MODERN SLAVERY STATEMENT

FY25

xero

your business supercharged

CONTENTS

1. INTRODUCTION

1.1 The reporting entity

This is Xero's seventh Modern Slavery Statement (MSS). It addresses the reporting requirements under both the Australian Modern Slavery Act 2018 and UK Modern Slavery Act 2015.

Refer to Appendix[1] for an overview of where each of the mandatory criteria have been addressed.

This MSS sets out the steps taken by Xero Limited and its controlled entities during the year ended 31 March 2025 (FY25) to identify and reduce the risks of modern slavery and human trafficking in its business and supply chains. It also illustrates our roadmap to achieving our priorities, and actions we are taking to effectively manage the risk to people and to our business.

1.2 About Xero

Xero was founded in 2006, leading the charge to bring cloud accounting tools to small businesses globally. The launch of Xero meant accountants and bookkeepers could collaborate with their small business clients in real time through an open platform to monitor their financials, simplify core compliance and run their business.

Xero has evolved into a global small business platform that services accountants and bookkeepers and small business customers directly. In addition to our core accounting solution, our platform extends to payroll, payments, workforce management, expenses, projects and other solutions.

Xero's extensive ecosystem of connected apps and connections to banks and other financial institutions helps small businesses access a range of solutions from within our platform.

1. Introduction

1.3 Purpose, vision and values

At Xero, our purpose is to make life better for people in small business, their advisers and communities around the world.

Our purpose is underpinned by the four values described in Xero's Code of Conduct (**Code**) and these are fundamental to everything we do.

Together with our purpose, our vision is to be the most insightful and trusted small business platform.

In staying true to our purpose, vision and values, we are committed to working to prevent modern slavery and human trafficking in our operations and supply chains.

We understand and remain vigilant on our key modern slavery risks, have policies and processes in place to help us manage and mitigate them, and we regularly assess the effectiveness of our controls.

Our values reflect how our people work with each other and our aspirations to better serve our customers and communities.

Our structure and operations are outlined in Section 3. Section 2 sets out the actions that we have taken across Xero during the financial year to further mature our risk assessment and management approach.

XERO VALUES

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.

2. OUR ACTIONS AND PROGRESS DURING FY25

2. Our actions and progress during FY25

2.1 Committed actions

In our FY24 statement we set ourselves five goals to improve our management of modern slavery and human trafficking risks in our operations and supply chain to be delivered during FY25 and FY26.

The following table provides an overview of these goals, key deliverables and status. For our FY26 and FY27 goals and deliverables, refer to Section 7.

Goal	Key deliverables	Duration	Initiatives undertaken in FY25	Status
1. Supply chain risk assessment Refresh our supply chain modern slavery assessment based on the more advanced risk methodology we adopted in FY24 — our target is to assess 100% of our recurring suppliers	1. Supply chain risk assessment: Comprehensive evaluation of 98% of recurring suppliers by spend based on EcoVadis' ESG criteria, providing a clear risk profiles 2. Risk analysis & remediation: High-level analysis identifying key supply chain risks, followed by a pathway to address ESG performance gaps 3. Assessment: Prioritise suppliers with limited or no existing ESG performance data for inclusion in the FY26 ESG risk assessment	FY25	1. The goal of conducting a comprehensive supply chain risk assessment using EcoVadis has been partially met. A detailed internal risk analysis was completed, identifying key risks and ESG performance gaps across 98% of recurring suppliers by spend — representing all suppliers uploaded into the EcoVadis platform at the time of the assessment 2. A remediation approach has been developed to address identified ESG performance gaps, with a focus on prioritising high-risk suppliers for targeted improvement. Suppliers classified as higher risk and lacking a detailed ESG scorecard or rating have been selected for inclusion in our FY26 ESG ratings campaign, which will be conducted in partnership with EcoVadis 3. Building on our achievement of assessing 98% of our supplier spend in FY25, our focus in FY26 is to expand this high level of coverage and continue maturing our risk assessment program	Goal partially met, and carried over to FY26

2. Our actions and progress during FY25

Goal	Key deliverables	Duration	Initiatives undertaken in FY25	Status
2. Supplier performance assessment Undertake detailed assessments of priority suppliers to understand their modern slavery management performance	1. **Prioritisation:** A prioritised list of suppliers based on human rights/modern slavery risks, criticality, industry, and spend for targeted ESG assessment 2. **Evaluation:** Undertake a comprehensive ESG assessment using EcoVadis for prioritised suppliers (focus included modern slavery and human rights)	FY25 & FY26	1. Of our prioritised suppliers, 70% completed the comprehensive ESG assessment, meeting our target of 70% 2. Most suppliers performed to a good standard based on EcoVadis methodology, with results above the global average. However, a small number received low ratings across ESG themes more broadly. These suppliers have been prioritised for targeted engagement in FY26	On track
3. Supplier Code of Conduct Review and update our Supplier Code of Conduct	1. **Content review and alignment:** Assess and refresh the Supplier Code of Conduct to align it with both internal organisational changes and external regulatory requirements, such as updated legislation or industry standards 2. **Stakeholder consultation:** Engage key internal functions to verify that the Supplier Code of Conduct addresses all necessary requirements and obligations 3. **Approval and publication:** Secure approval from the relevant executive team, finalise the updated Supplier Code of Conduct, and publish it for distribution to suppliers	FY25	1. The Supplier Code of Conduct was reviewed and updated to reflect strategic priorities and align with new external regulations and industry standards 2. The review and update was carried out by an internal cross-functional team to verify alignment with relevant obligations and expectations 3. The Supplier Code of Conduct was refreshed to strengthen expectations around ethical sourcing, human rights, and environmental responsibility. The updated version reflects evolving regulatory requirements and industry best practice 4. The refreshed Code will be made public and communicated to suppliers in Q2 FY2	Goal partially met, and carried over to FY26

2. Our actions and progress during FY25

Goal	Key deliverables	Duration	Initiatives undertaken in FY25	Status
4. Modern slavery training Review and update the content of our mandatory Modern Slavery Training	1. **Content review:** Assess and update the modern slavery training to reflect current practices and compliance requirements 2. **Stakeholder engagement:** Collaborate with relevant teams to align training content with organisational goals and policies 3. **Improved content:** Explore opportunities to integrate interactive or engaging learning methods to increase effectiveness 4. **Process and production:** Identify internal teams or external agencies responsible for redesigning the module and executing necessary updates 5. **Compliance:** Training reflects necessary compliance and ethical standards related to modern slavery 6. **Implementation:** Plan and prepare for the implementation of the updated training, aligning with organisational timelines	FY25	1. The training module was fully redesigned due to changes in compliance requirements and organisational policies 2. Employees engage with real-world and fictional scenarios to understand modern slavery risks and Xero's compliance obligations 3. The training helps employees understand their role in preventing modern slavery and Xero's commitment to ethical practices 4. The updated training will be rolled out in Q2 FY26 to align with organisational timelines	Goal partially met, and carried over to FY26

2. Our actions and progress during FY25

Goal	Key deliverables	Duration	Initiatives undertaken in FY25	Status
5. Modern slavery obligations Undertake a review and gap analysis of our current and emerging global disclosure obligations against current practices	1. **Current obligations:** Confirm Xero's current disclosure obligation 2. **Gap analysis:** Identify gaps in Xero's current reporting against key emerging global disclosure obligations 3. **Roadmap:** Prepare alignment with prioritised disclosure guidance (UK Transparency in Supply Chains guidance) and upcoming mandatory obligations	FY25	1. Emerging global mandatory and voluntary disclosure frameworks were identified 2. External legal opinion was received on Xero's current global modern slavery and due diligence disclosure obligations, confirming current compliance 3. Emerging voluntary disclosure frameworks were prioritised based on their relevance 4. A gap analysis was conducted on prioritised disclosure frameworks against current disclosures 5. A roadmap was developed to address identified gaps from prioritised guidance (UK Transparency in Supply Chains guidance) over and above meeting mandatory reporting obligations	Goal met and completed

2. Our actions and progress during FY25

2.2 Other actions

In addition to our committed actions, throughout the course of the year we identified several additional gaps and opportunities.

In FY25, we renewed our membership with the United Nations Global Compact (UNGC) as a corporate member.

Through the UNGC Network Australia 'Modern Slavery Community of Practice' committee, we stay abreast of reporting requirements, best practice, and work collaboratively with peers to exchange information in relation to managing modern slavery risk, and evaluating different management approaches.

Xero is also a member of a sectoral Sustainable Procurement Working Group, comprising global technology leaders committed to driving meaningful change in supply chain sustainability. A key pillar of this group's work is the integration of modern slavery prevention into sustainable procurement strategies. Together, we are working to develop sector-wide tools, standards, and coordinated supplier engagement programs that help address the unique risks in technology sector value chains.

These partnerships not only strengthen our own internal frameworks but also amplify our collective impact across the industry. This collaborative approach enables us to continuously mature and scale the controls we have in place to prevent modern slavery in our operations and supply chain, while helping shape a more ethical and sustainable technology ecosystem.

In FY25, we completed Xero's fourth materiality assessment in accordance with the International Sustainability Standards Board framework. This allowed us to identify and respond to the sustainability issues, risks and opportunities that are most material to our stakeholders to create long-term value at Xero.

The assessment considered a range of inputs, including peer and competitor benchmarking, a review of the Sustainability Accounting Standards Board (SASB) software and IT services sector standard, and Xero's internal policy documents. We reviewed a range of thought leadership documents from leading institutions such as the World Bank, World Economic Forum, and Organisation for Economic Development (OECD) to integrate global macroeconomic and geopolitical trends in the analysis.

We also conducted a full stakeholder engagement exercise by surveying internal and external stakeholders, including our people and investors, and gathering proxy data on our customers.

The initial findings were reviewed by our Environmental, Social and Governance (ESG) Steering Committee, and validated by the Xero leadership team and board of directors (Board).

Responsible sourcing and modern slavery risk continues to be a priority for Xero and we are continuing to take action to improve the performance of our supply chain management, including to appropriately manage this risk.

3. OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

3. Our structure, operations and supply chains

3.1 Our structure

Xero Limited ('the Company') is registered under the New Zealand Companies Act 1993 and is listed on the Australian Securities Exchange (ASX).

It is the parent company of the Xero Group which, as at 31 March 2025, included a total of 30 entities across Australia, New Zealand, the UK, Germany, Denmark, Sweden, Norway, the US, Canada, Hong Kong, Malaysia, Singapore, South Africa and India.

This statement covers the following entities:

XERO GROUP - ORGANISATION STRUCTURE
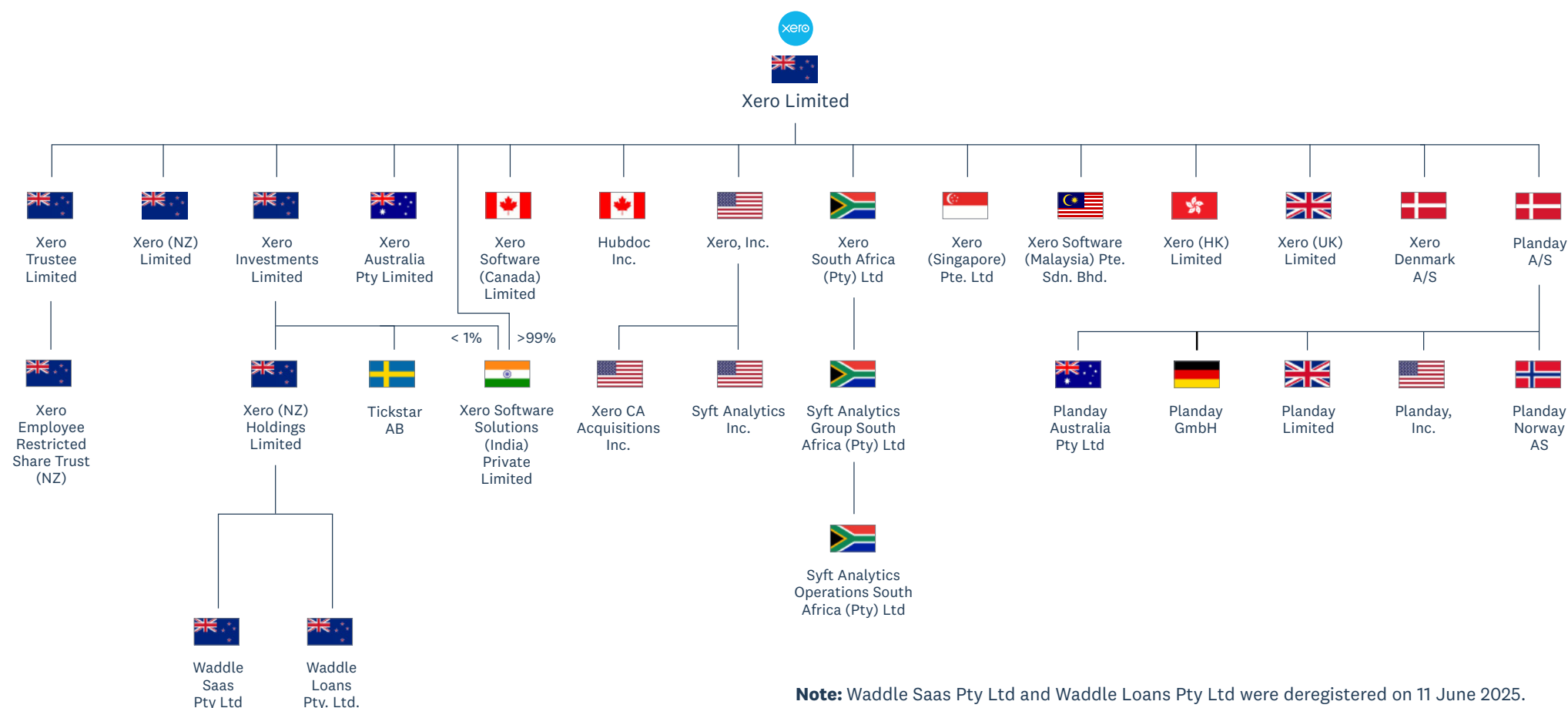
Note: Waddle Saas Pty Ltd and Waddle Loans Pty Ltd were deregistered on 11 June 2025.

As at 31 March 2025, all companies in the Xero Group operated in the information technology sector and/or the financial services sector. Policies and processes are set by Xero Limited and share centralised sustainability, procurement, finance, legal, risk, and company secretarial functions.

3. Our structure, operations and supply chains

3.2 Our operations

Xero is a global small business platform, providing cloud-based business management solutions. Xero's ecosystem of connected apps and connections to banks and other financial institutions helps small businesses access a range of solutions within our platform.

Xero is focused on helping customers in our primary segments — small businesses with 1-20 employees — to complete their most important jobs to be done (JTBD): accounting, payroll and payments. We design primarily for these segments, but customers outside these segments — self-employed businesses with higher revenues and medium (21-100 employees) businesses who have multiple JTBD — also value our product. We continue to support these secondary segments.

As at 31 March 2025, Xero had 4.4 million subscribers worldwide, over 4,600 employees globally and generated total operating revenue of $2.1 billion.
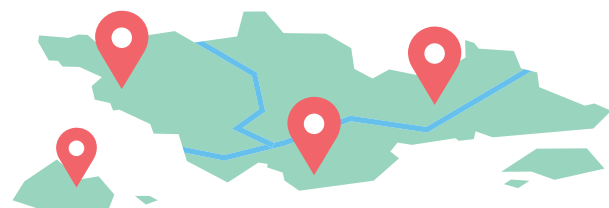
3.3 Our brands

In Australia and the United Kingdom, Xero Limited provides information technology products and services under the brand names Xero, Hubdoc, Planday, Syft, TaxCycle and Tickstar.

3. Our structure, operations and supply chains

XERO IN NUMBERS

30 entities across 14 countries
make up the Xero Group

4,600
Xero employees

4.4 million
global customers

2.1 billion NZD
in operating revenue

700 million NZD
in procurement spend

1,800
direct (tier 1) suppliers

3.4 Our supply chains

At Xero, our total procurement spend is NZD700 million per annum. We have relationships with 1,800 suppliers, and this number is increasing as we continue to grow and expand across the globe.

Our supplier arrangements range from one-off purchases with non-contracted suppliers through to multi-year contract agreements.

We have a mix of short and long-term relationships with our suppliers but, in general, our preferred approach is to build long-term relationships with our suppliers.

Our suppliers are critical to the success of our operations at Xero. They vary in criticality, and risks that may arise with our suppliers are proactively managed.

3.4.1 Roles and responsibilities

Our supplier Business Owners play an essential role in this process. They have the responsibility of owning the business relationship Xero has with the supplier, and therefore the associated risk(s) during the entire supplier relationship lifecycle.

Our centralised global procurement team focuses on the procurement of information and communications technology (ICT), marketing and sales, financial, professional and workplace facilities-related goods and services for the Xero Group.

Contracts and supplier engagements that are of low value (under NZD100,000) and considered low risk can be initiated by employees directly through a 'self-serve' process. This process identifies risks and directs employees to procurement or other internal teams as required.

3. Our structure, operations and supply chains

3.4.2 What we procure

Category	Description
Marketing & Sales	This was our largest category of spend in FY25, comprising around 40% of our total procurement spend by value. It's made up of advertising and media spend (including digital), agency spend (advertising, marketing and public relations), events (e.g. Xerocon conferences and regional roadshows), sponsorships, creative marketing services, sales, and public relations related services and merchandise
Information and communications technology (ICT)	This was our second largest category of spend in FY25, representing more than one quarter of our total procurement spend by value. This category includes software, hosting and cloud platform services, IT hardware, telecommunications and network technology and services
Professional Services	Our spend in this category is mainly made up of software engineering and development, consulting, legal and other professional services. It represented more than 10% of our total spend by value in FY25
Workplace and Facilities	This category of spend represented approximately 7% of total spend in FY25, and includes office leasing costs and the range of suppliers Xero engages with to develop and maintain our global offices premises in more than 10 locations, including: project management companies, architects, construction contractors, relocation providers and furniture suppliers. Each office also requires goods and services such as cleaning services, electricity, office maintenance, consumables and stationery
Other notable procurement categories	• Banking and payments • Recruitment, healthcare, contractor and training services • Financial and insurance services • Travel and entertainment

3. Our structure, operations and supply chains

3.4.3 Where we procure from

During FY25, we were directly invoiced by 1,800 suppliers across 35 countries. Around three quarters of our direct suppliers are located in New Zealand, Australia, the US and the UK.

These countries have a low prevalence of modern slavery and governments that take strong action against it.

The following diagram is a visual representation of human rights risks across different geographies, based on data extracted from the Global Slavery Index (2023). An overview of the key markets that we procure from is provided on the right hand side of the diagram.

XERO'S SUPPLY CHAIN MAP

Low   **High**

Reference: Country risk rating taken from 2023 Global Slavery Index (Minderoo Foundation's Walk Free Initiative)
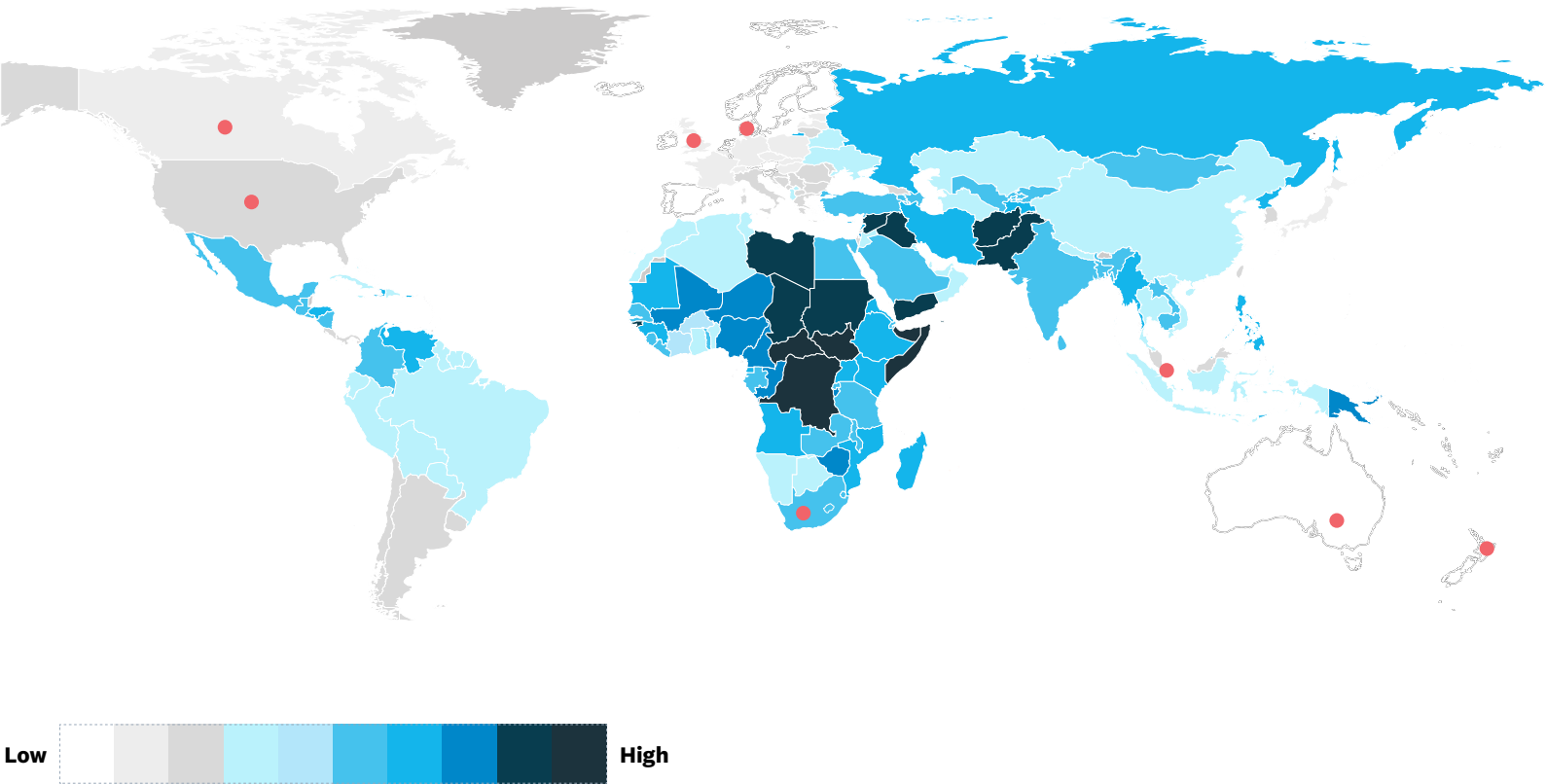
Australia
17% of total spend
18% of supplier count

Canada
2% of total spend
5% of supplier count

Denmark
1% of total spend
5% of supplier count

New Zealand
40% of total spend
21% of supplier count

Singapore
1% of total spend
3% of supplier count

South Africa
1% of total spend
5% of supplier count

United Kingdom
13% of total spend
16% of supplier count

United States
21% of total spend
19% of supplier count

Other
4% of total spend
8% of supplier count

4. MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

4. Modern slavery risks in our operations and supply chains

Xero is an active member of the United Nations Global Compact Network Australia. The United Nations Guidelines on Business and Human Rights (UNGPs) inform how Xero manages the risks of modern slavery in our operations and supply chains.

As explained in the UNGPs, a business' operations and its supply chains are at risk of creating adverse human rights impacts and being involved in modern slavery. This is defined in three ways:

- causing modern slavery or impacting human rights through their operational activities,

- contributing to modern slavery or human rights impacts through their operational activities, or

- being linked to modern slavery or human rights impacts through the supply chain sourcing of goods and services used in its operations.

We recognise that modern slavery is a global and complex problem. Many of the risks and factors contributing to modern slavery extend far beyond the control and reach of any one entity, and Xero recognises that it has a role to play as a large company with a global supply chain and workforce. We take meaningful action using the legal, policy, operational and management settings we control, and leveraging our influence to effect change where we don't have direct control.

CIRCLE OF CONCERN

Global modern slavery

Global supply chains

Global economic factors

Global corruption

SPHERE OF INFLUENCE

Climate Change

Pandemics

Our customers

War

Our tier 2 suppliers

Our partners

SaaS sector network

Accountants & bookkeepers

CIRCLE OF CONTROL

- Our controlled entities
- Our technology & service offering
- Our tier 1 suppliers
- Our policies, procedures and processes
- Our risk appetite and controls
- Our management of issues & incidents
- Our contracts and agreements
- Training for staff
- Support services

4. Modern slavery risks in our operations and supply chains

4.1 Our risk framework

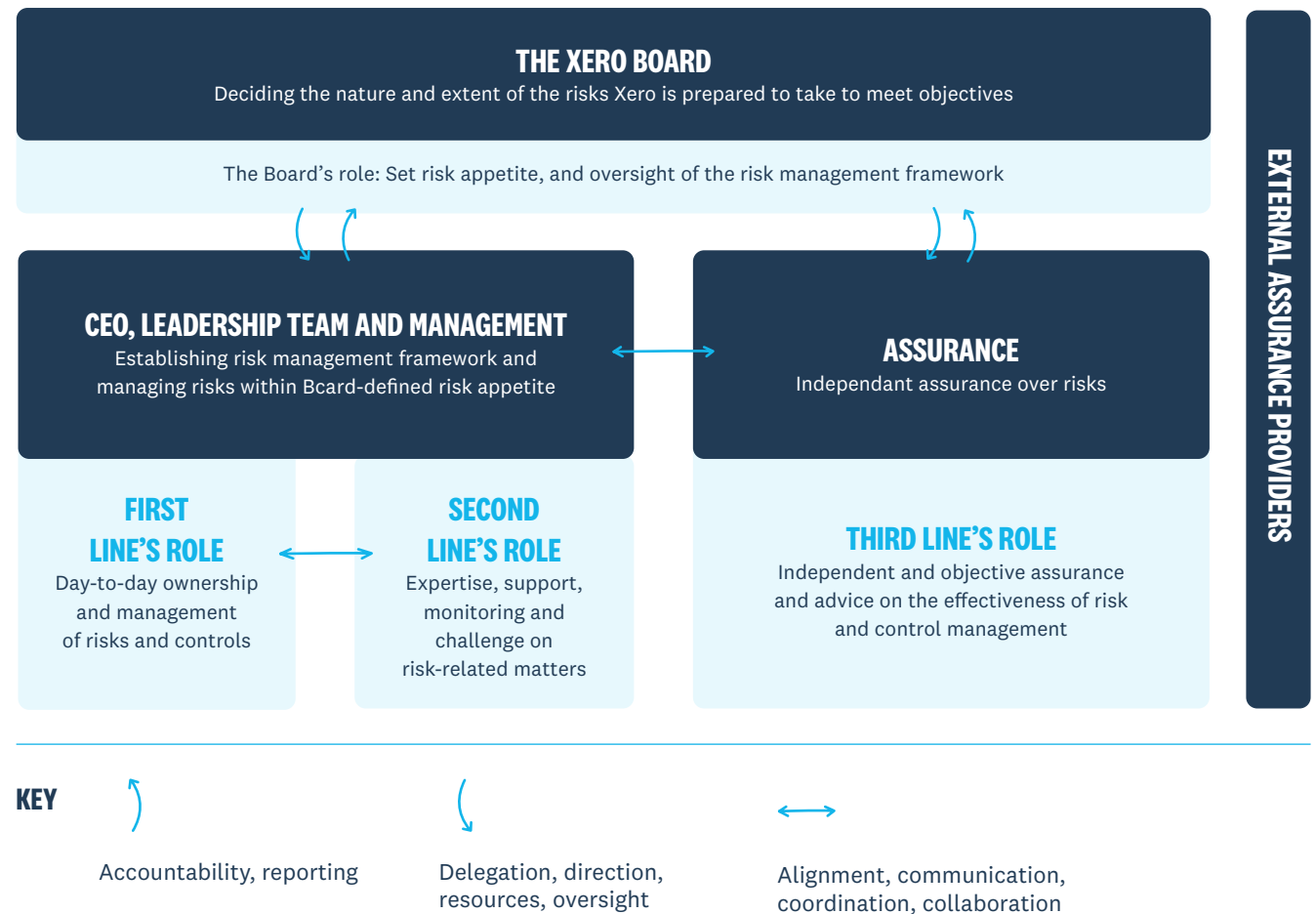At a strategic level, modern slavery risks are managed in accordance with Xero's existing risk management framework, which is designed to identify material risks that may impact our ability to achieve our strategic priorities. The Board is ultimately responsible for overseeing Xero's risk management framework and setting the risk appetite which the Board expects management to operate. The Audit and Risk Management (ARM) Committee assists the Board to oversee the risk management, compliance, corporate reporting, tax and audit practices of Xero and its subsidiaries.

The ARM Committee Charter sets out its responsibilities for monitoring the adequacy and effectiveness, and management's implementation, of Xero's risk management framework. This includes how Xero identifies, assesses, monitors and manages current and emerging financial and non-financial risks.

The day-to-day implementation and monitoring of the risk management framework is the responsibility of Xero's Executive Leadership Team (XLT) and management.

XERO'S RISK MANAGEMENT ACCOUNTABILITY – THREE LINES MODEL

THE XERO BOARD
Deciding the nature and extent of the risks Xero is prepared to take to meet objectives

The Board's role: Set risk appetite, and oversight of the risk management framework

CEO, LEADERSHIP TEAM AND MANAGEMENT
Establishing risk management framework and managing risks within Bcard-defined risk appetite

ASSURANCE
Independant assurance over risks

FIRST LINE'S ROLE
Day-to-day ownership and management of risks and controls

SECOND LINE'S ROLE
Expertise, support, monitoring and challenge on risk-related matters

THIRD LINE'S ROLE
Independent and objective assurance and advice on the effectiveness of risk and control management

EXTERNAL ASSURANCE PROVIDERS

KEY

Accountability, reporting

Delegation, direction, resources, oversight

Alignment, communication, coordination, collaboration

4. Modern slavery risks in our operations and supply chains

4.2 Modern slavery risks in our operations

4.2.1 Direct labour

Xero has physical office locations in more than 10 countries.

Almost all (more than 99%) of our global workforce is located in countries considered to be at low risk of modern slavery and with governments who take strong action against it.[1]

We have a small number of employees in countries where local laws and regulations to counter modern slavery are not as strong, but these employees are employed by the Xero Group directly and subject to the same robust hiring processes as all other Xero employees globally.

As a software company, our workforce predominantly comprises skilled labour. As part of our standard recruitment processes, we undertake a range of checks to satisfy ourselves that our employees are legally allowed to work and have valid identity documents and/or visas for the location where they will be working. We do not employ children in any capacity within the Xero Group.

As part of our standard due diligence process, we verify that employees have their salary paid into an account in their name or a joint bank account of which they are a signatory. This is to verify that salary payments are not directed to an account that belongs to someone else.[2]

As such, we consider the risk of modern slavery and human trafficking in our directly-employed workforce to be low, and managed appropriately within Xero's existing risk management framework.

4.2.2 Indirect labour

From time to time we may call upon external providers to supply us with workers to meet temporary peaks in demand. We may also engage workers on short-term or temporary contracts.

The majority of these workers are skilled workers. This represents a very small part of our overall operating workforce: 90% of our people are direct employees of Xero, meaning only 10% are contingent workers.

Where we use agencies to provide contingent workers in New Zealand, these companies are part of a panel of providers who are pre-screened, and have signed our Supplier Code of Conduct (**Supplier Code**). They are contractually bound to satisfy that the workers they supply to Xero are paid fairly in accordance with the law in the jurisdiction where they are working, and are not victims of modern slavery or human trafficking.

In all other locations, agencies supplying workers or contractors are governed by supplier agreements and must also agree to comply with our Supplier Code. Of the contingent workforce Xero used in FY25, 75% were located in countries considered to be at low risk of modern slavery and with governments who take strong action against it.[1]

The Xero Group also has a range of contracts with specialist providers of contract consulting services, notably in the information technology sector, who may supply workers to work partly or exclusively on a scope of work agreed with Xero. These providers are treated as suppliers and the risk associated with their workforce is managed in accordance with the supply chain risk management process outlined below.

In FY24, we conducted an in-house desktop audit and a third-party certified onsite audit of our principal contingent labour provider based in India to verify that worker conditions meet Xero's standard recruitment and labour rights conditions.

This entailed a review of policies, HR-related documentation, worker interviews and workplace inspections. Our supplier achieved a 100% rating in all categories with no red flags or issues identified. We will continue to undertake periodic reviews to satisfy ourselves that these conditions continue to be met

---

[1] As defined in the United Nations Guiding Principles on Business and Human Rights, 2011
[2] Some exceptions may apply

4. Modern slavery risks in our operations and supply chains

4.2.3 Other third parties

We also work with third parties who form part of our broader ecosystem and contribute to generating operating revenue. These third parties are treated differently from suppliers and fall into three main groups:

- Accounting and bookkeeping partners, who may recommend and on-sell Xero products to their clients
- Developers and strategic partners who create software that connects to the Xero platform, including apps available for purchase in the Xero App Store
- Banks and financial institutions who provide direct data feeds into our platform and products

In FY24, we undertook a risk assessment of our developers and strategic partners to understand our indirect modern slavery risk exposure and the current controls we have in place.

Based on our assessment, the risk associated with the entities reviewed was considered low. Given this lower risk profile, we incorporated modern slavery clauses into our standard partnership agreements but have not implemented additional controls at this time.
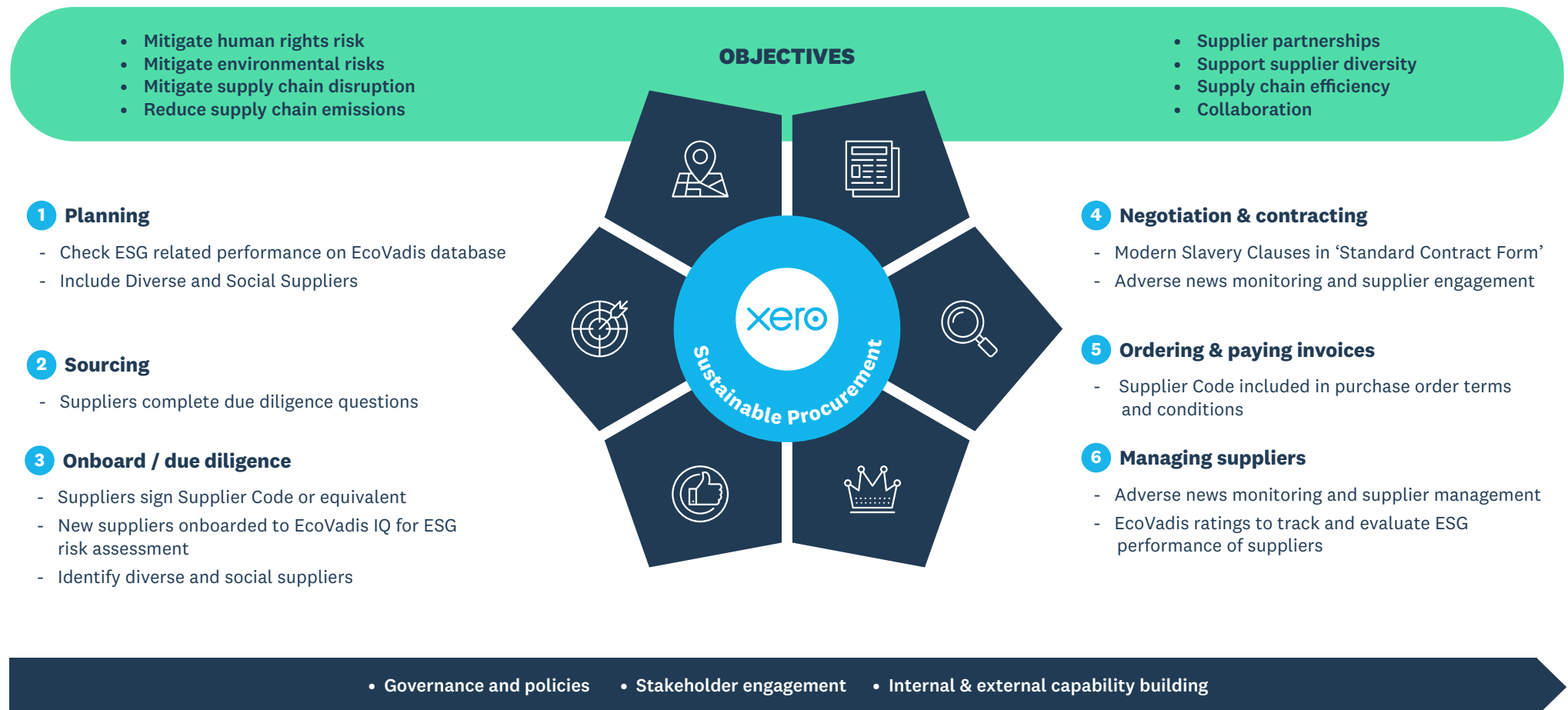
4. Modern slavery risks in our operations and supply chains

4.3 Modern slavery risks in our supply chain

4.3.1 Our procurement process

Modern slavery and broader sustainability controls are embedded in different stages of Xero's procurement process. Refer to the diagram below for an overview of the different measures.

Many of the measures that are currently in place focus on broader sustainability but modern slavery consideration is very much a focus as it is part of our Supplier Code of Conduct (Supplier Code) risk assessments, due diligence measures, detailed supplier performance assessments and physical audits.

OBJECTIVES

- Mitigate human rights risk
- Mitigate environmental risks
- Mitigate supply chain disruption
- Reduce supply chain emissions

- Supplier partnerships
- Support supplier diversity
- Supply chain efficiency
- Collaboration

Sustainable Procurement

1 Planning
- Check ESG related performance on EcoVadis database
- Include Diverse and Social Suppliers

2 Sourcing
- Suppliers complete due diligence questions

3 Onboard / due diligence
- Suppliers sign Supplier Code or equivalent
- New suppliers onboarded to EcoVadis IQ for ESG risk assessment
- Identify diverse and social suppliers

4 Negotiation & contracting
- Modern Slavery Clauses in 'Standard Contract Form'
- Adverse news monitoring and supplier engagement

5 Ordering & paying invoices
- Supplier Code included in purchase order terms and conditions

6 Managing suppliers
- Adverse news monitoring and supplier management
- EcoVadis ratings to track and evaluate ESG performance of suppliers

- Governance and policies   • Stakeholder engagement   • Internal & external capability building

4. Modern slavery risks in our operations and supply chains

4.3.2 Our modern slavery risk assessment model

In FY24, we enhanced our supplier risk assessment framework to better address modern slavery and broader ESG risks. Building on this work, in FY25 we adopted EcoVadis' Risk IQ Solution to evaluate both new and existing suppliers. This third-party tool enables us to identify, assess and monitor modern slavery risks at scale — providing comprehensive supplier risk profiles based on country, industry, and company-specific data.

Our assessment now considers a wide range of risk factors, including social, ethical, environmental and supply chain management criteria. We use multiple data sources, including supplier self-disclosures, third-party databases, and stakeholder feedback to evaluate supplier performance. These insights help us identify strengths, areas for improvement, and potential risks — including those related to modern slavery — across our supply base.

To prioritise supplier assessments, we segment our supply base using a combination of factors: the level of modern slavery and ESG risk, the supplier's criticality to our operations, and our level of spend with them. This approach helps us focus our efforts where our leverage is greatest and where the risks or potential impacts are most significant.

Using our new approach in FY25, we assessed more than 1,000 of our suppliers, covering 98% of our supplier spend and spanning across more than 80 industries and 35 countries.

Based on the detailed risk assessments of our suppliers, our labour and human rights supply chain risk exposure is predominantly in the very low, low and medium-low spectrum. Only around 12% of suppliers are considered medium risk. We will prioritise our medium risk suppliers for the detailed ESG assessment.

In FY25, we assessed the ESG risk profile for the vast majority of our recurring suppliers.

This has enabled the segmentation of our suppliers based on ethical, social, and environmental risk factors and help us further prioritise which suppliers should undergo a detailed ESG performance assessment.

A significant portion of Xero's purchases go through our central procurement process, which allows us to centrally assess the risk of modern slavery and human trafficking in a large number of our transactions.

We recognise that where employees are able to make smaller purchases directly, there is an increased risk related to suppliers who are not part of our formal procurement process. As a result, our modern slavery awareness training is mandatory for all Xero employees.

For further information on deliverables and achievements, see Section 2.

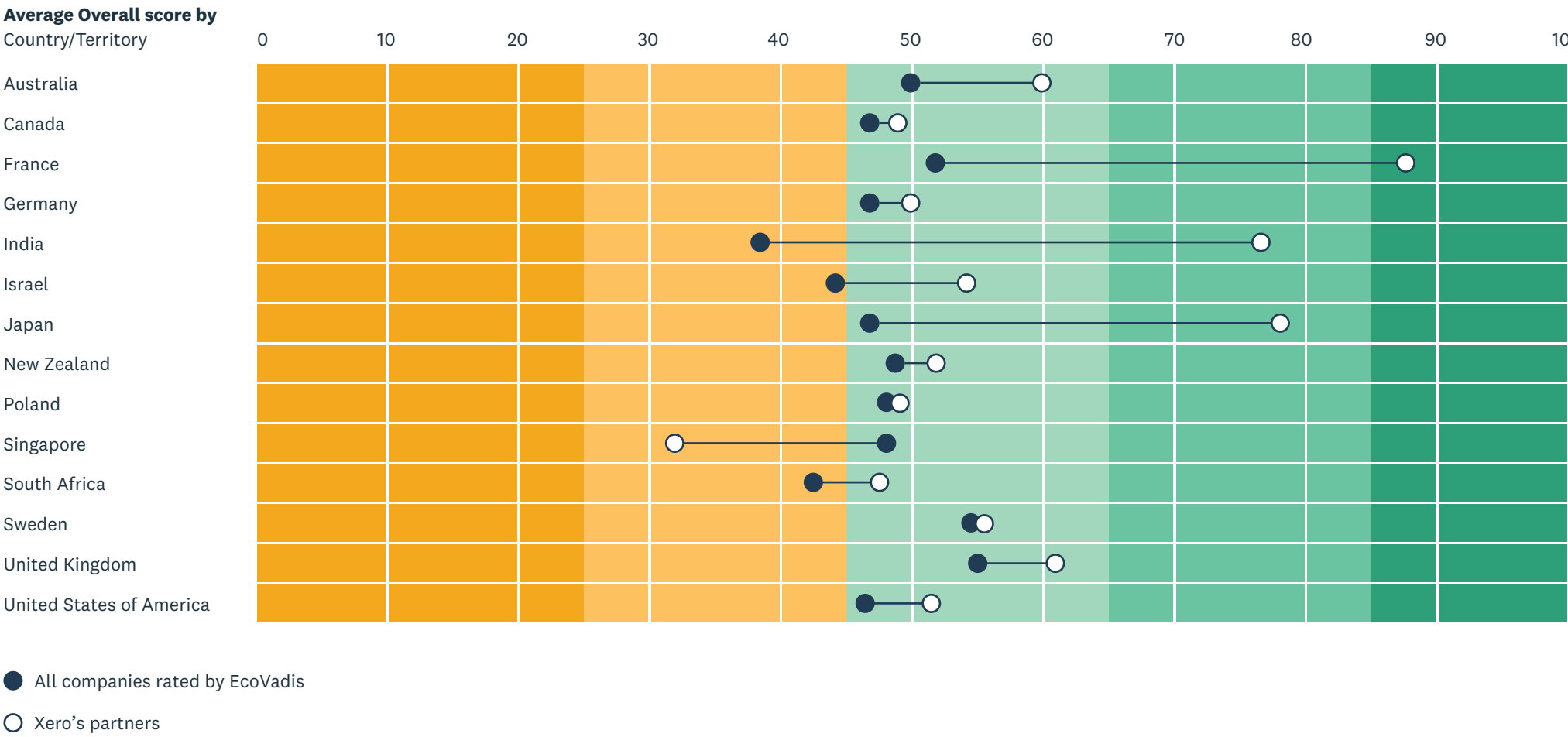# 4. Modern slavery risks in our operations and supply chains

LABOR AND HUMAN RIGHTS RISK DISTRIBUTION

66	86	473	335	64	2
Undefined	Very Low	Low	Medium Low	Medium High	High
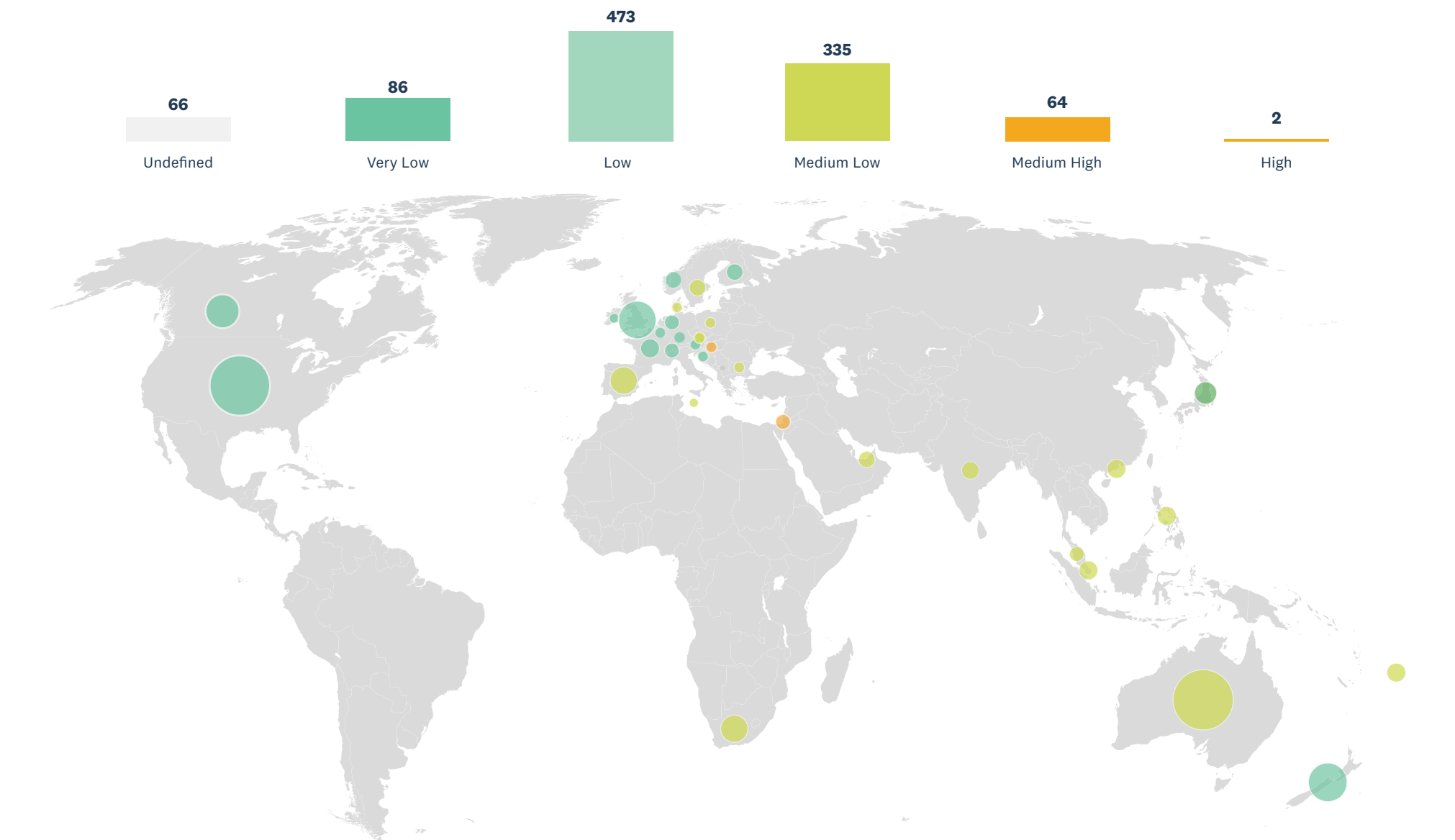
The size of the bubble represents the concentration of supplier by region

4. Modern slavery risks in our operations and supply chains

SUPPLIER INSIGHTS: ESG RATINGS

Average Overall score by Country/Territory

Country/Territory	All companies rated by EcoVadis	Xero's partners
Australia	48	60
Canada	46	50
France	52	88
Germany	46	50
India	40	77
Israel	46	54
Japan	48	78
New Zealand	48	52
Poland	47	48
Singapore	30	47
South Africa	42	47
Sweden	54	55
United Kingdom	55	60
United States of America	47	52

● All companies rated by EcoVadis

○ Xero's partners

4. Modern slavery risks in our operations and supply chains

4.3.3 Specific sector, product and service-related risks

Xero is committed to minimising the risk of directly causing modern slavery and/or contributing to it. Our procurement team is trained in modern slavery issues, including the potential effect that unrealistic cost and timing expectations may have on encouraging modern slavery. Our people are also required by our Code of Conduct to report any suspected breaches of the law, including instances of modern slavery.

We recognise that some sectors, products and services in our supply chains, in particular when sourced from higher risk regions, may create an amplified modern slavery risk[3,4]. The following two tables outline the nature of these risks within our business and how we managed these in FY25.

Total number of direct suppliers

1,800

Total spend

700 million NZD

Suppliers are situated across

28 countries

Sector	Key geographies	Main types of modern slavery risk	Type of potential impact[3]	Xero's risk exposure and management	Risk level[4]
Accommodation	• Australia • Canada • New Zealand • United Kingdom • United States	• Debt bondage • Slavery • Human trafficking	Direct link	Our corporate travel provider was assessed using Xero's third-party outsourced risk assessment process in FY25, providing insight into actions to manage modern slavery risk exposure	Lower
Cleaning	All countries where Xero has physical offices	• Forced labour • Debt bondage • Slavery • Human trafficking	Direct link, Contribute	A 'category deep dive' was undertaken in FY22, suppliers have been assessed and improvement recommendations have been provided. In FY25, we assessed provider risk using EcoVadis' IQ solution, and our major cleaning providers have completed a detailed EcoVadis ratings assessment	Medium

[3] As defined in the United Nations Guiding Principles on Business and Human Rights, 2011
[4] As defined in our 2020 broad-based supplier risk assessment

4. Modern slavery risks in our operations and supply chains

Sector	Key geographies	Main types of modern slavery risk	Type of potential impact[3]	Xero's risk exposure and management	Risk level[4]
Construction	All countries where Xero has physical offices	• Forced labour • Child labour • Slavery • Human trafficking	Direct link	Office fit-out and construction of physical premises for Xero offices is managed through rigorous tender processes to select providers who are willing to agree to comply with our Supplier Code	**Medium**
Electronics	• China • Malaysia • Hong Kong • Japan	• Forced labour • Child labour • Debt bondage • Human trafficking	Direct link, Contribute	Purchase of electronic equipment (IT hardware, audio visual equipment and mobile phones) is managed through preferring established suppliers with a commitment to working to prevent modern slavery	**Medium**
Event management and food services	All countries where Xero has physical offices	• Forced labour • Child labour • Slavery • Human trafficking	Direct link	Purchase of event management services, including catering, at Xero events is managed through supplier screening at the point of tendering	**Medium**
Digital and technology advisory and delivery services	• Australia • Canada • India • New Zealand • United States	• Debt bondage • Slavery • Forced labour	Contribute	Using professional services firms to provide advisory, delivery and resource augmentation services in the digital and technology space is managed through a panel of approved providers, due diligence at the point of contact and through our Supplier Code	**Medium**
Office fittings	All countries where Xero has physical offices Additionally, key countries of origin including • China	• Forced labour • Debt bondage • Slavery • Human trafficking	Direct link	Purchase of items to fit out Xero offices is managed through preferring established suppliers that have committed to working to prevent modern slavery and agreed to our Supplier Code	**Higher**

[4] As defined in the United Nations Guiding Principles on Business and Human Rights, 2011
[5] As defined in our 2020 broad-based supplier risk assessment

4. Modern slavery risks in our operations and supply chains

Sector	Key geographies	Main types of modern slavery risk	Type of potential impact[3]	Xero's risk exposure and management	Risk level[4]
Apparel and merchandise	• Australia • Bangladesh • Bulgaria • Canada • China • Germany • New Zealand • United Kingdom • United States	• Forced labour • Debt bondage • Child labour • Slavery • Human trafficking	Contribute	A 'category deep dive' was undertaken in FY23, suppliers have been assessed and improvement recommendations have been provided. Purchase of employee t-shirts and promotional merchandise for use in Xero offices and at Xero events is managed through preferring established suppliers that have committed to working to prevent modern slavery and agreed to our Supplier Code	**Higher**
Food and beverage	All countries where Xero has physical offices	• Debt bondage • Slavery • Forced labour	Contribute	Catering at Xero events is managed through rules and policies set for the event management company by Xero. Catering at Xero offices is managed by individual offices	**Higher**
Stationery	• Various countries	• Forced labour • Debt bondage • Slavery • Human trafficking	Direct link	Purchase of items of stationery for use in Xero offices and at Xero events is managed through preferring established suppliers that have committed to working to prevent modern slavery and agreed to our Supplier Code	**Higher**

* Xero also has some modern slavery risks deep in its supply chain, including child labour, forced labour, debt bondage and human trafficking in agriculture, extractives, fisheries, forestry, timber and textiles.

[4] As defined in the United Nations Guiding Principles on Business and Human Rights, 2011
[5] As defined in our 2020 broad-based supplier risk assessment

4. Modern slavery risks in our operations and supply chains

Our understanding of the UNEP's (United Nations Environment Programme) continuum of involvement

Cause	Contribute	Directly linked	No involvement
A company may **cause** modern slavery if its own activities directly result in a modern slavery impact.	A company may **contribute** to modern slavery if its activities significantly contribute to modern slavery caused by another party, including acts or omissions that may facilitate or incentivise modern slavery.	A company may be **directly linked** to modern slavery if the impact is directly linked to its operations, products or services by its business relationships. Direct linkage may occur even where there is no direct contractual relationship.	A company may **not be linked** to a modern slavery impact.

Responding to impact

Take action where possible to improve human rights outcomes

Seek to prevent or stop the impact; provide for or cooperate in remediation.

Seek to prevent or stop contribution; use leverage to mitigate any remaining impact, as far as possible; provide for or cooperate in remediation.

Seek to build or use leverage to prevent and mitigate the impact and consider whether to stay in relationship if there is no leverage; show ongoing efforts to mitigate the impact; potentially take a role in remediation.

Source: Adapted from United Nations Guiding Principles on Business and Human Rights, 2011

4. Modern slavery risks in our operations and supply chains

4.3.4 Location-specific risks

Around 11% of our direct suppliers are located in countries that have a medium or high modern slavery risk. The large majority of those are in South Africa and Singapore, where Xero has a physical presence. Refer to Section 3 for a more detailed overview.

Marketing and event services, office fit-out services, information technology, data migration, travel and professional services are the main categories of goods and services that we procure from our suppliers in these countries.

As a result of their country of origin and/or delivery, suppliers of these goods and services are considered higher risk and are managed in accordance with our enhanced due diligence process.

Our country's risk profiles are informed by international indices, including the Walk Free 2023 Global Slavery Index, The UNESCO Worldwide Governance Indicators (WGI) project, and the US State Department's Trafficking in Persons Report 2022.

As is the case for most reporting entities, country/location for our supply chain is based on the supplier's address in our accounts payable system and may not reflect the location from which products and/or services are delivered.

At present, our key mechanism for managing modern slavery risks in our extended supply chains is the requirement that our suppliers comply with our Supplier Code and notify us of any actual or potential breaches of it (see Section 5).

In addition, through our risk–based supplier due diligence process we also ask our direct suppliers questions on their supply chain to understand what controls they have in place.

Due to the nature of our spend profile and supplier arrangements, we deem our modern slavery risk exposure to be relatively low and therefore current controls to manage our extended supply chain to be adequate.

However, should a specific procurement arrangement be deemed higher risk, we would evaluate whether the current measures are sufficient or whether additional controls are warranted, for instance the more detailed supplier ESG assessment.

5. OUR GOVERNANCE PROCESSES AND CONTROLS TO MANAGE MODERN SLAVERY RISKS

5. Our governance processes and controls to manage modern slavery risks

Xero is committed to high standards of corporate governance. Our Board is ultimately responsible for ensuring we have an effective framework in place to manage modern slavery risks, as part of our broader ESG and risk management approach. For further details, refer to Section 4.

The sustainability and impact team leads the implementation and coordination of Xero's modern slavery program, ensuring we meet legal obligations and advance our commitments. This work is carried out in close collaboration with key functions across the business.

Ownership of day-to-day modern slavery risk management sits with First Line of Defence leaders in procurement, people experience (HR), and partnerships. These teams are responsible for applying controls, escalating incidents through our incident management process, and addressing any identified risks (see Our Key Controls for further detail).

Second Line of Defence specialists provide independent oversight, expert advice, and challenge to ensure risks are effectively managed (see Expertise and Resourcing for more information).

Our modern slavery approach is supported by a suite of policies, including due diligence and remediation processes, which are embedded into our broader risk framework.

To encourage strong coordination and oversight, Xero has established a cross-functional modern slavery working group, comprised of senior leaders and managers. This group meets regularly to review reporting requirements, monitor progress against our commitments, and oversee the delivery of our work plan.

Governance is further supported by the ESG Steering Committee, made up of Executive General Managers and key business representatives. Both forums play a key role in reviewing and escalating material modern slavery and ESG issues to Xero's Executive Leadership Team (XLT) and the Board's ARM Committee.

In FY24, we developed and implemented a Sustainability Incident Management Plan (SIMP), which has been integrated into Xero's Group Incident Management Process. This provides a formal mechanism to escalate material ESG and modern slavery incidents to the XLT and ARM Committee.

Board

↑↓

ARM Committee

↑↓

CEO

↑↓

Executive Leadership Team

↑↓

ESG Steering Committee

↑↓

Sustainability and impact team

5.1 Our key controls

Control type	Description	Scope of control
Expertise and resourcing	One of our key controls for managing modern slavery risk is establishing that this work is adequately resourced, and we have the right level of expertise and systems in place. At Xero, several teams are directly or indirectly responsible to make certain that modern slavery risk is adequately managed, aligned to legislative requirements and consistent with good practice: **Modern Slavery Working Group:** Key representatives from various business functions that are responsible for day-to-day management of modern slavery risk collaborate to implement consistent practices to address modern slavery and contribute to the production of the Modern Slavery Statement. **Sustainability and impact team:** Coordinates the Modern Slavery Working Group, is responsible for the production of the Modern Slavery Statement, stays abreast of current and emerging modern slavery legislation. Provides advice to the business and key functions on actions that must be undertaken to manage the risk to a satisfactory standard, develop and implement staff training, and compiles the quarterly modern slavery risk report for the ARM Committee. **Enterprise risk team:** Responsible for developing and maintaining the enterprise risk framework, risk radar and tools to support the identification and reporting of enterprise-wide risks and issues including the ESG-related risks that are reported to the ARM Committee/Board. **Procurement team:** Responsible for identifying modern slavery risks in our supply chain implementing developed controls (due diligence, Supplier Code etc.), identifying opportunities for improvement, and point of contact for supplier engagement. **People experience (human resources) team:** Responsible for maintaining employee codes and standards and ensuring these are consistent across the markets Xero operates in. **Legal team:** Responsible for advising Xero on its legislative modern slavery requirements.	**Resources and skills**

5. Our governance processes and controls to manage modern slavery risks

Control type	Description	Scope of control
Recruitment due diligence	We operate a robust recruitment process that includes right to work checks for prospective employees (see Section 4 above).	**Employees**
Modern slavery awareness training	We require everyone at Xero, including our senior leaders, to complete training to help them identify the warning signs of modern slavery and understand how to raise concerns. In addition, our procurement specialists undertake more comprehensive and third-party certified training. See the 'Procurement team training' control for more detail. Xero's Board has been provided with the same content in an appropriate format, with additional information to facilitate their oversight of the risk of modern slavery in our operations and value chain.	**All employees**
Procurement team training	The Procurement team is required to undertake an annual Ethical Procurement and Supply Chain Certification training provided by the Chartered Institute of Procurement and Supply (CIPS), in order to better recognise situations that constitute a heightened risk for modern slavery and help safeguard against unethical behaviours in our supply chain.	**Procurement team**
Standard contractual terms	Our standard form contracts include language requiring our suppliers to comply with all laws applicable to their business including federal, local, and international (including modern slavery and human trafficking laws) that apply wherever they do business. Our Developer's Terms were amended in FY24 to include modern slavery considerations.	**Suppliers and API Partnerships**

Control type	Description	Scope of control
Supplier Code of Conduct (Supplier Code)	Our Supplier Code of Conduct is aligned with international standards, including the UN Guiding Principles on Business and Human Rights. It outlines the minimum expectations we have of our suppliers in key areas such as modern slavery, human and labour rights, and anti-bribery and corruption. We communicate these expectations to all new and existing suppliers and require them to assess their compliance with the Supplier Code. Suppliers must notify us if they are unable to meet the standards or become aware of any actual or potential breaches. We also expect suppliers to apply these standards throughout their own supply chains. Where non-compliance is identified, we aim to work with the supplier to address and resolve the issue, prioritising outcomes that protect affected workers. However, if a supplier is unwilling or unable to meet our expectations, we reserve the right to terminate the relationship and engage an alternative supplier.	**Suppliers**
Supplier due diligence	Our supplier due diligence approach is guided by ISO 20400 (the international standard for sustainable procurement), relevant legislation, and global best practice. We apply a risk-based methodology, tailoring the depth of our due diligence to the risk profile of each supplier relationship. Key risk factors include the supplier's industry, category of goods or services, geographic location, and engagement model. We use a combination of tools to assess and monitor suppliers, including desktop assessments, supplier self-assessments, interviews, and — where warranted — on-site audits. These activities help us gain visibility into suppliers' practices, identify potential modern slavery risks, and implement mitigation strategies early in the engagement process.	**Suppliers**
Comprehensive supplier assessments	For suppliers prioritised based on their modern slavery risk profile, criticality to our business, or other key criteria, we deploy a comprehensive performance assessment as a key control. This process goes beyond initial risk screening and involves a detailed, evidence-based evaluation of a supplier's ESG management systems, with a specific focus on their performance in relation to labour and human rights. Using a third-party assessment platform, this control provides us with a detailed scorecard of the supplier's policies, actions, and results. This allows us to: • Verify the maturity of their modern slavery management systems • Identify specific performance gaps or areas of weakness • Initiate remediation where necessary If the assessment identifies performance gaps, we work collaboratively with the supplier to develop and implement a formal corrective action plan. This ensures that identified risks are addressed and that the supplier is supported in making tangible improvements to their practices, which we then monitor over time. Refer to our Modern slavery risk assessment model for further detail.	**Suppliers and other third parties**

5.2 Incidents and remediation processes

In FY24, Xero started implementing the EcoVadis platform to assist with supplier ESG Assessments. One of its key attributes is its adverse media screening tool, which we started implementing in FY25. This tool notifies us of any controversial activity our supplier base may be implicated in, complementing Xero's Whistleblower Policy and process we already haved in place. No major controversies were identified in FY25.

As outlined in Section 5, we have a Sustainability Incident Management Plan (SIMP), which provides a detailed overview of how sustainability incidents arise, their characteristics, and how they are to be managed. The Plan's process is fully aligned to our existing Incident Management Plan and Processes.

This will support a more standardised remediation process should incidents arise.

We have a number of mechanisms that allow our employees and third parties to report concerns about suspected or actual improper conduct, including modern slavery. These include:

Reporting Mechanism	Description	Scope of mechanism
Raising concerns directly	Our modern slavery awareness training encourages our people to be alert to any situation that doesn't feel right to them and could possibly involve modern slavery, and to raise their concerns directly with the procurement or legal team. Our people are also required by our Code of Conduct to report any suspected breaches of the law, including instances of modern slavery. We also have internal Slack channels devoted to sustainability and ethics, where our people ask questions about things that might not seem right to them. We refer their concerns to the procurement, people experience or legal team depending on the nature of the concern.	**All Xero employees**
Raising concerns anonymously	Our Whistleblower Policy covers whistleblowing concerns raised by anyone who currently works or formerly worked at any entity in the Xero Group (including contractors and consultants, associates of Xero, secondees, volunteers, interns, casual workers and agency workers) as well as any current or former supplier of goods or services (paid or unpaid) to any entity in the Xero Group, and their relatives, dependants or spouses. Our Whistleblower Policy supports the reporting (including anonymously) of concerns about illegal or unethical conduct. The policy is available on Xero's website and to employees via Xero's intranet.	**All Xero employees, contractors and consultants, associates of Xero, secondees, volunteers, interns, casual workers and agency workers**

6. ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

6. Assessing the effectiveness of our actions

At Xero, we recognise that addressing modern slavery requires proactive leadership, transparency, and sustained action. In FY25, we took significant steps to enhance how we identify, assess and manage modern slavery risks across our operations and supply chain — not only to meet compliance requirements, but to drive meaningful change and better outcomes for vulnerable workers.

We strengthened our governance framework, implemented more robust supplier due diligence processes, and expanded awareness and capability-building efforts across the business. These initiatives were aligned with our modern slavery objectives and KPIs, which focus on risk identification, supplier engagement and internal capability.

Key actions and outcomes in FY25 included:

- **Completing a comprehensive ESG (including modern slavery) risk assessment** of 98% of recurring suppliers using EcoVadis, with effectiveness measured by our comprehensive risk profile of suppliers

- **Undertaking targeted performance evaluations**, with effectiveness in this area measured by suppliers' responses to future corrective actions

- **Updating our Supplier Code of Conduct** to reflect evolving modern slavery legislation and expectations. This will be published and shared with our suppliers in FY26, with effectiveness measured by suppliers' compliance with the updated Supplier Code

- **Redesigning and rolling out modern slavery training**, Training needs have been assessed and a gap analysis completed. We've developed updated modern slavery training which will be undertaken by all Xeros in FY26, with effectiveness measured by the training completion rate

- **Conducting a global disclosure gap analysis** to assess our current compliance and readiness for emerging mandatory reporting requirements. This has informed our roadmap for continuous improvement in our disclosures and practices in line with the Modern Slavery Act and similar regulations. Effectiveness in this area will be measured by our continued regulatory compliance

These actions reflect our ongoing commitment to using our influence responsibly, raising supplier standards, and strengthening resilience in our supply chain. We are continuing to monitor progress through defined KPIs and internal reviews to ensure our efforts are effective and continually improving.

7. OUR NEXT STEPS

Looking ahead to the financial year ending 31 March 2026 (FY26), Xero will focus on five action areas and report quarterly to the ARM Committee on our progress towards achieving these:

Existing goals

GOAL 1 : Supply chain risk assessment

Actions still to be completed in FY26:

Remediation: Implement the pathway to address the ESG performance gaps identified in the risk analysis for high-risk suppliers

Completion: Integrate 99.5% of suppliers by spend into the EcoVadis platform and conduct a risk assessment of these suppliers

GOAL 2 : Supplier performance assessment

Actions still to be completed in FY26:

Corrective actions: Suppliers with low performance in human rights and modern slavery complete the corrective actions assigned to them.

Ongoing monitoring: Track the progress of corrective actions for the identified suppliers and verify compliance

GOAL 3 : Supplier Code of Conduct

Actions still to be completed in FY26:

Communication and publication: The updated Supplier Code of Conduct will be made public and communicated to suppliers in Q2 FY26

GOAL 4 : Modern slavery training

Actions still to be completed in FY26:

Training rollout: Launch the redesigned Modern Slavery Training module across the organisation in Q2 FY26, with all employees to complete the training

New goal

GOAL 5 : Reporting roadmap

Implement changes to current practices and disclosures to close identified gaps from prioritised guidance (UK Transparency in Supply Chains guidance)

8. CONSULTATION AND APPROVAL

This is a joint statement of Xero Limited (NZ company number 1830488, ARBN 160 661 183) and Xero Australia Pty Limited (ACN 124 215 247), as reporting entities under Australia's Modern Slavery Act 2018 (Cth) and of Xero Limited and Xero (UK) Limited (UK company number 06071722), as reporting entities under the United Kingdom's Modern Slavery Act 2015. It covers the period from 1 April 2024 to 31 March 2025.

Xero's owned and controlled entities (including Xero Australia Pty Limited and Xero (UK) Limited) are subject to centrally managed procedures and policies owned by Group functions including risk, procurement, finance, legal, compliance, human resources, and sustainability. Our modern slavery risk management processes and controls are embedded at the Group level for our global operations. Consultation with relevant core functions occurs on a continuous basis through formal and informal measures (refer to Section 6 for further detail).

Feedback was sought on the Statement from all owned and controlled entities as part of the consultation process prior to the Statement being reviewed and approved by the Boards of Xero Australia Pty Limited on 24 July 2025, Xero (UK) Limited on 28 July 2025 and Xero Limited on 16 July 2025.

Mark Cross
Non-Executive Director and Chair of the Audit and Risk Management Committee

9. Appendix

9. 1 Coverage of Australian and UK Modern Slavery Acts

The table below provides an overview where in our FY25 Statement the mandatory criteria are covered.

Australian MSA mandatory reporting criterion	UK MSA recommended reporting criterion	Reference in this statement
Identify the reporting entity	Identify the reporting entity	**Section 1 — Introduction**
Describe the reporting entity's structure, operations and supply chains	Organisation's structure, its business and its supply chains	**Section 3 — Our structure, operations and supply chains**
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Parts of the organisation's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	**Section 4 — Modern slavery risks in our operations and supply chains** **Section 5 — Our governance processes and controls to manage modern slavery risks**
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Organisation's policies in relation to slavery and human trafficking; its due diligence processes in relation to slavery and human trafficking in its business and supply chains; the training about slavery and human trafficking available to its staff	**Section 5 — Our governance processes and controls to manage modern slavery risks**
Describe how the reporting entity assesses the effectiveness of such actions	Organisation's effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate	**Section 6 — Assessing the effectiveness of our actions**
Describe the process of consultation with (i) any entities the reporting entity owns or controls; and (ii) for a reporting entity covered by a joint statement, the entity giving the statement	N/A	**Section 8 — Consultation and approval**
Include any other information that the reporting entity, or the entity giving the statement, considers relevant	N/A	See Sections 1-8

Beautiful business