversity and inclusion embraces and celebrates the unique experiences, backgrounds, ideas, skills and perspectives of all people at Xero. It helps us to attract and retain top talent, to bring out the best in everyone and in turn, accelerates innovation. Having a diverse and inclusive workplace and culture also enables us to better reflect and serve our customers, partners and the diverse communities which we interact with every day. By driving better outcomes through diversity and inclusion, we can amplify our positive impact on the communities within which Xero operates.

When we are talking about diversity we are acknowledging differences, both visible and invisible, that relate to age, culture, ethnicity, race, disability, family status, language, religion, sexual orientation, sex and gender identity as well as differences in background, skills, work styles, perspectives and experience.

We know diversity is important but it is through inclusion that we really tap into the potential and power of our differences. Inclusion includes representing the different communities we are a part of and ensuring that all Xeros have the ability to be successful and feel a sense of belonging within the organisation.

It also reflects our legal and moral obligations to provide equal opportunities to all our people and to ensure our people are not discriminated against due to certain protected attributes, including their age, gender or ethnicity. Inclusion leads to all Xeros having a sense of belonging, recognition, fairness, feeling valued and respected and can, in turn, ensure Xeros feel they are playing their part in creating business success.

Our approach to ensure diversity and inclusion is thriving at Xero is operationalised through several key practices, including:

- 1 We are all accountable to create an inclusive culture;**
- 2 We are committed to attracting diverse talent and fair hiring practices;**
- 3 We support flexible ways of working;**
- 4 We are committed to equal pay for equal work;**
- 5 We have an obligation to champion diversity and inclusion in the community.**

We report annually on our progress against the measurable objectives for diversity approved by the Xero Board. For information about our progress against our objectives, see our most recent [annual report](#). Our FY24 Annual Report will be released on 23 May 2024.

Supporting gender diversity at Xero

As part of Xero's continuing commitment to gender equality, we have been included in the [Bloomberg Gender-Equality Index](#) for four consecutive years (2020-2023). Our scores have improved each year and we continue to rank ahead of the index's overall average and the technology sector average.

In addition, we are proud to be ranked second in the [UK's Best Workplaces for Women](#) list for 2023 and 2022. We continue to build on our existing initiatives to support women and gender diversity overall.

In 2023, Xero was ranked the number one technology company globally in the [Equileap Gender Equality Global Report and Ranking](#) report.

Some of our most recent initiatives include:

- Growing the 'Women of Xero' Employee Resource Group (ERG) to build a community that supports the equality and success of women at Xero and beyond.
 - This group organises multiple talks to offer our people opportunities for learning. These include an interview with a woman-owned small business and Xero customer, an external speaker who presented on Women in the Workplace, and a fireside chat with women in Xero leadership.
 - This group also recently introduced their own International Women's Day Awards to honour women and allies internally.
- Continuing to host regular sessions on championing diversity and inclusion, where our people share their personal stories and experiences on a particular topic to increase awareness and understanding of others.
- Targets for representation of women at Xero: we aim to achieve 45% representation of women among our senior leaders, our people leaders and all employees by 31 March 2025.
- Embedded additional recruiting and selection practices to drive inclusion through the selection process, including panel interviews for all roles and a diverse slate rule for manager level and above roles.
- We also offer a range of diversity and inclusion learning programmes, including an online learning module that helps our people understand unconscious bias and how they can interrupt it.
- We offer an 'Inclusive Communities' training programme to all our employees, which is designed to build better understanding and capability for our people to demonstrate inclusive behaviours, use inclusive language and have inclusive conversations.
- Awareness and education on anti-discrimination and equal opportunity is promoted through our respect and responsibility training.

To learn more about all of our initiatives to support diversity and inclusion at Xero, visit xero.com/uk/sustainability/people

Declaration

I confirm that the information above is accurate and meets the requirements of the gender pay gap reporting regulations.

A handwritten signature in black ink that reads "Kate Hayward". The signature is written in a cursive, flowing style.

Kate Hayward

Country Manager UK, Xero