

Xero Limited

Sustainability Report 2026

xero





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The images in this report were created using generative AI unless stated otherwise.

Xero customer Pete Ceglinski, Seabin

About this Report

At Xero, we understand the deep connection between executing our strategy as a business, our social and environmental impact, and enriching our organisational culture.

MATERIALITY

Xero's Sustainability Report for the Financial Year 2026 (FY26) covers sustainability matters material to Xero as identified through stakeholder consultation and a materiality assessment conducted with reference to International Financial Reporting Standards (IFRS) S1.

The report is structured around our four sustainability pillars:

- **People and Culture:** World-class leadership and talent supported by an inclusive culture and working environment to serve our diverse customer base
- **Responsible Business:** Being a trusted business, including through ethical supply chains and the responsible use of data in Xero's systems, processes, knowledge and intellectual property
- **Community Advocacy and Empowerment:** Delivering on our purpose of making life better for people in small businesses, their advisors, and communities around the world
- **Environment:** Reducing and reporting our environmental impact as we continue to grow our business

For information about the material matters identified and our stakeholder engagement process, see Material Matters on page 6

REPORTING SUITE

Xero's FY26 Sustainability Report should be read in conjunction with the other materials that comprise our FY26 annual reporting suite:

- Xero's FY26 Annual Report at: www.xero.com/investors
- Xero's FY26 Investor Presentation at: www.xero.com/investors
- Xero's FY26 Corporate Governance Statement at: www.xero.com/investors/governance
- Xero's FY26 Databook, summarising progress on a range of financial, environmental, social and governance metrics, at: www.xero.com/sustainability

Throughout this report, we have hyperlinked other websites and documents that may be useful, including the following materials:

- Governance and leadership information, including our Board and Committee charters, at: www.xero.com/investors/governance
- Information about Xero's sustainability activities and performance can be found at www.xero.com/sustainability, and our Investor Centre at: www.xero.com/investors

Such websites and documents do not form part of this report or our FY26 annual reporting suite.

To download a hyperlinked copy of this report, visit our Investor Centre www.xero.com/investors

COMPANY AND REPORTING INFORMATION

This report covers the activities of Xero Limited and its subsidiaries' (Xero or Xero Group) global operations. Following the acquisition of Melio in October 2025, this report includes six months of Melio data in its metrics and calculations, where available. Except where otherwise specified, statements should be read as pertaining to the activities of the Xero Group.

In line with the global shift towards standardised climate disclosures, we continue to evolve Xero's climate disclosures to provide comparable, consistent and transparent information about the impacts of the changing climate on our business, and how we are responding to these impacts. The climate-related financial disclosures included within this report are not intended to fully replicate the disclosure requirements of any specific jurisdiction in which Xero operates, as none of these apply to Xero Limited as a New Zealand-domiciled company with global operations.

The climate-related financial disclosure requirements outlined in Australian Accounting Standards Board (AASB) S2 *Climate-related Disclosures* apply to Xero Limited's Australian entity, Xero Australia Pty Limited (Xero Australia). The FY26 Xero Australia Sustainability Report will be lodged with the Australian Securities and Investments Commission (ASIC) by 31 July 2026 as part of the FY26 Xero Australia Financial Report.

Some parts of this report include information regarding Xero's plans and strategy, and include forward-looking statements, opinions, metrics and estimates about Xero and the environment in which it operates that involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Xero. Actual results, outcomes and developments, and the timing of certain events, may differ materially from future results expressed or implied by the forward-looking statements contained in this report. Any forward-looking statements are provided as a general guide only and are not guarantees or predictions of future performance or statements of fact. While Xero has prepared its disclosures in good faith based on current assumptions (including those set out in this report), contingencies, knowledge and understanding, it reserves the right to change its view in the future and, except as required by applicable laws or regulations, does not undertake to publicly update, review or revise any forward-looking statements to reflect any change in expectations, contingencies or assumptions, whether as a result of new information or future events.

The accuracy and impact of Xero's greenhouse gas (GHG) emissions data and other metrics may be impacted by various factors, including inconsistent data availability, usage of data from third-party sources, quality of historical emissions data, and reliance on assumptions and changes in market practice. These factors may impact Xero's ability to meet commitments and targets or cause Xero's results to differ materially from those expressed or implied in this report.

To the maximum extent permitted by law, Xero makes no representation, assurance or guarantee in connection with, and disclaims all responsibility for, the accuracy, completeness or likelihood of fulfilment of any forward-looking statement or any outcome expressed or implied in any forward-looking statement or any assumptions on which a forward-looking statement is based.



ASSURANCE

Ernst & Young (EY) has provided independent limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3410 over Xero's FY26 GHG emissions and associated disclosures on methodology and assumptions.

For a copy of our FY26 Auditor's Independent Limited Assurance Report, see pages 21-22

Chair and CEO Review

Xero is committed to building a socially responsible and sustainable business. In a complex environment, we continue to focus on creating sustainable long-term value for all our stakeholders. As part of this, we also aim to help our customers supercharge their businesses and advance their own sustainability goals so they can thrive.

This is our second year publishing a standalone Sustainability Report, and we're committed to providing clear and transparent disclosures on our non-financial performance. As the voluntary and mandatory reporting landscape evolves around the world, we'll continue to adapt our reporting to meet the expectations of investors, regulators and other stakeholders. New climate disclosure requirements in Australia will be addressed later this year in the FY26 Xero Australia Sustainability Report.

We're pleased with the progress we made against our sustainability strategy in FY26, and we'll keep focusing our efforts on areas where we can have the greatest impact. Below are key highlights for FY26.

PEOPLE AND CULTURE

- Launched a new employee listening tool and refreshed our engagement measures to support deeper, more timely insights into how our people are experiencing work at Xero, and to help them do the best work of their lives
- Expanded our training offering through the rollout of LinkedIn Learning courses for all our people and tailored upskilling programs for our people leaders
- Continued implementing our action plan to foster a representative and inclusive workforce, with efforts focused on improving accessibility and working with external associations to expand our applicant pools

RESPONSIBLE BUSINESS

- Enhanced our modern slavery oversight, based on a principle of continuous improvement in line with our regulatory obligations, by assessing the risk exposure and management of 99.5% of our recurring suppliers, and working proactively to improve the performance of those we identify as higher-risk. We also launched a revised e-learning module to help our people better understand their role in preventing modern slavery

- Maintained ISO 27001 and SOC 2 certifications and strengthened our security posture by tightening access policies through biometric identification and expanding internal initiatives such as our Security Champions program and Specialised Security Upskilling training
- Continued to use our Responsible Data Use Commitments to guide how we safeguard customer data as we roll out new technologies, including AI, for our people and customers

For more information on how we approach responsible data use, and our commitments to using data responsibly, see our website www.xero.com/data/commitments

COMMUNITY ADVOCACY AND EMPOWERMENT

- Scaled the impact and reach of our Xero For Good (XFG) program:
 - › Expanded our free financial education program in New Zealand and the UK, with more than 130,000 people accessing the resources. In addition, over 400 small business owners classified as vulnerable (having a non-traditional business model or facing systemic or situational vulnerabilities) received mentoring from our advisor network
 - › Deepened our community contribution through our volunteering and Regional Giving Circle programs, with our people donating more than 4,600 hours of their time and regional teams directing funding to organisations that strengthen their local communities
 - › Increased our support for purpose-led and diverse suppliers and customers, by increasing spend with diverse and social enterprises and continuing our discounted pricing for non-profits
- Enhanced our sustainability offering through our partnership with Sumday, with around 1,300 customers unlocking 12 months of free carbon accounting tools in FY26. We also launched our Small Business Sustainability Hub, which provides simple, practical steps along with guidance and an innovative AI-powered insights tool

To access the sustainability tools and content developed for small businesses, visit our Sustainability Hub www.xero.com/sustainability/small-business

ENVIRONMENT

- Improved resource efficiency by partnering with PonyUp For Good to reuse our retired IT hardware in Australia, and completing a lifecycle assessment of our core platform to understand and manage the environmental impact of our product
- Received validation from the Science Based Targets initiative (SBTi) of our near-term emissions reduction targets. The strategic acquisition of Melio this year has had a material impact on our emissions footprint and, in line with guidelines from SBTi and GHG Protocol, we'll recalculate our base year emissions in FY27. Any decision to reset our targets will be informed by the outcome of that process
- Decreased our overall emissions footprint this year when excluding Melio. However, the inclusion of six months of Melio activity in our carbon inventory has led to an increase in our year-on-year emissions. Scope 3 emissions from our value chain continue to represent 99% of our total emissions. We're working to address these emissions by:
 - › Engaging with our suppliers to secure direct emissions data and encourage the uptake of science-based targets among higher-emitting and critical suppliers
 - › Integrating direct supplier emissions data, where reliable data is available, which has enabled more accurate reporting of our purchased goods and services emissions, and resulted in a lower year-on-year increase, compared to a purely spend-based approach
 - › Increasing our investment in Sustainable Aviation Fuel (SAF) production, through our continued membership of the Qantas SAF Coalition program and a new agreement with United Airlines, contributing to a year-on-year decrease in our reported business travel emissions
- Reduced our operational emissions by continuing to implement energy efficiency measures, transitioning more of our offices to renewable electricity and purchasing Renewable Energy Certificates to the equivalent of remaining Scope 2 market-based emissions
- Maintained our membership and partnership with the United Nations Global Compact Network Australia. We're committed to supporting the principles underpinning the United Nations Sustainable Development Goals and advancing them in areas where Xero can make a positive impact



We're proud of our sustainability performance and the progress we've made to help make life better for people in small businesses, their advisors, and communities around the world.

On behalf of Xero's Board, leadership team, and everyone at Xero, thank you for your ongoing partnership and support.



David Thodey
Chair of the board



Sukhinder Singh Cassidy
CEO

FY26 Performance Highlights

ESG RATINGS

CDP Climate Change	B
CDP Supplier Engagement Assessment	A-
Ecovadis	Committed
ISS ESG Corporate Rating	C - Prime Status - Decile 3
Monash University Modern Slavery Disclosure Quality	A
Morningstar Sustainalytics Risk Ratings	Low Risk - Strong Management
MSCI	AAA
S&P Global ESG Score	46
SBTi	Near-term targets validated

AWARDS AND RECOGNITION

- Accounting Today 2025 Top 100 Most Influential People in Accounting: Sukhinder Singh Cassidy
- AFR 2025 Sustainability Leaders List: Winner in the banking, superannuation and financial services category
- Australasian Investor Relations Awards 2025: Winner in three categories
- CNBC Changemakers 2026: Top 60 women transforming business and philanthropy, Sukhinder Singh Cassidy
- Built In Best Places to Work 2026: Colorado, New York, San Francisco and US Large Companies
- Dow Jones Best-in-Class Indices: Constituent member
- Equileap Gender Equality Reporting & Ranking: Top-ranked IT company 2026
- Fast Company 2025 List: International Best Workplaces for Innovators
- Finder Customer Satisfaction Retail Awards: Winner: Payroll Software
- FinTech Breakthrough Awards 2026: Best Use of AI in FinTech
- FTSE4Good Developed Index: Constituent member
- G2: Best Global Software Companies 2026
- Global Centre for Healthy Workplaces 2025: Top 10 Global Healthy Workplaces
- Great Place to Work: UK certification
- ICB Luca Awards 2025: Winner in three categories
- Inc. 2025 Power Partner List: SaaS Products
- Innovate Finance: Pride in Fintech Powerlist
- Inside Out 2025 Awards: Winner in two categories
- Newsweek: America's Greatest Workplaces for Culture, Belonging and Community 2026
- TrustRadius 2026 Buyer's Choice Award: Finance and Accounting
- WomenTech Network Global Awards 2025: CIO/CTO of the Year, Diya Jolly

1. For more information on our FY25-27 business strategy, see Strategy in Action in our FY26 Annual Report at: www.xero.com/investors
 2. The ARC oversees and makes recommendations to the Board on our climate-related risks and opportunities, strategies, governance, performance and reporting. It annually reviews and makes recommendations to the Board in relation to Xero's modern slavery statement and risk disclosures (including whether Xero has material exposure to environmental or social risks), and oversees and reviews the adequacy and effectiveness of our internal control framework, and other matters as referred by the Board
 3. The PRC assists the Board to oversee strategies and policies relating to people and culture, remuneration and benefits, and other matters as referred by the Board

Our Sustainability Approach

SUSTAINABILITY STRATEGY

Our FY26-27 sustainability strategy supports our overall FY25-27 business strategy, *Winning on Purpose*.¹ It aims to build stakeholder trust through responsible management of our community and environmental impact, and through policies and practices that enable our people to thrive.

Sustainability strategy objectives

People and culture	Responsible business	Community advocacy and empowerment	Environment
Create a workplace where top talent can do the best work of their lives	Be a trusted business wherever we operate	Support small businesses and communities to operate sustainably and responsibly	Reduce our environmental footprint and future-proof our business as the climate changes

We are members of the United Nations Global Compact (UNGC) Network Australia and are committed to supporting the principles underpinning the United Nations Sustainable Development Goals (SDGs). This underscores our commitment to tackling issues material to our industry, while driving meaningful contributions to global sustainability priorities. Our sustainability strategy contributes towards six SDGs, as shown below.



SUSTAINABILITY GOVERNANCE

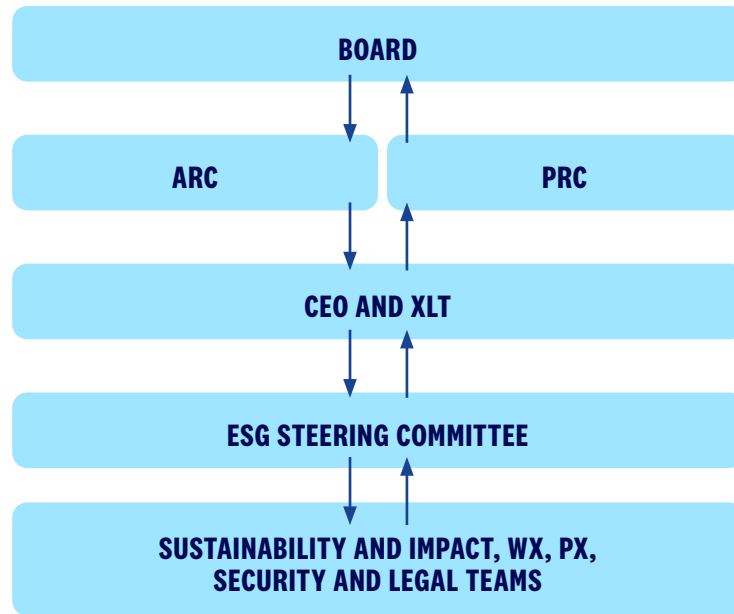
Board oversight

The Board of Xero (Board) is responsible for overseeing our governance, strategy and performance in relation to environmental, social and governance (ESG) issues, and approves our externally published targets and disclosures.

The Audit and Risk Committee (ARC) and the People and Remuneration Committee (PRC) review and make recommendations to the Board regarding our governance, strategies, performance and reporting in relation to sustainability-related issues.^{2,3}

The Board's oversight of sustainability-related matters is supported by Xero's Risk Management Framework, with accountability for managing risk aligned to the globally recognised 'Three Lines Model'. Sustainability-related risks are included in our Enterprise Risk Profile, which is reviewed regularly by the ARC and the Board.

For an overview of our risks, including sustainability-related risks, see Key Risks in our FY26 Annual Report at: www.xero.com/investors
 For more information on our climate-related risks specifically, see Environment on pages 15-18



Management approach

At a management level, senior representatives from across the business are designated as sustainability-related risk owners, and are responsible for overseeing the implementation of controls, and maintaining these on an ongoing basis.

The sustainability topics covered within this report have a sponsor or owner within our Executive Leadership Team (XLT). They are supported by the ESG Steering Committee, which is composed of senior leaders from across the business including finance, investor relations, strategy, people and workplace experience, communications, legal, risk and compliance, and product and technology. The Committee meets at least quarterly to review progress on sustainability-related initiatives.

Our sustainability and impact team manages the day-to-day implementation of our sustainability strategy, alongside our workplace experience (WX), people experience (PX), security and legal teams.

MATERIAL MATTERS

We completed our fifth annual materiality assessment in FY26, in alignment with the International Sustainability Standards Board (ISSB) framework, to determine the matters that are material for Xero.

As in previous years, we reviewed a range of thought leadership documents from leading institutions to reflect global macroeconomic and geopolitical trends in the analysis. We also engaged directly with our internal and external stakeholders. Our ESG Steering Committee reviewed the findings of our materiality assessment, and the material matters have been approved by Xero’s XLT and ARC.

In FY26, our identified material matters remained mostly unchanged compared to previous years. They are grouped under four pillars, which are addressed in this report and in our FY26 annual reporting suite at: www.xero.com/investors.

Pillars	Material matters	Pages
People and Culture	A representative and inclusive workforce	See pages 7-10 of this report
	Employee health, safety and wellbeing	
	Talent attraction, retention and upskilling	
	Remuneration and pay transparency	See pages 7-10 of this report and the Remuneration Report on pages 92-121 in our FY26 Annual Report
Responsible Business	Corporate governance, compliance and risk management	For further detail, see Key Risks and Governance in our FY26 Annual Report on pages 19-20 and 21-23 and our FY26 Corporate Governance Statement
	Customer experience, including platform security and stability	See page 11 of this report and Strategy in Action and Our Performance in our FY26 Annual Report on pages 15-18 and 24-37
	Cybersecurity, customer privacy and data protection	
	Responsible AI development and use	
	Responsible supply chain	


Community Advocacy and Empowerment	Community support and engagement	See pages 12-14 of this report and Strategy in Action in our FY26 Annual Report on pages 15-18
	Customer support, loyalty and engagement	
	Relationships with accountants and bookkeepers	
Environment	Climate change and energy management	See pages 15-18 of this report
	Resource efficiency	

STAKEHOLDER ENGAGEMENT


We engage with our stakeholders across a number of channels. The output of this engagement impacts our approach to sustainability and our reporting, as highlighted below.

Stakeholders	Channels	Impact on sustainability approach
<ul style="list-style-type: none"> Our customers Our people Our suppliers Our investors Our communities Media Governments and regulators Global alliances (see below) 	<ul style="list-style-type: none"> Internal communications, including monthly town hall meetings and regular employee engagement surveys Investor and customer roadshows (eg, Investor Day, Xerocon) Xero’s Partner Advisory Council Supplier risk and sustainability assessments Full-year and half-year results Annual Meeting 	<ul style="list-style-type: none"> Annual reporting Material matters Sustainability-related products in Xero App Store Sustainability strategy and governance


GLOBAL ALLIANCE MEMBERSHIP DURING FY26




Carbon Accounting Alliance (CAA)




Te Uru Tāngata Centre for Workplace Inclusion




Executive Cyber Council (ECC)




Green Software Foundation (GSF)




Qantas Sustainable Aviation Fuel (SAF) Coalition Program




Science Based Targets initiative (SBTi)



Tech Council of Australia



Tech New Zealand



United Nations Global Compact Network Australia (UNGCNA)

People and Culture

World-class leadership and talent supported by an inclusive culture and working environment to serve our diverse customer base

Material matters	SDG contribution
<ul style="list-style-type: none"> A representative and inclusive workforce Employee health, safety and wellbeing Talent attraction, retention and upskilling Remuneration and pay transparency 	  

KPI performance table

KPIs	Performance	FY26 performance	FY25 performance
Employee engagement score ⁴ (year ended 31 March)	●	68.0% ⁵	70.0% ⁶
Annual voluntary employee turnover (year ended 31 March)	N/A	13.7%	10.3%
At least 45% representation of women among senior leaders ⁷ and all employees by the end of FY27 ⁸ (as at 31 March)	N/A	CEO and direct reports 44.4% women	CEO and direct reports 62.5% women
	●	Senior leaders 39.2% women	Senior leaders 38.0% ⁹ women
	●	Employees 43.2% women	Employees 43.6% women
Xero aims to maintain a gender balance on its Board with no less than 30% women and no less than 30% men. For the period to the end of FY27, the Board continues to aspire to have at least 40% women and at least 40% men as directors (as at 31 March)	●	Three women (42.9%) and four men (57.1%) directors	Three women (42.9%) and four men (57.1%) directors
Median gender pay equity gap (like for like basis) ¹⁰ (year ended 31 March)	●	-0.8%, in favour of women ¹¹	-0.2%, in favour of women ¹²
Median gender pay gap (year ended 31 March)	●	7.3% ¹³	7.4% ¹⁴
Global underrepresented racial/ethnic representation (URRE) groups: 10% by FY27 (as at 31 March)	●	7.2%	5.6%



For more information on our underrepresented racial/ethnic representation and gender representation performance, see: www.xero.com/sustainability/approach-and-performance

4. Xero uses engagement scores and employee turnover to measure employee satisfaction within the organisation. In FY26, we refreshed our approach of measuring engagement, with the metric being calculated as the average favourable score across three distinct and critical markers of employee sentiment covering employee motivation, personal accomplishment and recommending Xero as a great place to work, as measured through three employee engagement surveys conducted through the year. As a result of this transition, the performance targets and scores for FY26 and beyond are measured on a 100-point percentage scale

5. Excludes Melio employees

6. In FY25, we conducted two employee engagement surveys using our new listening tool and methodology to establish a baseline year for FY26. The average result of these surveys is provided here to support comparison with our FY26 performance

7. In FY26, Xero updated its senior leader definition and elected to discontinue disclosure for people leaders. From FY26, senior leaders include roles meeting a minimum threshold as determined by a job evaluation methodology, and no longer include the CEO and senior executives with global roles who report directly to the CEO

8. Refer to pages 8-9 for further details on our gender representation reporting

9. Restated using the updated FY26 senior leader definition

10. Refer to page 10 for an explanation of the difference between median gender pay equity gap and median gender pay gap

11. Excludes Melio employees

12. Excludes Syft employees

13. Excludes Melio employees

14. Excludes Syft employees

OUR VALUES: WE MAKE IT XERO

Embodying our values is essential to cultivating a culture that supports the successful delivery of our People and Culture KPIs. These values are reflected in how we show up, both in the workplace and with our customers, and how we continue to grow and deliver the best product and experience for customers. Demonstrating our values is also a core component of how we assess performance across all of Xero.



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.

EMPLOYEE ENGAGEMENT AND ANNUAL VOLUNTARY EMPLOYEE TURNOVER

Measuring employee sentiment is a key business metric against our Winning on Purpose strategy.

In FY26, we launched a new employee listening tool that introduced a refreshed way of measuring employee engagement at Xero. The tool enables us to benchmark our engagement against other global SaaS organisations and generate deeper, more relevant insights to inform actions that drive engagement. Our employee engagement score has remained largely stable year-on-year at 68.0% for FY26. At the same time, our voluntary employee turnover increased slightly from 10.3% in FY25 to 13.7% in FY26. Based on our analysis of exit interview data, we have not identified any systemic issues underlying this increase.

During FY26, we continued to roll out a number of initiatives to help drive improvements to employee engagement, maintain voluntary employee turnover at a reasonable level, and empower our people to grow and shape their careers. This includes our enhanced performance and capability framework, the 'Listen, Learn, Act' framework for action planning to support employee engagement, as well as expanded wellbeing services for our people. We also enhanced our training offering through the introduction of LinkedIn Learning, with 1,500 of our people accessing these best-in-class, on-demand learning resources in FY26, as well as multiple, specialised development programs to upskill our people leaders.

BUILDING A REPRESENTATIVE AND INCLUSIVE WORKFORCE^{15,16}

Xero serves customers in more than 180 countries around the world. Our customers represent many different cultures, walks of life, and personal circumstances. Building an open and inclusive workforce that is representative of the customers and communities we serve is critical to delivering our purpose and strategy.

Fostering an open and inclusive culture also enables Xero to attract and retain top talent, and to benefit from a diversity of perspectives as we seek to innovate and better serve all our stakeholders. We believe creating an organisation where all employees can thrive is key to fostering a high-performance culture.

We provide opportunity based on merit, which means we make talent decisions based on experience and capability for all roles. We do not discriminate on aspects of identity. Instead, we focus on accessibility through creating fair systems and an inclusive culture.

Our gender representation figures remained broadly stable in FY26. Increasing the representation of women in technology roles remains an important part of achieving our broader FY27 representation goals, with women making up 24.9% of technology roles in FY26.¹⁷ In FY26, we continued to implement our refreshed action plan to create a more representative workforce, including surveys and focus groups to deepen our understanding of employee experience, and a cross-functional working group setting priorities and tracking outcomes. We made progress in FY26 through efforts focused on accessibility, with women representing 44.6% of new starters across Xero.

In FY26, we also continued to drive an inclusive workplace by continuing to grow our voluntary Employee Resource Groups (ERGs). ERGs provide communities with a voice in shaping our culture, programs and policies. Our ERGs membership grew to over 1,900 in FY26, representing over 38% of our workforce.

¹⁵ Gender data covers Xero's global workforce, excluding contingent workers. All data is self-reported as at 31 March 2026

¹⁶ Xero has an optional gender identification question that allows employees to choose from the following options: female, male, gender diverse, non-binary, and prefer not to say

¹⁷ Technology roles are defined as employees within the Product Engineering, Data Science, and Security functions

WORKFORCE COMPOSITION BY GENDER



ALL XERO EMPLOYEES

- Female (43%)
- Male (55%)
- Gender diverse (<1%)
- Non-binary (<1%)



CEO AND DIRECT REPORTS

- Female (44%)
- Male (56%)



BOARD

- Female (43%)
- Male (57%)



SENIOR LEADERS

- Female (39%)
- Male (61%)



Xero UK team members in our London office

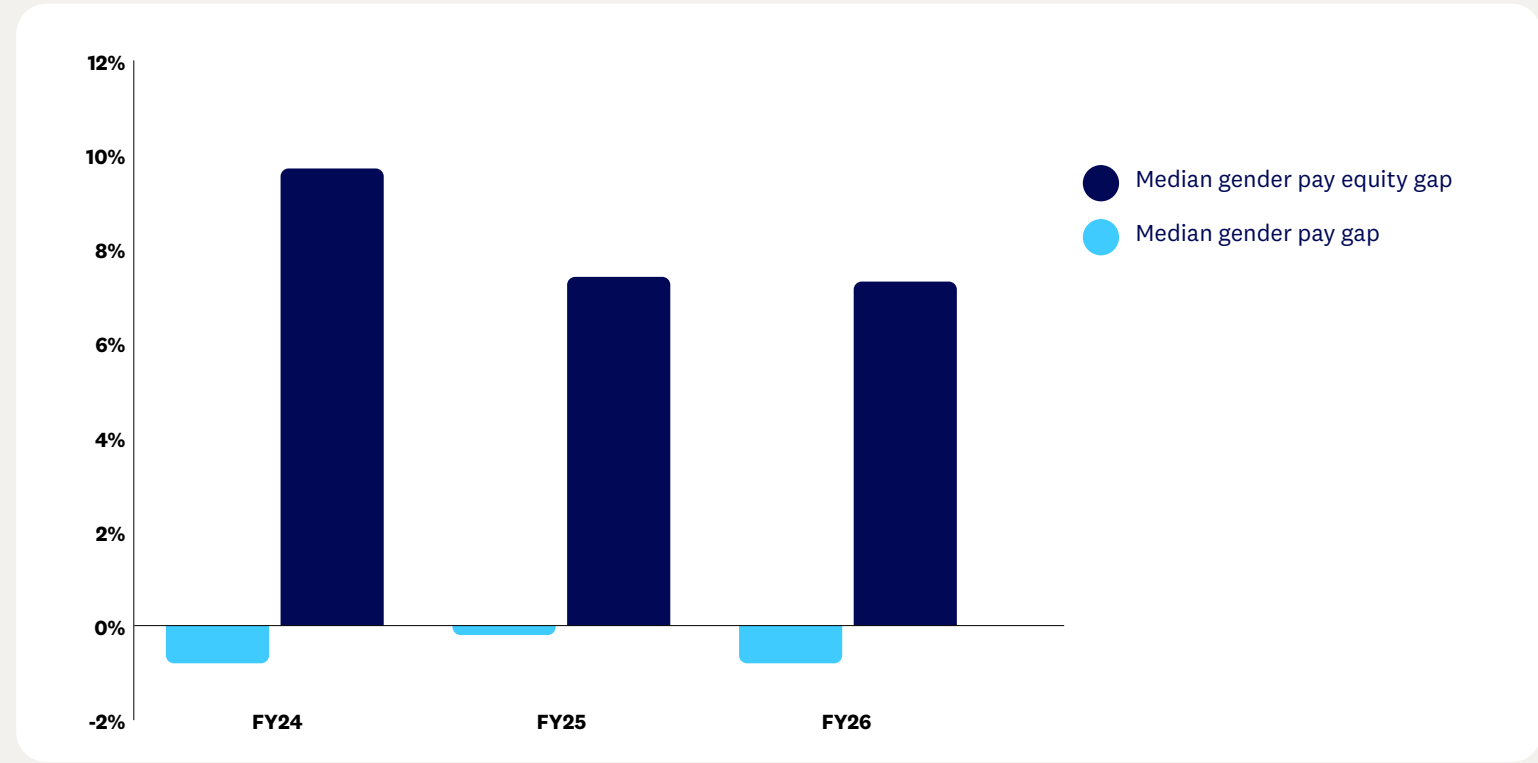
GENDER PAY EQUITY^{18,19,20,21}

At Xero, we are committed to equal pay for equal work. In FY26, we continued programs to help address gender pay equity, including inclusive leadership and unconscious bias education to foster inclusive habits and behaviours across Xero.

For more information about our people practices, see our website: www.xero.com/sustainability/people

Gender pay equity is a measure of whether women and men are paid the same for the same work. It considers how women’s and men’s pay compares to external remuneration benchmark data for the specific role they are in (taking into account seniority and function). We have practices in place to measure and promote gender pay equity. Our median gender pay equity gap is less than 1% in favour of women.

A gender pay gap is a comparison of women’s and men’s pay in aggregate, without consideration of employees’ roles. Xero’s median gender pay gap is 7.3%, down from 7.4% in FY25. Our gender pay gap partly reflects a lower proportion of women in the technology sector than men. To help further improve our gender pay gap, we have an active plan in place that focuses on hiring, retaining and developing women in leadership roles, based on improving accessibility and increasing the proportion of women in our applicant pools. In FY26, this included partnering with the Women In Tech Forum in the UK, a global membership and networking platform to help women build successful careers in the tech industry.



18. Median is calculated as the weighted average of regional medians. Therefore, the Xero Group number is not impacted by market differences
 19. To calculate gender pay equity, we assess how our employees’ remuneration compares to the median remuneration for their equivalent local market role (eg, how much an accountant employed by Xero in New Zealand is paid compared to what the market median is for an accountant in New Zealand). The median position for males is then compared to the median position for females to determine the pay equity gap
 20. To calculate our gender pay gap, we review actual total earnings of employees over the past 12 months. We then take the median actual earnings of males, minus the median actual earnings of females, divided by the median actual earnings of males. A weighted average is then used across each region to get to a Xero overall figure
 21. The gender pay equity and pay gap figures presented in this report differ from those disclosed in Xero’s WGEA reporting, which covers Xero’s Australia-based employees



GLOBAL UNDERREPRESENTED RACIAL/ETHNIC REPRESENTATION^{22,23}

Xero aspires to be representative of our customers and our communities. A representative workforce strengthens our ability to serve Xero’s global customer base, ensuring we’re delivering the best products and services to the communities we serve. We have made progress against our goal to have 10% of our workforce identify within underrepresented racial/ethnic groups globally by the end of FY27, with representation at 7.2% in FY26.

We have further progressed a number of initiatives in FY26 with the aim of reaching our FY27 goal. This includes:

- Continuing to deliver unconscious bias training for talent acquisition teams
- Progressing our Indigenous Affairs program to attract and retain Indigenous talent in Australia and New Zealand through regional education and sustained commitment to reconciliation action planning, including the introduction of Xero’s Innovate Reconciliation Action Plan
- Continuing to roll out inclusive selection practices to encourage accessible and inclusive hiring
- Leveraging refined data reporting to understand equitable outcomes by identity across the talent funnel and recruitment conversion rates
- Fostering external partnerships with global professional network groups to drive representation at the top of our applicant funnel

Through these efforts we aspire to build teams with a range of different experiences, ideas, skills and perspectives. We believe being a representative organisation, supported by a culture where people feel they belong, enables us to maximise the potential of our people’s differences and foster a high-performance culture.

For more information on the racial and ethnic composition of our workforce, see the People and Culture section of the Databook on our website www.xero.com/sustainability

22. All reporting on race data is based on voluntary global self-reporting. It excludes any employees where local legislation does not permit voluntary self-reporting with respect to racial identity. The race categories used by Xero for self-reporting reflect each region’s government reporting standards. However, for the purpose of this report, some race categories have been adapted so they are globally relevant. Contingent workers are not included
 23. The identified underrepresented racial/ethnic groups that are represented within this goal were identified through a workforce analysis of each region in which Xero operates, comparing the proportional representation of racial/ethnic groups in Xero employee demographics and regional census data. The groups identified represent the most significantly underrepresented groups in each of the regions in which Xero operates where we collect the racial/ethnic data of Xero employees

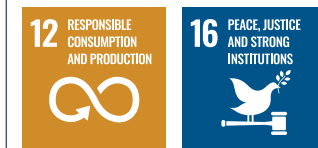
Responsible Business

Being a trusted business, including through ethical supply chains and the responsible use of data in Xero’s systems, processes, knowledge and intellectual property

Material matters

- Customer experience, including platform security and stability
- Cybersecurity, customer privacy and data protection
- Responsible AI development and use
- Responsible supply chain

SDG contribution



KPI performance table

KPIs	Performance	FY26 performance	FY25 performance
Employee completion of security training (year ended 31 March)	●	96.1% ²⁴	96.3%
ISO 27001 and SOC 2 compliance (year ended 31 March)	●	Achieved	Achieved
Number of notifiable privacy incidents (as at 31 March)	N/A	2	1
Employee completion of modern slavery awareness training (as at 31 March)	●	93.9% ^{25,26}	96.2%

SECURITY

Xero’s security strategy is aligned with our business objectives. Our security roadmap is based on a principle of continuous improvement and uplift in our technical controls, and is guided by an ongoing assessment of our risk profile.

Security is everyone’s responsibility at Xero and all our people are required to undertake annual security training.

In FY26, training completion rates decreased slightly due to new starters joining the business, but remained above our accepted threshold. We continue to target high completion rates through stringent systems access and reminder policies, and increased accountability for people leaders for the completion rates of their teams.

In FY26, we also strengthened access requirements through the company-wide rollout of biometric identification and a cloud-delivered security platform that includes zero-trust access as one of its core components, helping to maintain a resilient and secure ecosystem that safeguards our customers’ valuable information.

We also launched the Specialised Security Upskilling (SSU) program, which delivers targeted security training to selected employees based on their role at Xero. The program focuses on specialised, tailored security content to help reduce risk in critical areas of the business.

Our Security Champions program provides specialist education to our people. Champions are representative of teams across the business, with over 200 of our people participating in the program as at 31 March 2026. Champions are instrumental in helping drive improvements in engagement, promoting security training and awareness of cybersecurity risks in teams across the business.

ISO 27001 AND SOC 2 COMPLIANCE

In FY26, we maintained our ISO 27001 (ISO/IEC 27001:2022) and SOC 2 compliance certifications, which are crucial to our operations. These industry standards provide assurances for our customers and the wider community about our ability to protect business data and individual privacy. Maintaining certification against these frameworks is a requirement for a large number of our partners and is essential to satisfy certain regulatory requirements where we operate.

Recertification against ISO 27001 was received in November 2025. Our latest SOC 2 Type II report for the period ended 31 October 2025 was also issued in November 2025. These were attained through external audits against these international information security frameworks.

For more information about our security certifications and credentials, see our website www.xero.com/security

PRIVACY

At Xero, we process personal data about our customers, their employees, vendors and other parties. Treating personal data fairly and responsibly is important to meeting the expectations of those who have entrusted us with it, and to our continued compliance with legal requirements.

During FY26, we experienced two incidents that required notification to privacy regulators. The first required Xero to notify the South African Information Regulator. The second required notifications to both the Singaporean Personal Data Protection Commission as well as the South African Information Regulator. Both incidents are now closed.

Customer privacy is one of our highest priorities and we take these incidents seriously. Our internal data privacy program includes mandatory company-wide training, regular privacy awareness updates, tiered data use assessments, and incident management procedures. It is supported by governance arrangements, including internal governance forums and Board-level reporting as appropriate.

Our Responsible Data Use Commitments outline how we continue to safeguard customer data as we roll out new technologies, including AI, for our people and customers. This includes transparency about our use of AI: we trust verifiable AI to handle routine tasks and surface actionable insights, while people provide the practical context and remain fully accountable for the final outcomes. Our teams continue to review our approach to identifying and managing potential privacy or data use concerns on an ongoing basis.

For more information on how we approach responsible data use, and our commitments to using data responsibly, see our website www.xero.com/data/commitments

MODERN SLAVERY AWARENESS

Xero is committed to preventing any form of slavery and human trafficking in our operations and supply chain.

In FY26, we designed and launched a revised modern slavery e-learning module. The interactive training uses realistic case studies, AI-led scenarios, and practical guidance to help our people understand their role in preventing modern slavery and recognising risks in supply chains, partnerships, recruitment, and operations. The slightly lower year-on-year completion rate this year reflects new hires and the timing of the revised module’s launch in the second half of FY26, with employees given 12 months to complete the training. We expect completion rates to improve in FY27.

This training supports our people to meet our obligations and our commitment to addressing modern slavery risks. All our people are required to complete the module, helping to drive awareness across the organisation and strengthening our broader modern slavery prevention program.

In FY26, we used our third-party ESG risk and performance management system to assess 99.5% of our recurring suppliers by spend. We developed an approach to address identified performance gaps and began a remediation campaign targeting higher-risk suppliers.

For more information about how we manage the risks of modern slavery and human trafficking, see our annual Modern Slavery and Human Trafficking Statement at: www.xero.com/investors/governance

24. Excludes Melio employees

25. Excludes Melio employees

26. Xero launched a revised e-learning module in FY26. Our FY26 completion rate comprises employees having completed either the old or revised course

Community Advocacy and Empowerment

Delivering on our purpose of making life better for people in small businesses, their advisors, and communities around the world

Material matters	SDG contribution
<ul style="list-style-type: none"> Community support and engagement Customer support, loyalty and engagement Relationships with accountants and bookkeepers 	  

KPI performance table

KPIs	Performance	FY26 performance	FY25 performance
Global community contributions (year ended 31 March)	N/A	More than \$11.4 million ²⁷	More than \$6.6 million

GLOBAL COMMUNITY CONTRIBUTIONS

We take a holistic approach to calculating our contribution to communities, which includes cash donations, discounts given to non-profit organisations, and volunteering contributions. Global community contributions were more than \$11.4 million for FY26.

Community contributions (\$000s)



- Cash contribution to non-profit organisations (\$804)
- Discounts given to non-profit organisations (\$4,510)
- Volunteering in kind contributions (\$676)
- Partnership investments (\$2,854)
- Program development and delivery - Xero For Good (\$2,567)

²⁷. Excludes Melio



XERO FOR GOOD

In FY26, we scaled the reach and impact of our Xero For Good (XFG) social impact initiative, which we launched in FY25 to empower small businesses and communities with tools and support to help with their long-term success and sustainability efforts. The XFG initiative delivers impactful programs that strengthen communities through financial education, strategic growth funding, ethical supply chain practices, carbon footprint management and other forms of support, creating positive change where it matters most.

Current XFG initiatives include our free small business financial education and mentorship program in New Zealand and the UK, our volunteering program, the Regional Giving Circle, our 25% discount on subscription fees for non-profits, and our social procurement program.

Financial education program

In FY26, over 130,000 people accessed our free financial education program in New Zealand and the UK. The program is designed to empower small businesses and entrepreneurs with the financial knowledge they need to succeed. We worked with small business owners worldwide to understand their financial literacy needs and how they prefer to learn. The program provides access to digestible educational resources across a range of formats and topics, including business finances, financial statements, budgeting, and cash flow. The program also offers free mentoring from accounting and bookkeeping professionals. In FY26, we connected 429 vulnerable small business owners and entrepreneurs²⁸ with volunteers from our Xero advisor network, supporting them on their journey in developing foundational financial knowledge to apply to their businesses.

Volunteering

In November 2025, we held our second global, company-wide volunteering event with over 1,200 of our people participating in 109 activities across more than 60 charities. In total, our people donated over 4,600 hours of their time.



28. Vulnerable small businesses and entrepreneurs are understood as those facing systemic vulnerabilities rooted in gender, ethnicity or disability-based barriers, situational vulnerabilities linked to personal circumstances such as youth, veterans or ex-prisoners, or non-traditional business models that are vulnerable to grant or sponsorship fluctuations

Regional Giving Circle

We believe that strong communities are essential for small businesses to succeed. In FY26, we renewed our Regional Giving Circle program, a key pillar of XFG. This program empowers Xero teams across Australia, New Zealand, North America, the UK, Asia, and South Africa to make a difference in their communities by supporting local charities and organisations.

Social procurement

At Xero, we make a conscious effort to purchase goods and services from small businesses, social enterprises, and businesses led by underrepresented groups. Through our social procurement program, we continued our partnership with Supply Nation in Australia in FY26 to identify and engage Indigenous suppliers and those generating positive social impact. In FY26, our spend with diverse and social suppliers amounted to more than \$26 million, equivalent to 3.1% of total spend.²⁹

For more information on Xero For Good, see our website www.xero.com/sustainability/community

SMALL BUSINESS SUSTAINABILITY INITIATIVES

As governments and regulators increasingly require large companies to disclose their carbon emissions, many of our customers will likely need to quantify and report their own emissions to participate in corporate supply chains. We see a clear opportunity for accountants and bookkeepers to play an important role in this process.

In FY26, we deepened our partnership with carbon accounting platform Sumday, which uses an education-led approach to upskilling accountants and bookkeepers, so they can provide carbon accounting services to their clients. Through this partnership, eligible Xero customers (both existing customers and those who signed up during FY26) received 12 months' free access to Sumday, including an exclusive feature allowing our small business customers to easily display and share their carbon footprint. Almost 1,300 customers used this offer in FY26. We continue to partner with Sumday to deliver practical sessions for our accounting and bookkeeping partners on how they can develop carbon accounting as a revenue stream.

In FY26, we also launched our revised Small Business Sustainability Hub, a free online resource that simplifies sustainability into five clear, actionable stages. The Hub empowers small businesses to start or accelerate their sustainability journey, meet customer expectations, and build long-term resilience, through practical guidance, tools, videos, topic guides and real-world case studies, all tailored to how small businesses learn and operate.

The Sustainability Hub leverages partnerships to develop practical tools, including an AI-powered search tool for corporate sustainability resources, developed with the United Nations Global Compact (UNGC) Network Australia. A materiality assessment tool, created with Sustainable Choice Group, helps businesses identify and prioritise the sustainability issues that matter most. Since its launch, more than 2,700 small businesses have engaged with the Hub, generating close to 2,900 sessions and 21,700 interactions, reflecting strong uptake and engagement with the content.

To access the sustainability tools and content developed for small businesses, visit our Sustainability Hub www.xero.com/sustainability/small-business



²⁹ For our calculation of our spend with diverse and social suppliers, we rely on suppliers' self-identification as belonging to a diverse or social business

Environment

Reducing and reporting our environmental impact as we continue to grow our business

Material matters	SDG contribution
<ul style="list-style-type: none"> Climate change and energy management Resource efficiency 	 

KPI performance table

KPIs	Performance	FY26 performance ³⁰	FY25 performance
Reduce Scope 1 and 2 ³¹ carbon emissions by 60% by 2034 from FY24 baseline (<i>emissions for year ended 31 March</i>)	●	23 tCO ₂ e 96% decrease ³² on FY24 base year	171 tCO ₂ e 72% decrease on FY24 base year
Reduce Scope 3 ³³ emissions by 35% by 2034 from FY24 baseline (<i>emissions for year ended 31 March</i>)	●	57,061 tCO ₂ e ³⁴ 60% increase ³⁵ on FY24 base year	55,825 tCO ₂ e 57% increase on FY24 base year
70% of prioritised suppliers by emissions committed to a science-based target by 2029 (<i>as at 31 March</i>)	●	50.1%	N/A ³⁶
Reduce carbon emissions intensity (Scopes 1, 2 and 3) from FY24 baseline (<i>emissions for year ended 31 March</i>) ³⁷	●	11.16 tCO ₂ e/FTE 33% increase on FY24 base year	12.15 tCO ₂ e/FTE 45% increase on FY24 base year
Diversion of waste from landfill (<i>year ended 31 March</i>)	●	45.0%	55.0%

30. Scope 1, 2, and 3 emissions for FY26 have been calculated using 12 months of data, with extrapolations applied to fill any gaps in activity data. FY26 includes emissions related to Melio for the period 1 October 2025 to 31 March 2026. For more information, see our basis of preparation on pages 19-20

31. Scope 2 is disclosed as market-based. For details on our location-based emissions, see page 18 and our Databook

32. In FY26, we purchased Renewable Energy Certificates (RECs) to fully match our electricity consumption with renewable sources. Under a market-based carbon accounting approach, this enables us to reduce the Scope 2 emissions we report

33. Refer to page 18 and our Databook for a breakdown of Scope 3 emissions

34. Inclusive of a 3,861 tCO₂e reduction in fossil emissions attributed to the use of SAF. There are biogenic emissions associated with SAF that are not included in this total

35. The inclusion of six months of Melio activity has had a material impact on our total and Scope 3 emissions footprint in FY26. Excluding Melio activity, our Scope 3 emissions would have decreased by 16% year-on-year, and resulted in a lower increase of 31% compared to our FY24 base year. For more information, see pages 17-18

36. In FY25, we started mapping our suppliers by spend and emissions to decide which suppliers would be included within our target boundary. For more information, see page 16

37. Based on market-based Scope 2 figures, and inclusive of a reduction attributed to the use of SAF

38. The climate-related financial disclosures included within this report are not fully aligned with IFRS S2. Further, they are not intended to fully replicate the climate-related disclosure requirements of any specific jurisdiction in which Xero operates, as none of these apply to Xero Limited

RESOURCE EFFICIENCY

We continuously look for ways to reduce overall waste, including improvements to our recycling and composting methods and, where possible, the sourcing of sustainable materials. In FY26, we partnered with PonyUp For Good, a technology recovery organisation that donates 50% of its profits to charitable causes. Thanks to this partnership, 974kg of electronic waste was diverted from landfill, while also generating the equivalent of nearly 65,000 meals to SecondBite, Australia’s largest fresh food rescue charity.

In FY26, we undertook a comprehensive lifecycle assessment (LCA) of our core platform in order to better understand its environmental impacts, including water consumption. This assessment confirmed that direct water consumption is not material within our business operations, but identified water-intensive indirect activities within our value chain, primarily data centre cooling (for cloud and network services, and AI use). The results from the LCA will continue to guide our water and waste management initiatives, and support our customers in managing their own environmental footprint.

For more information on our water and waste management practices, see our website www.xero.com/sustainability

CLIMATE CHANGE

We continue to evolve Xero’s climate reporting to provide comparable, consistent and transparent information, by progressively and voluntarily aligning with IFRS S2 *Climate-related Disclosures*.³⁸ Our disclosures below outline Xero’s approach to climate governance, our climate-related strategy, our management approach to climate-related risks and opportunities, and our climate targets and related metrics.

Climate-related governance

A description of our sustainability governance, which covers our governance approach towards climate-related risks and opportunities, is on pages 5-6. Any additional governance processes specific to climate-related matters are included below.

We manage climate risks in accordance with our Risk Management Framework (RMF). The sustainability and impact team, in consultation with climate risk representatives, regularly reviews Xero’s Climate Risk Register to validate the ratings and assess the internal and external environment for any key changes in existing and emerging risks.

Climate risk is also included in our Enterprise Risk Profile, which is regularly reviewed by Xero’s ARC. Risk ownership has been assigned, and existing controls and control gaps and/or weaknesses have been identified in consultation with the respective owners.

Climate-related strategy

Our climate-related ambition at Xero is to minimise our net climate impact and to grow our business as the climate changes. We have three climate-related strategic priorities:

Climate-related strategic priorities		
Reducing net climate impact	Mitigating climate risks	Harnessing climate opportunities

Reducing net climate impact

Reducing our net climate impact is a strategic priority for us. Our emissions reduction plan includes three broad pillars.

Green our work and workplaces	Travel thoughtfully	Decarbonise our supply chain
<ul style="list-style-type: none"> Green software at Xero Power eligible offices with renewable energy 	<ul style="list-style-type: none"> Invest in sustainable aviation fuels (SAF) Encourage green rides Optimise flight paths 	<ul style="list-style-type: none"> Incentivise suppliers to reduce emissions and track progress

Green our work and workplaces

In FY26, Xero continued its membership of the Green Software Foundation, a global initiative focused on making software more energy-efficient and sustainable. As part of this membership, we collaborate with industry leaders to adopt and promote best practices in green software. By adopting the foundation’s key principles, we aim to optimise our software for energy efficiency, reduce carbon emissions, and contribute to a more sustainable digital future.

In FY26, we continued our work redesigning some of our larger workspaces to reduce underutilised space, and allow for more efficient use of our offices and the energy they consume. We also transitioned to renewable electricity at our Auckland office.

In line with our emissions reduction target to reduce market-based Scope 2 emissions, we purchased Renewable Energy Certificates (RECs) to match our electricity consumption in FY26 with renewable sources. Under a market-based carbon accounting approach, this enables us to reduce the Scope 2 emissions we report.

For more information on our electricity consumption data and management practices, see our Databook and website www.xero.com/sustainability



Xero customer Krista Huebner, Basil Bangs

services, and technology. The campaign focused on high-emitting and high-spend suppliers, and significantly improved the availability and quality of supplier-specific emissions data. As a result, 51.6% of our targeted spend is now covered by supplier-specific emissions data, marking an important step in our transition from spend-based emissions factors to more accurate activity-based and supplier-specific data.

These improvements give us better insight to identify emissions reduction opportunities, a clearer understanding of our impact, and a more accurate carbon inventory. Our progress has informed our FY26 carbon inventory and will continue to guide emissions reduction efforts in FY27.

The supplier engagement campaign has also given us a clearer view of the climate target maturity of our priority suppliers. As at 31 March 2026, 50.1% of our prioritised suppliers by emissions across the technology, professional services, and marketing and advertising categories have either set, or committed to set, science-based targets, representing early progress towards our 70% goal by 2029. Increasing this share remains a key focus of our Scope 3 reduction strategy, and in FY27 we will build on this momentum through a second phase of supplier engagement, with a stronger focus on supporting suppliers in target-setting and decarbonisation.

Travel thoughtfully

As a global company, business travel represents one of our largest sources of emissions and is one of the most challenging areas to achieve significant reductions. In FY26, we increased our investment in Sustainable Aviation Fuels (SAF), as a means to support our emissions reduction strategy and address flight-related fossil fuel emissions. This included continuing our membership of the Qantas SAF Coalition program, which aims to support efforts to reduce the environmental impact of aviation and to promote the development of a SAF industry in Oceania. We also entered into an agreement with United Airlines to purchase additional units of SAF, expanding the coverage of abatement of our flight-related emissions.

In addition, we encourage the use of low-emission transport, such as electric or hybrid vehicles, for business travel wherever possible. In FY26, we further enhanced data collection in our finance systems to more accurately capture these forms of travel.

Decarbonise our supply chain

Given the nature of our industry, our supply chain plays a central role in our efforts to reduce our emissions, with Scope 3 (including business travel) accounting for more than 99% of our carbon footprint.

In FY26, we made meaningful progress in strengthening our approach to Scope 3 emissions by launching our first targeted supplier engagement campaign across our highest-impact spend categories: marketing and advertising, professional

Mitigating climate risks and harnessing climate opportunities

Our strategy aims to build climate resilience in our business and to take advantage of climate-related business opportunities. Xero's climate risk exposure is deemed relatively low; this is primarily due to the nature of the SaaS business model, which is not physical-asset intensive. Key risks and opportunities that have been identified as material and are being managed proactively through our strategy are presented to the right.



XERO'S MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

Risk or opportunity	Likelihood and expected time horizon		Potential impact on business model and value chain	Mitigation and adaptation efforts	
Data centre disruption from extreme weather	Physical risk	Unlikely	Medium - long	<p>Extreme weather and heat events could affect the data centres of core third-party cloud infrastructure providers, leading to power outages, service disruption or downtime, and consequently impacting service delivery to customers.</p> <p>This could result in additional costs relating to the payment of service penalties or, in sustained or severe instances, loss of revenue as a result of downgraded customer perception.</p>	<p>Xero does not own or operate any significant physical assets including data centres, limiting direct exposure to this risk.</p> <p>Our existing disaster risk and business continuity plans (BCPs) consider loss of connectivity due to natural disasters.</p> <p>The continuity plans of third-party data centre and cloud providers, including financial compensation in the event of disruption, are assessed on an ongoing basis.</p>
Brand and market leadership	Opportunity	Possible	Short - medium	<p>Opportunities to develop new or enhanced climate-related tools, integrations, partnerships and content for customers and other small businesses, and to set and develop ambitious climate-related targets, initiatives and programs could position Xero as a climate leader.</p> <p>This could strengthen brand preference with customers, partners, suppliers, and investors, potentially resulting in increased and diversified revenue streams.</p>	<p>Xero already has a number of climate-related tools, integrations and partnerships, including the global partnership with Sumday. Xero is already a member of multiple climate-related forums, such as CAA, GSF, TCA and UNGC Network Australia.</p> <p>We have processes in place to obtain customer feedback, monitor market developments and anticipate the evolution of customer needs.</p>

Climate resilience

In FY26, we conducted our second climate-related scenario analysis,³⁹ using S&P Global's Climonomics® tool to understand our exposure to climate-related risks and opportunities under different warming scenarios and timeframes. We considered four scenarios that reflect a plausible range of future climate states, covering both physical and transition risk, in order to test our direct and indirect exposure.

We used three time horizons to assess climate risks: short (2020-2029), medium (2030-2039) and long term (2040-2049). These distinct time horizons were selected in order to gain a comprehensive view of risks and align with the Paris Agreement 2050 target horizon. The horizons differ from our shorter financial planning cycle, which typically uses a three-to-five year forecast (ie, within the short-term climate horizon).

The physical assets assessed included leased Xero and Melio offices, our cloud infrastructure providers' data centres, material customer groups, and our critical suppliers. These are the most relevant asset categories to our business, providing insight into both our direct and indirect exposure.

Key uncertainties in our climate resilience assessment stem from the long-term impacts of climate change on our business model and financial performance, which are inherently difficult to quantify over a time horizon of 25 years or more.

The table on the next page outlines the resilience of our strategy and business model across each scenario.

39. In line with IFRS guidance, we do not complete a climate scenario analysis every year

XERO'S CLIMATE RESILIENCE ACROSS CLIMATE SCENARIOS

Scenario	Description	Key risk	RCP / SSP	Temperature 2081-2100 (°C)	Climate resilience
1. Low Emissions	Rapid decarbonisation pathway aligned with the Paris Agreement goals	Heightened transition risk, limited physical risk	RCP 2.6 SSP1-2.6	1.3-2.4	The most severe physical effects of climate change on Xero's operations and value chain (ie, weather-related disruptions affecting core data centre providers) would be mitigated. Under this scenario, the introduction of robust government policies and a significant shift in consumer sentiment could present opportunities for Xero to expand its climate-related product offerings and ecosystem partnerships.
2. Medium Emissions	Middle-of-the-road pathway based on moderate mitigation and current policies	Mix of transition and physical risk	RCP 4.5 SSP2-4.5	2.1-3.5	In these scenarios, physical risks to key data centre regions increase, leading to more frequent, but still manageable, weather-related disruptions that could affect cloud infrastructure providers. Xero's cloud-based SaaS model remains positioned to manage these impacts by leveraging the multi-region resilience and advanced failover capabilities provided by our hosting partners.
3. Medium-high emissions	Pathway where emissions peak later in the century (around 2080)	Mix of transition and physical risk	SSP3-7.0	2.8-4.6	Stronger and more widespread climate policy, together with rising customer demand, could support further expansion of Xero's climate-related product features, reporting capabilities, and partnerships.
4. High Emissions	Business-as-usual pathway with limited mitigation, used to define the maximum potential physical exposure	Heightened physical risk, limited transition risk	RCP 8.5 SSP5-8.5	3.3-5.7	In this scenario, the most severe physical effects of climate change on Xero's operations and value chain would be expected to occur. Xero could prioritise continuity of core services through close collaboration with cloud providers. Xero could focus on resilience and support for small businesses and partners in managing climate-driven disruption (eg, business continuity, cash flow and recovery tools), helping to sustain customer trust even under more volatile conditions.

CLIMATE-RELATED RISK AND OPPORTUNITY MANAGEMENT

Identifying and assessing

We identify climate-related risks and opportunities for Xero through a comprehensive process that integrates both qualitative and quantitative inputs. This includes stakeholder surveys, industry analysis and benchmarking, scenario analysis, and cross-functional climate risk assessment workshops.

In line with our Risk Management Framework (RMF), identified risks and opportunities are assessed based on their nature, likelihood, and potential impact.

In FY26, we further strengthened this process by introducing quantified component scores and a formal weighted formula. This approach supports a more consistent and robust assessment and prioritisation of climate-related risks and opportunities.

We also enhanced our capability to estimate the potential financial impacts of climate-related risks and opportunities. Together, these improvements reflect our ongoing commitment to strengthening the rigour of our climate risk management and enhancing the transparency of our external disclosures.

Managing and monitoring

We manage climate risks in accordance with our RMF, which incorporates likelihood and impact using a 5x5 matrix, allowing resources to be focused on the most pressing threats. These risks are re-evaluated on a quarterly basis using qualitative triggers (such as stakeholder sentiment and the regulatory landscape) and quantitative thresholds (such as projected financial losses).

Climate opportunities are prioritised based on feasibility and revenue potential, using the same RMF matrix for strategic alignment.

We actively monitor climate risks and opportunities and the effectiveness of our controls through our Climate Risk Register. The register is updated at least annually by the sustainability and impact team in consultation with internal risk representatives to validate existing ratings. We also capture emerging risks identified through our biennial scenario analysis.

Potential climate-related incidents are integrated into the enterprise incident management process and a dedicated Sustainability Incident Management Plan. To enhance oversight, we use a third-party adverse media screening tool to provide real-time alerts regarding potential sustainability incidents.

CLIMATE-RELATED TARGETS AND METRICS

We report our Scope 1, Scope 2 and relevant Scope 3 GHG emissions data. For further information and a breakdown of our emissions data, see our Databook at: www.xero.com/sustainability. See pages 19-20 for further details on the basis of preparation for our GHG emissions.

In our ongoing efforts to work towards best-practice disclosures, this year we have again received assurance over our GHG emissions. Refer to pages 21-22 for a copy of our auditor's independent assurance report.

Climate-related targets

Our three credible near-term emissions reduction targets are set out in the KPI table at the front of this section, and below.

- Scope 1 and 2: 60% reduction by 2034 from FY24 baseline
- Scope 3: 70% of suppliers (by emissions) to have a science-based target by 2029 and 35% absolute reduction by 2034 from FY24 baseline

In FY26, Xero's climate targets and methodology to achieve those targets were successfully approved by the Science Based Targets initiative (SBTi).

The strategic acquisition of Melio in October 2025 materially increased our emissions footprint in FY26. Excluding the six months of Melio activity included in our inventory this year, our total FY26 emissions would have decreased by 17% year-on-year, with Scope 3 emissions decreasing by 16%. This reduction is driven primarily by the use of supplier-specific emissions factors introduced through our supplier engagement campaign as well as the purchase of SAF credits (see page 16), and provides encouraging evidence of progress against our decarbonisation strategy.

As a software business with a similar emissions profile to Xero, the impact of Melio's inclusion in the inventory is primarily concentrated in our existing highest-emitting sources, ie, Scope 3 categories 1 and 6. In addition, this year's inclusion of supplier-specific emissions factors has also had a material impact on our inventory in FY26. These two factors have each individually triggered our significance threshold as defined in our base year recalculation policy (see pages 19-20). In line with guidelines from SBTi and the GHG Protocol, we will recalculate our base year emissions in FY27 and, based on the outcome of this process, may be required to reset our targets.

Details of our emissions reduction actions can be found on our website www.xero.com/sustainability/environment

Climate-related metrics

GHG emissions (tCO ₂ e)	FY26			FY25	FY24 (base year)
	Total	Melio only ⁴⁰	Xero without Melio		
Scope 1	23	-	23	18	10
Scope 2 (market-based) ⁴¹	0	0	0	153	609
Scope 2 (location-based)	764	82	682	681	746
Scope 3, Category 1: Purchased goods and services ⁴²	43,283	9,334	33,949	37,416	21,431
Scope 3, Category 2: Capital goods	2,287	65	2,222	2,104	1,115
Scope 3, Category 3: Fuel and energy-related activities	76	3	73	72	70
Scope 3, Category 4: Upstream transport and distribution ⁴³	51	1	50	46	29
Scope 3, Category 5: Waste generated in operations	170	20	150	157	199
Scope 3, Category 6: Business travel	Excluding SAF reductions	470	10,801	14,049	9,131
	Including SAF reductions ⁴⁴	7,410	6,940	13,299	9,131
Scope 3, Category 7: Employee commuting	3,128	371	2,757	2,285	2,640
Scope 3, Category 8: Upstream leased assets	615	112	503	432	970
Scope 3, Category 13: Downstream leased assets	40	22	18	12	-
Scope 3, Category 15: Investments	1	-	1	2	-
Total emissions (market-based and including SAF reductions)	57,084	10,398	46,686	55,996	36,204
Total emissions (location-based and excluding SAF reductions)	61,709	10,480	51,229	57,274	36,341

- denotes category excluded from reporting boundary

We are committed to disclosing information on our emissions performance and progress. We measure our Scope 1, 2 and 3 emissions according to the GHG Protocol, with FY24 as our baseline year.^{45,46}

In FY26, our total market-based emissions, including SAF reductions, increased 2% year-on-year.

- Scope 1 emissions increased by 24%, which relates to increased travel in our fleet vehicles, particularly in the US as we serviced our customers in this growing region, and switching our fleet in New Zealand from electric to hybrid vehicles

40. Six months of emissions related to Melio for the period 1 October 2025 to 31 March 2026. In line with Xero's base year recalculation policy and guidelines from SBTi and GHG Protocol, we will recalculate our base year emissions in FY27

41. Xero applies the market-based method to set and monitor performance against its Scope 2 emissions reduction target. In FY26, the Scope 2 market-based figure includes Renewable Energy Certificates (RECs) Xero has secured from the following registries: the Australian REC Registry, BraveTrace, I-REC Standard Registry, M-Rets, Ofgem, NAR, and Statnett. RECs secured via Meridian Energy through BraveTrace will be retired in May 2026. In addition, Xero has procured GreenPower for two offices in Australia

42. Market based methodology, including the use of supplier-specific emissions factors where available, is applied to Scope 3 emissions associated with purchased goods and services, including the categories of marketing and advertising, professional services, technology, and cloud services. For other Scope 3 emissions associated with electricity use in the value chain, a location-based methodology is applied

43. Emissions associated with the transport of purchased goods captured under categories 1 and 2 are excluded from category 4, and instead are captured within categories 1 and 2

44. There are biogenic emissions associated with SAF that are not included in this total due to data not being available by the date of publication

45. We account for all relevant GHG emissions listed under the United Nations Framework Convention on Climate Change and Kyoto Protocol. All emissions are expressed in tonnes CO₂e quantities based on global warming potentials sourced from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. The greenhouse gases included in our carbon emissions estimates comprise CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. We measure GHG emissions in accordance with the GHG Protocol, but do not include all the GHG Protocol disclosures within the Sustainability Report

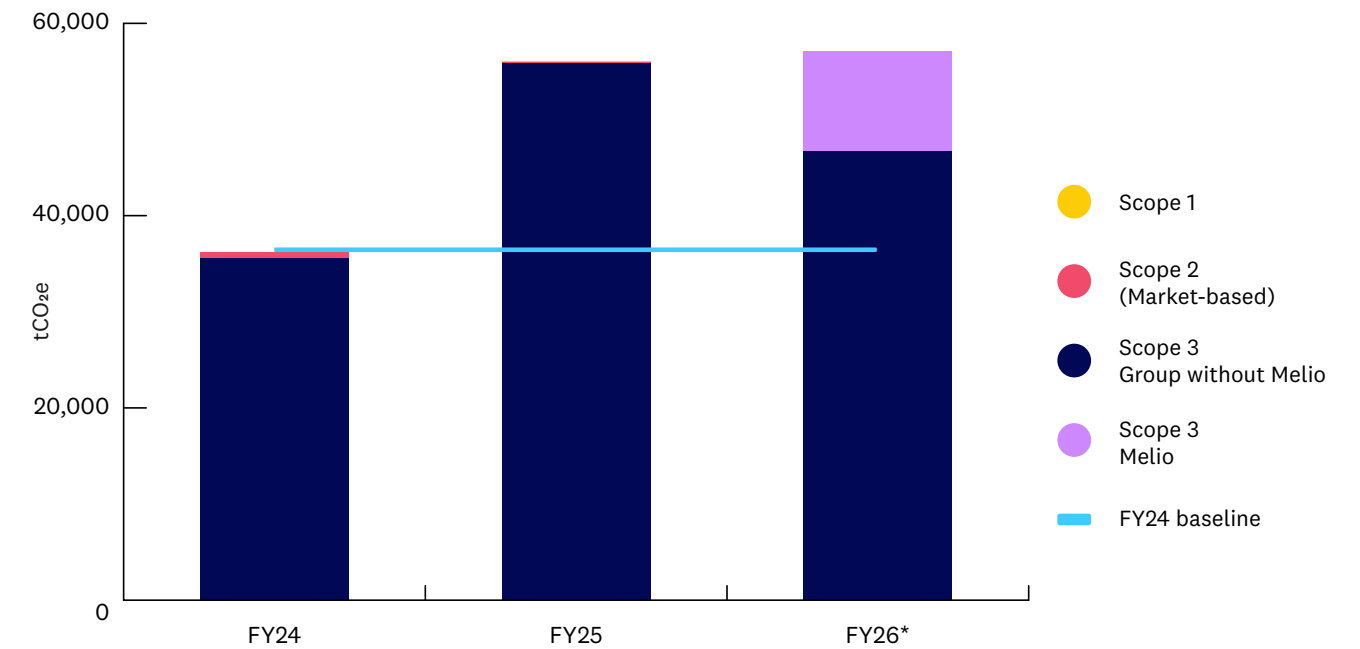
46. We have adopted Scope 3 emissions categories from the GHG Protocol. For more information on the relevant Scope 3 emissions categories that we have included in our carbon inventory, see our basis of preparation on page 19

- Scope 2 (market-based) decreased by 100%, driven primarily by the purchase of Renewable Energy Certificates (RECs), energy efficiency improvements we have made across our workplaces, and our transition to renewable electricity in certain offices
- Scope 3 emissions increased by 2%, primarily due to the incorporation of Melio's emissions in our footprint, which mainly impacted purchased goods and services emissions
 - › Emissions from purchased goods and services increased by 5,868 tCO₂e year-on-year, driven by a 9,334 tCO₂e increase from incorporating Melio's emissions. The lower overall increase in this category reflects a 7,389 tCO₂e reduction thanks to methodological improvements in FY26, including the use of supplier-specific data and emissions factors for a subset of suppliers⁴⁷
 - › Emissions from business travel decreased by 5,890 tCO₂e year-on-year. Underlying business travel activity increased over the same period; however, the reported decrease reflects a 3,861 tCO₂e reduction attributable to the use of SAF, alongside increased efficiencies from updated DEFRA⁴⁸ emissions factors

Despite the slight overall increase in our total and Scope 3 emissions when including Melio activity, our emissions intensity ratio (based on emissions per employee) decreased by 8% year-on-year, driven by increased hiring.

As a high-growth business, we acknowledge the inherent challenges of addressing our Scope 3 emissions, which continue to represent more than 99% of our total emissions, while balancing this with continued growth, acquisitions and operational efficiency, particularly as many of these emissions are beyond our direct control. To respond to this, we are continuing to prioritise the areas where we can have the greatest influence.

For more information on our efforts to decarbonise our supply chain, see page 16 of this report.



*FY26 includes six months of Melio emissions, not yet reflected in the FY24 baseline. Melio has no Scope 1 or Scope 2 market-based emissions in FY26

For more information on our climate disclosures, see the Environment section of the Databook on our website www.xero.com/sustainability

47. In line with Xero's base year recalculation policy and guidelines from SBTi and GHG Protocol, we will recalculate our base year emissions in FY27

48. UK Department for Environment, Food and Rural Affairs

Appendix: Carbon Inventory Basis of Preparation

Our carbon inventory has been prepared in accordance with the requirements of the GHG Protocol.⁴⁹



BOUNDARIES

Organisational boundary

The GHG Protocol permits the use of three distinct approaches to consolidate emissions. The operational control approach was used to consolidate Xero’s emissions and establish our organisational boundary. This approach has resulted in all subsidiaries within the Xero Limited Group being included in our emissions boundary.

Operational boundary

Scope 1 and 2 emission sources are required to be included in our operational boundary. Each year, we identify our Scope 3 emission sources and test their relevance, in line with the GHG Protocol’s conditions for relevancy assessments.

The below table lists the relevant Scope 3 emissions sources (grouped by the Scope 3 categories defined by the GHG Protocol) for our FY26 inventory, which are the same sources that were included or excluded in our inventory in FY25.

Scope 3 inclusions	Scope 3 exclusions
Category 1: Purchased goods and services <i>Professional services, non-Capex IT, marketing and digital advertising, cloud services, paper, events, food and catering</i>	Category 9: Downstream transportation and distribution <i>Xero products are not transported or distributed after the point of sale</i>
Category 2: Capital goods <i>Capex IT, furniture and leasehold improvements</i>	Category 10: Processing of sold products <i>Xero does not sell intermediate products, and therefore there is no processing of sold products</i>
Category 3: Fuel and energy-related activities <i>Fleet fuel and purchased electricity</i>	Category 11: Use of sold products <i>Xero has limited influence over product end use. This category also presents low risk exposure, and it is not considered critical by key stakeholders. End use does not include emissions for other products, such as the use of computers</i>
Category 4: Upstream transportation and distribution <i>Courier and postage</i>	Category 12: End-of-life treatment of sold products <i>Xero sells software, and therefore there is no waste disposal or treatment of products sold</i>
Category 5: Waste generated in operations <i>General waste, recycled waste, organic waste and water</i>	Category 14: Franchises <i>Xero does not operate any franchises</i>
Category 6: Business travel <i>Flights, taxi, rideshare, hire cars, grey fleet, trains and accommodation (Well-to-Tank (WTT) emissions have been calculated and included across all transport types)</i>	
Category 7: Employee commuting <i>Employee commuting and work-from-home (WTT emissions have been calculated and included across all transport types)</i>	
Category 8: Upstream leased assets <i>Shared and base building electricity and natural gas</i>	
Category 13: Downstream leased assets <i>Subleases</i>	
Category 15: Investments <i>Debt investments</i>	

BASE YEAR

The base year is 1 April 2023 to 31 March 2024 (FY24), which is consistent with the base year used for our climate-related targets. In FY26, Xero undertook additional work to clarify its approach to base year recalculation, including defining a quantitative significance threshold and establishing when structural changes (such as acquisitions), methodology updates or other factors would trigger us to consider a rebaseline.

Significance threshold

The significance threshold is used to determine when the base year is recalculated.

Xero applies a 5% quantitative significance threshold for base year emissions recalculations. Xero may also apply qualitative judgement where small changes are strategically important or have a material impact on users of the information. This is consistent with SBTi criteria and industry practice.

⁴⁹. GHG Protocol Corporate Accounting and Reporting Standard, Corporate Standard Scope 2 Guidance (2015), Corporate Value Chain (Scope 3) Accounting and Reporting Standard (v1.0) and the Technical Guidance for Calculating Scope 3 Emissions (v1.0)

Triggers

Inclusions: Xero will consider recalculating its base-year emissions if one or more of the following events occur	Exclusions: The following events are not considered triggers for recalculation of the inventory
<ul style="list-style-type: none"> Structural changes: Acquisitions, divestments, or other transfers of operational control, regardless of whether they are part of normal business strategy, where they meet the quantitative significance threshold Methodology or data changes: Significant updates to calculation methods, such as the adoption of supplier-specific emissions factors at scale or changes in consolidation approach Discovery of significant errors: The identification of data or methodology errors in the base-year that, individually or cumulatively, meet the significance threshold Inventory boundary changes: Adjustments to the scope of the inventory that directly impact Xero's GHG emissions targets Regulatory or standard updates: Changes related to reporting frameworks that mandate recalculation (eg, SBTi criteria updates, AASB S2 / Australian Sustainability Reporting Standards (ASRS)) 	<ul style="list-style-type: none"> Organic growth or decline (ie, natural changes in business activity within Xero's operational boundary). This explicitly excludes acquisitions or divestments Outsourcing or insourcing of activities, provided the associated emissions simply shift between scopes and remain captured within Xero's overall Scope 2 or Scope 3 inventory Actual emissions reductions achieved from operational improvements or supplier decarbonisation actions (eg, energy efficiency gains or supplier emissions reductions). These count as progress against our climate target and do not trigger a base year recalculation

METHODOLOGY

Our carbon inventory has been calculated using a hybrid approach that prioritises activity and verified supplier-specific emission factors (SSEFs). Where primary data is unavailable, we employ spend-based methods to calculate emissions, which can contain significant uncertainties. For FY26, where we have reliable SSEFs for suppliers with a spend greater than \$5 million, we have applied these SSEFs. We have also integrated direct emissions received from key service providers, where available.

Category	Calculation method	Emission factor source	Data source ⁵⁰	Method, assumptions and limitations
Scope 1: Fleet fuel consumption	Activity-based	Australian National Greenhouse Accounts (NGA) Factors, 2025	Fleet fuel receipts and spend-based data from financial records	Calculated from actual fuel receipts or estimated from spend-based data. Conservatively assumes all fuel spend is for petrol
Scope 2: Location-based and market-based	Activity-based	NGA Factors, 2025 (AU); NZ Government factors, 2025; ⁵¹ DBEIS/DEFRA (UK), 2025 ⁵² and CaDI, 2025 ⁵³	Office tenancy electricity consumption data, RECs surrendered by location	Dual reporting (location and market-based). Where actual data is unavailable, consumption is estimated using regional average intensity metrics (eg, kWh/sqm or kWh/FTE). Market-based applies a Residual Mix Factor (RMF) to non-renewable consumption
Scope 3, Category 1: Purchased goods and services	Supplier-specific and spend-based	Supplier-provided emissions data, supplier-specific emissions factors (SSEFs), and secondary factors including DEFRA (UK), 2022 ⁵⁴	Supplier emissions data and SSEFs are applied where reliable data is available and spend exceeds \$5 million in FY26; for all other categories, Environmentally-extended input-output (EEIO) estimates based on purchased goods and services from financial records	Primary supplier emission data used where available and reliable SSEFs applied for spend >\$5M; spend-based (EEIO) factors used for remaining relevant spend, which are adjusted for inflation

50. Where actual data was unavailable, modelled data was used to model assumptions for gaps

51. Measuring emissions: A guide for organisations 2025

52. Department for Environment, Food and Rural Affairs, UK Government GHG Conversion Factors for Company Reporting, 2025

53. 2024 Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix)

54. UK and England's carbon footprint to 2022. Note: these factors have been adjusted to account for inflation from 2022 to 2025 using the UK's reported consumer price index, and converted to New Zealand Dollars using the latest exchange rates supplied by Xero

Scope 3, Category 2: Capital goods		Spend-based	DEFRA (UK), 2022	CAPEX reports for IT equipment, office furniture and leasehold improvements	Total emissions recognised in the acquisition year using spend-based data
Scope 3, Category 3: Fuel and energy-related activities		Activity-based	NGA Factors, 2025 (AU); NZ Government factors, 2025; DBEIS/DEFRA (UK), 2025 and CaDI, 2025	Derived from total Scope 1 fuel and Scope 2 electricity consumption	Derived directly from total Scope 1 fleet vehicle fuel and Scope 2 electricity consumption using WTT and regional transmission and distribution loss factors
Scope 3, Category 4: Upstream transportation and distribution		Spend-based	DEFRA (UK), 2022	Financial records for couriers, portage, and printing	Calculated from financial records for couriers, postage, and printing using spend-based data
Scope 3, Category 5: Waste generated in operations	Water	Activity-based	DEFRA (UK), 2025 and AusLCI, 2025	Water consumption in our offices where measured, estimates used where reliable data not available	Based on actual data, or modelled using regional kL/sqm or kg/FTE averages where unavailable
	Waste	Activity-based	NGA Factors, 2025	Waste consumption in our offices where measured, estimates used where reliable data not available	Based on actual data, or modelled using regional kL/sqm or kg/FTE averages where unavailable
Scope 3, Category 6: Business travel	Accommodation	Activity-based	Cornell Hotel Sustainability Benchmarking Index, 2024	Hotel stay data from our corporate travel booking systems and directly from travel agents	Cornell Index (room nights) or regional proxies. Preference for M1 figures using median figures for non-resort accommodation
	Flights	Activity-based	DEFRA (UK), 2025	Flight distance data from corporate travel booking systems. SAF certificates provided by Qantas and United Airlines.	Distance/class based, includes WTT/radiative forcing, net of SAF certificates
	Grey fleet, hire cars, rideshare, taxis, train	Activity-based	DEFRA (UK), 2025; NGA Factors, 2025	Grey fleet distance data and hire car, rideshare and taxi spend-based data from finance system. Train distance data from corporate travel booking systems	Distances estimated from spend-based data or policy rates; conservatively assumes petrol for hire cars and train factors for all public transport
Scope 3, Category 7: Employee commuting	Employee commuting	Activity-based	DEFRA (UK), 2025	FY26 employee surveys used as a base to model emissions	Based on employee surveys and geographic modelling
	Work-from-home	Activity-based	NGA Factors, 2025 (AU); NZ Government factors, 2025 and CaDI, 2025	Global office attendance data used as a base to model emissions	WFH assumes 240 days/year (AU includes gas heating; other regions assume electricity only)
Scope 3, Category 8: Upstream leased assets	Base build energy	Activity-based	NGA Factors, 2025(AU); NZ Government factors, 2025 and CaDI, 2025	Office electricity consumption data and Climate Active electricity calculator	Actual data where available, otherwise modelled on Xero's Net Lettable Area (NLA). Unknown gas types default to natural gas
	Co-working office electricity	Activity-based	NGA Factors, 2025 (AU); NZ Government factors, 2025 and CaDI, 2025	Office electricity consumption data	Actual data where available, otherwise modelled on Xero's NLA
Scope 3, Category 13: Downstream leased assets		Activity-based	NGA Factors, 2025 (AU); NZ Government factors, 2025 and CaDI, 2025	Office electricity consumption data	Actual data where available, otherwise modelled on Xero's NLA
Scope 3, Category 15: Investments		Spend-based	Custom factors normalised based on Xero averages	Proxy based estimate applied to the investment's revenue and ownership share	Debt investment (Deputy) uses Xero's FY25 emissions revenue intensity as a proxy. Short-term bank investments excluded

Appendix: Independent Limited Assurance Report to the Directors of Xero Limited



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Assurance Conclusion

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Xero Limited's total scope 1, 2 (location and market-based) and 3 greenhouse gas emissions and associated disclosures on methodology for the year ended 31 March 2026 (the "GHG Disclosures") are not prepared, in all material respects, in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, The Greenhouse Gas Protocol Scope 2 Guidance and The Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and its relevant methodology disclosure requirements.

Scope

Ernst & Young Limited ("EY") has undertaken a limited assurance engagement to report on Xero Limited's total scope 1, 2 (location and market-based) and 3 greenhouse gas ("GHG") emissions and associated disclosures on methodology disclosed on pages 18 to 20 (the "GHG Disclosures") for the year ended 31 March 2026. The GHG Disclosures relate to the Company and its subsidiaries (together the "Group") as described in page 19 of Xero's Sustainability Report 2026.

Criteria Applied by Xero Limited

In measuring the total scope 1, 2 (location and market-based), 3 emissions, and disclosing the measurement methodologies in the GHG Disclosures, Xero Limited applied The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, The Greenhouse Gas Protocol Scope 2 Guidance, and The Greenhouse

Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (together the "GHG Protocol" or the "Criteria"). In applying the Criteria, the methods and assumptions used are described on pages 18 to 20 of the GHG disclosures, as are the estimation uncertainties inherent in the methods and assumptions used.

Xero Limited's Directors Responsibility

Xero Limited's directors are responsible, on behalf of Xero Limited, for the preparation of the GHG Disclosures in accordance with the Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG Disclosures, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibility

Our responsibility is to express a limited assurance conclusion on the GHG Disclosures based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with International Standard for Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"). This standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG Disclosures have been prepared, in all material respects, in accordance with the Criteria. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Ernst & Young provides audit services related to the Group's financial statement, assurance services related to compliance with ISO 27001, and non-audit services related to market remuneration data and sustainability knowledge sharing workshops to the Group. Partners and employees of our firm may deal with Group on normal terms within the ordinary course of trading activities of the business of Group. We have no other relationship with, or interest in, Group.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the report and related information, and applying analytical and other relevant procedures.

Our procedures included:

- Obtaining, through inquiries, an understanding of Xero Limited's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Performing walkthroughs of key processes and data sets;
- Inquiring with relevant staff regarding any matters that arose in the application of the selected boundary in establishing the reported amounts;
- Evaluating whether Xero Limited's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based;
- Assessing emission factor sources for appropriateness;
- Performing analytical procedures on selected emission categories and making inquiries of management to obtain explanations for any significant movements or unexpected variances;
- Considering the applicability of the Renewable Energy Certificates applied to the Scope 2 market-based amounts taking into account the GHG Protocol Scope 2 quality criteria; and
- Considering the presentation and disclosure of the Scope 1, 2 (location- and market-based) and 3 GHG emissions and associated methodology disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Inherent Uncertainties

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than Xero Limited or for any purpose other than that for which it was prepared.

Ernst & Young Limited
Auckland
14 May 2026

xero

Find out more at
xero.com/sustainability

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