

# ESG Policy

**XP**  **inc.**

**Approved by Executive Board on 02/19/2021.**

**TABLE OF CONTENTS**

1. INTRODUCTION .....2

2. PURPOSE .....2

3. SCOPE .....2

4. PRINCIPLES AND GUIDELINES .....2

4.1 RELATIONSHIP WITH THE ENVIRONMENT .....3

4.2 RELATIONSHIP WITH STAKEHOLDERS .....3

4.3 GOVERNANCE AND SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT .....4

5. ROLES AND RESPONSIBILITIES .....5

ESG Committee .....5

Executive Board .....5

ESG .....5

Legal.....6

Commercial Areas.....6

People.....6

Purchases .....6

Registration .....6

Compliance.....6

Social and environmental risk .....7

6. VALIDITY, REVOCATION, AND CYCLE OF REVISION .....7

7. DISCLOSURE .....7

8. APPLICABLE REGULATION .....7

9. EXCEPTIONS .....8

## 1. INTRODUCTION

To deliver the best solutions for our customers, we need to go beyond and understand how these solutions leave a positive legacy for our society. Changes are necessary and urgent. However, for the transformation to happen, we all need to be protagonists in building a better world.

We recognize our role in supporting the transition to a more sustainable world, integrating the environmental, social, and corporate governance ("ESG") aspects into our products, services, and in our market operations. We know that this is a journey. It will be walked together with our employees, customers, investors, partners, and the market.

We believe that the investments can generate value for society and promote environmental preservation. We want to increase the knowledge, engagement, and development of effective solutions so that the ESG agenda is at the core of business models and the decision-making process.

## 2. PURPOSE

The ESG Policy of XP Inc. Group ("Policy") aims to reinforce the commitment to Social and Environmental Responsibility for our activities, businesses, and relationship with stakeholders. In compliance with the requirement of the Central Bank ("Bacen"), through Resolution No. 4.327/14, of the National Monetary Council ("CMN"), and the National Council of Private Insurance ("CNSP"), through Resolution No. 376/19, XP Inc. Group, particularly XP Investimentos, Banco XP, and XP Vida e Previdência establish a Policy that addresses the management of social and environmental risk, as well as business opportunities, to prevent any negative social and environmental impact and increase the positive impacts to the environment and society, based on the principles of relevance, proportionality and considering the other specific internal policies of XP Inc. Group.

## 3. SCOPE

The Policy applies to XP Inc. Group, including service providers and partners directly related to the business activities in national and international territory. For this Policy, XP Inc. Group consists of XP Inc. and its subsidiaries and affiliates, taken together.

## 4. PRINCIPLES AND GUIDELINES

XP Inc. Group is committed to acting with social and environmental responsibility, directing efforts to collaborate with the economic and social development of the Brazilian market, considering the specific needs of each business, the complexity of products and services offered, as well as the applicable legal and regulatory aspects.

The Policy and its implementation by each company should be guided by the principles of relevance, through the identification of the ESG issues that are most relevant and applicable to its activities and business model, and proportionality, with measures and guidelines that are appropriate to its structure and market positioning. In addition to these principles, we prioritize an ethical and transparent posture in our relations with the community where we operate, respecting human rights and practicing sustainable development.

#### 4.1 RELATIONSHIP WITH THE ENVIRONMENT

We will seek to minimize our environmental impact and expand our contribution to customers and partners through financial products that promote positive impacts on the environment, aiming at its preservation and recovery.

In addition to guiding the activities of our employees, partners, and representatives in the scope of this Policy and other policies of the Group, such as the Code of Ethics and Conduct, Policy for Trading Securities, Rules and Parameters for Action, among others, we disseminate the conscious use of resources, disseminating and encouraging the good practices in our actions in the market and the corporate environment, as follows:

- i. To encourage the creation of financial products that promote positive impacts on the environment and consider the transition to a net-zero economy;
- ii. To promote the efficient use of resources, with equipment that reduces consumption and, consequently, environmental impacts, with a focus on greenhouse gas emissions and their effects on climate change;
- iii. To use, whenever possible, electronic and digital instruments to reduce the consumption of paper and printer toner, as well as the use of a logistic infrastructure to send correspondence;
- iv. To encourage the employees to use digital media to hold virtual meetings, decreasing unnecessary travels and corporate trips;
- v. To enable the employees and occupants of the physical infrastructure to make the selective collection, separating and disposing properly of the solid waste generated, including recycling and the correct disposal of electronic materials or those considered hazardous;
- vi. To privilege the rental and use of building infrastructure with environmental certifications and use of the best practices in environmental management, which guarantee that the construction complies with the international sustainability standards, such as: rational use of water, energy efficiency, reduction, reuse, and recycling of materials and resources, quality of the building's internal environments, sustainable space, innovation, and technology;
- vii. To support our customers, employees, suppliers, and partners in the adoption of better environmental practices.

#### 4.2 RELATIONSHIP WITH STAKEHOLDERS

We will be the protagonists in the promotion of education and diversity, in our practices, and among all the audiences we relate with. We will maintain the focus on human rights, repudiating any practice that disrespects the minimum rights of each individual, including, but not limited to, any discriminatory act.

XP Inc. Group believes that it is possible to operate in the financial market building solid relationships based on Ethics. The relationship with our stakeholders – that is, our customers, employees, suppliers, communities where we operate and market, and applicable Governments - is based on the pillars below:

- i. To value ethics, clarity, and impartiality in the exchange of information with our customers and in marketing, advertising, and engagement actions, guiding them to the conditions and products most suitable to their real needs;

- ii. To foster a healthy and safe work environment, striving to eliminate any form of threat or aggression, such as moral or sexual harassment or any form of discrimination;
- iii. To drive a culture that rejects and combats any type of discrimination to gender, race, color, disability, political orientation, sexual orientation, age, religion, HIV status, among other discriminatory aspects;
- iv. To promote our value of the diversity in gender, race, age, sexual orientation, disability, or any other condition, among all individuals and groups we interact with, including suppliers, and to promote an inclusive work environment;
- v. To care for physical and mental well-being, mutual respect, and equity among people. In this sense, we reserve the right to terminate any commercial relationship whenever our pillars are not present in such an agreement, or when the relationship represents a risk to the image of XP Inc. Group;
- vi. To act per the values of XP Inc. Group and contribute, via its performance and investment, to the social development of the country. In this context, to promote the improvement of people's financial lives by basing all activities on the concept of Financial Education, that is, to teach Brazilians about investments;
- vii. To seek maximum transparency and cooperation with the Government and all its regulatory agencies, contributing to the sustainable development of the country;
- viii. To promote the education of employees, so that the culture of education prevails within the XP Inc. Group;
- ix. To contribute to public-interest initiatives, through various mechanisms, including private social investment, such as donations, use of incentive resources, volunteer programs involving employees, and free educational courses;
- x. To encourage the adoption of the best practices by the Brazilian financial sector, participating collaboratively in workgroups, forums, and networks on ESG and social and environmental risk in alignment with the strategy of XP Inc. Group;
- xi. To privilege, whenever possible, the acquisition of products and services from local suppliers who are part of the communities where the companies of XP Inc. Group are located, favoring the small businesses and entrepreneurship.

#### 4.3 GOVERNANCE AND SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT

We will strive for our corporate governance to meet best market practices, maintaining our entrepreneurial culture and the autonomy of our teams. We will also manage the social and environmental risk present in our institution's activities and operations, including the record of occurrences of social and environmental losses and damages. To this end, we will:

- i. Maintain our focus on the policies and social and environmental risk and ESG manuals of XP Inc. and other companies of XP Inc. Group<sup>1</sup>;
- ii. To identify, classify, evaluate, monitor, mitigate and control the social and environmental risk present in credit activities and operations;

---

<sup>1</sup> Related Document: ESG and Social and Environmental Risk Classification Manual

- iii. To continually improve the guidelines of this Policy as the topic evolves with market standards, including the voluntary commitments we adhere to, market indexes, and other ESG standards;
- iv. To incorporate the environmental, social, and corporate governance criteria in investment management and decision-making related to the assets on which XP Inc. and other companies of the XP Inc. Group have operational or shareholding control;
- v. To observe the environmental, social, and corporate governance issues when structuring the transactions in the capital market;
- vi. To integrate environmental, social, and corporate governance issues into the management of third-party funds, as well as to involve the investees in sustainability-related matters;
- vii. To establish and apply ESG and social and environmental risk criteria when developing new financial products.

## 5. ROLES AND RESPONSIBILITIES

To disseminate the principles and guidelines outlined in this Policy, we operate at the following Governance levels and their respective attributions:

### ESG Committee

- The ESG Committee is composed of the CEO of XP Inc. and the Board of Directors of XP Inc. and Subsidiaries, ESG Officer, Risk Officer, Legal Officer, CEO of Banco XP, Channel Director, and Trading Desk Officer;
- Deliberation of operations with a high degree of social and environmental and/or ESG risk, especially in cases of controversy, and may call for the support of an impartial external opinion on the operation. If a consensus decision cannot be reached, the CEO of XP Inc. will have the final decision of whether or not to proceed with the transaction.

### Executive Board

- Responsibility to maintain an Officer Responsible for the compliance with this Policy, ensure its internal/external disclosure, and maintain the documents related to this Policy available for the Central Bank of Brazil and the National Council of Private Insurance;
- Supervision and monitoring of the ESG strategy and implementation and enforcement of these Policy items.

### ESG Team

- Definition of the corporate sustainability strategy, balancing the economic development with social and environmental responsibility;
- Coordination of updates to this Policy, encouraging the other areas of our Company and subordinate organizations to implement sustainable measures;
- Coordination of sustainable initiatives, including the development of financial and educational products and solutions with environmental, low carbon and social additionalities and as appropriate, defining ESG key performance indicators and endorsing of ESG frameworks;

- Institutional representation of XP Inc. Group concerning the theme with the organization's external environment.

### Legal

- Management of legal, administrative, or regulatory proceedings related to social and environmental risks involving its customers, suppliers, employees, and other partners;
- Inclusion of contractual clauses with service providers and other suppliers that stipulate social and environmental obligations, including obligations referring to the prevention of slave and child labor and sexual exploitation, respect for the environment, respect for diversity, and the combat of all forms of corruption;
- Keeping abreast of the regulatory and market requirements or expectations regarding ESG, sustainable finance, ESG investor demands and related disclosure framework.

### Commercial Areas

- Maintenance of direct contact with customers, partners, and suppliers, guiding them in obtaining documents by digital means, without the need for printing, and in obtaining a declaration from their suppliers attesting to the regularity of their activities and the obligation to maintain them for the duration of the contract;
- Sending information on customers and suppliers for Compliance follow-up, in cases of suspected non-compliance with the Policy.

### People

- Promotion of this Policy awareness among employees and monitoring of its compliance;
- Development and monitoring of social and environmental programs, including *Jovem Aprendiz* (Young Apprentice) and *Pessoas com Deficiência* (People with Disabilities);
- Promotion of volunteer programs together with the employees.

### Purchases

- Management of the supplier registration and approval process, according to the guidelines from internal manuals and the ESG Policy;
- Submitting the suppliers that are considered critical for analysis by the Compliance area, concerning social and environmental risk.

### Registration

- Previous analysis of customers with possible social and environmental and/or ESG risk and forwarding to Compliance for in-depth analysis.

### Compliance

- In-depth analysis of customers, partners, and suppliers with possible social and environmental and/or ESG risk, according to the internal governance guidelines, to address the issue.

## Social and environmental risk

- Definition of the social and environmental criteria and documents required for social and environmental risk analysis in the process of operations with credit risk and capital markets;
- Issuance of a social and environmental opinion, in case of risk identification, following the internal processes;
- Definition of the guidelines related to social and environmental risk;
- Evaluation and update of the implemented policies to identify possible improvements;
- Registration and management of losses arising from social and environmental issues;
- Observing the principles of relevance and proportionality, the definition of criteria for monitoring and evaluating the processes related to social and environmental risk.

## 6. VALIDITY, REVOCATION, AND CYCLE OF REVISION

This Policy is valid as of the date of its publication and must be reviewed and approved by the Board of Directors at least every 5 years. The document must include any change in the regulatory environment, risk management, or ESG structure for the period.

This Policy must be widely disclosed within XP Inc. Group and made available to all members and stakeholders of the process through our website.

## 7. DISCLOSURE

The disclosure and communication of this Policy, as well as its future revisions and relevant initiatives, should reach the various related parties and be assigned promptly, including:

- Publication of the ESG Policy in the Web page of XP Inc. Group;
- Disclosure of initiatives and publication of results about XP Inc. ESG policies and practices in relevant channels.

## 8. APPLICABLE REGULATION

- CMN Resolution No. 4.327/14, providing for the guidelines that must be observed in the establishment and implementation of the Social and Environmental Responsibility Policy by the financial institutions and other institutions authorized to operate by the Central Bank of Brazil;
- CMN Resolution No. 4.557/17, which provides for the risk management structure and the capital management structure;
- The CNSP Resolution No. 376 establishes technical provisions, assets that reduce the need for coverage of technical provisions, risk capital based on underwriting, credit, operational, and market risks, adjusted net equity, the minimum capital required, regularization plan, retention limits, criteria for investments, accounting standards, independent accounting, and actuarial audit and Audit Committee for insurance companies, open entities of complementary pensions, capitalization companies, and reinsurers.



## 9. EXCEPTIONS

For the exceptions to the compliance with the rules outlined in this Policy, the applicant must submit the exception request to the XP Inc. Board of Directors with the reasons that justify it, being that the request must be approved by at least two (02) Officers.