1. Introduction

At Xero, our purpose is to have a positive impact on the world by growing small businesses. Born in the cloud, our mission is to rewire the global economy, connecting millions of businesses to their advisors, banks and each other. In staying true to our purpose and mission, we are fully committed to preventing slavery and human trafficking in our operation and supply chain.

This statement sets out the actions that we have taken to understand potential modern slavery risks related to our business and our supply chains, and to implement steps to prevent slavery and human trafficking.

2. Our business

Xero was founded in Wellington, New Zealand in 2006 and is a beautiful, easy-to-use platform for small businesses and their advisors. Our main activities are designing, developing and licensing software. Our products are based on a software as a service model and sold by subscription either directly to small business customers or through their advisors. We have over 1.6 million subscribers worldwide.

3. Our structure

Xero Limited, the parent company of the Xero group, is listed on the Australian Securities Exchange. Xero carries on business through a number of local subsidiaries, including Xero (UK) Limited in the United Kingdom. We have a total of 13 subsidiaries operating in 8 countries. As at 30 September 2018, we had 2,302 employees globally, and annualised monthly recurring revenue of NZ$589 million.
4. Our supply chain

We have a centralised procurement function based in New Zealand, which is predominantly focussed on the procurement of technology related goods and services. All material procurement is done through written contracts. Due to the nature of our supply chain, we consider the risk of slavery and/or human trafficking in our supply chain to be low compared with other businesses operating in other industries – for example, manufacturing and consumer goods.

We haven’t been made aware of any allegations of human trafficking/slavery activities against any of our suppliers. If we were, we would act immediately to take appropriate action and report it to the relevant authorities.

5. Our processes and governance

**Code of Conduct:** We have a Code of Conduct (**Code**) that sets out the ground rules for the way we work at Xero. We place great importance on honesty, integrity, quality, and trust, and all Xero employees, contractors, directors and officers are expected to adhere to the behavioural standards set out in the Code. The Code sets out guiding principles for the behaviour of all Xeros, and includes obligations to act morally and professionally, not break the law and be good corporate citizens. These principles are driven by our internal values:

- **#human** Be yourself. Be real
- **#ownership** Step up, drive it, and deliver it
- **#champion** Aim high. Create opportunities
- **#challenge** Dream big. Change the game
- **#beautiful** Engage, delight and inspire

**Standard contracts:** Our standard form contracts include language requiring suppliers to act in accordance with all applicable laws, which would include laws relating to human trafficking and modern slavery.

**Recruitment process:** We operate a robust recruitment process, including conducting eligibility to work in a country reviews for all employees to safeguard against human trafficking or individuals being forced to work against their will.
6. Our next steps

We will continue to reassess the risks in our supply chain to make sure the steps we take to protect against modern day slavery and human trafficking are relevant and effective. In the coming financial year, we will look to implement a supplier code of conduct, include in our onboarding procedure for new suppliers a due diligence process to assess the supplier’s reputation and respect for the law, as well as continue to make sure that our contracts, policies and recruitment are appropriate to protect against modern day slavery and human trafficking. We will also look to provide awareness training for key internal stakeholders that are involved in the procurement process at Xero.

7. Approval

This statement is made pursuant to section 54(1) of the United Kingdom’s Modern Slavery Act 2015. It covers the period of 1 April 2018 to 31 March 2019. It has been approved by the Board of Directors of Xero.

Lee Hatton

Non-executive Director and Chair of the Audit & Risk Management Committee

1 April 2019