DECISION USEFUL DIAGNOSIS 025 — FY2026

Xero Limited (ASX: XRO)

Remained not decision-useful for institutional investors and the public, because the 96% Scope 1 and 2 reduction comes entirely from certificates while Scope 1 rose

REPORTING PERIOD	REVIEW DATE	PROTOCOL	SECTOR
Year ended 31 March 2026	11 August 2026	Climate Disclosure Review Rules v15.23	Information Media and Telecommunications

8 / 15 overall score · sum of the five audience ratings, for ranking



This review tests Xero's publicly available climate disclosure against CRI's Climate Disclosure Review Rules, which use the CRI Net Zero Standard as the reference for a credible claim together with AASB S2 Climate-related Disclosures. It reflects the information available at the review date, states what the evidence supports, what it does not, and what would resolve each open point, and says "cannot verify", not "no issue", where evidence is missing. It is general information, not legal, financial or investment advice, and not an audit or an assurance engagement. It does not allege illegality, misconduct, greenwashing or dishonesty. Organisations may contact CRI at robc@noco2.com.au to identify an error, provide relevant public information or request review of updated disclosures. See Important information at the end of this report.

Decision-usefulness at a glance

Company	Carbon / supply-chain accounting	Institutional investors	Consumer / retail investors	Consumers & public	Regulators
Xero Limited (ASX: XRO)	2	1	2	1	2

How to read this report

HOW TO READ THE RATINGS

Each audience gets its own rating.

The same disclosure can be reliable for one reader and misleading for another, so we rate decision-usefulness **separately for each audience** on the three-point scale below. There is no single pass/fail verdict — decision-usefulness is a judgement about each audience, not the report as a whole.

1 **Not decision-useful**
Cannot be relied on in its current form for this reader's decision.

2 **Mostly decision useful**
Usable, with one material limitation the reader must work around.

3 **Decision-useful**
Can be relied on. A deliberately high bar.

The bar below adds the five audience ratings into an **overall score out of 15**. It is used only to rank reports against one another — it carries **no band and no verdict label**. Its colour simply reflects the mix of the five ratings: the more red, the more audiences the disclosure falls short for.



8 / 15
overall score · for ranking only

This review assesses whether the company's climate disclosure is *decision-useful*: whether a reader can actually rely on it for the decision they are making. Because a disclosure that is sound for one reader can mislead another, we score decision-usefulness **separately for each of the main audiences** that rely on climate disclosure. The audiences, and what each needs from the disclosure, are the same across all our reviews:

AUDIENCE	WHAT THEY RELY ON THE DISCLOSURE FOR
Carbon / supply-chain emissions accounting	Lifting the company's emissions figures into their own inventory. They need complete category coverage (nothing material excluded), a single reconcilable footprint, and a disclosed, transparent method. Whether a figure is estimated or supplier-specific is a maturity question, not a fault; the fault is exclusion.
Institutional investors	Pricing climate risk (physical and transition) including target credibility and whether targets are being met with real reductions, the completeness of financed / portfolio exposure, and flow-through exposure inherited from investees or counterparties whose own emissions may be growing. They can usually reconstruct detail, so they are judged on whether the true position is derivable.
Consumer / retail investors	Understanding the company's climate position and target progress without expert reconstruction. They need the headline claims to match the evidence, the material sources to be targeted, and caveats to be easy to find.
Consumers & public	Knowing whether the company's public claims are true: that it is genuinely acting rather than greenwashing, and not fuelling climate change while presenting otherwise. Headline claims matter most to this audience, which is least able to read past a buried caveat.
Regulators	Whether the disclosure is compliant, consistent across sources and audiences (does the company say one thing to one audience and something else to another), and useful across the board.

The **overall score** is simply the sum of the five audience ratings, out of 15. It has **no band and no pass/fail label**; we use it only to rank reports against one another; its colour bar reflects the mix of the five ratings (the more red, the more audiences the disclosure falls short for). §2.1 gives each audience's rating and the reason behind it; §1 covers scope and basis, §2.2–2.3 the evidence dashboard, §3 what the disclosure means for a reader (what's counted, financed-emissions detail, real-vs-accounting movement, trajectory), §4 the findings, §5 disclosure-risk, §6 how to fix it and §7 the conclusion; the working annexes show the rule-level derivation.

Two conventions apply throughout. A certification (including the Australian Government's Climate Active program) is treated as a claim to be tested, not as a strength in itself. Detailed disclosure and candour about a company's own gaps are the baseline expected of a credible discloser, not a credit.

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1. Scope & basis

1.1 What we reviewed

DOCUMENT	REVIEWED?	IF MISSING, EFFECT ON THIS REVIEW
FY26 Annual Report (audited financial statements, EY opinion)	Yes	Primary statutory source; carries the governance and reporting-obligation statements, not the emissions figures
FY26 Sustainability Report (climate disclosures pp.15–20; EY limited assurance pp.21–22)	Yes	Primary source for every emissions claim in the period
FY26 Databook, Environment sheet	Yes	Primary numeric source; reconciles line by line to the Sustainability Report
FY25 Sustainability Report and FY25 Databook	Yes	Comparative, prior-claim and trajectory context
FY20, FY21, FY22, FY23 and FY24 Annual Reports	Yes	Seven-period claim and target history
FY23 Climate Active Public Disclosure Statement (Organisation Certification)	Yes	Historical carbon-neutral certification (to 31 March 2023); superseded, no live claim rests on it
SBTi validated target letter (exact validated wording, version, scope, baseline, temperature ambition)	Not provided	The precise validated boundary behind "approved by SBTi" cannot be confirmed

DOCUMENT	REVIEWED?	IF MISSING, EFFECT ON THIS REVIEW
REC and SAF certificate registry records (serial numbers, vintage, retirement date, beneficiary, volume by registry)	Not provided	Certificate chain of custody, retirement timing and the volume retired after period end cannot be confirmed
FY26 Xero Australia Pty Limited Sustainability Report (due to be lodged with ASIC by 31 July 2026)	Not provided: not in the set	The one Xero entity carrying a live mandatory climate-reporting obligation is not assessable here
CDP Climate Change response (rating disclosed as "B")	Not provided	One audience-facing source cannot be included in the consistency check

1.2 Standards the company is held to or references

STANDARD / FRAMEWORK	REFERENCED BY COMPANY?	HOW STRONGLY	SECTOR MODULE(S) APPLIED
Corporations Act / Ch 2M	Yes: states certain provisions do not apply (New Zealand incorporated and domiciled)	Not applicable: disclaimed at group level	Applicability gate
AASB S2	Yes: states it does not apply to Xero Limited but **does** apply to Xero Australia Pty Limited, whose separate report is not in this set	Not applicable: group; mandatory for the Australian subsidiary	Applicability gate
ASIC RG 280	Partly: indirectly, through the Australian subsidiary's future ASIC lodgement	Not applicable: not applicable to the group	Not applicable
GHG Protocol (Corporate / Scope 2 / Scope 3)	Yes: all four named with versions (Corporate, Scope 2 Guidance, Scope 3 Standard v1.0 and Technical Guidance v1.0)	In accordance with: "prepared in accordance with"	GHG inventory foundation
PCAF (financed emissions)	No	Not applicable	Not applicable: not a financial institution
SBTi	Yes: near-term targets "approved by SBTi" during FY26	In accordance with: a strong reader-facing label	Targets
Climate Active / other carbon-neutral framework	No: FY26 is silent; historical only (FY20 to FY23), and FY25 disclosed that certification was not sought for FY24 or FY25	Not referenced: no current claim	Moot for the period
Certificates (GreenPower / LGC / ACCU / REC)	Yes: RECs (including I-RECs) from seven named registries matching 100% of electricity, plus GreenPower for two Australian offices, plus SAF certificates from Qantas and United Airlines	With reference to: central to the Scope 2 and business-travel figures	Scope 2 / offsets
IFRS S2	Yes: "voluntarily and progressively" aligning; expressly states the disclosures are **not fully aligned**	With reference to: "informed by", expressly hedged	Applicability gate
Other (company-referenced)	Yes: Green Software Foundation, Qantas SAF Coalition, United Airlines SAF agreement, UN Global Compact Network Australia, Sumday	Mentioned: contextual	Not applicable

1.3 Review basis & limitations

This is a standard, evidence-led review of Xero's FY26 climate disclosure, reconciling the audited Annual Report, the limited-assured Sustainability Report and the Databook against six earlier reporting periods and the historical Climate Active statement. Three limitations bound the conclusions. First, Xero Limited's group climate reporting is voluntary: it is a New Zealand incorporated and domiciled company listed on the ASX, and it states that no jurisdiction's mandatory climate-reporting requirements apply at group level, so no compliance finding is drawn against the group. Second, the mandatory obligation that does exist sits with Xero Australia Pty Limited, whose separate AASB S2 report was due with ASIC by 31 July 2026 and is not in this set, so nothing in this review speaks to it. Third, the emissions assurance is limited rather than reasonable and expressly did not test controls, data aggregation within IT systems, or the data underlying the estimates; the SBTi validated-target letter and the underlying certificate registry records were not provided.

2. Verdict

2.1 Decision-usefulness by audience

2 **Carbon / supply-chain emissions accounting**
2 met · 2 partial · 0 not met

The inventory is unusually liftable: all fifteen GHG Protocol categories are addressed with a stated relevance test, ten are quantified individually, the acquisition is split into its own column, and location- and market-based figures and gross- and net-of-certificate figures are both published. One downstream category, the use of sold products, is excluded on an influence and stakeholder test rather than a size test and is not bounded, so a lifter cannot confirm from the disclosure that nothing material sits outside. Estimation method is not the issue here.

§3.1, Annex B

1 **Institutional investors**
2 met · 3 partial · 1 not met

The reported reductions are not real-world reductions. The 96% fall in Scope 1 and 2 is produced entirely by buying certificates: Scope 1 rose and location-based Scope 2 rose. Excluding the acquisition, the reported 17% fall in total emissions is more than fully explained by a change of emissions factors and certificate purchases, beneath which underlying emissions rose by at least 4,600 tCO_2e. Scope 3, at 99% of the footprint, sits 60% above the baseline it is targeted to fall 35% below, and the pathway to close that gap runs through suppliers whose contribution is never sized. The true position is fully reconstructable from Xero's own tables.

§3.3, §3.4, §4, §5

2 **Consumer / retail investors**
3 met · 1 partial · 0 not met

The headline performance framing reads better than the position it describes, but every correction sits on the same page as the claim it corrects: the 60% increase in Scope 3 is in the same table as the 96% decrease in Scope 1 and 2; the footnote beside the 96% says in plain words that it comes from buying certificates; and the acquisition, factor and certificate effects are each quantified next to the numbers they move. A careful reader of the environment section is not required to go to another document.

§3.4, §4.2

1 **Consumers & public**
2 met · 0 partial · 1 not met

Each individual claim is worded accurately and on a stated basis. The impression they combine to give is not: validated targets, a 96% cut, electricity fully matched to renewables and emissions "decreased" describe a year in which the total footprint rose 2%, the dominant scope moved further from its target, and none of the reported decrease came from physical abatement. Undoing that impression requires arithmetic this audience is least placed to do.

§4.2, §5

2 **Regulators**
0 met · 1 partial · 1 not met

Within the period, what Xero says is consistent across the annual report, the sustainability report and the databook, and the standards it does apply are named, versioned and assured. Across periods it is not: the ambition to reach net zero by 2050, stated in FY25, is absent from every FY26 document with no statement that it has been withdrawn, and a quantified certificate carry-over contradicts the prior year's disclosure.

§2.3, §5.3

What the company should fix first: publish the split between real abatement and accounting movement beside every headline reduction figure, and state plainly whether the net zero by 2050 ambition still stands.

2.2 Scorecard

Headline claim ↔ evidence match	●●○○○	Disclosure quality	8 / 15
Inventory completeness (Scope 1/2/3)	●●●●○	Financed-emissions completeness (if FI)	*N/A*
Target credibility	●●○○○	Real reduction vs accounting movement	●○○○○
Offset / certificate / renewable integrity	●●○○○	Assurance coverage vs claim	●●●○○
Standards / compliance confidence	*N-V*	Comparability (like-for-like only)	●●○○○
Reader accessibility	●●●●○	Evidence limitations	●●●○○

DIMENSION	RATING	JUSTIFICATION
Headline claim ↔ evidence match	2/5	Individual claims are accurately worded and basis-labelled; the performance framing they combine into runs against the underlying position

DIMENSION	RATING	JUSTIFICATION
Disclosure quality	8 / 15 overall	Factor sources with vintages, per-category method, a quantified base-year recalculation policy, the acquisition split out, gross and net certificate lines both published
Inventory completeness (Scope 1/2/3)	4/5	All fifteen categories addressed with a stated relevance test; use of sold products excluded on an unquantified basis
Financed-emissions completeness (if FI)	N/A	Not a financial institution
Target credibility	2/5	Absolute targets covering the dominant scope and externally validated, against which the dominant scope is moving away; base year and targets both under announced revision
Real reduction vs accounting movement	1/5	The entire reported reduction is certificates, a change of emissions factors and a supplier-factor method change; both physically measured components rose
Offset / certificate / renewable integrity	2/5	Seven registries named and the location-based figure co-published; part of the certificate volume is retired after period end and is not sized; SAF biogenic emissions excluded
Assurance coverage vs claim	3/5	Limited assurance across Scope 1, 2 (both methods) and 3, including consideration of the certificates against the GHG Protocol Scope 2 quality criteria; excludes controls, IT aggregation and the data behind estimates
Standards / compliance confidence	N-V	Group reporting is voluntary and expressly not fully aligned; the one mandatory obligation sits with a subsidiary whose report is not in this set
Comparability (like-for-like only)	2/5	The FY24 base has been restated once, and a further recalculation with a possible target reset is announced for FY27
Reader accessibility	4/5	Corrections are co-located with the claims they correct; the adverse figures appear in the same table as the favourable ones
Evidence limitations	3/5	SBTi letter, certificate registry records, the Australian subsidiary's report and the CDP response were not provided

2.3 Standards & compliance snapshot

AREA	RATING	BASIS
Corporations Act / Ch 2M	Not applicable for the period	New Zealand incorporated and domiciled; the company states certain Australian Corporations Act provisions do not apply
AASB S2	Not applicable for the period: group; cannot verify, evidence not provided (Australian subsidiary)	Xero Limited is not a reporting entity under the Australian Sustainability Reporting Standards; the obligation sits with Xero Australia Pty Limited, whose report was due with ASIC by 31 July 2026 and is not in this set
ASIC RG 280	Not applicable for the period	No group ASIC climate lodgement in scope
GHG Protocol / Scope 2 / Scope 3	Appears broadly compliant: minor limitations	All four standards named with versions; operational control boundary, factor sources and per-category method disclosed; limited assurance obtained over all three scopes. The SAF adjustment is applied to fossil emissions only, with the associated biogenic emissions excluded and unquantified
PCAF / financed emissions	Not applicable for the period	Not a financial institution; Category 15 is a single disclosed debt investment of 1 tCO_2e
Carbon-neutral / net-zero framework	Not applicable for the period	Climate Active certification covered FY20 to FY23 only; FY25 disclosed that certification was not sought for FY24 or FY25; no carbon-neutral or net-zero claim is made in the FY26 suite
Certificates / credits	Cannot verify: material evidence missing	Seven REC registries and two SAF counterparties named and volumes given, but registry-level retirement records were not provided and part of the volume is disclosed as retired in May 2026, after the 31 March 2026 period end
IFRS S2	Not yet mandatory: readiness issue	Voluntary and progressive alignment, expressly stated as not fully aligned; no quantified current or anticipated financial effects are disclosed, and scenario analysis is not repeated annually
Other company-referenced framework	No apparent issue	Green Software Foundation, UN Global Compact and Qantas SAF Coalition memberships are stated as memberships, not as emissions outcomes

3. What this means for a reader

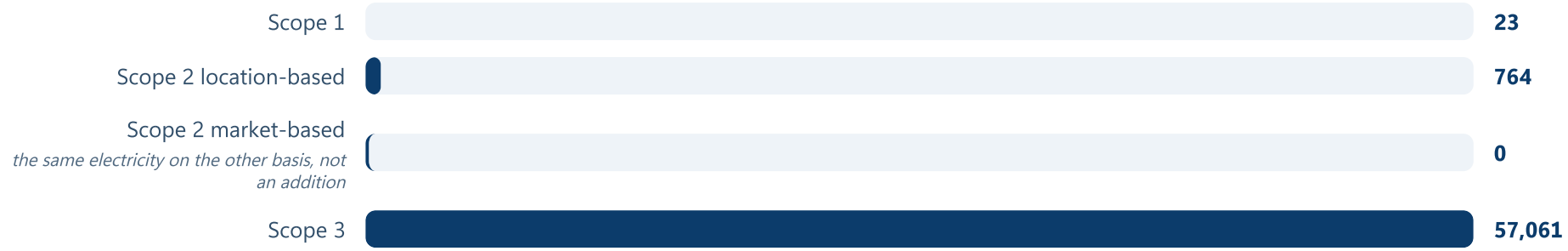
3.1 What is counted / not counted

Basis: FY26, year ended 31 March 2026, operational control, all subsidiaries of Xero Limited, including six months of Melio from 1 October 2025. Figures below are as reported. The market-based total is 57,084 tCO_2e and the location-based total 57,848 tCO_2e; the location-based total before the sustainable aviation fuel adjustment is 61,709 tCO_2e. Each of the three reconciles to the category lines below.

Emissions composition

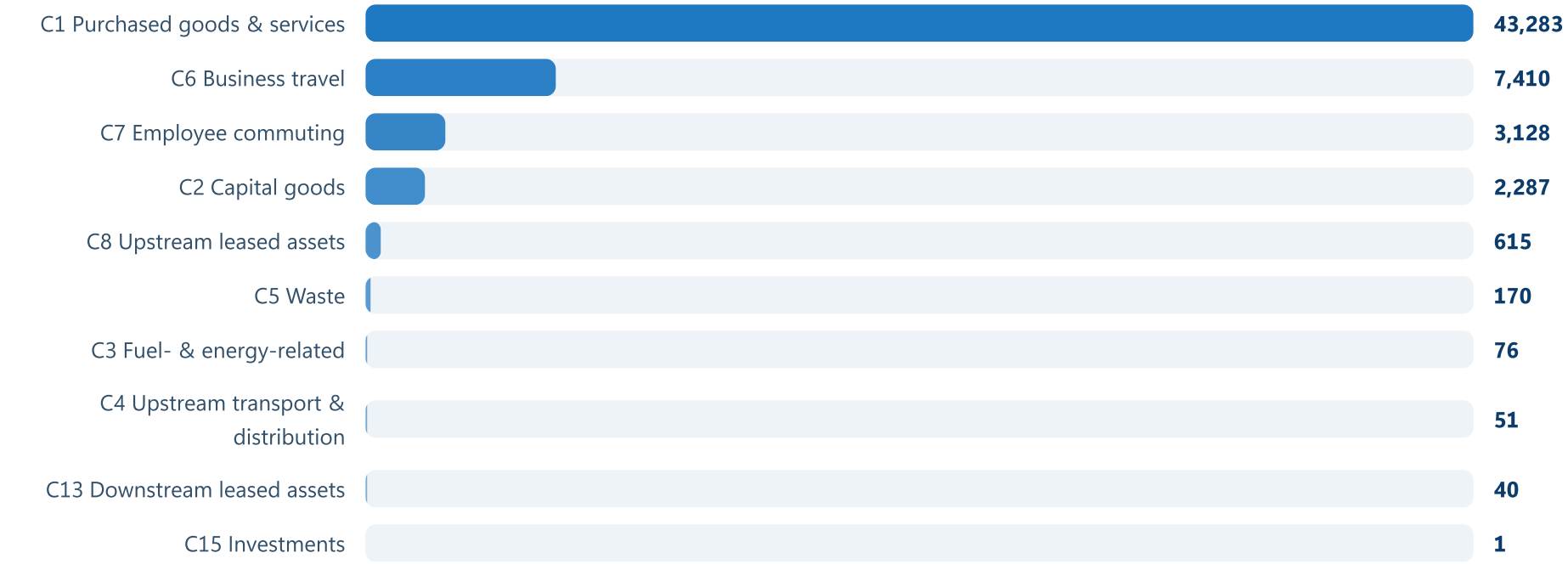
Values as reported (tCO_2e). Bars are independent magnitudes, not a stack. Scope 2 is shown on both bases: they measure the same electricity two ways and are alternatives, not additions, so they are never added together.

Source: FY26 Sustainability Report p.18; FY26 Databook, Environment sheet



Scope 3 by category (largest first)

Source: FY26 Sustainability Report p.18; FY26 Databook, Environment sheet



What is counted

Every scope and Scope 3 category, coloured by inclusion status. Values as reported. A tile shown in brackets is counted but not additive: it either sits inside another line's total, or it is the same emissions measured on the other Scope 2 basis. The values shown do not add up to the reported total.

Source: FY26 Sustainability Report pp.18-19 (Scope 3 inclusions and exclusions)



SCOPE / CATEGORY	STATUS	QUANTIFIED (TCO_2E)	MATERIAL?	NOTE
Scope 1: combustion / fugitive / fleet	Reported	23	No: 0.04% of total	Fleet fuel only; up from 10 in FY24, partly from switching the New Zealand fleet from electric to hybrid
Scope 2: electricity (location-based)	Reported	764	No: 1.3%	Up from 681 in FY25 despite electricity consumption falling 7.2%
Scope 2: electricity (market-based)	Reported	0	No	Zero after applying RECs across seven registries plus GreenPower for two Australian offices
Scope 3 C1 Purchased goods & services	Reported	43,283	Yes: 75.8% of total	Largest source; supplier-specific factors applied where spend exceeds $5m, EEIO elsewhere
Scope 3 C2 Capital goods	Reported	2,287	Yes	Capex IT, furniture, leasehold improvements
Scope 3 C3 Fuel- & energy-related	Reported	76	No	Derived from Scope 1 fuel and Scope 2 electricity
Scope 3 C4 Upstream transport & distribution	Reported	51	No	Couriers, postage and printing; goods transport for C1 and C2 is captured in those categories
Scope 3 C5 Waste	Reported	170	No	Includes water
Scope 3 C6 Business travel	Reported	7,410	Yes: 13.0%	Net of the SAF adjustment (11,271 before it). Both the gross and net figures are published; associated biogenic emissions of the SAF are excluded and not quantified
Scope 3 C7 Employee commuting	Reported	3,128	Yes	Includes working from home; previously two separate line items
Scope 3 C8 Upstream leased assets	Reported	615	No	Shared and base-building electricity and gas, and co-working
Scope 3 C9 Downstream transport & distribution	Not relevant	Not applicable	No	Software is not transported or distributed after sale
Scope 3 C10 Processing of sold products	Not relevant	Not applicable	No	No intermediate products sold
Scope 3 C11 Use of sold products	Excluded	Not measured	Cannot verify	Excluded on the stated grounds of limited influence over end use, low risk exposure and not being considered critical by key stakeholders, and that end use does not include the customer's computer. No size estimate is published, so materiality cannot be confirmed either way
Scope 3 C12 End-of-life of sold products	Not relevant	Not applicable	No	Software; no product waste stream
Scope 3 C13 Downstream leased assets	Reported	40	No	Subleases
Scope 3 C14 Franchises	Not relevant	Not applicable	No	No franchises operated
Scope 3 C15 Investments / financed & facilitated	Reported	1	No	A single debt investment, estimated by revenue-intensity proxy; short-term bank investments excluded

3.2 Financed-emissions detail (financial institutions)

N/A, not a financial institution.

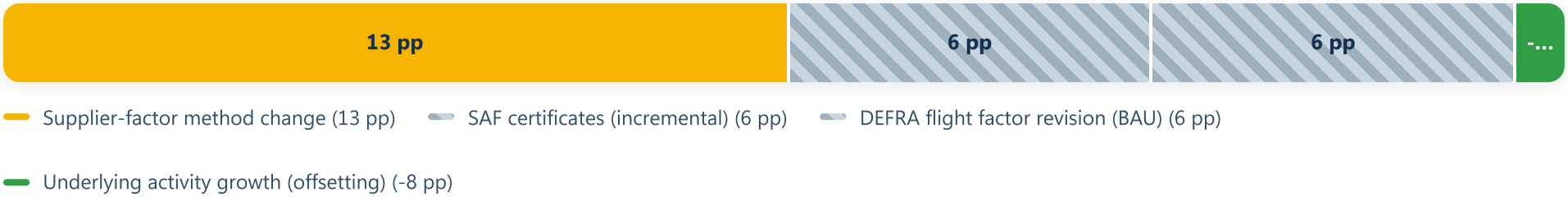
3.3 Real reduction vs accounting movement

Scope 1 and Scope 2 are decomposed below rather than tested as the combined figure the target and the KPI table use, because the two move in opposite directions and the combined figure attributes the change to the wrong cause.

Reported emissions decrease excluding Melio, FY25 to FY26 (-17%)

Decomposition of the reported reduction into its drivers.

Source: FY26 Sustainability Report pp.17-18 and n.34; FY26 Databook flights and Scope 3 notes; FY25 Databook flights note



REPORTED CHANGE	DRIVER	REAL-WORLD REDUCTION?
Combined Scope 1 and 2, market-based: 619 → 23 tCO_2e, a 96% decrease on the FY24 base year (headline KPI)	**Mixed**: composite of the three rows below	**No**: both physically measured components rose; the entire decrease is contractual
Scope 1: 10 → 23 tCO_2e, a 130% increase on FY24	Activity: more fleet vehicle travel, particularly in the United States, and switching the New Zealand fleet from electric to hybrid vehicles	**Increase**: one that includes a deliberate move to a higher-emitting fleet technology
Scope 2 location-based: 746 → 764 tCO_2e, a 2.4% increase on FY24 (and up from 681 in FY25)	**Grid** factor: grid factors and geographic mix, against a 7.2% fall in electricity consumed	**Increase**: consumption fell, but measured emissions rose; the efficiency gain is real and is outweighed
Scope 2 market-based: 609 → 0 tCO_2e	**Certificates**: renewable energy certificates across seven registries, plus GreenPower for two Australian offices and a transition to renewable electricity at the Auckland office. Actual renewable electricity is 32% of consumption; the remaining 68% is matched by certificates	**Partly**: the 32% actual renewable share and the 7.2% consumption reduction are real; the move from 32% to 100% is contractual
Total emissions excluding the acquisition: 55,996 → 46,686 tCO_2e, a 17% decrease, described as encouraging evidence of progress against the decarbonisation strategy	**Mixed**: all three named drivers sit in Scope 3, which moved 55,825 → 46,663 excluding the acquisition, a fall of 9,162: supplier-specific emissions factors replacing spend-based factors in purchased goods and services (−7,389), additional SAF certificates (−3,111 more than FY25), and a revision to the UK DEFRA flight emissions factors (−3,248, against travel activity that Xero states increased). These three total −13,748 against that fall of −9,162. The balance of the total movement is Scope 1 up 5 and market-based Scope 2 down 153 on certificates	**No**: accounting and external factor movement more than fully accounts for the decrease; beneath it, underlying Scope 3 emissions rose by at least 4,586 tCO_2e
Business travel: 13,299 → 7,410 tCO_2e, a 44% decrease	**Mixed**: 3,861 tCO_2e of sustainable aviation fuel certificates, and updated DEFRA factors. Xero states that underlying business travel activity increased over the same period	**No**: before the certificates the category is 11,271 tCO_2e, and the residual fall is a factor revision against rising activity

REPORTED CHANGE	DRIVER	REAL-WORLD REDUCTION?
Total emissions including the acquisition: 55,996 → 57,084 tCO_2e, a 2% increase	**Boundary** or M&A: six months of Melio, concentrated in purchased goods and services and business travel	**Increase**: disclosed
Emissions intensity: 12.15 → 11.16 tCO_2e per FTE, an 8% decrease, stated as driven by increased hiring	Activity: the denominator; headcount rose about 11% while total emissions rose 2%	**No**: the intensity metric falls while absolute emissions rise, and Xero states the cause is hiring

3.4 Trajectory over time

Across the four periods measured on the current GHG Protocol basis, Xero's footprint has risen every year: 36,341 tCO_2e in FY24, 56,524 in FY25 and 57,848 in FY26 on a location basis. Roughly two thirds of the FY24 to FY25 step is the widening of the Scope 3 boundary Xero completed in FY24, and the FY25 to FY26 step is the Melio acquisition; the underlying business has also grown. Scope 1 has risen in each of the four years, from 7 tCO_2e in FY23 to 23 in FY26. Location-based Scope 2 has been flat across the whole series, between 681 and 765 tCO_2e, while market-based Scope 2 has fallen from 609 to zero as certificate purchases scaled. The direction of travel in the reported numbers is therefore set by the accounting method rather than by the physical footprint, and section 3.3 sets out how that works in the current year.

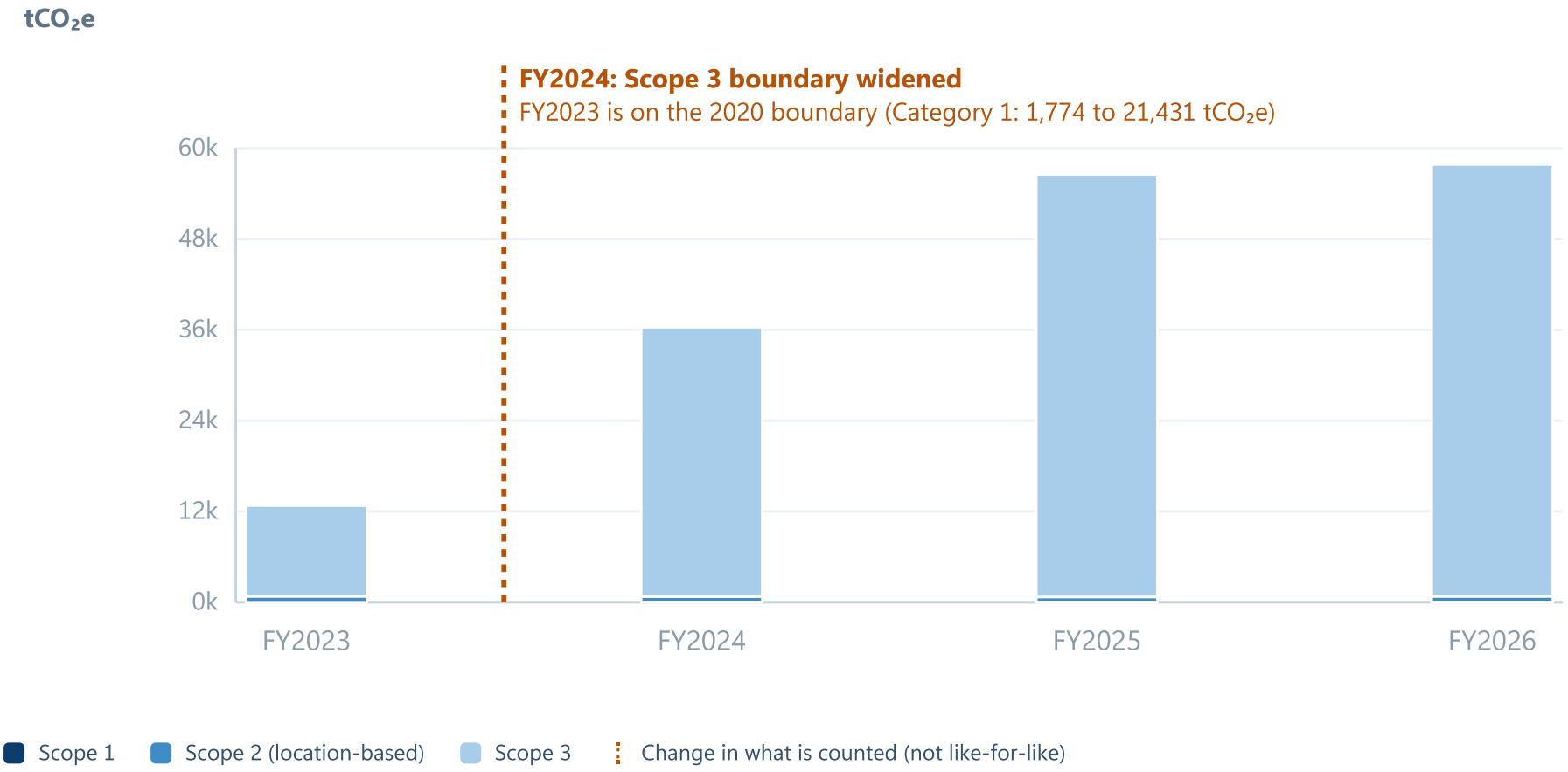
Three changes across periods matter to a reader tracking Xero year to year. The FY24 base year has already been restated once, from 793 to 756 tCO_2e for Scope 1 and 2 and from 35,180 to 35,585 tCO_2e for Scope 3, when a ten-month extrapolation was replaced with twelve months of actuals; the restatement is disclosed in both databooks and moved the total by 1%. A second recalculation is announced for FY27, because the acquisition and the introduction of supplier-specific factors each independently crossed Xero's own 5% significance threshold, and Xero states the targets may be reset as a result. And the ambition to reach net zero by 2050, stated in the FY23 and FY24 Annual Reports and again in the FY25 Sustainability Report, appears nowhere in the FY26 Annual Report or Sustainability Report, with no statement that it has been withdrawn or replaced. The prior Climate Active carbon-neutral certification, which covered FY20 to FY23, was disclosed as discontinued in FY25 and is not mentioned in FY26.

Metrics over time

Trajectory over time

Reported operational emissions by scope, stacked, in tCO_2e per reporting year. Orange dotted line = a change in what is counted or how: the bars either side of it are not like-for-like. Where the later years count sources the earlier ones left out, the earlier years under-state the footprint.

Source: FY26 Databook, Environment sheet (FY25, FY26); FY25 Databook, Environment sheet (FY24 base year, as restated, and FY23, calculated under the 2020 emissions boundary). The FY24 rebuild widened Scope 3: Category 1 was 1,774 tCO_2e in FY23 on the old boundary against 21,431 in FY24, so FY23 omits most of the value chain and the bars either side of the dotted line are not like-for-like



METRIC	FY2023	FY2024	FY2025	FY2026	MOVEMENT	DRIVER	NOTE
Scope 1 (tCO_2e)	7	10	18	23	Up: rising every year	Activity: fleet fuel, including an electric to hybrid switch in New Zealand	A real increase. FY2023 on the superseded 2020 boundary

METRIC	FY2023	FY2024	FY2025	FY2026	MOVEMENT	DRIVER	NOTE
Scope 2 location-based (tCO_2e)	765	746	681	764	Flat: across four years	**Grid** factor: grid factors and geographic mix (section 3.3)	Real, and flat. Consumption fell 7.2% in FY26 while emissions rose
Scope 2 market-based (tCO_2e)	Not disclosed	609	153	0	Down: to zero	**Certificates**: certificate purchases scaling from FY25	Not calculated for FY2023. Not additive to the location-based row
Scope 3 total (tCO_2e)	11,979	35,585	55,825	57,061	Not comparable: FY2023 is on the superseded 2020 boundary; rising every year	**Mixed**: boundary, acquisition and real growth	FY2024 is the base year
Emissions intensity (market-based, tCO_2e per FTE)	Not disclosed	8.38	12.15	11.16	Up: 33% above the FY2024 base year; down 8% in FY2026	Activity: the FY2026 fall is stated to be driven by hiring	An accounting movement, not lower emissions. No market-based intensity was published for FY2023; the FY2023 figure is location-based (next row below the fixed rows)
Renewable electricity (% of consumption)	Not disclosed	Not disclosed	18	32	Up: actual renewable share	**Mixed**: the actual renewable share is a real gain; the balance is certificates	Actual share. Including certificates: 93% in FY2025 and 100% in FY2026. Electricity data first disclosed in FY2025
Certificates and offsets retired (tCO_2e)	12,364	0	0	0	Down: offsets ceased after FY2023	Not applicable	FY2023 offsets retired under Climate Active; none since. Certificates applied within the inventory, not offsets, scaled: FY2025 750 tCO_2e SAF and 1,869,208 kWh RECs; FY2026 3,861 tCO_2e SAF and 1,581,493 kWh RECs. The FY26 SAF figure includes 250 tCO_2e carried over from FY25, which the FY25 disclosure does not support
Emissions intensity (location-based, tCO_2e per FTE)	2.51	8.41	12.26	11.31	Not comparable: FY2023 on the old boundary; 34% above the FY2024 base year, down 8% in FY2026	**Boundary** or M&A: the FY2023 to FY2024 step is the boundary change; the FY2026 fall is the denominator (hiring)	FY2023 is published location-based only (FY25 Databook); FY2024 to FY2026 from the FY26 Databook

Targets and claims over time

TARGET OR CLAIM	AS FIRST STATED (PERIOD)	AS STATED FOR FY2026	CHANGE	EXPLAINED?	NOTE
Scope 1 and 2 reduction target	−42% Scope 1+2 by 2030, FY20 base (FY2023)	−60% Scope 1+2 by 2034, FY24 base; approved by SBTi; FY27 recalculation announced and possible reset	**Rebased**; Extended: target year moved from 2030 to 2034 and the base year from FY20 to FY24	Yes: with the significance thresholds named, in the FY2025 report	Rebasing flagged in FY2024; submitted to SBTi in FY2025; under revision again
Scope 3 reduction target	−17% Scope 3 by 2030, FY20 base (FY2023)	−35% Scope 3 by 2034, FY24 base; approved by SBTi; FY27 recalculation announced and possible reset	**Rebased**; Extended: target year moved from 2030 to 2034 and the base year from FY20 to FY24	Yes: with the significance thresholds named, in the FY2025 report	Scope 3 is 60% above the base year (see F-6)
Supplier engagement target	70% of prioritised suppliers by emissions committed to a science-based target (FY2025)	"70% of prioritised suppliers by emissions committed to a science-based target by 2029"	Unchanged	Not applicable	50.1% in FY26; a process metric, not an emissions outcome (see F-7)
Climate Active carbon-neutral certification (the Australian Government's program)	Climate Active certified (FY2020)	Not mentioned	Withdrawn: disclosed in FY2025 as not sought for FY24 or FY25	Partly: disclosed once in FY2025, then dropped from the narrative	Certification covered FY20 to FY23
Net zero by 2050 ambition	Net zero by 2050 stated (FY2023)	No net zero commitment appears anywhere	Withdrawn: disappeared without a statement	No	Stated in the FY23 and FY24 Annual Reports and the FY25 Sustainability Report (see F-9)

4. Findings

4.1 What stands up (genuine / qualified positives)

▲ F–1

Electricity consumed fell 7.2%, from 2,501,703 to 2,320,500 kWh, and the share of electricity that is actually renewable rose from 18% to 32%, through office redesign, energy efficiency work and a transition to renewable electricity at the Auckland office

WHY IT MATTERS

This is physical reduction in the underlying activity, independent of any certificate. It is the one place in the FY26 disclosure where the reported movement and the real movement point the same way

QUALIFICATION (IF ANY)

Location-based Scope 2 emissions nevertheless rose, so the gain does not reach the reported figure. Scope 2 is 1.3% of the footprint

▲ F–2

The supplier engagement campaign produced a measured outcome: 51.6% of targeted spend is now covered by supplier-specific emissions data, up from none, and 50.1% of prioritised suppliers by emissions have committed to a science-based target

WHY IT MATTERS

Replacing spend-based estimates with supplier data in the category that is 76% of the footprint is the substantive work required to make Scope 3 reduction possible at all, and the coverage is quantified rather than asserted

QUALIFICATION (IF ANY)

This improves measurement, not emissions. Its 7,389 tCO_2e effect on the reported figure is an accounting change, and is treated as such in section 3.3

▲ F–3

Absolute reduction targets cover the dominant scope. Scope 3, at 99% of the footprint, carries its own absolute target of −35%, not an intensity target and not a coverage percentage

WHY IT MATTERS

Most disclosures of this shape target only the 1% the company directly controls. An absolute target on the dominant scope is what makes the gap in section 3.3 visible and measurable at all

QUALIFICATION (IF ANY)

The target is being missed by a widening margin, and both it and its base year are under announced revision

4.2 What does not stand up (negatives)

▼ F–4

The 96% decrease in Scope 1 and 2 is entirely contractual. Scope 1 rose from 10 to 23 tCO_2e and location-based Scope 2 rose from 746 to 764 tCO_2e; the whole of the decrease comes from certificates retiring market-based Scope 2 to zero

WHY IT MATTERS TO A READER

The headline performance figure describes a change in accounting method, not a change in what Xero emits. Both of the components that measure physical emissions moved in the opposite direction to the headline

WHAT WOULD FIX IT

State the location-based movement beside the market-based headline, and give Scope 1 and Scope 2 their own performance lines rather than a combined figure

▼ F–5

Excluding the acquisition, the reported 17% decrease in total emissions is more than fully explained by accounting and external factor movement. All three drivers sit in Scope 3, which fell 9,162 tCO_2e excluding the acquisition: the change to supplier-specific factors (−7,389), the additional SAF certificates (−3,111) and a revision to the UK DEFRA flight factors (−3,248) total −13,748 against that fall, so underlying Scope 3 emissions rose by at least 4,586 tCO_2e

WHY IT MATTERS TO A READER

The decrease is presented as encouraging evidence of progress against the decarbonisation strategy. On Xero's own figures none of it is abatement, and the underlying direction is upward

WHAT WOULD FIX IT

Publish the split between real abatement and accounting movement beside the headline, as the report already does for the acquisition effect

▼ F–6

Scope 3 is 60% above the base year against a target to cut it 35%, and is 99% of the footprint. The gap to the 2034 target is now about 34,000 tCO_2e, or a 59% reduction from where the company stands

WHY IT MATTERS TO A READER

Nine years into a ten-year target period the dominant scope is moving away from the target, not towards it. The disclosure states the increase but does not state what closing the gap requires

WHAT WOULD FIX IT

Publish the required annual reduction rate to 2034 and the expected contribution of each abatement lever

▼ F–7

One of the three targets described as near-term emissions reduction targets is a supplier process metric, not an emissions outcome. "70% of prioritised suppliers by emissions committed to a science-based target by 2029" measures commitments obtained, not emissions reduced

WHY IT MATTERS TO A READER

A reader counting three emissions reduction targets is counting two. Supplier commitments are a means to Scope 3 reduction, and the disclosure never quantifies how much reduction the pathway is expected to deliver

WHAT WOULD FIX IT

Present the supplier metric as an enabling indicator, and publish the bridge from supplier commitments to the tonnes of Scope 3 reduction they are expected to produce

▼ F–8

The reported 44% fall in business travel emissions runs against rising travel. Xero states that underlying business travel activity increased; the reported fall is produced by 3,861 tCO_2e of sustainable aviation fuel certificates and a revision to the DEFRA emissions factors

WHY IT MATTERS TO A READER

Business travel is the second largest source. A reader sees a category halving while the activity that drives it grows

WHAT WOULD FIX IT

State the activity trend, in flights or passenger kilometres, beside the emissions figure, and show the certificate and factor effects separately from it

▼ F–9

The ambition to reach net zero by 2050, stated in the FY23 and FY24 Annual Reports and again in the FY25 Sustainability Report, does not appear anywhere in the FY26 Annual Report or Sustainability Report, and no statement explains its removal

WHY IT MATTERS TO A READER

A long-term commitment that a reader relied on last year has gone without a word. Only a reader holding both years' documents side by side can detect it, and none of the FY26 documents signals that anything changed

WHAT WOULD FIX IT

State plainly whether the net zero by 2050 ambition still stands, and if it has been withdrawn or deferred, say so and give the reason

▼ F-10

The emissions intensity target moves on its denominator. Intensity fell 8% year on year, which the report attributes to increased hiring, while absolute emissions rose 2% and intensity remains 33% above the base year against a target to reduce it

WHY IT MATTERS TO A READER

An intensity measure that improves because headcount grew tells a reader nothing about emissions. Presented as performance beside the absolute targets, it softens a picture the absolute figures do not support

WHAT WOULD FIX IT

Keep the absolute trend alongside the intensity figure wherever intensity is reported as performance, as the KPI table's own base-year comparison already does

4.3 What cannot be verified

? F-11

Whether the excluded Scope 3 Category 11, use of sold products, is material

WHY IT IS OPEN

It is excluded on grounds of limited influence, low risk exposure and stakeholder criticality, which are not size tests, and no bounding estimate is published. Absence of a figure is not evidence that the category is small, and it is not evidence that it is large

WHAT WOULD RESOLVE IT

A bounding estimate for the category, or the quantitative relevance test that produced the exclusion

? F-12

The volume of renewable energy certificates behind the zero market-based Scope 2 that was not retired at period end

WHY IT IS OPEN

The disclosure states that certificates secured via Meridian Energy through BraveTrace will be retired in May 2026, after the 31 March 2026 period end, but does not state how much of the 1,581,493 kWh that represents

WHAT WOULD RESOLVE IT

Registry records showing serial numbers, vintage, volume and retirement date by registry, and the beneficiary named

?

F–13

The biogenic emissions associated with the 3,861 tCO_2e of sustainable aviation fuel

WHY IT IS OPEN

The fossil reduction is booked into the inventory while the associated biogenic emissions are excluded, stated as not available by publication date, and are not sized. The adjustment is therefore one-sided by an unknown amount

WHAT WOULD RESOLVE IT

The biogenic emissions figure from the certificate providers, disclosed alongside the fossil reduction

?

F–14

Whether 250 tCO_2e of sustainable aviation fuel benefit has been counted in two periods

WHY IT IS OPEN

FY25 states that Xero purchased 750 tCO_2e of certificates from Qantas and that the figure includes a 750 tCO_2e reduction, leaving nothing unused. FY26 states that Xero carried over 250 tCO_2e relating to a prior-year Qantas purchase made in FY25. The two statements do not reconcile as written

WHAT WOULD RESOLVE IT

The certificate purchase and application record for both periods, showing volumes purchased, applied and carried forward

?

F–15

The precise boundary, baseline and temperature ambition validated by the SBTi

WHY IT IS OPEN

The targets are described as approved by the SBTi, and the validated target letter was not provided, so the validated wording cannot be compared with the wording used in the report

WHAT WOULD RESOLVE IT

The SBTi validation letter or decision, with the criteria version applied

?

F–16

Whether Xero Australia Pty Limited lodged its AASB S2 report by 31 July 2026, and what it says

WHY IT IS OPEN

The report is stated as due but is not in the reviewed set. Nothing in this review speaks to the one Xero entity carrying a live mandatory obligation

WHAT WOULD RESOLVE IT

The lodged FY26 Xero Australia Sustainability Report

?

F–17

The size of the increase in business travel activity

WHY IT IS OPEN

The increase is stated qualitatively and never quantified, so the emissions factor effect can be established as a floor but not as a point estimate

WHAT WOULD RESOLVE IT

Flight volumes or passenger kilometres for FY25 and FY26 on a consistent basis

5. Disclosure risk exposure

5.1 Risk read

Xero's exposure sits almost entirely in the gap between accurate component claims and the impression they combine to give. Individually the statements are careful: the basis is labelled, the certificates are named, the location-based figures are published and the adverse numbers appear in the same tables as the favourable ones. Assembled, they present a year of decarbonisation progress in which the total footprint rose, the dominant scope moved further from its target, and no part of the reported reduction came from emitting less. The single biggest driver is that the reported reductions are certificate and emissions-factor movement described in the language of abatement. A secondary exposure is continuity: a long-term net zero ambition stated a year earlier is absent from the current suite with nothing said, which is the kind of change a reader is entitled to have flagged rather than to discover by comparison.

5.2 Risk by lens

Risk exposure by lens

Relative exposure across disclosure-risk lenses; see the table for what drives each and what would reduce it.

Source: Review analysis of the FY26 disclosure suite

Legal (misleading-conduct / disclosure / director-duty)	**Moderate**	Medium confidence
Regulatory (ASIC / ACCC / Clean Energy Regulator / AASB S2)	**Moderate**	Medium confidence
Technology (dependence on unproven abatement)	**Low to moderate**	Medium confidence
Physical (physical-risk disclosure consistency)	**Low**	Medium confidence
Other: continuity of public commitments	**Moderate**	High confidence

LENS	EXPOSURE	CONFIDENCE	WHAT DRIVES IT	WHAT WOULD REDUCE IT
Legal (misleading-conduct / disclosure / director-duty)	Moderate	Medium	Performance framing that describes certificate and factor movement as evidence of progress against a decarbonisation strategy, in a document that also contains every number needed to contradict it	State the real-versus-accounting split beside each headline reduction, and describe certificate-driven movement in those terms
Regulatory (ASIC / ACCC / Clean Energy Regulator / AASB S2)	Moderate	Medium	Renewable and reduction claims made to Australian consumers and investors by an ASX-listed group whose Australian subsidiary carries a live AASB S2 obligation; part of the certificate volume behind the zero market-based figure is retired after period end	Provide registry-level retirement evidence within the reporting period, and align the group narrative with the subsidiary's mandatory disclosure
Technology (dependence on unproven abatement)	Low to moderate	Medium	The Scope 3 pathway depends on supplier decarbonisation whose contribution is never sized, and on sustainable aviation fuel book-and-claim whose biogenic emissions are excluded	Publish the abatement bridge to 2034 by lever, and disclose the full emissions effect of the SAF certificates
Physical (physical-risk disclosure consistency)	Low	Medium	Xero owns no significant physical assets including data centres, so direct physical exposure is limited, and the third-party data centre channel is identified with likelihood, horizon and mitigation. No financial effect is quantified	Quantify or bound the financial effect of the identified data centre disruption channel
Other: continuity of public commitments	Moderate	High	A net zero by 2050 ambition stated in three successive prior reports is absent from the FY26 suite with no statement of withdrawal, and the prior carbon-neutral certification exit is no longer mentioned	State the current status of the long-term ambition and of the discontinued certification in the current report

5.3 Consistency across audiences

CLAIM / METRIC	TO THE REGULATOR	TO INVESTORS / PUBLIC	CONSISTENT AFTER NORMALISING BOUNDARY?
Scope 1 and location-based Scope 2	No NGER register entry; not a controlling corporation for the period, which is consistent with a software business below the threshold. Absence is not zero emissions	Scope 1 of 23 tCO_2e and location-based Scope 2 of 764 tCO_2e, published in both the Sustainability Report and the Databook	Yes: no statutory reconciling item arises
FY26 emissions figures	Not applicable at group level	Annual Report, Sustainability Report and Databook carry identical figures line by line	Yes
FY25 comparatives	Not applicable	FY25 figures as restated in the FY26 Databook are identical to the FY25 Databook on every line, including all ten Scope 3 categories	Yes: no silent restatement occurred
FY24 base year	Not applicable	Restated from 793 to 756 tCO_2e (Scope 1 and 2) and 35,180 to 35,585 tCO_2e (Scope 3) between the FY24 and FY25 reports	Yes: disclosed with the reason in both databooks
Sustainable aviation fuel volumes	Not applicable	FY25 discloses a 750 tCO_2e purchase fully applied; FY26 discloses a 250 tCO_2e carry-over from that same purchase	No: the two published statements do not reconcile; which is correct cannot be determined from the reviewed materials
Net zero by 2050	Not applicable	Stated in FY23, FY24 and FY25; absent from every FY26 document with no statement of withdrawal	No: the commitment position changed without being told to any audience
Carbon-neutral certification	Climate Active certification held FY20 to FY23 and disclosed in the public disclosure statements	FY25 disclosed that certification was not sought for FY24 or FY25; FY26 does not mention it	Yes: partly; the exit was disclosed once, then dropped from the narrative

6. How to fix it

6.1 NoCO2 Standard alignment

FINDING	REVIEW FINDING (WHY IT MATTERS)	NOCO2 MECHANISM	DOCUMENT / CLAUSE	REQUIRED EVIDENCE	LIKELY NOCO2 OUTCOME
D4-02 Category 11 excluded without a bound	Completeness cannot be confirmed for a downstream category excluded on influence and stakeholder tests	Category coverage against a numeric materiality threshold, within a boundary set under operational control	4.5.3 GHG Emission Categories (Table 3 materiality); 4.4 Organisational Boundary; 4.5.4 Quantification	Bounding estimate for Category 11, or the quantitative relevance test	Non-conformance until quantified or excluded against the threshold
D4-03, D4-04 Supplier-specific factors at 51.6% of targeted spend, with a 7,389 tCO_2e effect	A data-quality improvement is presented within a progress narrative	Data-quality ranking and improvement, with SSEF assessment	4.6 Data Quality; 4.6.4 SSEF Assessment; 4.6.3 Financial Reconciliation; 5.1.14 Data Quality & Scope 3 Improvement	SSEF derivation and assessment records; the prior-basis series restated	Conforms on method; the presentation requires restatement rather than movement
D3-01, D3-02 Certificates drive market-based Scope 2 to zero; part retired after period end	The headline reduction is contractual and part of it is not retired at the reporting date	Market versus location-based methodology, with contractual-instrument disclosure	4.5.5 Methodology (market versus location-based); 5.1.13 Contractual Instruments for Purchased Energy	Registry records: serial numbers, vintage, volume, retirement date, beneficiary, by registry	Non-conformance on retirement timing until evidenced within the period
D5-01 SAF biogenic emissions excluded while the fossil reduction is booked	The claimed net benefit is an upper bound of unknown tightness	Abatement principles and credit reporting	4.8.1 Abatement Principles; 4.8.2 CDR Criteria; 5.1.12 Carbon Credit Reporting	Biogenic emissions figures from Qantas and United for the certificates applied	Non-conformance until both sides of the adjustment are disclosed

FINDING	REVIEW FINDING (WHY IT MATTERS)	NOCO2 MECHANISM	DOCUMENT / CLAUSE	REQUIRED EVIDENCE	LIKELY NOCO2 OUTCOME
D5-02 250 tCO_2e SAF carry-over irreconcilable across periods	Two published disclosures cannot both be right	Emissions tracking across the historical series, with non-conformance disclosure	5.1.10 Emissions Tracking (restatement transparency); 5.1.12 Carbon Credit Reporting; 5.1.15 Non-Conformance Disclosure	Purchase and application record for FY25 and FY26	Resolve and disclose as a correction
D6-01, D6-03 Absolute Scope 3 target on 99% of the footprint, missed by a widening margin	The target is well constructed and is not being met	Reduction obligations on an accelerated trajectory, with target integrity	4.7 Reduction Obligations; 4.7.4 Accelerated Reduction Timeline; 4.9.2 Metrics & Targets	Annual trajectory to 2034 with the contribution of each lever	Conforms on architecture; requires a disclosed annual trajectory
D6-02 Supplier commitment metric counted as an emissions reduction target	Engagement is presented as reduction, and the pathway is never sized	Influence-based inventory categories, disclosed separately from the attributable inventory	4.5.6 Influence Based Inventory Categories (Category A intangible services); Annex B Net Zero Attribution; 4.9.2 Metrics & Targets	The bridge from supplier commitments to Scope 3 tonnes	Reclassify as influence-based and disclose separately
D6-05 Net zero by 2050 withdrawn without statement	A commitment readers relied on last year is gone with nothing said	Use of claims and statements, with public reporting	4.9.1 Use of Claims and Statements (4.9.1.2 Net Zero Claims; 4.9.1.5 Partial Application); 4.9.4 Public Reporting & Disclosure; 1.1.3	A current statement of the ambition's status	Non-conformance on claim continuity until stated
D6-06, D2-04 Base year restated once, second recalculation announced	The measuring stick for every target is provisional	Initial year and reporting period, with base-year consistency	4.3 Initial Year & Reporting Period (4.3.1 applicable version); 4.9.2 Metrics & Targets; 5.1.10 Emissions Tracking	Recalculated base year with the old and new sets on a common boundary	Conforms; disclosure already meets the transparency limb
D3-03 Electricity consumption down 7.2%, actual renewable share up to 32%	Real physical reduction, independent of certificates	Required interventions and clean alternative assessment	4.7.1 Required Interventions Schedule; 4.7.2 Clean Alternative Assessment	Energy efficiency measures and the Auckland transition, evidenced	Conforms; counts as genuine abatement
D2-02 New Zealand fleet switched from electric to hybrid	A deliberate move to a higher-emitting technology inside a reduction target	Clean alternative assessment before certificates are applied	4.7.2 Clean Alternative Assessment; 4.7.1 Required Interventions Schedule	The assessment behind the fleet decision	Requires a clean-alternative assessment on the record
D4-05 Business travel falls on certificates and factors while activity rises	The second largest source appears to halve while its driver grows	Required interventions on travel, with clean alternative assessment before offsetting	4.7.1 Required Interventions Schedule; 4.7.2 Clean Alternative Assessment; 4.8.1 Abatement Principles	Flight volumes or passenger kilometres for both periods	Requires abatement before certificate application
D1-02, D9-02 No quantified financial effects	Exposure is described without magnitude	Public reporting and disclosure obligation	4.9.4 Public Reporting & Disclosure; 5.1 Public Disclosure Statement	Quantified or bounded financial effect for the identified channels	Standard review item
D7-01 Limited assurance excluding controls, IT aggregation and estimate data	Assurance breadth is full; depth is not	Assurance and conformance requirements	6.1 Assurance Requirements; 6.2 Conformance Requirements (6.2.2 critical non-conformance)	Extended assurance covering controls and aggregation	Conforms at the limited level; reasonable assurance would be required for higher status
D5-03 Climate Active certification discontinued after FY23	No live carbon-neutral claim exists to test	Net zero status requirements, as the successor pathway	4.7.5 Net Zero Status Requirements (4.7.5.1 Net Zero Committed); 4.9.1.3 use without a claim	A replacement commitment, if one is intended	Not applicable for the period; a pathway exists if a claim is resumed

7. Conclusion & next steps

Xero's FY26 climate disclosure is well built and points the wrong way. The measurement covers the whole value chain: every one of the fifteen value chain categories is addressed with a stated relevance test, ten are quantified, the acquisition is separated into its own column, and the location-based and gross-of-certificate figures sit beside the market-based and net figures throughout. That construction is what allows a reader to establish, from Xero's own tables, that the year's reported reductions are certificate purchases and changes to emissions factors rather than emitting less, and that beneath them the underlying footprint grew.

The result is a disclosure that serves its most and least expert readers very differently. A carbon accountant can lift the figures. A careful investor reading the environment section will find the correction beside every claim. An institutional investor pricing transition risk cannot rely on the reported trajectory at all, and a member of the public reading the headlines will take away the opposite of what the

numbers show.

The most valuable change is also the smallest: publish the split between real abatement and accounting movement beside each headline reduction figure. Xero already does this for the acquisition, quantifying its effect to the tonne, and the same treatment applied to the supplier-factor change, the certificates and the DEFRA revision would make the reported story match the underlying one without adding a single new measurement. Beyond that, two things need saying rather than calculating: what the pathway from supplier commitments to Scope 3 tonnes actually is, and whether the ambition to reach net zero by 2050 still stands. With the base year due for recalculation in FY27 and the targets themselves open to reset, the coming year is the natural point to settle all three.

Important information

This diagnosis is general information, published to support transparency, accountability and public debate on corporate climate disclosure. It sets out CRI's assessment of the publicly available climate disclosures of the organisation named above, for the reporting period stated, based on third-party information available at the review date. The assessment is made against CRI's Climate Disclosure Review Rules (version stated above), which use the CRI Net Zero Standard as the reference for a credible claim together with AASB S2 Climate-related Disclosures, and it gives reasons for each finding.

It assesses the disclosure, not the organisation's underlying climate performance or intent, and it does not allege illegality, misconduct, greenwashing or dishonesty. It is not tailored advice, nor legal, financial or investment advice, and it is not an audit, an assurance engagement or a certification. CRI does not accept liability for any error or omission in this analysis, or for any loss arising from use of or reliance on it.

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--- ANNEXES (INTERNAL WORKING LAYER) ---

These annexes are the detailed working layer behind the findings in the body: the evidence base, rule application and traceability. Much of it is review working, retained for transparency and of interest to both the internal review team and external readers who want to see how each finding was reached.

Annex A: Documents reviewed & completeness (A-01A)

DOCUMENT	STATUS	CRITICALITY	NOTES
FY26 Annual Report (Xero Limited)	Reviewed	Critical	Audited financial statements, EY opinion; carries the applicability-gate statements and confirms SBTi approval and the FY27 rebaseline
FY26 Sustainability Report	Reviewed	Critical	Climate disclosures pp.15–20, carbon inventory basis of preparation pp.19–20, EY limited assurance pp.21–22
FY26 Databook, Environment sheet	Reviewed	Critical	Primary numeric source; reconciles line by line to the Sustainability Report
FY25 Sustainability Report	Reviewed	Material	Prior-claim context: net zero by 2050 ambition, Climate Active discontinuation
FY25 Databook, Environment sheet	Reviewed	Material	Comparative source; used to test for silent restatement of FY25
FY24 Annual Report	Reviewed	Material	First expanded-boundary figures; FY20-base targets; rebaseline trigger disclosure
FY23 Annual Report	Reviewed	Material	Net zero by 2050 commitment and FY20-base science-based targets as first stated
FY22, FY21, FY20 Annual Reports	Reviewed	Useful	Net Zero @ Xero programme origin and Climate Active certification chain
FY23 Climate Active Public Disclosure Statement	Reviewed	Material	Historical certification boundary, exclusions and 12,364 tCO_2e of offsets retired
SBTi validated target letter	Not provided	Critical for the SBTi claim	Dependent area marked cannot-verify; the approval itself is corroborated in two Xero documents
REC and SAF certificate registry records	Not provided	Critical for the certificate claims	Dependent areas marked cannot-verify (retirement timing, volume by registry, carry-over)
FY26 Xero Australia Pty Limited Sustainability Report (AASB S2)	Not provided, not in set	Critical for the mandatory-obligation question	Not reviewed; no finding drawn. Absence is not evidence of non-lodgement
CDP Climate Change response	Not provided	Useful	Rating disclosed as B; the response itself is outside the consistency matrix
NGER register (FY2024-25)	Searched, no match	Material for A-01C	Not a controlling corporation for the period; consistent with a software business below threshold. Absence is not zero emissions

Annex B: Evidence table (AI-02)

EVIDENCE ID	SOURCE (DOC · PAGE/TABLE)	WHAT IT SHOWS	LINKED CLAIM / FINDING	RULE IDS	STATUS
EV-01	FY26 Databook, Environment, GHG emissions table	Scope 1 23, Scope 2 location 764, Scope 3 57,061, total location 57,848 (FY26); 18 / 681 / 55,825 / 56,524 (FY25); 10 / 746 / 35,585 / 36,341 (FY24 base)	Whole inventory; §3.1, §3.4	G-06, G-07, S2-26, S2-28	Confirmed
EV-02	FY26 Databook, Scope 2 table	Market-based electricity 0 (FY26), 153 (FY25), 609 (FY24); location-based 764 / 681 / 746	F-4; §3.3	G-07, E-01..24, S2-28	Confirmed
EV-03	FY26 Sustainability Report p.15, KPI table	"Reduce Scope 1 and 2 carbon emissions by 60% by 2034 from FY24 baseline": FY26 23 tCO_2e, 96% decrease; FY25 171 tCO_2e, 72% decrease	Headline claim CL-01	A-17, T-01, G-06/07	Confirmed
EV-04	FY26 Sustainability Report p.15 n.32	"In FY26, we purchased Renewable Energy Certificates (RECs) to fully match our electricity consumption with renewable sources. Under a market-based carbon accounting approach, this enables us to reduce the Scope 2 emissions we report"	Co-located correction supporting R1 at 2	OUT-STK-05, E-24, OUT-TB-03	Confirmed
EV-05	FY26 Sustainability Report p.15, KPI table	"Reduce Scope 3 emissions by 35% by 2034 from FY24 baseline": FY26 57,061 tCO_2e, 60% increase on FY24	F-6; §2.1 institutional	T-01, T-14, A-17	Confirmed
EV-06	FY26 Sustainability Report p.17	"Excluding the six months of Melio activity included in our inventory this year, our total FY26 emissions would have decreased by 17% year-on-year, with Scope 3 emissions decreasing by 16%. This reduction is driven primarily by the use of supplier-specific emissions factors introduced through our supplier engagement campaign as well as the purchase of SAF credits ... and provides encouraging evidence of progress against our decarbonisation strategy"	F-5; the load-bearing A-19 / G-BAU finding	A-19, G-BAU, A-17, GHG-STD-08	Confirmed
EV-07	FY26 Sustainability Report p.18	"Emissions from purchased goods and services increased by 5,868 tCO_2e year-on-year, driven by a 9,334 tCO_2e increase from incorporating Melio's emissions. The lower overall increase in this category reflects a 7,389 tCO_2e reduction thanks to methodological improvements in FY26, including the use of supplier-specific data and emissions factors for a subset of suppliers"	Quantifies the method component of F-5	A-19, G-BAU, G-10, S3-EST	Confirmed
EV-08	FY26 Sustainability Report p.18	"Emissions from business travel decreased by 5,890 tCO_2e year-on-year. Underlying business travel activity increased over the same period; however, the reported decrease reflects a 3,861 tCO_2e reduction attributable to the use of SAF, alongside increased efficiencies from updated DEFRA emissions factors"	F-8; the activity-versus-factor split	A-19, G-BAU, T-MI-06	Confirmed
EV-09	FY26 Databook, flights note	FY26 SAF: 1,625 tCO_2e Qantas + 1,986 tCO_2e United + 250 tCO_2e carried over from a prior-year Qantas purchase in FY25 = 3,861. Flights 10,214 without SAF, 6,353 with	§3.3; F-14	E-08..22, G-11	Confirmed
EV-10	FY25 Databook, flights note	"Xero purchased 750 tCO_2e of SAF certificates from Qantas in FY25. This figure includes a 750 tCO_2e reduction in fossil emissions attributed to the use of SAF"	The prior-period leg of the carry-over inconsistency	YOY-04, DR-02, A-01B, A-05	Confirmed; does not reconcile with EV-09
EV-11	FY26 Sustainability Report p.15 n.34; p.18 n.44	"There are biogenic emissions associated with SAF that are not included in this total due to data not being available by the date of publication"	F-13	G-11, E-08..22, GHG-STD	Confirmed
EV-12	FY26 Sustainability Report p.18 n.41; FY26 Databook Scope 2 note	RECs from the Australian REC Registry, BraveTrace, I-REC, M-RETS, Ofgem, NAR and Statnett; "RECs secured via Meridian Energy through BraveTrace will be retired in May 2026"; GreenPower for two Australian offices	F-12	E-05..12, E-19, S2-28	Confirmed; volume not disclosed
EV-13	FY26 Databook, Electricity consumed table	Electricity 2,320,500 kWh (FY26) vs 2,501,702.68 (FY25); renewable 32% vs 18%; matched by RECs 1,581,493 kWh vs 1,869,208; including RECs 100%	F-1; §3.3	E-01..24, G-07	Confirmed
EV-14	FY26 Sustainability Report p.18	"Scope 1 emissions increased by 24%, which relates to increased travel in our fleet vehicles, particularly in the US ... and switching our fleet in New Zealand from electric to hybrid vehicles"	§3.3 Scope 1 row	G-06, S2-26, A-19	Confirmed
EV-15	FY26 Sustainability Report p.18	"our emissions intensity ratio (based on emissions per employee) decreased by 8% year-on-year, driven by increased hiring"	F-10	T-14, A-19	Confirmed

EVIDENCE ID	SOURCE (DOC · PAGE/TABLE)	WHAT IT SHOWS	LINKED CLAIM / FINDING	RULE IDS	STATUS
EV-16	FY26 Sustainability Report p.19	Scope 3 inclusions and exclusions table: C9, C10, C11, C12, C14 excluded with stated reasons. C11: "Xero has limited influence over product end use. This category also presents low risk exposure, and it is not considered critical by key stakeholders. End use does not include emissions for other products, such as the use of computers"	F-11; A1 enumeration	S3-01..31, S3-26, G-15, OUT-STK-13	Confirmed; not quantified
EV-17	FY26 Sustainability Report pp.19–20	Base year FY24; 5% quantitative significance threshold; recalculation triggers and exclusions listed; acquisition and supplier-specific factors each independently crossed the threshold; recalculation in FY27 and targets may be reset	§3.4; I2	G-10, T-BASE-01, T-BASE-02, YOY-04	Confirmed
EV-18	FY26 Sustainability Report p.20, methodology table	Per-category calculation method, factor source and vintage: NGA 2025, DEFRA 2025, DEFRA 2022 inflation-adjusted to 2025 and converted to NZD, CaDI 2025, Cornell 2024. SSEFs applied where supplier spend exceeds $5m	A3 enumeration	GHG-STD-00..13, G-04, S3-EST	Confirmed
EV-19	FY26 Sustainability Report pp.21–22	EY Limited, ISAE 3410 limited assurance over total Scope 1, 2 (location and market-based) and 3 and associated methodology disclosures, FY26, signed Auckland 14 May 2026. Procedures excluded testing controls, aggregation or calculation within IT systems, and the data underlying estimates. Procedures expressly included "considering the applicability of the Renewable Energy Certificates applied to the Scope 2 market-based amounts taking into account the GHG Protocol Scope 2 quality criteria"	A4; §2.2 assurance row; mitigant to F-12	GOV-01..16, A-11, OUT-STK-13	Confirmed
EV-20	FY26 Annual Report p.5	"The climate-related financial disclosure requirements outlined in the Australian Accounting Standards Board (AASB) S2 Climate-related Disclosures do apply to Xero Limited's Australian entity, Xero Australia Pty Limited. The FY26 Xero Australia Sustainability Report will be lodged with the Australian Securities and Investments Commission (ASIC) by 31 July 2026"	G1; §1.3; F-16	L-01..14, S2-01..06	Confirmed
EV-21	FY26 Sustainability Report p.15 n.38	"The climate-related financial disclosures included within this report are not fully aligned with IFRS S2. Further, they are not intended to fully replicate the climate-related disclosure requirements of any specific jurisdiction in which Xero operates, as none of these apply to Xero Limited"	G1 workability; §2.3 IFRS S2 row	L-01..14, C-01..06	Confirmed
EV-22	FY25 Sustainability Report p.4	"In the long term, our ambition remains to reach net zero by 2050. However, we acknowledge the nature of our business means this relies on many factors outside our direct control"	The prior-period leg of F-9	YOY-05, YOY-06, S2-41	Confirmed
EV-23	FY26 Annual Report and FY26 Sustainability Report, full-text search	Zero occurrences of "net zero" or "net-zero" in either document	F-9; G2 defeat	YOY-05, YOY-06, S2-41, DR-02	Confirmed
EV-24	FY23 Annual Report p.53	"From an FY20 baseline, we have committed to reduce our Scope 1 and 2 emissions by 42% and our Scope 3 emissions by 17% by 2030, and to be net-zero by 2050"	Target lineage; Annex K.4	T-01..13, YOY-06	Confirmed
EV-25	FY25 Sustainability Report p.5	Xero "not sought Climate Active certification for FY24 or FY25"	A-18 exit treatment; §5.3	A-18, E-25, YOY-05	Confirmed
EV-26	FY23 Climate Active Public Disclosure Statement	Certification for the year to 31 March 2023; 12,364 tCO_2e total emissions offset; boundary excludes ICT services other than cloud platform hosting; FY20-base targets of −42% Scope 1 and 2 and −17% Scope 3 by 2030	Historical claim register	E-25, OUT-TB-15, OUT-TB-16	Confirmed; superseded
EV-27	FY25 Databook vs FY26 Databook, line-by-line comparison	Every FY25 figure identical across both publications: Scope 1 18, Scope 2 location 681, market 153, and all ten Scope 3 categories	No silent restatement of FY25	YOY-04, G-10	Confirmed
EV-28	FY24 Annual Report p.42 vs FY25 Databook	FY24 first published as 793 (Scope 1 and 2) and 35,180 (Scope 3) on the expanded boundary; restated to 756 and 35,585 with the reason stated (ten-month extrapolation replaced by twelve months actual)	Annex K.2	YOY-04, G-10, T-BASE-01	Confirmed; disclosed
EV-29	FY26 Sustainability Report p.16	"51.6% of our targeted spend is now covered by supplier-specific emissions data"; supplier engagement campaign across technology, professional services and marketing	F-2	S3-EST, S3A-01..17, A-16	Confirmed
EV-30	FY26 Sustainability Report p.15, KPI table	"70% of prioritised suppliers by emissions committed to a science-based target by 2029": FY26 50.1%, FY25 N/A	F-7; I5	T-SUP-03, T-PROC-05, T-DEP-04	Confirmed

EVIDENCE ID	SOURCE (DOC · PAGE/TABLE)	WHAT IT SHOWS	LINKED CLAIM / FINDING	RULE IDS	STATUS
EV-31	FY26 Sustainability Report p.17	Four climate scenarios with RCP and SSP pathways and temperature ranges; "In line with IFRS guidance, we do not complete a climate scenario analysis every year"; material climate risk and opportunity table with likelihood, horizon, impact and mitigation	I1 enumeration	N-01..04, S2-16, S2-17	Confirmed
EV-32	FY26 Sustainability Report p.17	"We also enhanced our capability to estimate the potential financial impacts of climate-related risks and opportunities." No quantified financial effect is disclosed	I1 gap; §2.3 IFRS S2 row	S2-17, N-04	Confirmed
EV-33	FY26 Sustainability Report p.5	"Reduced our operational emissions by continuing to implement energy efficiency measures, transitioning more of our offices to renewable electricity and purchasing Renewable Energy Certificates to the equivalent of remaining Scope 2 market-based emissions"	Claim CL-04; P1 literal-truth test	A-17, OUT-EXT-04, OUT-TB-15	Confirmed
EV-34	FY26 Databook, waste tables	Diversion 45.0% (FY26), 55.0% (FY25), 52.1% (FY24); general waste 71,869 kg vs 55,398 kg	§3.4 context; P2 composite	N-01, OUT-TB-06	Confirmed
EV-35	NGER register 2024-25, searched via tools/ngers-lookup.ps1	No match for Xero	Annex J.2	A-01C, DR-02	Confirmed; not a controlling corporation

Annex C: Claim register (AI-18 / OUT-TB-15)

CLAIM ID	WORDING / PARAPHRASE	CLAIM OBJECT	CLAIM SOURCE & BASIS (OUT-TB-15)	DOC & LOCATION	STRENGTH	AUDIENCE	EVIDENCE REQ/FOUND/MISSING	TRIGGERED SCANS	RULE IDS	STATUS
CL-01	"96% decrease on FY24 base year" against "Reduce Scope 1 and 2 carbon emissions by 60% by 2034"	Combined Scope 1 and market-based Scope 2, group, FY26	Self-declared, on the market-based method, footnoted as certificate-driven	FY26 SR p.15 KPI table, n.31, n.32	Strong headline, precisely caveated	All	Found: EV-01, EV-02, EV-03, EV-04. Missing: registry retirement records	Scope 2 / certificates; combined-scope decomposition; BAU	G-06, G-07, E-01..24, A-19, A-17	Literally accurate; composite impression fails (P2)
CL-02	"We purchased Renewable Energy Certificates (RECs) to match our electricity consumption in FY26 with renewable sources"; Databook: renewable including RECs 100%, actual renewable 32%	Contractual matching of 2,320,500 kWh	Self-declared; seven registries named; both the actual and the matched share published	FY26 SR p.15 n.32; Databook electricity table	Strong, accurately worded	Public, retail	Found: EV-12, EV-13. Missing: serial numbers, vintages, retirement dates, volume by registry	100% renewable / market-based Scope 2	E-01..24, E-19, E-24, S2-28	Accurate as worded; retirement timing cannot-verify
CL-03	"Our three credible near-term emissions reduction targets"; "Xero's climate targets and methodology to achieve those targets were successfully approved by the Science Based Targets initiative (SBTi)"	The FY24-base 2034 target set	Third-party validated (SBTi) as to the targets; "credible" is self-applied	FY26 SR p.15, p.17; FY26 AR p.7	Strong, third-party anchored	Institutional, retail	Found: EV-03, EV-05, EV-30 and two corroborating documents. Missing: the validated target letter	SBTi / science-based label	T-SBTi-01, T-SBTi-03, C-SBTi-02	Approval corroborated; validated boundary cannot-verify. One of the three is a process metric

CLAIM ID	WORDING / PARAPHRASE	CLAIM OBJECT	CLAIM SOURCE & BASIS (OUT-TB-15)	DOC & LOCATION	STRENGTH	AUDIENCE	EVIDENCE REQ/FOUND/MISSING	TRIGGERED SCANS	RULE IDS	STATUS
CL-04	"Reduced our operational emissions by continuing to implement energy efficiency measures, transitioning more of our offices to renewable electricity and purchasing Renewable Energy Certificates to the equivalent of remaining Scope 2 market-based emissions"	Scope 1 and 2, market-based	Self-declared; the certificate role is stated within the sentence	FY26 SR p.5 highlights	Moderate, self-qualifying	Public	Found: EV-13, EV-14, EV-33	Scope 2; BAU decomposition	A-17, A-19, E-24	Literally true on the stated basis; Scope 1 and location-based Scope 2 both rose
CL-05	"our total FY26 emissions would have decreased by 17% year-on-year ... and provides encouraging evidence of progress against our decarbonisation strategy"	Group total excluding Melio, FY25 to FY26	Self-declared; the drivers are named in the same sentence but not netted	FY26 SR p.17	Strong performance claim	All	Found: EV-06, EV-07, EV-08, EV-09, EV-10	BAU counterfactual; method change; certificates	A-19, G-BAU, A-17, G-10	**Outruns the evidence.** Accounting movement exceeds the decrease; underlying emissions rose
CL-06	"Decreased our overall emissions footprint this year when excluding Melio"	Group total excluding Melio	Self-declared, boundary stated in the words	FY26 SR p.4 highlights	Moderate	Public, retail	Found: EV-06	Same as CL-05	A-17, A-19	Arithmetically true; same composite issue as CL-05
CL-07	"Scope 3 emissions ... 60% increase on FY24 base year" against a 35% reduction target	Scope 3, group, FY26	Self-declared, adverse, published in the headline KPI table	FY26 SR p.15 KPI table	Adverse disclosure	All	Found: EV-01, EV-05	Scope 3 coverage; target progress	T-01, T-14, S3-01..31	Confirmed accurate; the adverse figure is not concealed
CL-08	"emissions intensity ratio (based on emissions per employee) decreased by 8% year-on-year, driven by increased hiring"	Intensity, group	Self-declared, with the driver stated	FY26 SR p.18	Moderate	Retail, institutional	Found: EV-01, EV-15	Intensity versus absolute	T-14, A-19	Accurate and self-explaining; still presented as KPI performance
CL-09	"we will recalculate our base year emissions in FY27 and, based on the outcome of this process, may be required to reset our targets"	FY24 base year and the 2034 targets	Self-declared, forward looking	FY26 SR p.17; FY26 AR p.7	Moderate	Institutional	Found: EV-17	Baseline / restatement	G-10, T-BASE-01, T-BASE-02	Confirmed; disclosed twice
CL-10	"In the long term, our ambition remains to reach net zero by 2050"	Group, all scopes, 2050	Self-declared	FY25 SR p.4 (prior period); **absent from the FY26 suite**	Formerly strong	All	Found: EV-22, EV-23, EV-24	Target weakening / retirement; dropped disclosure	YOY-05, YOY-06, S2-41, A-18	**Withdrawn without statement.** Live in FY23, FY24 and FY25; absent in FY26
CL-11	Climate Active carbon neutral certification, FY20 to FY23	Certified organisation boundary, excluding ICT services other than cloud hosting	Third-party certified by the Australian Government's Climate Active program (administered by DCCEEW)	FY21–FY24 ARs; FY23 PDS	Formerly strong	Public	Found: EV-25, EV-26	Carbon neutral claim; certification currency	E-25, A-18, OUT-TB-15, OUT-TB-16	Discontinued; exit disclosed in FY25 and scored neutral. Not mentioned in FY26

CLAIM ID	WORDING / PARAPHRASE	CLAIM OBJECT	CLAIM SOURCE & BASIS (OUT-TB-15)	DOC & LOCATION	STRENGTH	AUDIENCE	EVIDENCE REQ/FOUND/MISSING	TRIGGERED SCANS	RULE IDS	STATUS
CL-12	"51.6% of our targeted spend is now covered by supplier-specific emissions data"	Purchased goods and services coverage	Self-declared, quantified	FY26 SR p.16	Moderate	Carbon accounting, institutional	Found: EV-29	Scope 3 data quality	S3-EST, S3A-03, A-16	Confirmed. A measurement improvement, not abatement

Annex D: Detailed findings, two-track (A-03)

D.1 Applicability gate & AASB S2 readiness (Sections 04–05)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D1-01	Xero Limited is New Zealand incorporated and domiciled and ASX-listed; it states that no jurisdiction's mandatory climate-reporting requirements apply to the group, and that AASB S2 applies to Xero Australia Pty Limited, whose FY26 report was due with ASIC by 31 July 2026 (EV-20, EV-21)	Not applicable for the period at group level. The subsidiary's obligation is outside the reviewed set	The applicability position is stated plainly and in both documents, so a reader is not left to infer it. This is baseline, not a credit	Not applicable for the period · High	A reader knows what standard the group is and is not held to	Not applicable
D1-02	The group states it is "voluntarily and progressively" aligning with IFRS S2 and expressly that its disclosures are "not fully aligned" (EV-21). No quantified current or anticipated financial effects of climate risks or opportunities are disclosed; the report states the capability to estimate them was enhanced (EV-32), and scenario analysis is not repeated annually (EV-31)	Not yet mandatory / readiness issue. No compliance finding is drawn for a voluntary period against an expressly hedged alignment claim	Decision-usefulness concern: the alignment claim is hedged in a footnote while the reader-facing narrative is structured as an IFRS S2 disclosure. The specific gap, quantified financial effects, is the one an investor most needs	Decision-usefulness concern · High	An investor cannot size the financial exposure the risk narrative describes	Quantify or bound the financial effect of the identified data centre disruption channel and of the transition opportunities named
D1-03	The report against which the one live mandatory obligation runs, the FY26 Xero Australia Sustainability Report, is not in the reviewed set (EV-20)	Cannot verify, evidence not provided	Not assessed. Absence from the set is not evidence of non-lodgement or of any deficiency	Cannot verify · Cannot determine	The mandatory-reporting question is untested by this review	Provide the lodged FY26 Xero Australia Sustainability Report

D.2 GHG inventory foundation & Scope 1 (Sections 06–07)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D2-01	Inventory prepared under the GHG Protocol Corporate Standard, Scope 2 Guidance, Scope 3 Standard v1.0 and Technical Guidance v1.0, all named with versions; operational control boundary consolidating all subsidiaries; all seven Kyoto gases enumerated; IPCC AR5 GWPs (EV-18, FY26 SR p.19)	No apparent issue	No apparent issue, baseline (not credited). Method, boundary and version transparency are the expected standard, not a strength	No apparent issue · High	The method is testable	Not applicable

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D2-02	Scope 1 rose from 10 tCO_2e (FY24) to 18 (FY25) to 23 (FY26), a 130% increase on the base year, attributed to more fleet travel in the United States and to switching the New Zealand fleet from electric to hybrid vehicles (EV-01, EV-14)	No apparent issue. The increase and its cause are disclosed	Decision-usefulness concern in aggregation only: Scope 1 is inside a combined Scope 1 and 2 target reported as a 96% decrease, so the increase is invisible in the headline. Individually it is 0.04% of the footprint	Minor limitation · High	A reader of the combined KPI cannot see that the direct-emissions component rose	Report Scope 1 performance on its own line beside the combined figure
D2-03	The FY24 base year was restated from 793 to 756 tCO_2e (Scope 1 and 2) and 35,180 to 35,585 (Scope 3) between the FY24 and FY25 reports, with the reason disclosed in both databooks; the total moved 1.02%, below Xero's own 5% threshold (EV-28)	No apparent issue	No apparent issue, baseline (not credited). Disclosed restatement with a stated cause is the expected treatment	No apparent issue · High	Base-year comparability is preserved and traceable	Not applicable
D2-04	A base-year recalculation policy is published with a 5% quantitative significance threshold, enumerated triggers and enumerated exclusions, and both the Melio acquisition and the introduction of supplier-specific factors are stated to have independently crossed it; recalculation is scheduled for FY27 and the targets may be reset (EV-17)	No apparent issue	Decision-usefulness limitation: the base year against which every target is measured is announced as provisional. This is disclosed clearly and twice, so it is a known limitation rather than a hidden one	Minor limitation · High	Target headroom computed today may not hold after FY27	Publish the expected direction and approximate magnitude of the recalculation when it is known

D.3 Scope 2 & renewable electricity (Section 08)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D3-01	Market-based Scope 2 falls 609 → 153 → 0 tCO_2e across FY24 to FY26 while location-based Scope 2 is flat at 746 → 681 → 764. Electricity consumed fell 7.2% and the actual renewable share rose from 18% to 32%; the balance to 100% is certificate matching (EV-01, EV-02, EV-13)	No apparent issue. Dual reporting is provided as the Scope 2 Guidance requires, and a residual mix factor is applied to non-renewable consumption	Decision-usefulness concern: the headline reduction figure is the market-based series, in which the entire movement is contractual, while the physically measured series is flat. Both are published, so the concern is one of prominence, not of concealment	Decision-usefulness concern · High	A reader taking the headline takes the contractual series	Co-locate the location-based movement with the market-based headline wherever the 96% figure appears
D3-02	Certificates are sourced from seven named registries (Australian REC Registry, BraveTrace, I-REC, M-RETS, Ofgem, NAR, Statnett) plus GreenPower for two Australian offices. "RECs secured via Meridian Energy through BraveTrace will be retired in May 2026", after the 31 March 2026 period end and after the 14 May 2026 assurance signature. The volume so affected is not disclosed (EV-12, EV-19)	Cannot verify, material evidence missing. Registry records were not provided and the affected volume is not stated	Decision-usefulness concern: a reader cannot tell what share of a zero market-based figure rests on certificates not yet retired at the reporting date. EY expressly considered the certificates against the GHG Protocol Scope 2 quality criteria and did not qualify, which is a mitigant but not a substitute for the volume	Decision-usefulness concern · Medium	The certificate-based zero cannot be fully substantiated from the disclosure	Registry records with serial numbers, vintage, volume, retirement date and beneficiary, by registry
D3-03	Electricity consumption fell 7.2% (2,501,703 → 2,320,500 kWh) and the actual renewable share rose from 18% to 32%, through office redesign, efficiency work and a transition to renewable electricity at the Auckland office (EV-13)	No apparent issue	**Positive (above baseline).** Physical reduction in consumed energy and a real increase in the renewable share, independent of certificates. Qualified: location-based emissions nonetheless rose, and Scope 2 is 1.3% of the footprint	Positive (above baseline) · High	The one place where reported and real movement align	Not applicable
D3-04	The FY25 Databook disclosed the renewable mix of the New Zealand supply (Ecotricity, approximately 6% wind and solar and 94% hydro, assets 17 to 74 years old) and named Integrated Energy and Ecotricity. The FY26 note drops both the suppliers and the mix detail (EV-12 and FY25 Databook Scope 2 note)	No apparent issue. No standard requires the detail	Minor limitation: supporting detail that let a reader assess additionality was withdrawn without explanation	Minor limitation · High	Certificate quality is less interrogable than in the prior year	Restore the supply-mix detail, or state why it was removed

D.4 Scope 3 & value chain (Section 09)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D4-01	All fifteen GHG Protocol categories are addressed against a stated relevance test; ten are quantified individually and five (C9, C10, C11, C12, C14) are excluded with reasons (EV-16). Scope 3 is 99% of the footprint	No apparent issue on the four structurally excluded categories: no physical product is transported, no intermediate product is sold, software has no end-of-life waste stream, and no franchises are operated	No apparent issue, baseline (not credited) for the full category treatment	No apparent issue · High	A reader can see which categories are in and out	Not applicable
D4-02	Category 11, use of sold products, is excluded on the stated grounds of limited influence over end use, low risk exposure, not being considered critical by key stakeholders, and that end use does not include the customer's computer. No bounding estimate is published (EV-16)	Cannot verify, material evidence missing. The exclusion rests on influence, risk and stakeholder tests, none of which is a magnitude test	Decision-usefulness concern: for a business with several million subscribers, the reader cannot confirm that the excluded category is small. The reasoning offered is substantive and is a recognised position for cloud-delivered software, since the hosting energy is already inside Category 1; it is not a bare materiality assertion. Magnitude remains cannot-verify	Decision-usefulness concern · Medium	Category completeness cannot be confirmed from the disclosure	A bounding estimate for the category, or the quantitative relevance test that produced the exclusion
D4-03	Category 1, at 43,283 tCO_2e or 76% of the footprint, uses supplier-specific factors where supplier spend exceeds $5m and EEIO factors elsewhere, with the EEIO factors stated as DEFRA 2022 adjusted for UK CPI inflation to 2025 and converted to New Zealand dollars (EV-18, EV-29)	No apparent issue. Estimation method is the expected starting point, not a fault	No apparent issue on method. Improvement note only: 51.6% supplier-specific coverage of targeted spend, with the remainder inflation-adjusted spend-based. Not scored	No apparent issue · High	The basis of the largest category is legible	Not applicable; continue extending supplier-specific coverage
D4-04	The FY26 introduction of supplier-specific factors reduced reported Category 1 emissions by 7,389 tCO_2e, disclosed and quantified. The same change is cited as a driver of the reported 16% ex-acquisition Scope 3 decrease and as evidence of decarbonisation progress (EV-06, EV-07)	No apparent issue on disclosure. The effect is quantified in the same document	**Decision-usefulness concern:** a measurement change is presented within a progress narrative. The tonnage moved is a change in how emissions are counted, not in how many are emitted, and Xero's own recalculation policy classifies methodology changes as a rebaseline trigger rather than as progress	Decision-usefulness concern · High	A reader credits abatement that did not occur	Present the method effect as a restatement of the series, not as a movement within it
D4-05	Category 6, business travel, falls from 13,299 to 7,410 tCO_2e. Xero states underlying travel activity increased. The fall comprises 3,111 tCO_2e of incremental SAF certificates and 3,248 tCO_2e attributable to a DEFRA factor revision and mix (EV-08, EV-09, and F-21 in the fidelity log)	No apparent issue on disclosure: both the gross (11,271) and net (7,410) lines are published	**Decision-usefulness concern:** the headline category movement is entirely certificate and factor movement against rising activity. Because the activity increase is never sized, the factor component is a floor and the true underlying increase is larger	Decision-usefulness concern · High	A reader sees the second largest source halving while its driver grows	State the activity trend beside the emissions figure and separate the certificate and factor effects
D4-06	Category 15 is a single debt investment of 1 tCO_2e, estimated by revenue-intensity proxy; short-term bank investments are excluded (EV-18, FY26 SR p.20)	No apparent issue. Cash and short-term deposits are conventionally outside Category 15 for a non-financial entity	No apparent issue. Immaterial and disclosed	No apparent issue · High	None	Not applicable

D.5 Offsets, credits & net claims (Section 10)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D5-01	3,861 tCO_2e of sustainable aviation fuel certificates (1,625 Qantas, 1,986 United, 250 carried over) are applied against flight emissions, reducing them from 10,214 to 6,353 tCO_2e. The associated biogenic emissions are excluded, stated as unavailable at publication, and are not sized (EV-09, EV-11)	Cannot verify, material evidence missing. A one-sided adjustment of unknown net effect	Decision-usefulness concern: booking the fossil reduction while omitting the biogenic emissions means the net benefit claimed is an upper bound of unknown tightness. The exclusion is disclosed, which is what keeps this from being an accounting defect	Decision-usefulness concern · High	The reported travel figure overstates the certificates' net effect by an undisclosed amount	Disclose the biogenic emissions from the certificate providers beside the fossil reduction
D5-02	FY25 states Xero "purchased 750 tCO_2e of SAF certificates from Qantas in FY25" and that "this figure includes a 750 tCO_2e reduction". FY26 states Xero "also carried over 250 tCO_2e relating to a PY SAF purchase from Qantas in FY25" (EV-09, EV-10)	Cannot verify, evidence not provided. The two published statements do not reconcile as written: 750 purchased and 750 applied leaves nothing to carry forward	Decision-usefulness concern: either the FY25 purchase volume was understated or 250 tCO_2e is recognised in two periods. The amount is 0.4% of the FY26 footprint, so the magnitude is small; the reconciliation failure between two published disclosures is the issue. No allegation is made as to which figure is wrong	Decision-usefulness concern · Medium	Two published disclosures cannot both be right	The certificate purchase and application record for both periods
D5-03	No carbon credits are retired against any FY26 claim; the Climate Active certification that involved offset retirement ended with FY23, and FY25 disclosed that certification was not sought for FY24 or FY25 (EV-25, EV-26)	Not applicable for the period. No net or carbon-neutral claim is made	The exit is scored neutral: discontinuing a certification is no more a credit than holding one, and the prior claim was fulfilled and transparently disclosed while it ran. No replacement commitment is offered to assess	Not applicable for the period · High	No live offset-dependent claim exists to test	Not applicable

D.6 Targets & transition (Section 11)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D6-01	Three targets from a FY24 base: Scope 1 and 2 −60% by 2034; Scope 3 −35% by 2034; and 70% of prioritised suppliers by emissions committed to a science-based target by 2029. All three were approved by the SBTi during FY26 (EV-03, EV-05, EV-30, CL-03)	No apparent issue on architecture. Absolute targets cover the dominant scope	**Positive (above baseline)** on the Scope 3 limb: an absolute target on a scope that is 99% of the footprint, rather than an intensity target or a coverage percentage. Qualified: the target is being missed by a widening margin and is under announced revision	Positive (above baseline), qualified · High	The gap is measurable because the target is absolute	Not applicable
D6-02	The third target is a supplier commitment metric, not an emissions outcome, and is presented as one of "three credible near-term emissions reduction targets" (EV-30, CL-03)	No apparent issue. The metric is accurately described in its own words	Decision-usefulness concern: a process metric is counted as an emissions reduction target, and the disclosure never quantifies how much Scope 3 reduction the supplier pathway is expected to deliver. Engagement is not reduction	Decision-usefulness concern · High	A reader counting three emissions targets is counting two	Present it as an enabling indicator and publish the bridge from supplier commitments to Scope 3 tonnes
D6-03	Scope 3 is 57,061 tCO_2e against a base of 35,585 and a 2034 target of about 23,130 tCO_2e, requiring a 59% reduction from the current position over eight years. The externally dependent pathway matures in 2029, five years before the target year, and no bridge or fallback is disclosed (EV-05, EV-30)	Cannot verify, material evidence missing. The delivery pathway is not quantified anywhere in the reviewed set	**Decision-usefulness concern:** the dependency is raised explicitly and honestly ("more than 99% of our emissions are Scope 3, which we can't reduce alone") but is never sized, so the exposure cannot be quantified by any reader	Decision-usefulness concern · High	Transition risk cannot be priced	Publish the abatement bridge to 2034 by lever, with the supplier contribution sized and a fallback

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D6-04	The intensity KPI, "Reduce carbon emissions intensity (Scopes 1, 2 and 3) from FY24 baseline", stands at 11.16 tCO_2e per FTE, 33% above the base year, having fallen 8% year on year on a movement Xero attributes to increased hiring while absolute emissions rose 2% (EV-01, EV-15)	No apparent issue. The base-year comparison is published beside the year-on-year movement	Decision-usefulness concern: an intensity measure does not cap absolute emissions, and this one improved because the denominator grew. Reported as KPI performance beside the absolute targets, it softens a picture the absolute figures do not support. The co-located base-year comparison is what keeps this from being misleading on its face	Decision-usefulness concern · Medium	Intensity performance reads as progress where none occurred	Keep the absolute trend beside every intensity figure reported as performance
D6-05	The ambition to reach net zero by 2050, stated in the FY23 and FY24 Annual Reports and again in the FY25 Sustainability Report, appears nowhere in the FY26 Annual Report or Sustainability Report; a full-text search of both returns zero occurrences of "net zero" or "net-zero", and no statement explains the removal (EV-22, EV-23, EV-24)	Not applicable for the period. No standard compels a group with no mandatory obligation to maintain a long-term ambition	**Decision-usefulness concern:** a long-term commitment on which readers relied in the prior year has been removed silently. Withdrawing a commitment is not itself a fault and is scored neutral; withdrawing it without saying so is a disclosure-continuity failure, because only a reader holding both years side by side can detect it	Decision-usefulness concern · High	The disclosure no longer carries any commitment beyond 2034, and does not say that this changed	State plainly whether the ambition still stands, and if not, say it has been withdrawn and why
D6-06	The target set was rebased once already: from −42% Scope 1 and 2 and −17% Scope 3 by 2030 on an FY20 base (FY23, FY24) to −60% and −35% by 2034 on an FY24 base (FY25, FY26). A second rebaseline is announced for FY27 with a possible target reset (EV-17, EV-24, CL-09)	No apparent issue. Both rebaselines are disclosed with reasons, and the first followed a GHG Protocol relevancy assessment and a corporate restructure	Decision-usefulness limitation: the target year has moved from 2030 to 2034 and the base year from FY20 to FY24. The boundaries differ so materially that the two target sets are not comparable, and this review does not assert that the new set is weaker or stronger; it records that comparability is not available	Minor limitation · High	Progress cannot be tracked continuously across the target change	Publish the old and new target sets on a common boundary once, so the transition is traceable

D.7 Governance, remuneration & assurance (Section 12)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D7-01	EY Limited provided ISAE 3410 limited assurance over total Scope 1, Scope 2 (both location- and market-based) and Scope 3 emissions and the associated methodology disclosures, signed Auckland 14 May 2026. Procedures expressly excluded testing controls, checking aggregation or calculation within IT systems, evaluating the design of control activities, and testing the data underlying the estimates (EV-19)	No apparent issue. The breadth across all three scopes and both Scope 2 methods matches the claims made	No apparent issue, baseline (not credited) for obtaining assurance. Improvement note, not scored: the engagement is limited rather than reasonable and excludes controls and data testing	No apparent issue · High	The disclosed figures carry independent, if limited, assurance across their full scope	Extend to the controls, aggregation and estimate data currently excluded
D7-02	EY's stated procedures included "considering the applicability of the Renewable Energy Certificates applied to the Scope 2 market-based amounts taking into account the GHG Protocol Scope 2 quality criteria", and the conclusion is unqualified (EV-19)	No apparent issue	Relevant mitigant to D3-02: the certificate question was within the assurance scope and was not qualified. It does not resolve the undisclosed volume retired after period end, which is a disclosure gap rather than an assurance gap	No apparent issue · High	The certificate treatment was independently considered	Not applicable
D7-03	The FY26 Remuneration Report contains no climate or emissions metric in any short- or long-term incentive (FY26 AR remuneration section, searched)	No apparent issue. No rule requires a climate remuneration link	Neutral observation, not scored. No chain runs from the emissions targets to executive pay, so no remuneration-integrity question arises and no credit attaches to the absence	No apparent issue · High	Nothing turns on it for this review	Not applicable
D7-04	Climate risk is managed under the Risk Management Framework, is included in the Enterprise Risk Profile reviewed by the Audit and Risk Committee, and has assigned ownership with identified control gaps; FY26 added quantified component scores and a formal weighted formula (FY26 SR pp.15–17)	No apparent issue	No apparent issue, baseline (not credited). Governance machinery is the expected standard	No apparent issue · High	The risk process is described and locatable	Not applicable

D.8 Sector module & new-module findings (Section 13)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D8-01	Not applicable, general sector, no specialised module triggered. Xero is a software business: it is not a financial institution (Category 15 is a single 1 tCO_2e debt investment), holds no mining, aviation, retail or property assets, and owns no data centres. The nearest analogue, the property and data centre module, does not engage because Xero states it "does not own or operate any significant physical assets including data centres"	Not applicable	Not applicable	Not applicable · High	None	Not applicable

Financed-emissions target headroom & benchmark (SEC-FI-TGT-04): *N/A, not a financial institution.*

SECTOR TARGET	LATEST REPORTED	TARGET VALUE	% CHANGE PERMITTED	FLAT-LINE BENCHMARK	FOSSIL-FUEL OVERRIDE?	RULING
N/A	N/A	N/A	N/A	N/A	N/A	Not a financial institution; no sector financed-emissions target exists

D.9 Nature & physical risk (Section 14)

ID	FINDING & EVIDENCE CHAIN	MIN-COMPLIANCE	DECISION-USEFULNESS / CLAIM-QUALITY	SEVERITY · CONFIDENCE	CONSEQUENCE	WHAT WOULD FIX IT
D9-01	Four climate scenarios are disclosed with named RCP and SSP pathways and temperature ranges, alongside a material climate risk and opportunity table giving likelihood, expected time horizon, impact on the business model and value chain, and mitigation. The principal physical channel identified is disruption to third-party cloud data centres from extreme weather, rated unlikely over a medium to long horizon, with the mitigating fact that Xero owns no significant physical assets. Scenario analysis is not repeated annually (EV-31)	No apparent issue. Physical risk is identified and linked to the business model	The relevance test is met: for a business owning no physical assets, third-party cloud dependency is the channel a knowledgeable investor would expect, and the methodology is transparent enough to interrogate. This review does not assess the scientific quality of the modelling	No apparent issue · Medium	The physical-risk picture is legible and proportionate	Not applicable
D9-02	No quantified current or anticipated financial effect is attached to any identified risk or opportunity; the report states that impacts are "inherently difficult to quantify over a time horizon of 25 years or more" and that capability to estimate them was enhanced in FY26 (EV-32)	Not yet mandatory / readiness issue	Decision-usefulness concern: an investor is given exposure without magnitude, and cannot size the identified channel from anything disclosed	Decision-usefulness concern · High	Physical and transition exposure cannot be priced	Quantify or bound the financial effect of the data centre disruption channel and of the named opportunities
D9-03	A lifecycle assessment of the core platform was completed in FY26, confirming direct water consumption is not material and identifying data centre cooling for cloud, network and AI use as the water-intensive indirect activity (FY26 SR p.15)	No apparent issue	Nature-adjacent scope only; no water or biodiversity target or quantification follows from the assessment. Recorded, not scored	Minor limitation · High	The nature dimension is identified but not measured	Publish the lifecycle assessment results and any resulting water metric

Annex E: Cross-rule escalation chains (AI-06 / AI-23)

BASE ISSUE	CHAINS TO	RULE + EVIDENCE IDS	ESCALATED SEVERITY
Market-based Scope 2 driven to zero by certificates while location-based Scope 2 rises (D3-01)	The headline "96% decrease in Scope 1 and 2" performance claim, CL-01, and through it to the composite public impression	G-07 + E-24 → A-19/G-BAU → A-17; EV-01, EV-02, EV-03, EV-13	Decision-usefulness concern escalated to headline-claim integrity; sets the ceiling for the public audience
Supplier-specific factor change reduces Category 1 by 7,389 tCO_2e (D4-04)	The "17% decrease … encouraging evidence of progress against our decarbonisation strategy" claim, CL-05	G-10 + S3-EST → A-19/G-BAU → A-17; EV-06, EV-07	Method change presented as abatement; the principal driver of the institutional-investor score
SAF certificates and DEFRA factor revision reduce business travel while activity rises (D4-05)	The same CL-05 progress claim, and to the travel category headline	E-08..22 + G-BAU → A-17; EV-08, EV-09	Compounds the above; together the three exceed the reported decrease
Supplier commitment metric counted as an emissions reduction target (D6-02)	The "three credible near-term emissions reduction targets" claim, CL-03, and to the Scope 3 delivery pathway	T-SUP-03 + T-PROC-05 → T-DEP-04 → OUT-STK-07 (I5); EV-30	Process metric presented as performance; leaves the Scope 3 pathway unsized
Scope 3 at 60% above base against a 35% reduction target (D6-03)	Target credibility and, through the pending FY27 rebaseline, to whether the target survives in its current form	T-01 + T-14 → T-BASE-01/T-BASE-02 → A-17; EV-05, EV-17	Target achievement defeated for the institutional audience
Net zero by 2050 removed without statement (D6-05)	Cross-period and cross-audience consistency, and to the disclosure-risk register	YOY-05 + YOY-06 + S2-41 → DR-02 → OUT-STK-10 (G2); EV-22, EV-23, EV-24	Sole defeat setting the regulator score; held at 2 under AMD-034
SAF carry-over of 250 tCO_2e irreconcilable across FY25 and FY26 (D5-02)	Cross-source consistency and the certificate evidence pack	YOY-04 + A-01B → DR-02 → A-05; EV-09, EV-10	Cannot-verify, contributing to G2 but not independently decisive
Category 11 excluded on a non-magnitude test without a bound (D4-02)	Carbon-accounting category completeness	S3-26 + G-15 → OUT-STK-06 (A1); EV-16	Decision-usefulness concern; the single gap capping the carbon-accounting audience at 2

Annex F: NoCO2 Net Zero Required Interventions, CAAM & Prohibited Activities screen (OUT-05)

SCREEN	OUTPUT	BASIS
Required Interventions Schedule	Potentially applicable; evidence required	The two sources that carry the footprint, purchased goods and services (76%) and business travel (13%), are both categories for which prescribed interventions and dates would apply. Xero's own three-pillar reduction plan is directional and carries no milestones, capital or dated commitments
Clean Alternative Assessment	Potentially applicable; evidence required	Two decisions in the period invite a clean-alternative test before certificate application: the switch of the New Zealand fleet from electric to hybrid vehicles, and the use of sustainable aviation fuel book-and-claim against travel whose underlying activity increased
Prohibited Activities Schedule	Not apparently applicable	Software and payments; no activity identified in the reviewed materials that engages the schedule

Annex G: Rule-application table

RULE FAMILY	APPLIED?	RESULT
Applicability gate (L / S2-01..06)	Yes	Group not subject to any mandatory climate-reporting regime; New Zealand incorporated and domiciled, ASX-listed. AASB S2 applies to Xero Australia Pty Limited, whose report is not in the set. No compliance finding drawn at group level
GHG inventory foundation (G / GHG-STD)	Yes	Operational control boundary, GHG Protocol standards named with versions, all seven Kyoto gases, IPCC AR5 GWPs, per-category factor sources with vintages, 5% base-year significance threshold with enumerated triggers. One disclosed FY24 restatement; a second recalculation announced for FY27
Scope 1 (G-06 / S2-26)	Yes	23 tCO_2e, rising in each of four years, 130% above base; cause disclosed. Invisible inside the combined Scope 1 and 2 headline
Scope 2 & renewables (E / S2-28)	Yes	Dual reporting provided; market-based zero is entirely certificate-driven while location-based rose; actual renewable share 32%, both published. Part of the certificate volume retired after period end and not sized
Scope 3 (S3 / S3A / G-15)	Yes	All fifteen categories addressed with a stated relevance test; ten quantified. Category 11 excluded on a non-magnitude test without a bound. Estimation method not scored (S3-EST)
Offsets / net claims (E-08..22 / G-11)	Yes	No offsets retired against any FY26 claim; Climate Active certification ended with FY23 and the exit is scored neutral (A-18). SAF book-and-claim applied one-sidedly, biogenic emissions excluded and unquantified; a 250 tCO_2e carry-over does not reconcile with the prior year
Targets & transition (T / S2-14/15/40)	Yes	Three FY24-base 2034 targets, SBTi approved; absolute target on the dominant scope is a qualified positive. One of the three is a process metric; the delivery bridge is unsized; the 2050 ambition was removed without statement; base and targets under announced revision
Governance / remuneration / assurance (GOV / A-11)	Yes	Board and Audit and Risk Committee oversight described; EY ISAE 3410 limited assurance across all three scopes and both Scope 2 methods, expressly including the certificates against the Scope 2 quality criteria, excluding controls, IT aggregation and estimate data. No climate metric in remuneration
Sector (SEC-*)	No	General sector; no specialised module triggered
SEC-FI-TGT-04	No	Not a financial institution
SEC-FI-05A	No	Not a financial institution
SEC-SF / SEC-INV-LT	No	No material equity or fund investments; Category 15 is a single 1 tCO_2e debt investment
NOCO2-MAP-01/02	Yes	Every material finding mapped to a clause in §6.1
Nature / physical risk (N)	Yes	Four scenarios with named pathways; physical channel identified, proportionate and transparent (N-04 relevance met). No quantified financial effect. Lifecycle assessment completed; no resulting nature metric
Disclosure risk (DR-01..07 / A-01C)	Yes	No NGER register entry (not a controlling corporation). Within-period consistency clean across three documents; cross-period consistency defeated on the 2050 ambition and the SAF carry-over
Year-over-year (YOY-01..08)	Yes	Seven periods and four report types analysed. No silent restatement of FY25; the FY24 restatement was disclosed. Target rebasing disclosed; one commitment withdrawn silently; supporting supply-mix detail dropped

Annex H: Evidence requests / cannot-verify items (AI-21 / A-05)

ID	ITEM	PACK	EVIDENCE REQUESTED	STATUS
K-01	Category 11 materiality	Scope 3	The quantitative relevance test applied to use of sold products, or a bounding estimate for the category	Open

ID	ITEM	PACK	EVIDENCE REQUESTED	STATUS
K-02	Certificate retirement timing and volume	Renewable electricity	Registry extracts for all seven registries: serial numbers, vintage, volume, retirement date and beneficiary; and the kWh and tCO_2e attributable to the Meridian Energy volume retired in May 2026	Open
K-03	SAF biogenic emissions	Offsets	Biogenic emissions figures from Qantas and United Airlines for the 3,861 tCO_2e of certificates applied in FY26	Open
K-04	SAF carry-over reconciliation	Offsets	Certificate purchase and application records for FY25 and FY26, showing volumes purchased, applied and carried forward by counterparty	Open
K-05	SBTi validated target detail	Target progress	The SBTi validation letter or decision, with the criteria version applied, the validated scope, baseline and temperature ambition	Open
K-06	Xero Australia AASB S2 report	Assurance / compliance	The FY26 Xero Australia Pty Limited Sustainability Report as lodged with ASIC	Open
K-07	Business travel activity trend	Scope 3	Flight volumes or passenger kilometres for FY25 and FY26 on a consistent basis	Open
K-08	Scope 3 abatement bridge	Target progress	The expected contribution of each abatement lever to the 35% reduction, and the fallback where supplier commitments do not convert	Open
K-09	Financial effects of climate risk	Target progress / assurance	Quantified or bounded current and anticipated financial effects for the identified data centre disruption channel and named opportunities	Open
K-10	Net zero by 2050 status	Target progress	A current statement of whether the ambition stands, has been deferred or has been withdrawn, and why	Open

Annex I: Evidence-chain & triggered-scan log (AI-10)

CHAIN ID	TRIGGER	FOLLOW-UP SCANS RUN	EVIDENCE IDS	FINAL LABEL
CH-01	100% renewable electricity / market-based Scope 2 claim	Section 08: location versus market-based, consumption, REC evidence, ownership, retirement, timing, residual mix, wording	EV-01, EV-02, EV-04, EV-12, EV-13, EV-19	Decision-usefulness concern (retirement timing cannot-verify); accurate wording; dual reporting provided
CH-02	Any reduction / target-progress claim	Sections 06 and 03: business-as-usual counterfactual decomposition of Scope 2 (grid factor versus consumption versus instruments) and Scope 3 (activity versus factor versus supplier-specific)	EV-01, EV-06, EV-07, EV-08, EV-09, EV-13	Decision-usefulness concern; accounting movement exceeds the reported decrease
CH-03	Combined "Scope 1+2" figure and target	Sections 06, 07, 08: mandatory decomposition into Scope 1, Scope 2 location and Scope 2 market	EV-01, EV-02, EV-03, EV-14	Decomposed; both physically measured components rose against a 96% headline decrease
CH-04	Scope 3 disclosed / omitted / selected	Section 09: category coverage, business-model-obvious categories, exclusions, data quality, spend versus supplier-specific, target boundary, consistency	EV-01, EV-16, EV-18, EV-29	Cannot-verify on Category 11; no apparent issue on the remaining fourteen; estimation method not scored
CH-05	SBTi / "science-based" label	Sections 11 and 03: validated wording, version, validation date, scope, baseline, exclusions, validated-versus-claimed gap	EV-03, EV-05, EV-30; FY26 AR p.7	Approval corroborated in two documents; validated boundary cannot-verify, letter not provided
CH-06	Supplier-engagement / "% suppliers with SBTi targets" metric	Sections 09 and 03: engagement is not Scope 3 reduction; measured trajectory required; process versus performance	EV-29, EV-30	Decision-usefulness concern; process metric presented among emissions reduction targets
CH-07	Externally dependent target	Section 11: target year versus dependency pathway, disclosed bridge, fallback actions	EV-05, EV-30	Decision-usefulness concern; dependency raised honestly but never sized, no bridge, no fallback

CHAIN ID	TRIGGER	FOLLOW-UP SCANS RUN	EVIDENCE IDS	FINAL LABEL
CH-08	Methodology / boundary / factor / base-year / restatement change	Sections 06 and 11: time-series comparability, baseline recalculation, target progress, real versus accounting movement, acquisitions, restatements	EV-07, EV-17, EV-28, EV-27	Disclosed restatement, disclosed method change, second recalculation announced; the method effect presented as progress is the finding
CH-09	Assurance statement	Section 12: subject matter, level, assured metrics, exclusions, qualifications, whether nearby claims imply broader assurance	EV-19	No apparent issue; breadth matches the claims made; depth excludes controls, IT aggregation and estimate data
CH-10	Transition plan / low-carbon opportunity	Section 11: actions, capital, dependencies, milestones, Scope 3 coverage, scenario analysis, financial effects, delivery risk	EV-31, EV-32; FY26 SR p.15	Decision-usefulness concern; the three-pillar plan is directional, with no capital, milestones or dated commitments
CH-11	Any Australian entity / claim appearing in more than one place	Section 16: NGER register lookup; cross-source consistency matrix; boundary normalisation before flagging divergence	EV-27, EV-35; Annex J.1	No NGER entry (not a controlling corporation); within-period consistency clean; two cross-period divergences survive normalisation
CH-12	More than one reporting period or report type available	Section 17: seven periods and four report types; trajectory, silent restatements, dropped and added disclosures, target weakening, cross-report-type divergence, certification continuity	EV-01, EV-22 to EV-28; Annex K	Decision-usefulness concern; one commitment withdrawn silently, one certificate reconciliation failure, supporting detail dropped; no silent restatement found
CH-13	Carbon-neutral claim (historical)	Sections 10 and 06: gross emissions, boundary, exclusions, offsets and retirement, claim period, certification currency and fulfilment	EV-25, EV-26	Not applicable for the period; certification ended with FY23 and the exit is scored neutral
CH-14	Entity holds investments	Section 13: look-through exposure, Scope 3 Category 15	EV-18; FY26 SR p.20	Not applicable; a single 1 tCO_2e debt investment; no material equity or fund holdings

Annex J: Cross-source consistency matrix & disclosure-risk register (DR-01..DR-07 / A-01C / OUT-TB-18)

O.1 Cross-source consistency matrix (DR-02)

CLAIM / METRIC	ANNUAL / FINANCIAL REPORT	SUSTAINABILITY / ESG	MARKETING / WEBSITE	CLIMATE ACTIVE PDS	CDP	INVESTOR PRESENTATIONS	NGER / CER / SAFEGUARD	BOUNDARY/PERIOD NORMALISATION	DIVERGENCE?
Scope 1, FY26	Not stated; refers to the Sustainability Report	23 tCO_2e	Not in the reviewed set	Not applicable (ended FY23)	Not provided (rating B disclosed)	Not in the reviewed set	No register entry	Same entity, period and operational control boundary	No
Scope 2 location-based, FY26	Not stated	764 tCO_2e; Databook 764	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	No register entry	Same basis	No
Scope 2 market-based, FY26	Not stated	0 tCO_2e; Databook 0	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Market-based method; certificates named	No
Scope 3 total, FY26	Not stated	57,061 tCO_2e; Databook 57,061	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	All ten categories agree individually	No

CLAIM / METRIC	ANNUAL / FINANCIAL REPORT	SUSTAINABILITY / ESG	MARKETING / WEBSITE	CLIMATE ACTIVE PDS	CDP	INVESTOR PRESENTATIONS	NGER / CER / SAFEGUARD	BOUNDARY/PERIOD NORMALISATION	DIVERGENCE?
FY25 comparatives	Not stated	FY26 Databook identical to FY25 Databook on every line	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Same basis both publications	**No silent restatement**
FY24 base year	FY24 AR: 793 (Scope 1 and 2), 35,180 (Scope 3)	Restated to 756 and 35,585	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Ten-month extrapolation replaced by twelve months actual; reason disclosed in both databooks	Disclosed restatement, not a divergence
SBTi target approval	"In FY26, our climate-related targets were approved by the Science Based Targets initiative (SBTi)"	"Xero's climate targets and methodology to achieve those targets were successfully approved by the SBTi"; ESG ratings panel: "Near-term targets validated"	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Same event, three consistent statements	**No**
FY27 rebaseline and possible target reset	Stated	Stated	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Same	**No**
SAF certificate volumes	Not stated	FY25: 750 tCO_2e purchased and fully applied. FY26: 3,861 applied, including 250 carried over from the FY25 Qantas purchase	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Same counterparty, consecutive periods; no reconciling item disclosed	**Yes. The two statements do not reconcile as written**
Net zero by 2050	FY23 and FY24 ARs state it; FY26 AR contains no occurrence	FY25 SR states it; FY26 SR contains no occurrence	Not in the reviewed set	FY23 PDS records the FY20-base 2030 targets	Not provided	Not in the reviewed set	Not applicable	Same entity, consecutive periods; no withdrawal statement in any source	**Yes. Commitment position changed with nothing said**
Carbon-neutral certification	FY21 to FY24 ARs record certification maintained; FY26 AR silent	FY25 SR: not sought for FY24 or FY25; FY26 SR silent	Not in the reviewed set	FY23 PDS certifies to 31 March 2023	Not provided	Not in the reviewed set	Not applicable	Certification ran in arrears; exit disclosed once	**Partly. Disclosed in FY25, then dropped from the narrative**
New Zealand renewable supply mix	Not stated	FY25 Databook names Ecotricity and Integrated Energy with the mix (about 6% wind and solar, 94% hydro, assets 17 to 74 years); FY26 Databook drops both	Not in the reviewed set	Not applicable	Not provided	Not in the reviewed set	Not applicable	Same metric, consecutive periods	Dropped disclosure, unexplained

O.2 NGER statutory reconciliation (A-01C)

Searched the FY2024-25 NGER register via `tools/ngers-lookup.ps1` : **no match for Xero**. Recorded as not a controlling corporation for the period, which is consistent with a software business whose Australian Scope 1 and 2 emissions are a small fraction of the group's 787 tCO_2e of Scope 1 and location-based Scope 2 and far below any threshold. Absence from the register is not zero emissions and is

not a discrepancy.

METRIC	DISCLOSED (REPORT)	NGER REGISTER (YEAR · AS-AT)	BOUNDARY DIFFERENCE (OP-CONTROL / AU-ONLY / METHOD / PERIOD)	RECONCILED?	LABEL
Scope 1	23 tCO_2e (global, FY26 to 31 March 2026)	No entry, FY2024-25	Global versus Australia-only; financial year to 31 March versus 30 June; below threshold	Not applicable	No apparent issue; not a controlling corporation for the period
Scope 2 (location-based)	764 tCO_2e (global, FY26)	No entry, FY2024-25	As above	Not applicable	No apparent issue
Net energy (GJ)	Not disclosed as GJ; electricity 2,320,500 kWh globally (about 8,354 GJ)	No entry	As above	Not applicable	No apparent issue

O.3 Disclosure-risk register (DR-01 / DR-03..DR-07)

#	LENS	EXPOSURE & CONFIDENCE	DRIVER (FINDING / EVIDENCE IDS)	CROSS-SOURCE LINK (DR-02)	WHAT WOULD REDUCE IT
O3-01	Legal (misleading-conduct / disclosure)	Moderate · Medium	Method, certificate and factor movement described as encouraging evidence of progress against a decarbonisation strategy, in a document containing every number needed to contradict it (D4-04, D4-05; EV-06, EV-07, EV-08)	Within-period sources are consistent; the exposure is in characterisation, not in inconsistency	State the real-versus-accounting split beside each headline reduction
O3-02	Legal (claim continuity)	Moderate · High	A net zero by 2050 ambition stated in three successive prior reports is absent from the FY26 suite with no statement of withdrawal (D6-05; EV-22, EV-23, EV-24)	Cross-period divergence, survives normalisation	State the current status of the ambition in the current report
O3-03	Regulatory (ASIC / ACCC)	Moderate · Medium	Renewable and reduction claims made to Australian consumers and investors by an ASX-listed group; part of the certificate volume behind the zero market-based figure is retired after period end and is not sized (D3-01, D3-02; EV-12)	Consistent across sources; the gap is evidentiary	Registry-level retirement evidence dated within the reporting period
O3-04	Regulatory (AASB S2)	Low to moderate · Cannot determine	The one live mandatory obligation sits with Xero Australia Pty Limited, whose report was due 31 July 2026 and is not in the reviewed set (D1-03; EV-20)	Cannot assess; document not provided	Provide the lodged report and align the group narrative with it
O3-05	Technology (dependence on unproven abatement)	Low to moderate · Medium	The Scope 3 pathway depends on supplier decarbonisation whose contribution is never sized (D6-02, D6-03), and on SAF book-and-claim whose biogenic emissions are excluded (D5-01)	Consistent across sources	Publish the abatement bridge by lever and the full SAF emissions effect
O3-06	Physical	Low · Medium	Xero owns no significant physical assets including data centres, so direct physical exposure is limited; the third-party cloud channel is identified with likelihood, horizon and mitigation, but no financial effect is quantified (D9-01, D9-02; EV-31, EV-32)	Consistent across sources	Quantify or bound the financial effect of the identified channel
O3-07	Other (accounting reconciliation)	Low · Medium	A 250 tCO_2e SAF carry-over cannot be reconciled between the FY25 and FY26 disclosures (D5-02; EV-09, EV-10)	Cross-period divergence, survives normalisation; 0.4% of the footprint	The certificate purchase and application record for both periods

Annex K: Longitudinal series & cross-period tracking register (YOY-01..08 / OUT-TB-19)

Seven reporting periods (FY20 to FY26) and four report types (annual report, sustainability report, databook, Climate Active public disclosure statement) were analysed. The FY20 to FY23 figures rest on the superseded 2020 emissions boundary and the Climate Active inventory, and are recorded as context only. The comparable series begins at FY24.

P.1 Multi-period headline series (YOY-02)

METRIC / CLAIM	PERIOD →	FY23	FY24 (BASE)	FY25	FY26	SOURCE(S) PER CELL	BOUNDARY/METHOD NORMALISATION
Scope 1		7	10	18	23	FY25 Databook (FY23, FY24); FY26 Databook (FY25, FY26)	FY23 on the 2020 boundary; FY24 onward on the expanded GHG Protocol boundary
Scope 2 (location)		765	746	681	764	As above	As above
Scope 2 (market)		Not calculated	609	153	0	As above	Market-based first calculated in FY24; certificates first purchased in FY25
Scope 3 by category		11,979 total; C1 1,774, C6 6,459	35,585 total; C1 21,431, C6 9,131	55,825 total; C1 37,416, C6 13,299	57,061 total; C1 43,283, C6 7,410	As above	FY23 on the 2020 boundary and not comparable; C2, C4, C13, C15 not calculated before FY24 or FY25
Total		12,751	36,341	56,524	57,848	As above; location-based	The FY23 to FY24 step is principally the boundary expansion following the FY24 relevancy assessment
Intensity metric		2.51 loc (no market-based figure published)	8.41 loc / 8.38 mkt	12.26 loc / 12.15 mkt	11.31 loc / 11.16 mkt	As above	tCO_2e per FTE; FY23 on the old boundary
Renewable electricity %		Not disclosed	Not disclosed	18% actual; 93% including certificates	32% actual; 100% including certificates	FY25 and FY26 Databooks	FY25 is the first year electricity data was disclosed
Offset / certificate volume		12,364 tCO_2e offsets retired	None	750 tCO_2e SAF; 1,869,208 kWh RECs	3,861 tCO_2e SAF; 1,581,493 kWh RECs	FY23 PDS; FY25 and FY26 Databooks	Offsets ceased with the certification; certificates are a different instrument and are not comparable to the FY23 retirements

P.2 Silent restatement & baseline-rebasing log (YOY-04)

#	FIGURE / BASELINE	AS STATED IN REPORT OF THE PERIOD	AS RESTATED IN A LATER REPORT	DISCLOSED & LIKE-FOR-LIKE?	EFFECT ON AN ON-TRACK / PAY / FINANCING CLAIM	LABEL (CONCERN / ACCEPTABLE / CANNOT-VERIFY)
P2-01	FY24 Scope 1 and 2	793 tCO_2e (FY24 AR, expanded boundary)	756 location / 619 market (FY25 Databook)	Yes. Reason disclosed in both databooks: ten-month extrapolation replaced by twelve months of actuals	The base for the 60% target; movement of 4.7% on this line	Acceptable
P2-02	FY24 Scope 3	35,180 tCO_2e (FY24 AR)	35,585 tCO_2e	Yes, same note	The base for the 35% target; movement of 1.2%	Acceptable
P2-03	FY24 total	35,973 tCO_2e	36,341 tCO_2e	Yes	1.02%, below Xero's own 5% significance threshold	Acceptable
P2-04	FY25 full series	FY25 Databook	FY26 Databook	**No restatement occurred.** Every line identical: Scope 1, both Scope 2 methods, all ten Scope 3 categories and all totals	None	Acceptable; tested line by line
P2-05	FY24 base year, pending	756 / 35,585	Announced for recalculation in FY27	Disclosed in advance, with the 5% threshold, the trigger list and the two crossing events all stated	Targets may be reset; all current headroom figures are provisional	Acceptable as disclosure; a decision-usefulness limitation as to comparability
P2-06	Scope 3 Category 7	FY25 Databook: two lines, commuting 1,057 and work from home 1,228	FY26 Databook: single line, 2,285	Yes. Footnoted as "previously disclosed as separate line items"; the sum is identical	None	Acceptable

P.3 Dropped / added disclosure log (YOY-05)

#	ITEM (METRIC / CATEGORY / TARGET / CLAIM / LIMITATION)	PRESENT IN	ABSENT/ADDED IN	EXPLAINED?	LABEL
P3-01	Net zero by 2050 ambition	FY23 AR, FY24 AR, FY25 SR	**Absent from FY26 AR and FY26 SR** (zero occurrences on full-text search of both)	**No**	**Decision-usefulness concern**
P3-02	Climate Active carbon-neutral certification	FY21 to FY24 ARs; FY23 PDS	FY25 SR discloses it was not sought for FY24 or FY25; FY26 silent	Partly. Disclosed once in FY25, then dropped from the narrative	**Minor limitation**
P3-03	New Zealand renewable supply mix (Ecotricity, Integrated Energy; approximately 6% wind and solar, 94% hydro, assets 17 to 74 years)	FY25 Databook Scope 2 note	Absent from FY26 Databook	No	**Minor limitation**
P3-04	NAR registry	Absent from FY25	Added to the FY26 registry list	Not required	**Acceptable**
P3-05	Electricity consumption and renewable percentage	First disclosed FY25	Retained and extended in FY26 (renewable including RECs added)	Yes, stated as first disclosed in FY25	**Acceptable**
P3-06	Melio-only and Xero-without-Melio columns	Not applicable	Added in FY26	Yes, footnoted	**Acceptable; this is what makes the acquisition effect separable**
P3-07	Base-year recalculation policy with a numeric threshold and trigger list	Not present in prior periods	Added in FY26	Yes, stated as work undertaken in FY26	**Acceptable**
P3-08	Scope 3 categories 2, 4, 13 and 15	Not calculated before FY24 (C2, C4) or FY25 (C13, C15)	Present from FY24 and FY25 respectively	Yes, footnoted as new sources	**Acceptable**

P.4 Target-trajectory log (YOY-06 / YOY-08)

#	TARGET / CLAIM	BASE YR	TARGET YR	COVERAGE / SCOPE	CHANGE ACROSS PERIODS	ON-TRACK SURVIVES SERIES?	LABEL
P4-01	Scope 1 and 2 reduction	FY20 → FY24	2030 → 2034	Scope 1 and 2; market-based from FY24	−42% by 2030 (FY23, FY24) replaced by −60% by 2034 (FY25, FY26). Base year and target year both moved; boundaries differ so materially that the two are not comparable	Reported yes (96% below base); on the physically measured components, no	Rebased, disclosed; comparability not available
P4-02	Scope 3 reduction	FY20 → FY24	2030 → 2034	Scope 3, all disclosed categories	−17% by 2030 (FY23, FY24) replaced by −35% by 2034 (FY25, FY26)	**No.** 60% above base against a reduction target, and widening	Rebased, disclosed; not on track
P4-03	Supplier science-based target commitment	Not applicable	2029	70% of prioritised suppliers by emissions	Introduced FY25 with no FY25 figure; 50.1% reported in FY26	Cannot determine; one data point	New target; process metric
P4-04	Emissions intensity	FY20 → FY24	Not stated	Scopes 1, 2 and 3 per FTE	Reported as a KPI in every period; the FY20-base version showed reductions, the FY24-base version shows a 33% increase	**No.** 33% above base; the year-on-year fall is denominator-driven	Not on track; denominator effect disclosed
P4-05	**Net zero by 2050**	Not applicable	2050	Group, all scopes	Stated FY23, FY24 and FY25; **absent from FY26 with no statement**	Not applicable; the commitment no longer appears	**Withdrawn without statement**
P4-06	Carbon neutral (Climate Active)	Not applicable	Annual, in arrears	Certified organisation boundary, excluding ICT services other than cloud hosting	Certified FY20 to FY23; not sought for FY24 or FY25; not mentioned in FY26	Not applicable	**Retired; exit disclosed in FY25 and scored neutral**

P.5 Cross-report-type consistency over time (YOY-07 / DR-02)

#	CLAIM / METRIC	REPORT TYPES COMPARED	PER-PERIOD DIVERGENCE (AFTER NORMALISATION)	TREND IN DIVERGENCE	AUDITED-SOURCE PREFERENCE APPLIED (A-01B)	LABEL
P5-01	Emissions figures	Annual report, sustainability report, databook	FY26: none, all three agree. FY25: none	Stable; no divergence in either period	Not required; no conflict arose	No apparent issue
P5-02	Historical emissions	Climate Active PDS versus GHG Protocol inventory	FY20 to FY23 differ by construction: different boundaries, different standards	Resolved from FY24, when the GHG Protocol inventory became the single reported basis	Applied: the GHG Protocol inventory in the assured sustainability report is preferred	**Acceptable; the transition is explained in the FY23 and FY24 annual reports**
P5-03	SAF certificate volumes	FY25 databook versus FY26 databook	250 tCO_2e cannot be reconciled	Newly arising in FY26	Neither source is audited; both are limited-assured company disclosures	**Cannot verify; decision-usefulness concern**
P5-04	Net zero by 2050	Annual reports FY23 and FY24 versus sustainability reports FY25 and FY26	Present in three successive periods, absent in the fourth with no statement	Newly arising in FY26	Both current-period documents checked by full-text search; neither carries it	**Decision-usefulness concern**
P5-05	Target set	Annual reports FY23 and FY24 versus sustainability reports FY25 and FY26	The FY20-base 2030 set and the FY24-base 2034 set are never presented together on a common boundary	Persistent across the transition	Current-period disclosure governs the rating	**Minor limitation; comparability across the target change is not available**

Prepared under the Climate Disclosure Review Rules v15.23 (controlled AI-assisted review). The body (§1–§7) states the verdict and may be issued on its own; the annexes are the working layer. General information only: not legal, financial or investment advice, an audit, an assurance opinion, or a NoCO2 certification or conformance determination. © Carbon Reduction Institute Pty Ltd, ABN 26 122 969 233.

Annex L: How each score was reached

Each audience score is built from a fixed set of load-bearing criteria, marked before the score is set. "Partial" means the criterion is satisfied only with reader effort that this audience can reasonably spend, not a soft failure. The count matters as well as the score: a score can reach its floor on two failed criteria, so two reports sharing a score may sit some distance apart on the detail below.

#	AUDIENCE	CRITERION	VERDICT	WHY
A1	Carbon accounting	No material category excluded	**Partial (gap)**	All fifteen categories addressed against a stated relevance test and ten quantified, which is the OUT-STK-13 rebuttal in explicit terms, so no cap applies. But Category 11 is excluded on influence, risk and stakeholder-criticality tests with no bound, and naming-without-sizing bars treating that as workable. Not marked defeated: a full published category table with reasons is the opposite of a hidden exclusion, and materiality is genuinely cannot-verify rather than established
A2	Carbon accounting	Single reconcilable footprint	Pass	Three totals are published (market-based 57,084; location-based 57,848; location-based before the SAF adjustment 61,709) and each is labelled by basis and reconciles exactly to the category lines and to the acquisition split. Verified line by line in the fidelity log, checks F-01 to F-07
A3	Carbon accounting	Method, boundary and version transparency	Partial (workable)	Two disclosed but unsized items: the SAF biogenic exclusion and the certificate volume retired after period end. **Workable:** *Action* the accountant reverses the SAF adjustment entirely and carries the category gross; *Data* the report publishes both Category 6 lines, 11,271 before and 7,410 after, and the databook publishes flights at 10,214 and 6,353. Not selection-as-reconciliation, not routing around an on-point rule
A4	Carbon accounting	Granularity and assurance sufficient to lift	Pass	Every category quantified separately, the acquisition split into its own column, both Scope 2 methods and both SAF bases published, per-category factor source and vintage disclosed, and EY limited assurance across all three scopes. Assurance depth is an improvement note, not scored

#	AUDIENCE	CRITERION	VERDICT	WHY
I1	Institutional investors	Physical risk relevant and transparent (N-04)	Partial (workable)	No quantified financial effect. **Workable:** *Action* the investor treats third-party cloud disruption as a service-continuity exposure and checks the disclosed multi-region mitigation; *Data* the risk table's likelihood, horizon, impact and mitigation columns, the four named scenario pathways, and the statement that Xero owns no significant physical assets. N-04 tests relevance and methodology transparency, not modelling quality, and both are met for this business model
I2	Institutional investors	Transition risk: derivable target headroom	Partial (workable)	The base year and the targets are both announced as open to revision in FY27. **Workable:** *Action* the investor computes required absolute reduction against the stated base and re-runs it after the recalculation; *Data* the FY24 base values of 619 and 35,585, the FY26 actuals, the target percentages, and the published 5% significance threshold and trigger list. The provisionality is disclosed twice, in the annual report and the sustainability report
I3	Institutional investors	Target achievement: real reductions, honest progress	Not met	Both physically measured components of the Scope 1 and 2 target rose while the headline records a 96% fall. Ex-acquisition, the −13,748 of method, certificate and factor movement exceeds the −9,162 fall in Scope 3 those drivers sit in, so underlying Scope 3 emissions rose by at least 4,586 tCO_2e. Scope 3 is 60% above a base it is targeted to fall 35% below. The movement is characterised as encouraging evidence of decarbonisation progress
I4	Institutional investors	Portfolio / financed-emissions completeness	Pass	Not a financial institution. Category 15 is a single debt investment of 1 tCO_2e, disclosed with its estimation basis; short-term bank investments are conventionally outside the category for a non-financial entity
I5	Institutional investors	Flow-through / look-through exposure	**Partial (gap)**	The supplier dependency is raised explicitly and honestly, and progress is quantified at 50.1%, but the contribution the pathway is expected to make to the 35% reduction is never sized, and no fallback is disclosed. The commitment milestone falls in 2029, five years before the target year, with no bridge. Naming-without-sizing; not workable, because the bridge does not exist in any reviewed source
I6	Institutional investors	Reconstructability by a sophisticated reader	Pass	Every input to the real-versus-accounting decomposition is published by Xero: the acquisition as its own column, the 7,389 tCO_2e method effect quantified, the 3,861 tCO_2e SAF effect quantified with the gross line beside it, the DEFRA revision named, both Scope 2 methods, and the 32% actual renewable share beside the 100% matched share
R1	Retail investors	Headline matches evidence without cross-document work	**Partial (gap)**	The performance framing over-reads the position. But every correction is co-located and legible within the environment section: the 60% Scope 3 increase sits in the same KPI table as the 96% decrease; footnote 32 states in plain words that the decrease comes from buying certificates; and the acquisition, method and certificate effects are each quantified beside the numbers they move. OUT-STK-05's co-location limb applies, so this reads to 2 rather than 1
R2	Retail investors	Targets cover material sources; achievement honest	Pass	Both limbs met on their own terms: Scope 3, at 99% of the footprint, carries its own absolute target, and achievement is stated bluntly, with "60% increase on FY24 base year" printed in the headline KPI table against a reduction target. The withdrawn 2050 ambition is a continuity matter and is scored at P2 and G2, not imported here
R3	Retail investors	Material risks legible	Pass	The risk and opportunity table is short, plain and complete in its columns, and the four scenarios are summarised in a form a non-specialist can follow
R4	Retail investors	Caveats findable, understandable, fairly presented	Pass	Footnotes are numbered, on-page, and written in plain language rather than in technical shorthand; the location-based figures are one page away and in the databook; and the adverse figures appear in the same tables as the favourable ones rather than in a separate section
P1	Consumers & public	Claims literally true within their implied boundary	Pass	Each claim is accurate on its stated basis. "96% decrease" is true market-based and is footnoted as such; "match our electricity consumption with renewable sources" uses "match", and the 32% actual and 100% matched shares are both published; "purchasing RECs to the equivalent of remaining Scope 2 market-based emissions" is self-qualifying; "decreased … when excluding Melio" states its own boundary; and the SBTi approval is corroborated in two documents
P2	Consumers & public	No misleading composite impression	Not met	Validated targets, a 96% cut, electricity fully matched to renewables, emissions decreased and encouraging progress combine into an impression of a year of decarbonisation. The year was: total footprint up 2%, the scope that is 99% of it moved further from its target, Scope 1 up 130% on base including a switch from electric to hybrid vehicles, location-based Scope 2 up, waste diversion down from 55% to 45%, and no part of the reported decrease from emitting less. This audience has the lowest caveat tolerance and is least able to perform the decomposition that reconciles the two
P3	Consumers & public	Genuine climate action evidenced	Pass	Above-baseline action is evidenced and measured: electricity consumed down 7.2%, actual renewable share up from 18% to 32%, the Auckland office transitioned, and a supplier engagement campaign that moved supplier-specific coverage from none to 51.6% of targeted spend. These are activities with disclosed outcomes, not commitments
G1	Regulators	Standards compliance / readiness	Partial (workable)	The group carries no mandatory obligation and says so plainly; the IFRS S2 alignment claim is expressly hedged as not full. **Workable:** *Action* the regulator reads the express non-alignment statement and tests the inventory against the four named GHG Protocol standards and EY's ISAE 3410 conclusion; *Data* the basis of preparation at pp.19–20, the assurance report at pp.21–22, and the applicability statements in both documents. The Australian subsidiary's report is outside the reviewed set and is recorded as cannot-verify, not as a failure
G2	Regulators	Cross-source / audience consistency	Not met	Within the period, consistency is clean: the annual report, sustainability report and databook agree line by line, FY25 comparatives are identical across both databooks with no silent restatement, and the FY24 restatement was disclosed with its reason. Across periods it fails: the net zero by 2050 ambition stated in FY23, FY24 and FY25 is absent from every FY26 document with no statement of withdrawal; a 250 tCO_2e SAF carry-over contradicts the prior year's disclosure; and the New Zealand renewable supply-mix detail was dropped. All three survive boundary and period normalisation