Xero Limited

Continuous Disclosure Policy

Xero Limited (Xero) is committed to prompt disclosure of price sensitive information so that trading in its securities can take place in an informed market. This policy promotes compliance by Xero with its continuous disclosure obligations under securities exchange listing rules. This policy applies to directors and employees of Xero and its subsidiaries.

1. Identifying and escalating price sensitive information

Xero is required to disclose price sensitive information (explained below) to the market, unless an exception applies under the listing rules of any stock exchange on which Xero is listed. Price sensitive information means information about Xero which a reasonable person would expect to have a material effect on the price or value of Xero shares. This requirement is known as the continuous disclosure obligation. Price sensitive information must be disclosed immediately once Xero becomes aware of it, which means it must be disclosed promptly and without delay.

The Board has established systems for reporting and escalating information which may require disclosure. It is the responsibility of the Board and the Disclosure Committee (explained below) to decide whether information is price sensitive and whether an exception to disclosure applies.

The CEO, every direct report to the CEO and every member of the CEO’s executive leadership team is a Responsible Officer. If you are a Responsible Officer, you’re required to report all information which may require disclosure to a member of the Disclosure Committee, and must ensure the information is kept confidential and only known by those who need to know until it is released to the market. If you are not sure if information is price sensitive, err on the side of reporting it to the Disclosure Committee. You must also ensure that you implement appropriate procedures in your area of responsibility to ensure that all information that could be price sensitive is reported to you immediately.
The head of investor relations will monitor Xero’s share price movements. If the head of investor relations identifies circumstances where a false market may have emerged in Xero securities, it must be reported to the Disclosure Committee.

It is a standing agenda item at all Xero Board, Committee and senior management meetings to consider whether any matters discussed at the meeting should be disclosed to the market under Xero’s continuous disclosure obligation.

It is difficult to establish fixed guidelines for what information may be price sensitive. The following are examples of information which should be reported by Responsible Officers:

- major variations in the actual or expected financial performance of Xero;
- a fundamental change in the strategic direction of Xero, or Xero’s product strategy;
- a possible acquisition or sale of any assets or company by Xero;
- entry into or the likely entry into or termination or likely termination of material contracts;
- a change in Xero’s capital structure or a material change in Xero’s liquidity position;
- senior executive changes;
- a change in dividend policy;
- a material legal claim by or against Xero; or
- any other unexpected liability, which has not been released to the market.

The Listing Rules require price sensitive information to be disclosed immediately once Xero becomes aware of it. This means that a Responsible Officer should treat potentially price sensitive information as extremely urgent and immediately report it to a member of the Disclosure Committee.

2. Issuing Market Releases

Xero discloses price sensitive information by way of a release to the ASX, and any other exchange on which Xero is listed (Market Release).

Xero gives all Market Releases to the exchanges on which it is listed before release to the media and publication on Xero’s website. A Market Release must not be made other than in accordance with this policy.
3. Role of the Disclosure Committee

The Board is responsible for compliance with Xero’s continuous disclosure obligations. To support this primary responsibility and provide assurance, the Board has established the Disclosure Committee.

The members of the Disclosure Committee are one Director, the CEO, the Chief Financial Officer (CFO), and the General Counsel and Company Secretary. Two members of the Disclosure Committee constitute a quorum.

Once a member of the Disclosure Committee becomes aware of potentially price sensitive information, the Disclosure Committee will:

- assess whether the information should be disclosed to the market;
- determine the substance and the timing of any market disclosure;
- if market disclosure is necessary, review the Market Release for accuracy and completeness, and either approve the Market Release or recommend it to the Board for approval; and
- determine whether it is necessary to request a trading halt (explained below).

For administrative convenience only, Xero’s General Counsel and Company Secretary is primarily responsible for overseeing and coordinating all communications with the ASX and any other securities exchange on which Xero is listed, and will act as Disclosure Officer for the purpose of this policy.

4. Matters requiring additional approval

Where a Market Release relates to the following significant matters, approval will be obtained in advance from the Board, to the extent possible whilst complying with Xero’s continuous disclosure obligation:

- a material acquisition or disposal;
- takeovers, mergers, de-mergers, restructures, schemes of arrangement and all other transactions involving a transfer of control;
- a significant change in the nature or scale of Xero’s activities;
- share buybacks and capital reductions;
- equity capital raisings or issuing material debt;
- material market updates, including earnings guidance or other releases regarding forecasts, or the future prospects of Xero;
- interim and final results;
● dividend policy and dividend determinations;
● any matter about which directors make a recommendation to shareholders; and
● any other matter that the Board determines to be a significant matter.

Unless the Board resolves otherwise, the Disclosure Committee may authorise non-material changes to Market Releases previously approved by the Board. The Disclosure Committee may approve a Market Release about a significant matter where that release states that Xero has no information to disclose about that matter.

If the Disclosure Committee believes that a Board meeting to consider a proposed Market Release about a significant matter cannot be convened within a timeframe that would allow Xero to comply with its continuous disclosure obligations:

● the Disclosure Committee will seek approval of the proposed Market Release from the Chair or, where the Chair cannot be contacted, the Chair of the Audit and Risk Management Committee; or
● if both the Chair and the Chair of the Audit and Risk Management Committee cannot be contacted within the required timeframe, the Disclosure Committee will:
  
  (i) approve the release for disclosure to the market, and immediately provide it to each member of the Board; or
  
  (ii) request a trading halt until the Board can meet or the Chair of the Board or the Chair of the Audit and Risk Management Committee can be contacted.

5. Communications with the investment community and shareholders

In communications with the investment community and shareholders, only publicly available information and information which is not price sensitive is referred to or provided. All briefing or presentation materials for market analysts or shareholders must be approved by the CEO, CFO or General Counsel and Company Secretary. Subject to the continuous disclosure obligation, Xero will not comment on rumours or market speculation.

If a matter that might constitute previously undisclosed price sensitive information is actively discussed by Xero representatives in a briefing, it must be immediately referred to the Disclosure Committee. All briefing and presentation materials which contain previously undisclosed price sensitive information will be disclosed to the market before being communicated outside Xero.
To prevent inadvertent disclosure of price sensitive information there should be no discussion of financial information or financial performance with people outside Xero:

- from two weeks before the end of Xero’s half- and full-year financial reporting period until the release of results; and
- for the two weeks prior to the AGM.

Any questions or enquiries from the investment community or shareholders should be referred to the head of investor relations or the CFO.

The investor section of Xero’s website provides shareholders and other interested stakeholders with access to relevant public information including Market Releases, annual and interim reports, annual general meeting materials and media releases.

6. Authorised spokespersons

The only people authorised to speak on behalf of Xero are the Chair, the CEO, the CFO, the senior corporate affairs advisor, the head of investor relations and any other person authorised by the CEO. The authorised spokespersons must not provide any price sensitive information unless it has already been announced to the ASX and any other exchange on which Xero is listed.

7. Trading halts

Xero may request a trading halt to prevent trading in Xero’s securities taking place on an uninformed basis, to correct or prevent a false market, or to otherwise manage the continuous disclosure obligation. Examples where this may happen include:

- if confidential price sensitive information about Xero is inadvertently made public, Xero may need to consider a trading halt to prepare an appropriate Market Release;
- prior to a press conference or briefing being held in advance of a formal announcement; or
- to prevent an uninformed market pending the announcement of the price sensitive information.

Decisions about trading halts will be made by the Board. If the Board is unable to convene, the decision will be made by the CEO, in consultation with the Chair or the Chair of the Audit and Risk Management Committee (if contactable). In the absence of the CEO, the Disclosure Committee, in consultation with the Chair or the Chair of the Audit and Risk Management Committee (if contactable) is authorised to make a decision to request a trading halt.
8. Understanding Xero’s continuous disclosure obligations

If you are a director, Responsible Officer or an employee potentially exposed to price sensitive information, you will be given training. The training covers the continuous disclosure obligation, this policy, and preserving confidentiality in information.

Xero regards its continuous disclosure obligation as very important and breach of this policy may lead to disciplinary action against the employee committing the breach, including dismissal.

Questions about continuous disclosure and this policy should be sent to the General Counsel and Company Secretary (companysecretary@xero.com).

*Last reviewed: August 2018*