1. Why does this policy exist and who does it apply to?

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 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.

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, beneficiary or director.

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.

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.

2. 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 encouraging or procuring another person to do so; or
• pass on that Inside Information to others – including colleagues, family or friends.

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.
• 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, 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 disciplinary action, which may include termination of your employment or engagement.

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 Person.

**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 on the price or value of Xero’s Securities.
Information is generally available to the public 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

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, you should ask yourself before any dealing in Xero Securities:

> 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.

**3. What are the Xero Closed Periods?**

During Xero **Closed Periods**, most dealings in Xero Securities are not allowed.

The Xero Closed Periods are:

- from the close of trade on 31 March until 10.00 am 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 can also seek clearance to deal in Xero Securities during Closed Periods:
- where the dealing will not result in any effective change to the beneficial interest in the Xero Securities (for example, transfer Xero Securities you already hold into a superannuation fund, savings scheme or like fund in which you are a beneficiary); or
- due to Exceptional Circumstances. Exceptional Circumstances are rare, and 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.

4. **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; or
- have a role that is on the list of Designated Persons maintained by Company Secretariat.

If you are not a Designated Person 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 (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.

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

<table>
<thead>
<tr>
<th>Person seeking clearance:</th>
<th>clearance required from:</th>
</tr>
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<tbody>
<tr>
<td>Chair</td>
<td>Chair of the Audit and Risk Management Committee and the Company Secretary</td>
</tr>
<tr>
<td>Director or the CEO</td>
<td>Chair and the Company Secretary</td>
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<tr>
<td>Company Secretary</td>
<td>Chair and the CEO</td>
</tr>
<tr>
<td>All other Xero employees</td>
<td>Company Secretary or delegate</td>
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</tbody>
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The person who considers your clearance request may consult with members of management, as appropriate.

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.

After receiving dealing clearance, you must complete your dealing within 5 business days of the confirmation (or as specified in the confirmation). If you are a Designated Person, you must let the Company Secretary know immediately after completing a trade by emailing tradingclearance@xero.com.

5. 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 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);

● 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;

● acquire Xero Securities under a pro rata issue; and

● acquire Xero Securities under any dividend reinvestment plan operated by Xero.

6. 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, except in Exceptional Circumstances and with prior clearance to deal (see section 4). 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.

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,
however no approval will 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;
- 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.

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

*Approved by the Board: August 2020*