



Xero Limited

Share Trading Policy

1. Why does this policy exist?

Xero Limited (**Xero**) is a public company whose shares are traded on a stock exchange. In many countries, including Australia and New Zealand, “insider trading” laws exist to provide a level playing field for people dealing in shares, and other securities, by ensuring that everyone has access to the same information where that information might have a material impact on the price or value of those shares. These laws are strict and apply to everyone, including Xero’s directors and employees and anyone else who has inside information about Xero.

This policy is designed to help you and Xero to comply with relevant insider trading laws, as part of Xero’s commitment to good governance, to protect the reputation of Xero, its directors, and employees. This policy applies to all dealings in Xero Securities (not just trading in Xero shares), as explained below. However the most common example of dealing in Xero Securities is buying or selling Xero shares.

It is your responsibility to ensure you are familiar with and comply with this policy and applicable law. You should satisfy yourself of compliance with this policy and insider trading laws before you make any decision in relation to dealing in Xero Securities or other quoted financial products.

2. Who does this policy apply to?

This policy applies to **you** if you are:

- a director or employee of Xero or its subsidiaries; or
- a contractor, consultant or other personnel who has agreed to comply with Xero’s policies.

References to “**you**” in this policy are references to everyone to whom the policy applies unless the context requires otherwise.

It also applies to your **Connected Persons**, which means:

- your close family members but only if they are likely to act on, or do act on, your instructions or advice about the purchase or sale of securities (eg your spouse, partner, dependant children or other dependants, and your partner's dependant children or other dependants);
- a company or trust controlled by you or your close family members or your family trust (**controlled** is not to be interpreted in a technical way but by looking at how decisions are made in practice); and

- a family trust of which you are a trustee or beneficiary or director of the trustee company.

3. What dealings are captured by this policy?

This policy applies to **Xero Securities**, which means:

- Xero's ordinary shares;
- debentures, notes, derivatives, options and rights of Xero; and
- any other financial products of Xero that are able to be traded on a financial market.

In this policy, **dealing** includes:

- buying or selling Xero Securities, or agreeing to do so, whether on your own behalf or as agent or on behalf of someone else;
- exercising options over Xero Securities;
- issuing, underwriting or varying the terms of Xero Securities;
- transferring legal ownership of the Xero Securities; and
- any other transfer or creation of an interest in Xero Securities.

Refer to section 7 for information about dealings in Xero Securities that are allowed without clearance under this policy.

4. What is insider trading?

If you have **Inside Information** (explained below), you must not:

- deal in Xero Securities;
- advise, encourage or procure others to deal in Xero Securities - you cannot do this yourself or by advising, encouraging or procuring another person to do so; or
- directly or indirectly pass on that Inside Information to others – including colleagues, family or friends - whom you know or ought reasonably to know will likely trade or procure someone else to trade in or hold Xero Securities.

If you do any of these things when you have Inside Information it is considered **insider trading**.

Insider trading is never allowed for anyone, at any time or for any reason

Insider trading is illegal. If you commit insider trading both you and Xero can be subject to criminal liability (including large fines and imprisonment) and civil liability (being sued by someone for the loss they have suffered as a result of the insider trading). There could also be significant reputational consequences for you and Xero.

Insider trading is never allowed, regardless of how you learn of the Inside Information, and regardless of why you are dealing. The laws apply anytime while you have inside information, even if you change roles within Xero, or leave Xero.

This applies to all listed securities of any company, not only to Xero Securities. If you have inside information about listed securities of any company (including information you become aware of through your role at Xero), you must not deal in those securities.

Strict compliance with this policy is a condition of your employment. Breaches of this policy will be subject to appropriate disciplinary or remedial action, which may include termination of your employment or engagement.

Any known instances of noncompliance with this policy should be notified to the Company Secretary or confidentially to Xero's Whistleblowing Officer, the internal whistleblowing email or through Xero's whistleblowing portal (refer Xero's Whistleblower Policy).

How do these restrictions apply to your Connected Persons?

You must take reasonable steps to ensure that your Connected Persons are aware of, and do not breach, this policy. Your Connected Persons should only deal in Xero Securities in circumstances where you yourself would be permitted to do so. Where clearance requirements would apply to your dealing, you must comply with those requirements on behalf of your Connected Persons.

What is Inside Information?

Inside Information is information that:

- is not generally available to the public; and
- if the information were to be generally available to the public, a reasonable person would expect it to have a material effect (upwards or downwards) on the price or value of Xero's Securities.

Information is generally available to the public (i.e. not Inside Information) if it has been released as a stock exchange announcement, or if investors that commonly invest in Xero's Securities can readily obtain the information (e.g. by observation, using their expertise, or purchasing the information).

It does not matter how you come to know the Inside Information (e.g. whether you learn it while carrying out your responsibilities, or in passing, or at a social function).

What are some examples of Inside Information?

Examples of Inside Information could include:

- Xero's financial performance
- a change in Xero's strategic direction, or a fundamental change in Xero's product strategy
- a material purchase or sale of assets or a company by Xero
- entry into or termination of material contracts or other business arrangements
- a change in Xero's capital structure
- senior executive or Board changes
- a change in dividend policy
- a material legal claim by or against Xero
- an unexpected material liability
- the release of a new product or service

Something can be Inside Information even if it's not definite. Inside Information can include things that are only possible or likely, rumours, matters of supposition, the intentions of Xero or another person, and information which is not yet certain enough to be disclosed to the public.

The Front Page Test

It is important to protect Xero's and your reputation. It would be damaging to Xero's or your reputation if the market or the general public perceived that you might be taking advantage of your position at Xero to make financial gains (by dealing in Xero Securities on the basis of Inside Information).

As a guiding principle, before any dealing in Xero Securities you should ask yourself:

*If the market were aware of all the current circumstances, could I be perceived to be taking advantage of my position in an inappropriate way? How would it look if the dealing were reported on the front page of the newspaper or online? (**The Front Page Test**)*

Where clearance is required to deal under this policy, approval will not be granted where the dealing would not meet the Front Page Test. If you are unsure, you should consult the Company Secretary at tradingclearance@xero.com.

5. What are the Xero Closed Periods?

During Xero **Closed Periods**, you are not allowed to deal in Xero Securities (except in very limited circumstances).

The Xero Closed Periods are:

- from the close of trade on 31 March until 10.00am Sydney time on the next trading day after Xero's full-year financial results are released to the ASX (usually early/mid May); and
- from the close of trade on 30 September until 10.00am Sydney time on the next trading day after Xero's half-year financial results are released to the ASX (usually early/mid November); and
- any other period that the Board sets.

Xero Closed Periods help you manage your obligations during specific periods when Xero's financial information is being finalised for release to the public (that is, times that may be riskier to deal or when there may be heightened public perception risks around dealings).

If you do not have Inside Information, you may seek clearance to deal in Xero Securities during Closed Periods due to **exceptional circumstances**. Exceptional circumstances are rare, and may include severe financial hardship, a requirement to comply with a court order or court enforceable undertaking, and any other circumstance warranted in the individual situation.

Remember: if you have Inside Information, you must not deal in Xero Securities at any time, regardless of whether or not it is during a Xero Closed Period or you have been granted clearance to deal.

6. Dealing Clearance

Designated Persons need to request clearance to deal in Xero Securities whether or not it is a Xero Closed Period. This process is designed to provide an extra safeguard for people who may have access to market sensitive information in their role.

You are a Designated Person if you:

- are a director or the CEO;
- report directly to the CEO or report to a person who reports directly to the CEO;
- have a role that is on the [list](#) of Designated Persons maintained by Company Secretary team; or
- have been notified that you are subject to trading restrictions under the policy.

If you are not a Designated Person you do not require clearance to deal in Xero Securities (within the terms of this policy) outside Xero Closed Periods. You only need to seek clearance to deal in Xero Securities if you want to deal during a Xero Closed Period, enter into a margin loan or other secured financing arrangement, or grant a security or rights over your Xero Securities.

Process for seeking clearance to deal in Xero Securities

If you are a Designated Person and it is not a Closed Period, please click the 'Request Clearance' button in Shareworks or use this [link](#) if your Securities are held outside Shareworks.

To request any other clearance under this policy, such as clearance to trade in exceptional circumstances (whether or not you are a Designated Person), please email tradingclearance@xero.com.

Before clearance is granted, you will be asked to confirm:

- that you do not hold Inside Information; and
- that you don't know of a reason to prohibit your trade.

If you are seeking clearance to deal during a Xero Closed Period in exceptional circumstances, you must provide sufficient information (in the opinion of the person providing clearance) that the circumstances warrant the granting of approval to deal.

The person who will consider your request for clearance will depend on your role:

Person seeking clearance:	clearance required from:
Chair	Chair of the Audit and Risk Management Committee and Company Secretary
Director, CEO or CFO	Chair and Company Secretary
Company Secretary	Chair and CEO
All other Xero employees	Company Secretary or delegate

The person who considers your clearance request may consult with members of management, as appropriate.

When clearance will be given?

Clearance will only be given where the approver is satisfied the dealing meets the Front Page Test. The person who considers your clearance request may decide not to grant you clearance and is not required to give you reasons for their decision. They may also decide to impose conditions on the dealing or withdraw the clearance at any time. If your clearance is not approved or is withdrawn, you must keep this fact confidential.

Clearance is automatically deemed to be withdrawn if you become aware of Inside Information prior to dealing.

Approval under this policy is not an endorsement of the dealing. Trading at any time (even if approval has been obtained under this policy) remains subject to the insider trading prohibitions. You are responsible for your own compliance with the law.

Time limit on completing a cleared dealing

After receiving dealing clearance, you must complete your dealing within 5 business days of the confirmation (or as specified in the confirmation), otherwise the approval is no longer effective and fresh approval must be sought.

Directors - confirmation of dealing

If you are a director, you must promptly notify the Company Secretary (ideally by close of business on the day of any dealing) that you have entered into a dealing in Xero Securities. This is to assist Xero to comply with its disclosure obligations under the ASX Listing Rules.

7. Dealings that don't need clearance under this policy

The following dealings in Xero Securities are allowed without clearance under this policy (including during Closed Periods). Even though you don't need clearance for these dealings, you must still consider whether you have any Inside Information (as any dealings remain subject to the insider trading prohibitions) and whether the dealing satisfies the Front Page test before you deal.

If you do not have Inside Information and satisfy the Front Page Test, you may:

- deal in a publicly offered diversified fund or scheme (but not a scheme of which Xero Securities are a significant portion) where the assets of the fund or other scheme are invested at the discretion of a third party (e.g. an index fund);
- dispose of Xero Securities through the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- deal under an offer or invitation made to all or most Xero shareholders, where the plan that determines the timing and structure of the offer has been approved by Xero's Board.

Examples of this are a rights issue, a security purchase plan, or a bonus issue made to all holders of Xero Securities in the same class;

- acquire Xero Securities under an employee equity plan (this exception applies to allocation or vesting but does not apply to selling Xero shares to cover tax or exercising options or any subsequent dealings);
- trade under a pre-approved non-discretionary trading plan, where you did not enter into the plan or amend the plan during a Closed Period, the plan does not permit you to exercise any influence or discretion in relation to trading under the plan, and the plan cannot be cancelled during a Closed Period other than in exceptional circumstances;
- deal in Xero Securities if there is no effective change to the beneficial interest in the securities (for example, transfers of Xero Securities already held into a superannuation fund or trust of which you are a beneficiary);
- acquire Xero Securities under a pro rata issue; and
- acquire Xero Securities under any dividend reinvestment plan operated by Xero.

8. What else should I be aware of?

This policy doesn't replace insider trading laws

The rules in this policy do not replace your legal obligations; they are separate from, and apply in addition to, the laws prohibiting insider trading in Australia and New Zealand, and any other relevant place (e.g. where you live).

If in doubt, don't!

The boundary between what is and is not in breach of the law or this policy is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't, or seek advice from your manager or tradingclearance@xero.com

No short term or speculative dealings

You must not deal in Xero Securities on a short term or speculative basis (including short selling), except in exceptional circumstances and with prior clearance to deal (see section 6).

Short term dealing is the buying and selling of listed securities within a 6 month period. This can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts.

Selling Xero Securities within 6 months after they have been acquired through the vesting or exercise of a Xero Security granted under an employee equity plan is not regarded as a short term dealing under this policy.

Short selling involves borrowing and selling securities in the hope that they can be bought back at a lower price in the future to close out the short position at a profit.

No derivatives or protection arrangements

You must not engage in transactions in the derivative markets involving products based on Xero Securities. This includes OTC products, depository receipts, contracts for difference, forward

contracts, swaps, futures, warrants, exchange-traded options, caps and collars and any other financial product that operates to limit the economic risk associated with Xero Securities.

You must not enter into an arrangement or transaction that:

- is designed or intended to hedge (or otherwise limit) your economic exposure to unvested or restricted Xero Securities (e.g. unvested employee share plan shares);
- amounts to “short selling” of Xero Securities; or
- otherwise enables you to profit from a decrease in the market price of Xero Securities.

You may apply for approval to enter into one of these transactions in exceptional circumstances. Approval will not be given in relation to unvested Xero Securities.

Clearance required for any grant of security over Xero Securities, margin lending arrangements or stock lending

Whether or not you are a Designated Person, you must seek clearance before you:

- enter into a margin loan or other secured financing arrangements (including transferring Xero Securities into an existing margin loan account);
- grant a security or rights over your Xero Securities; or
- enter into a transaction that amounts to stock lending of your Xero Securities.

Monitoring of dealing

Xero may monitor your dealing as part of the administration of this policy.

Any questions?

If you have a question, are unsure about whether this policy applies to you, or don't understand something in this policy, then before dealing in Xero Securities please contact Xero's Company Secretary team at tradingclearance@xero.com.

Review

This Share Trading Policy will be reviewed periodically by the Board.

Approved by the Board: August 2022