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## MARKET DISCLOSURE COMMUNICATIONS POLICY

### Background and purpose

Xero Limited (“Xero” or “the Company”) is committed to its obligation to inform shareholders (both current and prospective) and market participants of all information that might have a material effect on the price of its shares in accordance with the NZX and ASX Listing Rules (“the Listing Rules”), being “Material Information”.

The Company recognises that the full and timely disclosure of Material Information promotes efficiency, growth and integrity of the capital markets in New Zealand and Australia.

This policy applies to all Directors, officers and employees of Xero and its subsidiaries.

In addition, specific obligations apply to Directors, the Chief Executive and members of Senior Management and certain other employees who possess information that may be Material Information.

### Continuous Disclosure

Xero will promptly disclose Material Information as it is required to do under “the Listing Rules” unless any applicable exemption is satisfied.

Xero has put in place procedures for identifying all potential Material Information, reporting such potential information for review and, if necessary, timely disclosure of information to NZX and ASX.

### Exemptions

There are certain exceptions under the Listing Rules to the requirement for the disclosure of Material Information. This is where such information is confidential and remains confidential to the Company; a reasonable person would not expect the information to be disclosed; and where one or more of the following applies: it would be breach of law to disclose the information; where the information concerns an incomplete proposal or negotiation; where the information is generated for internal management purposes; where the information is a trade secret; or where the information comprises matters of supposition or is insufficiently definite to warrant disclosure.

Regardless of the above ‘exemptions’, if the ASX considers that there is or is likely to be a false market in the Company’s securities and asks the Company to give it information to correct or prevent a false market, the Company must immediately give ASX that information. Any such information would also be provided to the NZX.

### Material Information

Material Information means any information that a reasonable person would expect to have a material effect on the price or value of Xero’s shares.

The following list is illustrative only. Material Information could include information concerning:

- the financial performance of Xero;

- a possible change in the strategic direction of Xero;
- the introduction of an important new product or service;
- 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 or other business arrangements which are not publicly known;
- a possible change in Xero's capital structure;
- a change in dividend policy;
- senior management changes;
- a material legal claim by or against Xero; or
- any other unexpected liability, which has not been released to the market.

### **Roles and responsibilities**

The Board considers at each regular Board meeting whether there is any information that may require disclosure in accordance with this Policy.

A Disclosure Committee has been established to manage the Company's communication and disclosure obligations. The Committee comprises the Chief Executive, Chief Financial Officer, Company Secretary and Senior Communications Manager.

The Committee is responsible for implementing the reporting processes and controls and determining guidelines for the release of information under relevant legislation and the Listing Rules. In particular, the Committee is responsible for assessing whether information constitutes Material Information and ensuring, via the Company Secretary that the information is subject to timely release.

The Committee is also responsible for assessing the circumstances surrounding any significant movement in the Company's shares and for reporting to the Board on issues concerning disclosure compliance.

### **Communication of Material Information**

The Company Secretary is responsible for ensuring the timely release of Material Information to NZX and ASX and advising the Board and Chief Executive of its release. The Company Secretary is also the primary liaison person for communications with the NZX and ASX.

All Material Information disclosed will be presented in such a way as to convey the significance of the release, provide full disclosure and not be misleading or deceptive.

If a director or an employee becomes aware of any potentially Material Information, they must disclose this information to a member of the Disclosure Committee in order for the Committee to determine whether a market announcement is required.

All communications with market analysts or shareholders shall be approved by the Chief Executive, Chief Financial Officer or Company Secretary. Information or presentations to be provided to external parties, including analysts, professional bodies, the media, customers or any other person are subject to this Policy. Material Information is only released after proper review and reasonable inquiry. Where slides and presentations used in briefings contain Material Information, these will be released to NZX and ASX for immediate release to the market immediately before the presentation and also posted on the Company's website.

To ensure shareholders and other stakeholders have access to relevant information, Xero:

- holds regular investor road shows, and sends to interested parties the dates and invitations to attend;

- ensures its website contains market releases, current and past annual and interim reports, notices of meeting, details of Directors and senior management;
- makes available published interim and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email;
- completes media/market releases on issues/events that may have Material Information content that could impact on the price of Xero shares.

#### **Annual Meetings**

Full participation of shareholders at the annual meeting is encouraged to ensure a high level of accountability and identification with Xero's strategies and goals. Shareholders have the opportunity to submit questions prior to the meeting and the Directors, senior management and the Company's Auditors are present to assist in and provide answers to questions raised by shareholders. There is also an opportunity for informal discussion with Directors and senior management for a period after the annual meeting concludes.

#### **Application of Policy**

The Board of Xero has approved this policy. The Board may approve updates, amendments to, and exemptions to this policy from time to time, which will be implemented by posting on Xero's Intranet and on the Investor section of xero.com.

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