Xero Limited

Board Charter

1. PURPOSE OF THIS CHARTER

1.1 This Charter sets out the role and responsibilities of the Board of Xero Limited (**Board**) and the manner in which the Board exercises and discharges its role and responsibilities in respect of Xero Limited and its subsidiaries (**Xero**). It also sets out matters expressly reserved to the Board and those delegated to management.

2. ROLE OF THE BOARD

2.1 The role of the Board is to demonstrate leadership, represent Xero Limited's shareholders and promote and protect the interests of Xero in the short and long-term.

2.2 The Board is responsible for the overall governance, management and strategic direction of Xero and for delivering accountable corporate performance in accordance with Xero's purpose, strategy and values.

3. RESPONSIBILITIES

The key responsibilities of the Board in fulfilling its role (in addition to matters required by law) are as follows:

Strategy

3.1 Approving Xero's purpose, and reviewing and approving the strategic plan for Xero.

3.2 Overseeing management in its implementation of Xero's strategic objectives and performance and focussing Xero's activities on the creation of long term value.

Governance

3.3 Approving Xero's values and Code of Conduct to underpin the desired culture.

3.4 Overseeing the effectiveness of Xero's culture and governance framework designed to ensure that Xero:

(a) complies with the laws and relevant regulations;

(b) conforms with the highest standards of behaviour, as reflected in Xero's code of conduct; and

(c) provides a safe working environment that promotes health and wellbeing, where everyone is treated with fairness, dignity and respect and without discrimination, harassment, sexual harassment, victimisation or bullying.

3.5 Ensuring that compliance with Xero's policies and procedures is properly monitored.

3.6 Approving delegations of authority from the Board to management, and from the Board to its committees.

3.7 Maintaining an appropriate structure of Board committees to enhance the Board's capacity to fulfil its responsibilities.

3.8 Ensuring that an appropriate framework is in place for relevant information to be reported by management to the Board.

3.9 Adopting processes for Board renewal and the selection of new directors.

3.10 Overseeing appropriate director induction and ongoing professional development opportunities.

3.11 Overseeing that directors are provided with ongoing access to Xero's operations, management and information.

3.12 Annually reviewing, and approving the development and implementation of a process to review, the performance of the Board, its committees and individual directors. To assist that review, each Committee may make recommendations to the Board about the Committee's role, responsibilities, performance or otherwise.

3.13 Overseeing the process for making timely, balanced and accurate disclosure of price sensitive information.

3.14 Considering reports on material breaches of Xero's Code of Conduct and material incidents under Xero's Whistleblower Policy.

3.15 Overseeing Xero's governance, strategy and performance in relation to environmental (including climate-related), social and governance issues, including material risks and opportunities.

3.16 Annually approving Xero's modern slavery statement.

3.17 Approving any changes to corporate governance policies and practices and policies relating to Board travel and expenses.

Financial Oversight and External Reporting

3.18 Approving:

(a) Xero's consolidated financial statements intended for external publication and related corporate and financial periodic reporting and disclosures (including risk disclosures);

(b) the annual corporate governance statement and related disclosures;

(c) the notice of annual meeting and related documents;

(d) any remuneration report;

(e) other reports required by law or under the ASX Listing Rules to be adopted by the Board; and

(f) and any forecasts intended for external publication.

3.19 Approving Xero's corporate and financial reporting and disclosure processes including in relation to:

(a) the adequacy of those reporting processes (including the process to verify the integrity of any periodic reporting released by Xero);

(b) the appropriateness of the accounting judgments or choices exercised by management; and

(c) any statements to be made in relation to those reports or processes.

3.20 Approving annual budgets and monitoring Xero's financial performance on a regular basis.

3.21 Confirming that Xero's financial position is sound and that it is able to meet its debts and other obligations when they are due, and that Xero has sufficient financial resources to achieve its strategy.

3.22 Approving any dividend policy and the payment of any proposed dividend to shareholders.

3.23 Overseeing the integrity of Xero's accounting and financial and corporate reporting systems and the annual review of these systems.

3.24 Determining that satisfactory arrangements are in place for auditing Xero's financial statements and that the scope of the external audit is adequate.

3.25 Assessing the performance and independence of the external auditors and reviewing and approving the arrangements in place for the appointment, reappointment, removal and remuneration of the external auditor (subject to any necessary shareholder approval).

3.26 Approving any changes to Xero's policies and practices regarding auditor independence.

3.27 Overseeing Xero's tax management approach, including approving Xero's tax risk strategy and control framework.

Personnel

People

3.28 Appointing the Chair of the Board.

3.29 Appointing, evaluating the performance and development of and, if necessary, replacing the CEO.

3.30 Approving the appointment, and, if necessary, replacement of the Company Secretary.

3.31 Overseeing succession plans for the CEO and Xero's executive leadership team (**XLT**).

3.32 Approving policies, timeframes and measurable objectives for achieving representation, inclusion and belonging for the Board, senior executives, and the workforce generally.

Remuneration

3.33 Approving Xero's remuneration framework and related policies and practices.

3.34 Approving the remuneration package of the CEO, including agreeing appropriate performance indicators, evaluating the performance of the CEO and approving the vesting of incentives for the CEO.

3.35 Approving the remuneration and material changes in remuneration of key management personnel other than the CEO.

3.36 Approving the remuneration of non-executive directors (within any total cap approved by shareholders).

3.37 Approving incentive plans and overseeing that conduct is only rewarded where it aligns with Xero's purpose, Code of Conduct, values, strategic objectives and risk appetite, including approving:

(a) the claw-back of any incentive payments to the XLT in accordance with Xero's incentive plans; and

(b) remuneration arrangements on cessation of employment for the XLT.

3.38 Approving any scheme for the on-market purchase of Xero shares in connection with Xero's incentive plans.

Risk Management

3.39 Overseeing Xero's risk management framework (for financial and non-financial, current and emerging risks) and setting the risk appetite within which the Board expects management to operate.

3.40 Confirming that Xero has in place accurate and reliable reporting systems, internal controls (both operational and financial) and compliance processes, and overseeing performance of these systems, controls, and processes.

3.41 Confirming that systems are in place to monitor the effectiveness of Xero's risk management framework and to identify, manage and mitigate significant risks.

3.42 Overseeing that Xero is taking appropriate steps to safeguard its assets and to mitigate against current and emerging financial risks.

3.43 Overseeing Xero's insurance program, including director's and officer's insurance.

4. COMPOSITION

4.1 Directors are appointed by the Board and elected by shareholders.

4.2 The Board will determine:

(a) the size of the Board, subject to the terms of Xero's Constitution; and

(b) the composition of the Board,

taking into account:

(c) the appropriate mix of skills, competencies, knowledge, experience, backgrounds and independence to carry out the Board's role and responsibilities;

(d) addressing existing and emerging business and governance risks and opportunities relevant to Xero;

(e) Xero's purpose and strategic objectives; and

(f) the time commitment required from non-executive directors.

4.3 The Board will approve director candidates for appointment and election or re-election by shareholders, as appropriate, and the removal of any director (subject to Xero's Constitution and applicable laws).

Chair

4.4 The Chair is appointed by the Board and must be an independent non-executive director.

4.5 The role of the Chair is to lead the Board, facilitate constructive discussion at Board meetings, ensure that the Board functions effectively and communicate the Board's position to shareholders and other stakeholders.

4.6 The Chair, with the assistance of the Company Secretary, will establish the agenda for, and frequency of, Board meetings and will chair meetings of shareholders, including the annual meeting.

Independence

4.7 The Board will consist of a majority of independent non-executive directors.

4.8 The Board will consider and determine the independence of its non-executive directors on appointment and at least annually.

4.9 Directors are required to take all reasonable steps to avoid an actual, potential or perceived conflict of interest with Xero. The Board will oversee the implementation and monitoring of any guidelines in respect of conflicts of interest.

Company Secretary

4.10 The Board will appoint at least one Company Secretary.

4.11 The Company Secretary is accountable to the Board, through the Chair, on all matters relating to the proper functioning of the Board and all directors will have direct access to the Company Secretary.

5. COMMITTEES

5.1 The Board may from time to time establish committees to assist in carrying out its responsibilities and adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees.

5.2 The Board has established the following standing committees:

(a) Audit and Risk Committee;

(b) People and Remuneration Committee; and

(c) Nominations and Governance Committee.

5.3 The Board may also delegate specific functions to ad hoc committees from time to time. The powers delegated to such committees will be described either in a committee charter or in a Board resolution.

6. RELATIONSHIP BETWEEN THE BOARD AND MANAGEMENT

6.1 The Board has delegated to the CEO all the powers and authorities required to manage Xero's business within the limits determined by the Board.

6.2 The CEO may from time to time delegate powers and authorities to management within the limits determined by the Board.

6.3 The CEO is accountable to the Board for the exercise of the delegated authority and must report material matters to the Board, in an accurate and timely way.

Provision of Information

6.4 The CEO must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively, and will have open communications with the Board.

6.5 The Board will adopt appropriate structures and procedures to ensure it retains its independence and functions independently of management. This will include the non-executive directors meeting in the absence of management on a regular basis.

6.6 The Board or a committee may seek external legal or other professional advice as the Board or committee considers necessary and appropriate.

6.7 A director may seek external legal or professional advice with the consent of the Chair or, where applicable, the Chair of the Audit and Risk Committee.

7. CHARTER REVIEW

7.1 The Board will periodically review the Charter of the Board and its committees, and approve amendments where considered appropriate.

8. COMMON PROVISIONS AND PROCEDURES

8.1 The Board has separately recorded matters relating to common provisions and procedures (**Board and Committee Common Provisions and Procedures**), which supplement and should be read together with this Charter.

Effective Date: 20 October 2026