



PUBLIC DISCLOSURE STATEMENT

XERO LIMITED

ORGANISATION CERTIFICATION
FY2022-23

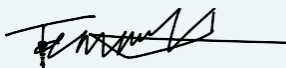
Australian Government

Climate Active Public Disclosure Statement



An Australian Government Initiative



NAME OF CERTIFIED ENTITY	Xero Limited
REPORTING PERIOD	1 April 2022 – 31 March 2023 Arrears reports
DECLARATION	<p><i>To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.</i></p>  <p>Tamara Somers Director of Sustainability & ESG 28.11.2023</p>



Australian Government
Department of Climate Change, Energy,
the Environment and Water

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Version August 2023.

1.CERTIFICATION SUMMARY

TOTAL EMISSIONS OFFSET	12,364 tCO ₂ -e
OFFSETS USED	100% VCUs
RENEWABLE ELECTRICITY	N/A
CARBON ACCOUNT	Prepared by: ERM Australia Pty Ltd
TECHNICAL ASSESSMENT	24/11/23 Ffion Cox ERM Australia Pty Ltd Next technical assessment due: FY2026

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2. CARBON NEUTRAL INFORMATION

Description of certification

This FY23 certification relates to all of Xero's owned and operated business operations in Australia (ABN 89 124 215 247) and internationally (Company number NZ 183 0488, AU ARBN 160 661 183). This includes operations in New Zealand, Europe, North America, Africa, and Asia. The FY23 inventory detailed in this Public Disclosure Statement (PDS) comprises the period from 1 April 2022 to 31 March 2023 and has been developed in accordance with the Climate Active Carbon Neutral Standard for Organisations.

Xero Ltd and its subsidiaries (Xero Group) is a global small business platform with 3.741 million subscribers as at 31 March 2023, which includes a core accounting solution, payroll, workforce management, expenses and projects. Xero also has an extensive ecosystem of connected apps and connections to banks and other financial institutions helping small businesses access a range of solutions from within Xero's open platform to help them run their business and manage their finances.

Founded in 2006, Xero is a global business, domiciled in New Zealand and listed on the Australian Securities Exchange (ASX: XRO). The team of more than 5,000 employees across the globe as at 31 March 2023, is driven by a purpose to make life better for people in small business, their advisors and communities around the world.

The emissions included in Xero's boundary are outlined on page 7. Notably, Xero currently include ICT emissions associated with our cloud platform hosting services but exclude other ICT services. This was determined through relevancy testing conducted, which is outlined on page 28.

Organisation description

The certification boundary has been developed using the operational control approach and includes emissions from Xero Group's activities in Australia and international locations during FY23. During FY23 Xero operated out of 21 offices and 13 coworking spaces across Australia and New Zealand, Europe, North America, Africa, and Asia.

The following subsidiaries are also included within this certification:

Country	Subsidiary*	ABN
Australia	Planday Australia Pty Ltd	31 650 898 187
	Waddle Holdings Pty Limited	27 628 603 654
	Waddle IP Pty Ltd	93 612 558 255
	Waddle Loans Pty Ltd	33 603 519 142
	Waddle SaaS Pty Ltd	48 631 726 282
	Waddle Servicing Pty Ltd	17 628 605 229
	Xero (Australia) Holdings Pty Limited	23 123 698 581
	Xero Australia Pty Limited	89 124 215 247
Canada	Hubdoc Inc. Xero Software (Canada) Ltd	N/A
Denmark	Planday A/S Xero Denmark A/S	N/A
Germany	Planday GmbH	N/A
Hong Kong	Xero (HK) Limited	N/A
India	Xero Software Solutions (India) Private Limited	N/A
New Zealand	Waddle Loans Limited Xero (NZ) Holdings Limited Xero (NZ) Limited Xero Investments Limited Xero Trustee Limited	N/A

Norway	Planday Norway AS	N/A
Poland	Planday Sp ZO.O	N/A
Singapore	Xero (Singapore) Pte. Ltd	N/A
South Africa	Xero South Africa Proprietary Limited	N/A
Sweden	Tickstar AB	N/A
United Kingdom	Planday Limited Xero (UK) Limited	N/A
United States	Xero CA Acquisitions Inc. Planday, Inc. Xero, Inc.	N/A

**The difference between the FY22 and FY23 entity lists is that the latter has been updated to include all the relevant subsidiaries for each country. Previously only trading names were referenced.*

3.EMISSIONS BOUNDARY

Inside the emissions boundary

All emission sources listed in the emissions boundary are part of the carbon neutral claim.

Quantified emissions have been assessed as relevant and are quantified in the carbon inventory. This may include emissions that are not identified as arising due to the operations of the certified entity, however are **optionally included**.

Non-quantified emissions have been assessed as relevant and are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. All material emissions are accounted for through an uplift factor. Further detail is available at Appendix C.

Outside the emissions boundary

Excluded emissions are those that have been assessed as not relevant to an organisation and are outside of its emissions boundary or are outside of the scope of the certification. These emissions are not part of the carbon neutral claim. Further detail is available at Appendix D.

Inside emissions boundary

Quantified

Accommodation and facilities

Air transport

Electricity (Australia)

Electricity (international)

Stationary energy

ICT services (platform hosting services)

Food and catering (Xero's events and internal staff events)

Office equipment and supplies

Waste

Water

Taxi and Uber

Working from home

Land and sea transport (km)

Land and sea transport (fuel)

Non-quantified

N/A

Optionally included

N/A

Outside emission boundary

Excluded

ICT services (excluding platform hosting) and equipment (including electronic equipment, telephone and internet, bandwidth and connectivity, computer and technical services)

Food and catering purchased by Xero employees that is not controlled by management

Xero merchandise (clothing) purchased

Business services

Owned and leased IT equipment

Storage and shipping of Xero merchandise

General postal services

Investments made by Xero

4. EMISSIONS REDUCTIONS

Emissions reduction strategy

Environmental sustainability is important to Xero's people and purpose. Xero recognises its role in looking after the planet and is committed to taking meaningful action on climate change. In 2019, Xero reported its carbon footprint for the first time, and offset 100% of its emissions for the year to 31 March 2019 (FY19). Following this, Xero raised its ambition to achieve carbon neutrality in FY20 through its first year of Climate Active certification and is continuing this commitment for a third year.

In November 2022, [Xero publicly committed](#) to the adoption of emissions reduction targets consistent with the recommendations of the Science-Based Targets initiative (SBTi) and aligned to the Paris Agreement's goal of limiting global warming to well below 2°C, including:

- 42% reduction in Scope 1 and 2 emissions from a FY20 base by FY30
- 17% reduction in Scope 3 emissions from a FY20 base by FY30
- Net-zero no later than FY50

In order to realise these targets, Xero has outlined the following emissions reduction actions across its operations to be achieved by FY30:

Scope 2

- Transition office tenancy electricity load to verify renewable electricity
- Increase average energy efficiency of office tenancies

Scope 3

- Transition base building electricity load to verified renewable electricity
- Increase average energy efficiency of base building services
- Increase uptake of low emissions transport for staff commute (e.g. active, public)
- Reduce flight passenger kilometres per full time employee (FTE)
- Cap the class of flights for long haul and domestic business travel for FTE
- Reduce the number of hotel nights for the business per FTE
- Increase in the diversion of organic waste generated at Xero offices from landfill
- Transition all cloud services to providers that utilise verified renewable electricity
- Increase proportion of vegetarian options at catered events

These targets were modelled on our FY22 business strategy. As a result of recent restructuring and organisational changes, we will review the targets annually to consider any material changes to Xero's business or the assumption used to model the targets and emissions reduction pathways.

Further to these emission reduction targets, Xero has developed a [roadmap to implement the Taskforce for Climate-related Financial Disclosure \(TCFD\)](#) framework across the business.

Beyond reducing emissions in Xero's value chain, Xero has in place a number of applications in the Xero App store which provide small businesses with tools to better understand their emissions footprint and take action to reduce it.

Emissions reduction actions

The actions we have taken and currently have in place to help reduce emissions across the business are:

- Assessing the potential to transition to renewable electricity for office tenancies across Xero's international operations
- Reducing electricity consumption via efficiency measures within Xero's offices such as: sensor and timer lighting; use of LED lighting in the majority of offices; working with air-conditioning engineers and landlords to improve the efficiency of heating and cooling systems, including a solar shade to help make the air conditioning more effective in Wellington (New Zealand); and solar panels in Napier (New Zealand) and Melbourne (Australia)
- Reducing office waste production and increasing recycling rates including e-waste collection and compost bins in some offices. Xero also has aluminum, glass, and paper recycling, as well as soft and hard plastic recycling, battery recycling, and printer toner cartridge recycling
- Encouraging employees to use active or public transport rather than private vehicles. Xero provides electric vehicle chargers in Melbourne (Australia) as well as motorbike and bicycle parking, shower and changing facilities in the majority of offices to promote use of active transport
- Ensuring that access to video conference technology is straightforward for Xero's people and its use is integrated into normal ways of working. This can help to minimise carbon-intensive travel options such as air travel
- Enhancing Xero's procurement processes to enable consideration of climate impacts in purchasing decisions. We are also in the process of incorporating sustainability criteria and weighting in our supplier selection process in order to highlight suppliers who proactively address social and environmental impacts, including Greenhouse gas emissions
- Continuing to deepen our relationship with one of our largest technology suppliers, AWS, and to work together to understand our environmental impact whenever we build products and services. Xero's AWS emissions are anticipated to reduce over time as AWS works towards its goal of 100% renewable energy by 2025
- Working with our travel management partners to identify improvements in our platforms that record and track our flights to include more robust carbon-related data. Our intention is to use that data to improve our policies and introduce meaningful initiatives that align with our flight reduction targets
- Creating a more sustainable Xerocon experience. In 2022, we used a Forest Stewardship Council certified company called [Re-board](#) to produce our exhibitor booths in London (United Kingdom) and New Orleans (United States). We reduced the amount of merchandise produced and worked with venues to ensure they were using best practice waste management systems. In 2023, we hosted Xerocon as a global event in Sydney. This change could help to condense the international airline travel required by our team to facilitate the events
- Adding an additional resource in FY23 to uplift organisation-wide capability around climate change, including the capacity to deliver on our targets and the accompanying emissions reduction plans

5.EMISSIONS SUMMARY

Emissions over time

		Emissions since base year	
		Total tCO ₂ -e (without uplift)	Total tCO ₂ -e (with uplift)
Base year:	2019-20	12,081	12,146
Year 1:	2020-21	3,811	4,032*
Year 2:	2021-22	5,224	5,394
Year 3:	2022-23	12,357	N/A

*Xero's original emissions for 2020-21 were estimated to be 4,025 tCO₂-e. Upon reviewing the calculations, a minor error was identified within the base building electricity calculations. To account for this, Xero is choosing to offset an additional 7 tonnes in 2022-23 to retroactively true-up the 2020-21 discrepancy.

Significant changes in emissions

Emission source name	Previous year emissions (t CO ₂ -e)	Current year emissions (t CO ₂ -e)	Detailed reason for change
Long economy class flights (>3,700km)	121	2,636	Flights increased due to easing of COVID-19 restrictions, organic growth of the business and an increase in flight related emission factors.

Use of Climate Active carbon neutral products, services, buildings or precincts

Certified brand name	Product
Powershop	Electricity product
Winc	Carbon Neutral paper

Emissions summary

The electricity summary is available in the Appendix B. Electricity emissions were calculated using a location-based approach.

Emission category	Sum of scope 1 (tCO ₂ -e)	Sum of scope 2 (tCO ₂ -e)	Sum of scope 3 (tCO ₂ -e)	Sum of total emissions (t CO ₂ -e)
Accommodation and facilities	0.00	0.00	337.40	337.40
Climate Active carbon neutral products and services	0.00	0.00	0.00	0.00
Electricity	0.00	67.75	409.32	477.07
Food	0.00	0.00	903.88	903.88
Transport (air)	0.00	0.00	5744.26	5744.26
Transport (land and sea)	7.49	0.00	1360.86	1368.35
Waste	0.00	0.00	227.15	227.15
Water	0.00	0.00	27.10	27.10
Working from home	0.00	0.00	928.37	928.37
Office equipment and supplies	0.00	0.00	2.49	2.49
Bespoke - ICT services	0.00	0.00	296.15	296.15
Bespoke - water	0.00	0.00	9.29	9.29
Bespoke - Working from home	0.00	0.00	341.87	341.87
Bespoke - Transport (land and sea)	0.00	0.00	95.31	95.31
Bespoke - Base building electricity	0.00	0.00	435.72	435.72
Bespoke - Base Building only -Stationary energy (gaseous fuels)	0.00	0.00	195.98	195.98
Bespoke - events	0.00	0.00	571.19	571.19
Bespoke - Electricity (New Zealand)	0.00	106.03	12.29	118.32
Bespoke - Electricity (Singapore)	0.00	10.97	0.22	11.19
Bespoke - Electricity (USA Colorado)	0.00	38.80	2.17	40.97
Bespoke - Electricity (USA New York)	0.00	22.48	1.26	23.73
Bespoke - Electricity (USA California)	0.00	1.91	0.11	2.01
Bespoke - Electricity (Canada Ontario)	0.00	8.61	0.00	8.61
Bespoke - Electricity (UK)	0.00	64.61	5.91	70.52
Bespoke - Electricity (South Africa)	0.00	15.96	1.28	17.23
Bespoke - Electricity (Denmark)	0.00	24.52	1.47	25.99
Bespoke - Electricity (Norway)	0.00	0.11	0.01	0.12
Bespoke - Electricity (Poland)	0.00	19.85	1.19	21.04
Bespoke - Electricity (Canada Alberta)	0.00	18.72	1.60	20.32

Bespoke - Coworking Electricity (UK)	0.00	0.00	18.01	18.01
Bespoke - Coworking Electricity (Hong Kong)	0.00	0.00	1.58	1.58
Bespoke - Coworking Electricity (New Zealand)	0.00	0.00	0.87	0.87
Bespoke - Coworking Electricity (Germany)	0.00	0.00	6.33	6.33
Bespoke - Coworking Electricity (USA)	0.00	0.00	7.75	7.75
Bespoke - Coworking Electricity (Sweden)	0.00	0.00	0.05	0.05
Total	7.49	400.31	11,948.45	12,356.25*

* As noted above, an additional 7 tonnes will be offset this reporting period to account for the 2020-21 discrepancy identified. This brings the total emissions to offset for 2022-23 to 12,364 tonnes..This has been captured in section 6.

Uplift factors

An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions that cannot be reasonably quantified or estimated. This conservative accounting approach helps ensure the integrity of the carbon neutral claim.

This was not applicable for Xero's FY23 Climate Active submission.

6.CARBON OFFSETS

Offsets retirement approach

This certification has taken an in-arrears offsetting approach. The total emissions to offset is 12,364 t CO₂-e. The total number of eligible offsets used in this report is 12,364. Of the total eligible offsets used, 0 were previously banked and 12,364 were newly purchased and retired. 388 are remaining and have been banked for future use.

Co-benefits

Katingan Peatland Restoration and Conservation Project

The largest program of its kind, the Katingan Peatland Restoration and Conservation project generates an average 7.5 million triple gold certified carbon credits annually; equivalent to taking 2,000,000 cars off the road each year. In partnership with local communities, Katingan utilises carbon revenues to ensure natural forest restoration and protection, through activities aligned to the UN Sustainable Development Goals. The project protects vital peatland habitats in Central Kalimantan, Indonesia for five Critically Endangered, eight Endangered and 31 Vulnerable species. The protected area is home to between 5 - 10% of the global populations of the Bornean Orangutan, Proboscis Monkey and Southern Bornean Gibbon.

Link: <https://registry.terra.org/app/projectDetail/VCS/1477>

Wind bundle project in Maharashtra by Sispara

This small-scale project involves the installation of 35.5MW capacity of wind power across four locations in India. Clean energy generated by the project will be exported to the local electricity grid in Maharashtra, displacing the fossil-fuel generated electricity on the Northern, Eastern, Western and North-Eastern regional grids (NEWNE) grid of India.

Link: <https://registry.terra.org/app/projectDetail/VCS/1660>

Eligible offsets retirement summary

Offsets retired for Climate Active carbon neutral certification											
Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Stapled quantity	Eligible quantity retired (tCO ₂ -e)	Eligible quantity used for previous reporting periods	Eligible quantity banked for future reporting periods	Eligible quantity used for this reporting period	Percentage of total (%)
Katingan Peatland Restoration and Conservation Project (Borno, Indonesia)	VCU	Verra	1 Nov 23	6359-304832792-304832953-VCU-016-APX-ID-14-1477-01012017-31122017-1	2017	0	162	0	0	162	1%
Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	6359-303476565-303479458-VCU-016-APX-ID-14-1477-01012017-31122017-1	2017	0	2,894	0	0	2,894	23%
Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	6359-303479459-303479564-VCU-016-APX-ID-14-1477-01012017-31122017-1	2017	0	106	0	0	106	1%
Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	12730-431785735-431787399-VCS-VCU-263-VER-ID-14-1477-01012020-31122020-0	2020	0	1,665	0	0	1,665	13%
Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	6359-307580846-307581557-VCU-016-APX-ID-14-1477-01012017-31122017-1	2017	0	712	0	0	712	6%

Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	6359-308065706-308066418-VCU-016-APX-ID-14-1477-01012017-31122017-1	2017	0	713	0	0	713	6%
Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	6358-302989508-302989525-VCU-016-APX-ID-14-1477-01112015-31122016-1	2015-16	0	18	0	0	18	0.1%
Katingan Peatland Restoration and Conservation Project (Borneo, Indonesia)	VCU	Verra	1 Nov 23	6358-303158749-303163730-VCU-016-APX-ID-14-1477-01112015-31122016-1	2015-16	0	4,982	0	388	4,594	37%
Wind bundle project in Maharashtra by Sispara (Maharashtra, India)	VCU	Verra	1 Nov 23	8457-21911776-21913275-VCS-VCU-997-VER-IN-1-1660-01012019-31102019-0	2019	0	1,500	0	0	1,500	12%
Total eligible offsets retired and used for this report										12,364	
Total eligible offsets retired this report and banked for use in future reports									388		

Type of offset units	Eligible quantity (used for this reporting period)	Percentage of total
Verified Carbon Units (VCUs)	12,364	100%

7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

Renewable Energy Certificate (REC) summary

N/A.

APPENDIX A: ADDITIONAL INFORMATION

In addition to the carbon benefits associated with the offset projects detailed in Section 6, Xero also purchased and cancelled (otherwise known as stapled) an additional 500 assigned amount units (AAUs) that support a Permanent Forest Sink Initiative (PFSI) in New Zealand (NZ).

The Fishermans Bay PFSI Carbon and Conservation Project is located in Fishermans Bay, NZ, approximately 25 minutes from Akaroa in the South Island. The project consists of 59 hectares of post 1989 regenerating native forest and outstanding conservation projects including protecting the breeding habitat of endangered Yellow Eyed Penguin, Giant Bush Weta and extremely rare plants. This project produces PFSI units in New Zealand which are then converted to AAUs that are registered and cancelled on the New Zealand Emissions Trading Registry. Each unit represents 1 tonne of carbon dioxide equivalent (tCO₂e) sequestered by the permanent forest sink initiative in New Zealand. The income from sale of carbon offsets supports Permanent Forests NZ Limited activities such as:

- Yellow-Eyed Penguin sanctuary habitat management/ predator control
- Possum and predator pest control work
- Reserve boundary fencing improvements and repair
- Public access – safe access tracks for public and educational groups
- Fire control response capability
- Noxious weed control work
- Support of research and conservation work by Department of Conservation (DOC) and other agencies
- Monitoring and reporting

Further details of the AAU purchase and cancellation transaction include:

- Project name: Fishermans Bay PFSI Carbon & Conservation Project
- Account holder: Permanent Forests NZ Limited
- Account number: NZ-9774
- Location: Fishermans Bay, New Zealand
- Serial numbers: 50445566404 to 50445566903
- Unit: Assigned Amount Unit (AAU)
- Transaction ID: VCA24789-3
- Date cancelled: 10th October 2023
- Registry: New Zealand Emissions Trading Register.

Please see below screenshot of certificate detailing the volume of AAUs (500) that were retired for this reporting period (FY2022-23).



10-Oct-2023

Voluntary Cancellation Certificate

This certificate verifies completion of the following voluntary cancellation transaction in the New Zealand Emissions Trading Register:

Transaction ID	VCA24789-3
Date of cancellation transaction	10-Oct-2023
Account Holder name	Permanent Forests NZ Limited
Account number	NZ-9774
Quantity of units cancelled	500
Cancellation purpose (if provided)	Retired on behalf of Xero Limited as part of its FY2023 carbon neutral commitments.

The voluntary cancellation transaction has been completed in accordance with the Climate Change Response Act (2002).

The serial block details for the cancelled units are as follows:

Unit Type	Serial block starting serial number	Serial block ending serial number	Project ID	LULUCF ID	Quantity of Units
NZU_PFSI	50445566404	50445566903			500

The details of this voluntary cancellation are also published within the ETS reports and information section of the EPA website (www.epa.govt.nz)

ETS019-1



Environmental
Protection Authority
Te Mana Rauhi Taiao

Private Bag 63902
Wellington 6140

www.emissionsregister.govt.nz
0800 CLIMATE (0800 254 628)
info@emissionsregister.govt.nz

New Zealand Government

Environmental Improvement Opportunities at Xero

The table below summarises all the current areas of focus for improving Xero's environmental performance and awareness across all of Xero's offices. The aim over time is to increase the number of offices that Xero is able to deliver the listed initiatives into.

Environmental improvement activities at Xero	% of locations with these activities in place
<u>Recycling</u>	
Paper & Card Recycling	95%
Glass Recycling	89%
Hard Plastic Recycling	95%
Soft Plastic Recycling	38%
Can Recycling	95%
Composting	47%
Printer Toner Cartridges	88%
Audited for performance for Xero's waste segregation	11%
Direct control over waste disposal	11%
Battery Recycling	88%
Use of rechargeable batteries	68%
E-waste	84%
Information on recycling on Help centre	94%
<u>Engagement</u>	
Local Green/Environment group	47%
<u>Waste Avoidance</u>	
No paper/plastic coffee cups	95%
No bottled water	100%
Sparkling water dispensers	78%
<u>Support of Alternative Transport</u>	
Showers	74%
Cycle storage	84%
Cycle repair equipment	26%
Charging points for EV's	32%
Charging points for E Bikes	21%
Motorbike parking	47%
Changing Facilities	78%
Xero Cycles	11%
Xero Scooters	6%
Information on the above on Helpcentre	81%
<u>Sustainable Purchasing</u>	
Printer paper from recycled or FSC virgin fibre	95%
Printer Paper - Carbon Neutral	24%
Toilet paper from recycled/FSC	94%
Handtowel paper from recycled/FSC	94%
Cleaners use low environmental impact methods	88%
Ethical sanitary products	83%
<u>Water</u>	
Rainwater harvesting in buildings	5%
Low volume flush toilets	58%
Water efficient taps	63%
Water efficient showers	44%
Tenancy water meters	21%
<u>Electricity</u>	
Light timers/sensors	74%
'Switch Off' signage	88%
LED lighting	63%
Tenancies separately metered	63%
Electricity consumption recorded	84%
Control over the purchase of our electricity	21%
Renewable Energy only contracts	17%
Electricity provider offsets the carbon emissions of the electricity it supplies	63%
<u>Building</u>	

APPENDIX B: ELECTRICITY SUMMARY

There are two international best-practice methods for calculating electricity emissions – the location-based method and the market-based method. Reporting electricity emissions under both methods is called dual reporting.

Dual reporting of electricity emissions is useful, as it provides different perspectives of the emissions associated with a business's electricity usage.

Location-based method:

The location-based method provides a picture of a business' electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

Market-based method:

The market-based method provides a picture of a business' electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

For this certification, electricity emissions have been set by using the **location-based approach**.

Market-based approach summary			
Market-based approach	Activity Data (kWh)	Emissions (kg CO ₂ -e)	Renewable percentage of total
Behind the meter consumption of electricity generated	0	0	0%
Total non-grid electricity	0	0	0%
LGC Purchased and retired (kWh) (including PPAs)	0	0	0%
GreenPower	0	0	0%
Climate Active precinct/building (voluntary renewables)	0	0	0%
Precinct/Building (LRET)	0	0	0%
Precinct/Building jurisdictional renewables (LGCS surrendered)	0	0	0%
Electricity products (voluntary renewables)	0	0	0%
Electricity products (LRET)	0	0	0%
Electricity products jurisdictional renewables (LGCs surrendered)	0	0	0%
Jurisdictional renewables (LGCs surrendered)	48,643	0	4%
Jurisdictional renewables (LRET) (applied to ACT grid electricity)	12,336	0	1%
Large Scale Renewable Energy Target (applied to grid electricity only)	113,007	0	10%
Residual Electricity	929,376	887,554	0%
Total renewable electricity (grid + non grid)	173,987	0	16%
Total grid electricity	1,103,363	887,554	16%
Total electricity (grid + non grid)	1,103,363	887,554	16%

Percentage of residual electricity consumption under operational control	16%	
Residual electricity consumption under operational control	147,260	140,633
Scope 2	130,047	124,195
Scope 3 (includes T&D emissions from consumption under operational control)	17,212	16,438
Residual electricity consumption not under operational control	782,116	746,921
Scope 3	782,116	746,921

Total renewables (grid and non-grid)	15.77%
Mandatory	11.36%
Voluntary	4.41%
Behind the meter	0.00%
Residual scope 2 emissions (t CO₂-e)	124.20
Residual scope 3 emissions (t CO₂-e)	763.36
Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO₂-e)	65.85
Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO₂-e)	404.72
Total emissions liability (t CO₂-e)	470.56

Figures may not sum due to rounding. Renewable percentage can be above 100%

Location-based approach summary						
Location-based approach	Activity Data (kWh) total	Under operational control			Not under operational control	
Percentage of grid electricity consumption under operational control	16%	(kWh)	Scope 2 Emissions (kgCO ₂ -e)	Scope 3 Emissions (kgCO ₂ -e)	(kWh)	Scope 3 Emissions (kgCO ₂ -e)
ACT	65,619	10,397	7,590	624	55,222	43,625
NSW	168,568	26,710	19,498	1,603	141,858	112,068
SA	178,970	28,358	7,089	2,269	150,613	49,702
VIC	633,560	100,388	85,329	7,027	533,172	490,518
QLD	41,311	6,546	4,778	982	34,766	30,594
NT	0	0	0	0	0	0
WA	15,335	2,430	12,239	97	12,905	7,098
TAS	0	0	0	0	0	0
Grid electricity (scope 2 and 3)	1,103,363	174,828	125,525	12,601	928,535	733,605
ACT	0	0	0	0		
NSW	0	0	0	0		
SA	0	0	0	0		
VIC	0	0	0	0		
QLD	0	0	0	0		
NT	0	0	0	0		
WA	0	0	0	0		
TAS	0	0	0	0		
Non-grid electricity (behind the meter)	0	0	0	0		
Total electricity (grid + non grid)	1,103,363					

Residual scope 2 emissions (t CO ₂ -e)	125.52
Residual scope 3 emissions (t CO ₂ -e)	746.21
Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO ₂ -e)	67.75
Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO ₂ -e)	409.32
Total emissions liability	477.07

Operations in Climate Active buildings and precincts

Operations in Climate Active buildings and precincts	Electricity consumed in Climate Active certified building/precinct (kWh)	Emissions (kg CO ₂ -e)
<i>Enter name or address of Climate Active certified building/precinct</i>	0	0
<i>Enter name or address of Climate Active certified building/precinct</i>	0	0
<i>Enter name or address of Climate Active certified building/precinct</i>	0	0
<i>Enter name or address of Climate Active certified building/precinct</i>	0	0
Climate Active carbon neutral electricity is not renewable electricity. These electricity emissions have been offset by another Climate Active member through their building or precinct certification. This electricity consumption is also included in the market based and location based summary tables. Any electricity that has been sourced as renewable electricity by the building/precinct under the market based method is outlined as such in the market based summary table.		

Climate Active carbon neutral electricity products

Climate Active carbon neutral product used	Electricity claimed from Climate Active electricity products (kWh)	Emissions (kg CO ₂ -e)
<i>Powershop</i>	382,444	0
<i>Powershop</i>	54,197	0
<i>Enter name of Climate Active Carbon Neutral electricity product</i>	0	0
<i>Enter name of Climate Active Carbon Neutral electricity product</i>	0	0
<i>Climate Active carbon neutral electricity is not renewable electricity. These electricity emissions have been offset by another Climate Active member through their electricity product certification. This electricity consumption is also included in the market based and location-based summary tables. Any electricity that has been sourced as renewable electricity by the electricity product under the market-based method is outlined as such in the market based summary table.</i>		

APPENDIX C: INSIDE EMISSIONS BOUNDARY

Non-quantified emission sources

The following emissions sources have been assessed as relevant, are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. They have been non-quantified due to one of the following reasons:

1. **Immaterial** <1% for individual items and no more than 5% collectively
2. **Cost effective** Quantification is not cost effective relative to the size of the emission but uplift applied
3. **Data unavailable** Data is unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years
4. **Maintenance** Initial emissions non-quantified but repairs and replacements quantified

Relevant non-quantified emission sources	Justification reason
None.	N/A

Data management plan for non-quantified sources

There are no non-quantified sources in the emission boundary that require a data management plan.

APPENDIX D: OUTSIDE EMISSIONS BOUNDARY

Excluded emission sources

The below emission sources have been assessed as not relevant to this organisation's operations and are outside of its emissions boundary. These emissions are not part of the carbon neutral claim. Emission sources considered for relevance must be included within the certification boundary if they meet two of the five relevance criteria. Those which only meet one condition of the relevance test can be excluded from the certification boundary.

Emissions tested for relevance are detailed below against each of the following criteria:

1. **Size:** The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions.
2. **Influence:** The responsible entity has the potential to influence the reduction of emissions from a particular source.
3. **Risk:** The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.
4. **Stakeholders:** Key stakeholders deem the emissions from a particular source are relevant.
5. **Outsourcing:** The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Excluded emissions sources summary

Emission sources tested for relevance	Justification				
	Size	Influence	Risk	Stakeholders	Outsourcing
ICT services (excluding platform hosting) and equipment (including electronic equipment, telephone and internet, bandwidth and connectivity, computer and technical services)	Y	N	N	N	N
	Y	N	N	N	N
Owned and leased IT equipment	Y	N	N	N	N
	Y	N	N	N	N
Food and catering purchased by Xero employees that is not controlled by management	N	N	N	N	N
	N	N	N	N	N

Emission sources tested for relevance	Size	Influence	Risk	Stakeholders	Outsourcing	Justification
Xero merchandise (clothing) purchased	N	N	N	N	N	<p>Size: This emissions source is likely to be immaterial relative to other emission sources within Xero's current emissions boundary.</p> <p>Influence: Xero does not have the potential to influence the emissions from this source, including by shifting to a different lower-emissions supplier for our business.</p> <p>Risk: No risk was identified for excluding this emission sources from Xero emissions boundary.</p> <p>Stakeholders: Key stakeholders, including the public, are unlikely to consider this a relevant source of emissions for Xero's business.</p> <p>Outsourcing: We have not previously undertaken this activity within our emissions boundary and comparable organisations do not typically undertake this activity within their boundary.</p>
Storage and shipping of Xero merchandise	N	N	N	N	N	<p>Size: This emissions source is likely to be immaterial relative to other emission sources within Xero's current emissions boundary.</p> <p>Influence: Xero does not have the potential to influence the emissions from this source, including by shifting to a different lower-emissions supplier for our business.</p> <p>Risk: No risk was identified for excluding this emission sources from Xero emissions boundary.</p> <p>Stakeholders: Key stakeholders, including the public, are unlikely to consider this a relevant source of emissions for Xero's business.</p> <p>Outsourcing: We have not previously undertaken this activity within our emissions boundary and comparable organisations do not typically undertake this activity within their boundary.</p>
Business services	N	N	N	N	N	<p>Size: This emissions source is likely to be immaterial relative to other emission sources within Xero's current emissions boundary.</p> <p>Influence: Xero does not have the potential to influence the emissions from this source, including by shifting to a different lower-emissions supplier for our business.</p> <p>Risk: No risk was identified for excluding this emission sources from Xero emissions boundary.</p> <p>Stakeholders: Key stakeholders, including the public, are unlikely to consider this a relevant source of emissions for Xero's business.</p> <p>Outsourcing: We have not previously undertaken this activity within our emissions boundary and comparable organisations do not typically undertake this activity within their boundary.</p>

Emission sources tested for relevance	Size	Influence	Risk	Stakeholders	Outsourcing	Justification
General postal services	N	N	N	N	N	<p>Size: This emissions source is likely to be immaterial relative to other emission sources within Xero's current emissions boundary.</p> <p>Influence: Xero does not have the potential to influence the emissions from this source, including by shifting to a different lower-emissions supplier for our business.</p> <p>Risk: No risk was identified for excluding this emission sources from Xero emissions boundary.</p> <p>Stakeholders: Key stakeholders, including the public, are unlikely to consider this a relevant source of emissions for Xero's business.</p> <p>Outsourcing: We have not previously undertaken this activity within our emissions boundary and comparable organisations do not typically undertake this activity within their boundary.</p>
Investments	Y	N	N	N	N	<p>Size: This emissions source is likely to be material relative to other emission sources within Xero's current emissions boundary.</p> <p>Influence: Xero does not have the potential to influence the emissions from this source, including by shifting to a different lower-emissions supplier for our business.</p> <p>Risk: No risk was identified for excluding this emission sources from Xero emissions boundary.</p> <p>Stakeholders: Key stakeholders, including the public, are unlikely to consider this a relevant source of emissions for Xero's business.</p> <p>Outsourcing: We have not previously undertaken this activity within our emissions boundary and comparable organisations do not typically undertake this activity within their boundary.</p>



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