

# **NON-FINANCIAL STATEMENT**

of XTB S.A. Capital Group  
for 2021

Warsaw, 8 March 2022



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# 1 Publication Basis

This Non-Financial Statement of XTB S.A. Capital Group (XTB Capital Group, Group, XTB Group) has been prepared under Article 55 point 2b in conjunction with Article 49b of the Accounting Act.

This Statement covers information regarding XTB Capital Group companies for 2021. Preparation of this XTB Statement has been based on the Non-Financial Reporting Standard (NFRS) issued by the Reporting Standards Foundation. This Non-Financial Statement complies, in principle, with NFRS, subject to incompatibility of sectors provided for in NFRS with the business conducted by XTB Capital Group as well as substantially limited operating activities of subsidiaries functioning within XTB Group, making assignment of certain NFRS indices to the business of a specific subsidiary inexpedient.

## 2 Organisation of XTB Capital Group

### 2.1 Business Profile

XTB S.A. (XTB, Company) is one of the largest Forex and CFD brokers in the world, listed on the stock exchange and specialising in trade in financial instruments, present on markets in Europe, Asia, Latin America and other.

Since 2016, XTB has been listed on the Warsaw Stock Exchange. XTB Capital Group comprises foreign branches and subsidiaries, according to the structure presented further in the Statement.

XTB Group supplies products, services and technological solutions in the scope of trade in financial instruments. XTB specialises in OTC market and, in particular, CFD derivatives that are investment products and the return on which depends on fluctuations of prices and values of instruments and underlying assets.

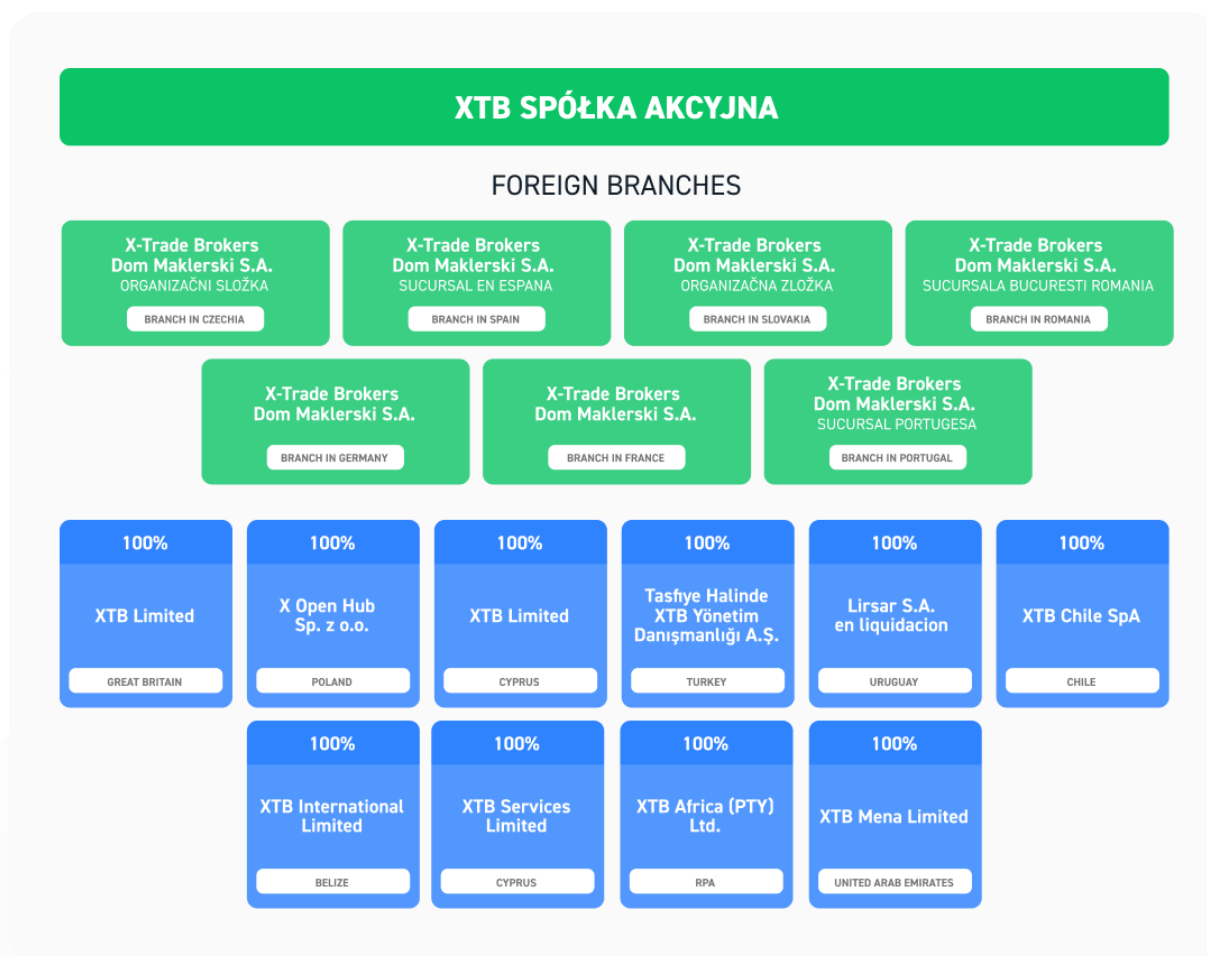
XTB Group operates in two segments: retail activity and institutional activity. The retail activity of XTB Group includes mainly online trade in derivatives based on underlying assets and instruments traded on financial and commodity markets, serving mostly retail customers. As regards institutional customers, XTB Group offers technologies allowing such customers to offer trading in financial instruments under their own brand to their own customers. XTB Group is also a liquidity provider for institutional customers.

XTB Group offers their customers various transaction execution options, depending on the advancement level of the given customer (from a beginner to an expert) and access method (smartphone, web interfaces, PC applications).

The functionality of XTB Group's offer allows the customers to open accounts, deposit funds in them, place orders and transfer funds between the accounts as well as ordering statements via the Internet. The basic technology of XTB Group uses software designed to ensure functionality and scalability.

## 2.2 Management of Non-Financial Assets in XTB Group

As at 31 December 2021, XTB Group comprises XTB, as the Parent Entity, and 10 subsidiaries. XTB also has 7 foreign branches. The diagram below presents the Group structure as at 31 December 2021.



For detailed information regarding individual subsidiaries and branches, see *Management Board's Report on the Operations for the Year Ended on 31 December 2021*, Section: *Description of Group's Organisation*.

There were no major changes in the business model of XTB Group in the financial year.

The key processes of the operating activities are those connected with supply of proprietary technology to the users (responsibility for this area lies with XTB's IT Department) and those related with customer acquisition and support. The processes related to customer acquisition and support are conducted both directly by XTB in Poland as well as through branches and subsidiaries operating on the local markets.



XTB is also responsible for coordination of activity of individual subsidiaries and branches, management processes, setting of development targets for the businesses functioning in particular countries, setting budgets and financial targets, procedural standards, supervising accomplishment of the above. Subsidiaries and branches employ from several to several dozen persons. Thus, the majority of operating processes is carried out by XTB in Poland and the activity of subsidiaries and foreign branches, in principle, supports the sale and ensures compliance with local regulations required for the conducted business. In consequence, also in terms of ESG-related issues, the most important processes and solutions regarding management of non-financial issues are executed by XTB in Poland, and creation of developed corporate solutions and dedicated policies for specific subsidiaries must be considered ineffective.

Bearing the above in mind, identification of essential management areas and related risk, also in relation to non-financial aspects, is carried out at the level of XTB in agreement with individual organisational units functioning in the subsidiaries.

This process is related to the continuous assessment of impact on the surrounding and the risk connected with individual areas of interaction with stakeholders. Furthermore, the assessment takes into consideration on-going changes (including but not limited to legal, economic and social changes) in the surrounding. These aspects are identified and assessed in detail in accordance with the relevant procedures regarding identification of threats and assessment of risk for the given area.

The companies belonging to XTB Group take individual actions to meet the requirements of local regulations.

On the other hand, XTB is the addressee of information regarding effects of activities in specific ESG areas, including but not limited to situations where these effects could result in breach of effective laws and related financial liability or image-related repercussions. Therefore, according to the best knowledge, this Non-Financial Statement does not omit any information that could have a significant impact on the reliability of description of the impact of XTB Group on social issues, employment-related issues, natural environment, respect for human right, counteracting corruption or climate-related issues.

The following areas where relations of high significance exist are identified in the business activities and management processes.

Area of relations	Examples of impact
<b>Customer relations</b>	<ul style="list-style-type: none"><li>● supply of reliable software</li><li>● marketing communication</li><li>● educational and training activities</li></ul>
<b>Relations with employees</b>	<ul style="list-style-type: none"><li>● ensuring good work conditions</li><li>● development of employees' competences</li><li>● educational activities</li></ul>

<b>Relations with regulators</b>	<ul style="list-style-type: none"><li>• ensuring compliance of conducted business with local regulations</li><li>• preventing breaches of effective regulations</li><li>• prevention of unethical conduct</li></ul>
<b>Occupational health and safety</b>	<ul style="list-style-type: none"><li>• ensuring a safe work environment</li></ul>
<b>Impact on the environment</b>	<ul style="list-style-type: none"><li>• energy consumption</li><li>• environmental education</li></ul>

## Identification of stakeholders

Considering the nature of the business activity conducted by XTB Group, the following key groups of stakeholders are identified for the purpose of management processes:

- employees,
- retail and institutional customers,
- prospective customers - persons interested in education regarding financial markets,
- suppliers,
- competitors,
- state institutions, including local supervisory authorities,
- media,
- shareholders, analysts and prospective investors.

The needs and expectations of stakeholders are regularly identified, including identification of legal requirements and feedback obtained from specific groups of stakeholders.

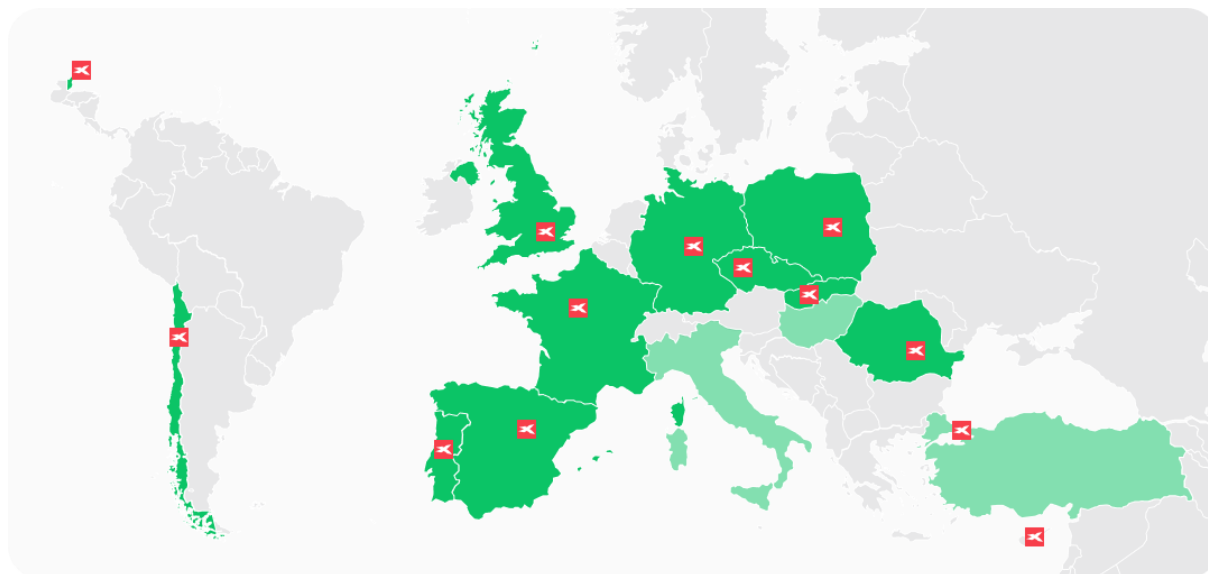
## Communication with stakeholders

For the purpose of due communication with its stakeholders, XTB publishes information on the assumptions of its strategy, including long-term goals and planned actions, on its website.

The strategy implementation process, determined by means of financial and non-financial measures, is presented in current and periodical reports. The Company holds quarterly meetings for investors, inviting especially shareholders, analysts, industry experts and media representatives. As a stock exchange-listed company, XTB publishes periodical reports every quarter. Its reports for supervisory institutions are prepared at least once a month.

For information regarding actions taken in terms of communication and education of retail customers, see point Communication with the customer of this Statement.

## Business sites



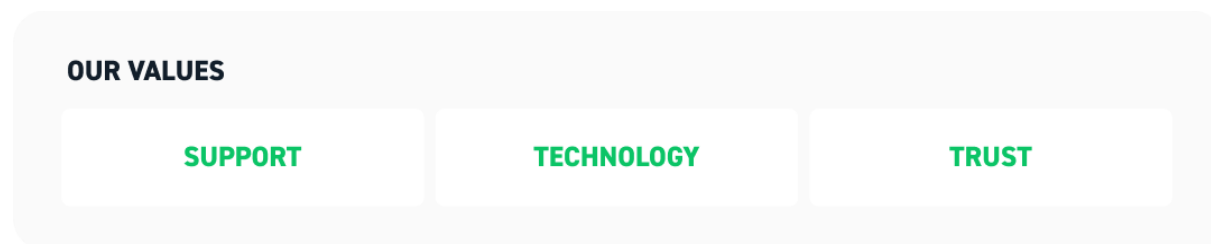
XTB Group conducts its business activity based on licences granted by the regulators in Poland, United Kingdom, Cyprus, Belize and United Arab Emirates. The business of XTB Group is regulated and subject to oversight of competent authorities on the markets where the Group operates, including EU Member States, on the basis of the so-called single European passport. Currently, the Group focuses on developing its business on 12 key markets, including Poland, Spain, Czech Republic, Portugal, France and Germany, while Latin America, Asia and Middle East are considered the priority regions of further expansion of the Group.

Both in Poland and in other countries, the Group conducts its business in rented properties only. These include office space and IT infrastructure space.

## 3 ESG Strategy

The ESG Strategy of XTB Group was adopted in Q4 2021.

As part of its ESG Strategy, XTB puts emphasis on continuation of previously applied solutions and fulfilment of commitments in the area of environmental protection and sustainable development. In connection with the aforementioned, XTB set targets to be gradually accomplished. Taking various initiatives in this area will allow to build environmental awareness not only among employees, but also among customers and business partners. The intention of XTB is continuous increase of involvement in corporate social responsibility projects.



The ESG Strategy is based on three pillars, i.e. i) Environment, ii) Social Responsibility, iii) Corporate Governance.

Environment	Social Responsibility	Corporate Governance
<ul style="list-style-type: none"> <li>• Taking care of the natural environment at the work place.</li> <li>• Implementation of a number of solutions aiming at more efficient management of natural resources.</li> <li>• Aiming at reduction of the organisation's carbon footprint.</li> <li>• Building environmental and climatic awareness among employees and co-workers.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring immediate access to financial markets around the world.</li> <li>• The paramount goal of XTB Group is economic education of the society.</li> <li>• XTB shares knowledge and experience, cooperating with universities and other institutions.</li> <li>• The XTB team is composed of ambitious people who are supported in continuous development and accomplishment of their goals.</li> </ul>	<ul style="list-style-type: none"> <li>• XTB is one of the largest stock exchange-listed Forex &amp; CFD brokers in the world.</li> <li>• XTB Group's business is subject to financial oversight on international financial markets, including but not limited to: FCA, BaFin, ACPR, CySEC, IFSC.</li> </ul>

The ESG Strategy document is available on the corporate website of XTB. Information regarding implementation of the ESG Strategy is presented in consecutive non-financial statements and reports of XTB Group.

Information regarding planned initiatives in individual areas is described further in this Statement.

As of December 2020, XTB's stocks are WIG-ESG index-listed. The purpose of the WIG-ESG index is measurement of the value of portfolio of stock exchange-listed companies qualified to WIG20 and mWIG40 Indices, verified by means of the adjustment factor, i.e. assessment of the level of observance of environmental, social and corporate government principles in the business activity.



## 4 Description of the Capital Group's Business

### 4.1 Description of Basic Products and Services

XTB Group is an international supplier of products, services and proprietary technological solutions in the scope of trade in financial instruments. XTB Group specialises in the OTC market and, in particular, CFD derivatives.

#### XTB's product offer



##### FOREX

Forex (Foreign Exchange Market) is the largest financial market in the world. Trading on the Forex market takes place 24 hours a day, 5 days a week. XTB offers ca. 500 CFD instruments based on currency pairs.



##### INDICES

CFDs are derivatives. This means that you are not actually becoming the holder of the underlying instrument - you simply speculate whether its price will increase or decrease. XTB offers over 40 CFD instruments based on stock indices from the entire world: USA, Germany, China.



##### COMMODITIES

Thanks to commodity/raw material CFD transactions, customers can invest in instruments based on such raw materials as gold, silver and oil. This enables earning on speculations on raw material prices, i.e. price increase and decrease. XTB offers selection of over 20 raw material CFD instruments.



##### STOCKS

XTB offers access to stock CFDs and regular stocks.

Stocks are securities confirming participation in the given enterprise. They combine property rights (right to dividend) with non-property rights (voting right).



##### ETF

The exchange-traded fund (ETF) is an investment fund the purpose of which is faithful representation of the given index, and the participation titles are listed on the stock exchange.

XTB's offer includes both ETF CFDs and cash instruments.



##### CRYPTOCURRENCIES

Cryptocurrencies are a form of electronic currency created and stored electronically. XTB offers a CFD instrument, which means that you do not have to purchase the cryptocurrency physically. All you need to do is invest and speculate on future fluctuations of prices, without holding of the underlying instrument.

XTB has made 15 CFD derivatives based on cryptocurrencies available

At the end of 2021, the Group's offer included over 5 400 financial instruments from around the world. These included over 2 100 CFD derivatives with a leverage, including nearly 50 based on currency pairs, ca. 20 based on commodities as well as ca. 40 based on indices and 15 based on cryptocurrencies, ca. 1 900 based on stocks of stock exchange-listed companies in 16 countries and over 100 based on American and European ETFs. The offer of XTB includes also over 3 200 cash instruments, including over 3 000 stock instruments and nearly 300 ETF instruments from the European markets.

The environmental and social aspects are not the dominant factor in designing the product offer. Nevertheless, the XTB's offer includes financial instruments (e.g. ETFs) enabling investments in climate-aware entities or entities classified to indices factoring in ESG criteria. Furthermore, the XTB's offer includes financial instruments related to the rights to CO2 emissions (EMISS contract) and XTB is considering extending its offer with instruments supporting direct management of selected aspects of the climate risk, e.g. weather derivatives.

## 4.2 Suppliers

### Materials used and services provided to the Group

As part of its business activity, XTB Group cooperates with providers of services supporting organisational, marketing, analytical processes, IT development as well as supporting the trading area. The activity of these entities is located mainly in Europe and USA.

In most cases, cooperation with suppliers is of permanent nature. In specific cases, single-time cooperation is also possible to pursue a specific goal.

The key suppliers of XTB are providers of services supporting XTB's customer service processes (including providers whose services contribute to automation of the above processes) as well as providers of services used in the trading area (e.g. providers of market data).

As regards other supplies, these include, in particular, purchase of IT hardware, energy and office supplies.

No cases of violation of employees' rights by the suppliers of XTB Group were identified in years 2020-2021. Due to the profile and location of activity of the suppliers, XTB Group has not identified suppliers who could pose a threat to the right to freedom of association and collective disputes or who could violate such rights.

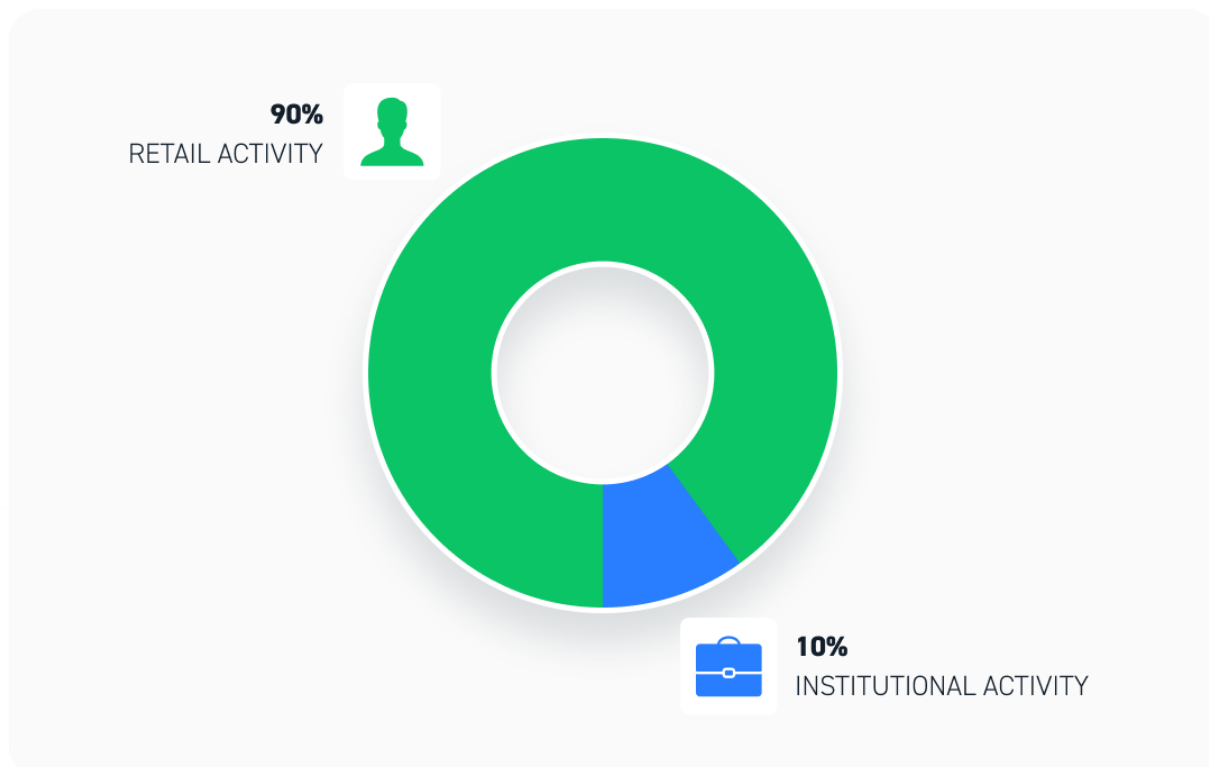
### Reliance on suppliers

Due to the nature of conducted business activity, XTB Group does not rely on any suppliers.

## 4.3 Customers

**XTB Group operates in two segments:**

- retail activity,
- institutional activity.



In 2021, the retail activity segment generated ca. 90% of the total volume of the Group's turnover, while the institutional activity segment - ca. 10%.

### Retail segment

The retail activity of XTB Group includes mainly online trade in derivatives based on underlying assets and instruments traded on financial and commodity markets, serving mostly retail customers.

The retail customers of the Group are granted access to the front-end type trading platform and a number of its components as well as back-office systems.

The customer base of XTB in the retail segment is characterised with the following parameters: i) new customers, ii) total number of customers and iii) average number of active customers.

In 2021, XTB's Group acquired 189 187 new customers and their total number was 429 157. On the other hand, the number of active customers (i.e. customers who executed at least one transaction in 2021) was 190 452.

## Communication with the individual customer and educational activity

From the very beginning of its existence, XTB pays special attention to education regarding the functioning of financial markets. The paramount goal of XTB is building investment awareness and facilitation of access to economic knowledge to everybody. XTB makes sure that any person interested in the functioning of financial markets has access to the necessary knowledge. Most educational materials prepared by XTB are available to the prospective customers for free.



These materials include nearly 100 hours of educational trainings in a video version, available on the xStation platform developed by XTB, and tens of articles shared as part of the so-called Trading Academy.

The authors of trainings are both XTB's internal specialists as well as external experts from the financial markets. The variety of subjects and advancement levels makes them valuable for both beginning and advanced investors.

Furthermore, depending on individual needs, customers can participate in the regular conferences and webinars organised by XTB.

No penalties were imposed on the XTB Group companies and no breaches of such companies were recorded with regard to competition regulations in 2020-2021.

In 2021, non-conformities in the area of Internet marketing communication conducted by the XTB branch with the local regulations were identified on the French market. After identification of irregularities in this area, actions were taken immediately to adapt communication to the regulatory requirements. Nevertheless, in connection with the situation that took place in 2021, a penalty was imposed on the French branch, but it was not significant from the point of view of the business activity of XTB Group.

No penalties related to breach of marketing communication regulations were imposed in years 2020-2021.

## Institutional segment

As regards institutional customers, XTB offers technologies allowing such customers to offer trading in financial instruments under their own brand to their own customers. XTB is also a liquidity provider for institutional customers. Institutional customers include, without limitation, brokerage houses, start-ups and other financial institutions. Institutional customers are granted full access to the management settings and functions, branding system and risk management tools.

In the institutional segment, the average number of active customers in 2021 was 22, and the total number of customers was 38.

## Reliance on recipients

Due to the nature of the primary business activity, focused on retail customers, there is no risk of becoming reliant on any recipient.

## 4.4 Cooperation with Contractors

Contracts with the contractors do not include any clauses regarding ethical, environmental or human rights-related clauses in a scope other than resulting from the locally governing law.

The XTB's business model does not provide for participation in public tenders. In 2020-2021, the XTB Group companies did not participate in any tenders of this type.

The XTB Group companies did not order any audits regarding the environmental, OHS, human rights or ethical areas in years 2020-2021. XTB's Group contractors did not order any XTB audits in the above areas either.

## 4.5 Commercial Contracts and Transactions

Due to the nature of the conducted operating activities and generation of revenues mainly based on individual contracts concluded with natural persons, with concurrently dispersed group of suppliers, XTB Group did not conclude any significant contracts regarding its operating activities in years 2020-2021.

## 4.6 Public Aid

In the period from 2020-2021, the Company received financial support in the form of de minimis aid from the National Training Fund (NTF). In 2020, the gross amount of financial support was PLN 28 thousand, in 2021 the financial support from NTF amounted to gross PLN 30.2 thousand.

At the same time, the Company enjoyed no preferential treatment in relation to other entities, adhering to common and uniform support criteria.

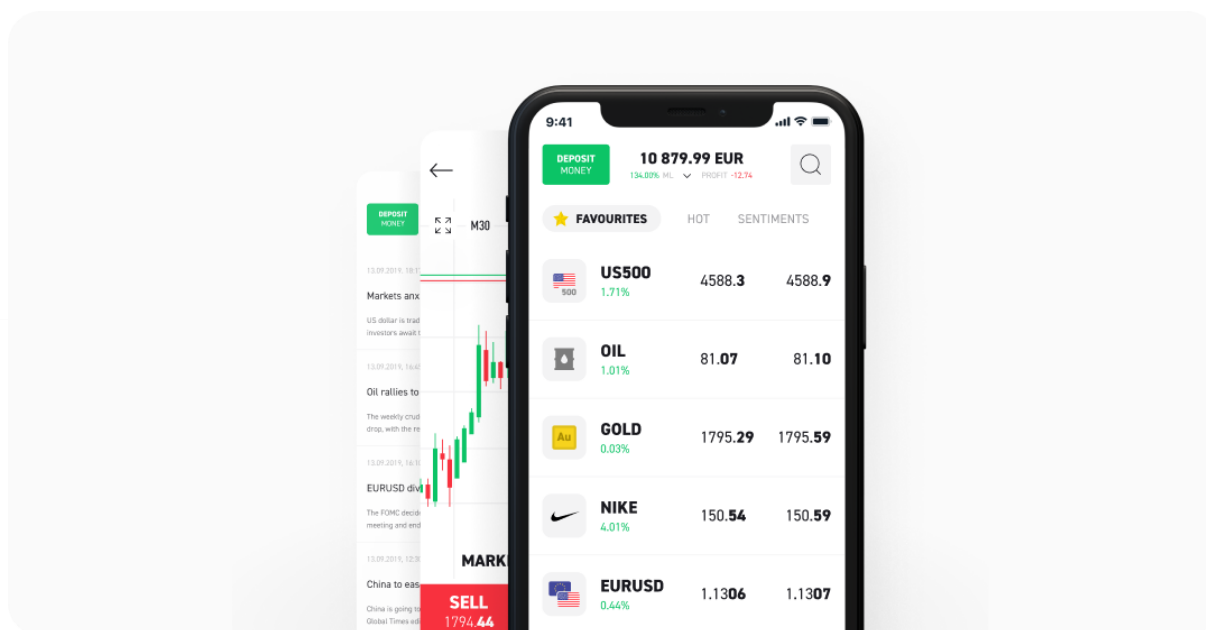
Apart from that, the XTB Group companies did not use any public support.



The XTB Group companies did not use any support resulting from the so-called anti-crisis shields.

## 4.7 Technology Development

XTB is developing the functionalities of its proprietary trading system - xStation - to meet the expectations of the customers. Works consisting in creation and development of highly innovative, comprehensive solutions in the area of online transactions and investments ("R&D works") were carried out in the reporting period. The purpose of the above works is development of innovative technologies and solutions enabling further development of products offered to the customers.



The R&D works performed in 2021 aimed at development of tools needed for efficient functioning of XTB's transactional systems as well as modernisation and upgrading of CRM systems to align them with identified development needs. The research areas focused mostly on elimination of errors and ensuring functionality and security of system operation, including databases. R&D works aiming at development of new electronic trade systems were also carried out. The main types of activities performed as part of R&D works include, inter alia:

- development of new or upgrade of existing software solutions used by XTB's customers in the process of trade in financial instruments,
- development of new or upgrade of existing software solutions used by XTB's customers in the process of account opening and during use of the back office modules (deposits, withdrawals, account update, etc.),
- development of XTB's IT infrastructure in order to, inter alia, ensure an effective network, continuous improvement of servers and other devices active in XTB,

- development of new or upgrade of existing software solutions supporting XTB's business,
- creation and development of the key transactional applications and CRM systems,
- development of solutions in the scope of improvement of security of work on the web and remote access,
- development of solutions in the scope of data retention security,
- development and implementation of new innovative hardware, hardware-software and software solutions in the company,
- analysis of possible product development, including in terms of existing technological solutions,
- work on improvement of the level of security of processed data, both with regard to data retention and transmission protocols.

## 5 Employment

### 5.1 XTB's HR Policy

The HR Policy of XTB is strictly connected with the company's mission and strategy. The guidelines of the HR Policy aim at effective management of human resources through effective selection, support of development and retention of the team of employees that will guarantee performance of the business activities planned by the Company at the highest level. The HR Policy is based on the assumption that the most important factor of the Company's success is its staff and, thus, the paramount goal is continuous striving for creation of the best work places and work conditions possible that enable development of competences.

**The aim of the HR Policy includes, in particular:**

- acquisition of the optimal number of employees having specific qualifications and professional potential required to ensure proper staffing of specific organisational units of XTB by means of a professional recruitment process;
- support in the process of identification of employees with the organisation's goals and mission;
- shaping of attitudes and standards of conduct of employees compliant with internal regulations, ordinances and procedures effective in XTB;
- ensuring professional stabilisation, counteracting turnover of employees and retaining highly qualified and valuable staff;

- support of development of specialised qualifications required to perform tasks and accomplish set goals;
- creation of an incentive system based on proper shaping of work conditions in combination with the remuneration, promotion and bonus system as well as assessment of professionalism and performance.

**Areas of operation in the scope of HR Policy include:**

- employment planning;
- recruitment;
- employees' performance assessment;
- retention of employees (incentivising, remunerating, promoting, granting of bonuses);
- development of employees (individual professional development programmes, trainings).

All XTB Group entities rely on the assumptions of the HR Policy.

Detailed provisions regarding the above area are included in the HR Policy document and related procedures.

## Dialogue with employees

The documented dialogue with employees usually takes place in the mode of e-mail communication or online meetings.

The results of XTB Group, on-going strategy implementation and strategic plans for the next period are communicated to the employees by the President of the Management Board quarterly or every six months.

During the pandemic, the President of the Management Board updated the information regarding remote work on a current basis, addressing communications to the employees of the entire XTB Group.

An anonymous global survey of satisfaction of XTB's employees was carried out at the turn of 2020 and 2021, offering the employees an opportunity to express their opinion with regard to such areas as training and development, motivation, communication, work environment, efficiency as well as management and relations. Additionally, the employees had an opportunity to present their opinion about the employer and to make requests. The survey aimed also at determination of expectations regarding remote work during the pandemic and preferences regarding work in the hybrid form. The results of the global satisfaction survey have been published and are available to all XTB's employees.

In connection with the planned return to hybrid work at the end of 2021, changes in the work regulations and remote work regulations as well as rules effective in the XTB's office during the COVID-19 epidemiological threat were consulted with representatives of employees.

## 5.2 Ensuring Diversity

### Managerial approach to diversity

The employees of XTB Group have different talents, skills, traits, personalities, experiences, personal situations, views and other attributes. XTB Group recognises diversity and equal treatment of all employees, governing bodies and key managers as fundamental due its deep conviction that diversity, as a fundamental value of the contemporary society, has a material impact on development, competitiveness and innovativeness of the organisation. This approach aims at full use of the employees' potential, skills, talents, passion, knowledge and qualifications.

XTB Group creates an organisational culture oriented at accomplishment of the organisation's goals through building of internal teams diversified in terms of sex, age and qualifications, making problem solving more efficient, improving work atmosphere, improving creativity of design teams and making sharing of knowledge more effective.

The employees of XTB Group are diversified in terms of sex, age, education, qualifications, professional experience, nationality, ethnic origin, religion, creed, atheism, political views, health condition, sexual orientation, family status, lifestyle, place of residence, form, scope and basis of employment. To them, XTB Group ensures respect, tolerance and equal treatment at work as well as creation of a work environment conducive to utilisation of all these differences for the benefit of the organisation.



Diversity management consists also in inclusion of provisions in XTB's policies and procedures that regard counteracting discrimination, mobbing and other regulations determining the standards of equal treatment, protection against violence, sexual abuse or unjustified dismissal. The principles of equal treatment in employment are described in internal documents, including but not limited to the work regulations, and are available to the employees.

According to the effective whistleblowing procedure, all employees and co-workers are obliged to react if they witness exclusion or harassment of their colleagues.

In October 2021, XTB joined the Signatories of the Diversity Charter and, thus, took another step towards social cohesion and equality. The Charter is a commitment signed by organisations that decided to implement a ban on discrimination at the work place and to work towards creation and promotion of diversity, and it expresses the readiness of the company to involve all employees as well as business and social partners in such activities.

In years 2020-2021, there were no cases of discrimination, mobbing or sexual harassment reported in XTB Group. No cases of breach of human rights were reported in the above period either.

## Diversity policy regarding the Members of the Company's Management Board



As regards diversity in connection with appointment of the Company's governing bodies, **the Diversity Policy for the Members of the Company's Management Board** was adopted. XTB ensures diversity of qualifications and competences in terms of education, professional experience and skills of the selected staff, including the management staff, to guarantee comprehensive and reliable performance of entrusted tasks. Furthermore, under the Diversity Policy, in the recruitment process the governing bodies take into consideration professional qualifications, reputation, professional experience, predispositions to perform obligations on the given position or in the given function as well as diversity in terms of sex, age, place of origin and education. The members of XTB's governing bodies specialise in various areas of knowledge and have diversified industry-related experience corresponding with their current function. The individual competences of the members of XTB's governing bodies are complementary in order to ensure the appropriate level of collective management in the organisation.

### 5.3 Employment Structure

Bearing in mind the business model of XTB Group, the main groups of employees are IT specialists and persons working in the customer support areas.

**Figures regarding employment are presented below.**

Criterion			XTB Group	
			2021	2020
contract of employment (in full-time equivalents)	below 30 y.o.	total	266	197
		women	93	67
		men	173	130
	30-40 y.o.	total	284	259
		women	82	71
		men	202	188
	40-50 y.o.	total	42	38
		women	11	10
		men	31	28
	over 50 y.o.	total	5	7
		women	0	1

		men	5	6
contract of employment for an indefinite term (in full-time equivalents)	below 30 y.o.	total	179	138
		women	57	51
		men	122	87
	30-40 y.o.	total	262	226
		women	73	60
		men	189	166
	40-50 y.o.	total	41	36
		women	11	9
		men	30	27
	over 50 y.o.	total	4	7
		women	0	2
		men	4	5
other (contracts of mandate)	below 30 y.o.	total	17	7
		women	4	2
		men	13	5
	30-40 y.o.	total	0	0
		women	0	0
		men	0	0
	40-50 y.o.	total	0	0
		women	0	0
		men	0	0
	over 50 y.o.	total	1	0
		women	1	0
		men	0	0

The highest employment diversity understood as diversity of functions and positions is recorded in the Parent Entity in the XTB Headquarters. The employees of subsidiaries and branches are mainly persons responsible for support of sale processes on the local markets.

**Shares of key categories of positions and functions in the XTB Headquarters, i.e. without department activities, are presented below.**

Area/position	2021	2020
IT area	39%	27%
sale area	3%	3%
customer service area	24%	19%
other specialised positions	13%	29%
management positions	14%	15%
executive positions	7%	7%

**Information regarding staff turnover is presented below.**

Criterion			XTB Group	
			2021	2020
hiring of employees	below 30 y.o.	total	139	97
		women	47	32
		men	92	65
	30-40 y.o.	total	54	46
		women	21	11
		men	33	35

	40-50 y.o.	total	7	8
		women	3	2
		men	4	6
	over 50 y.o.	total	0	1
		women	0	0
		men	0	1
employees leaving	below 30 y.o.	total	68	53
		women	23	14
		men	45	39
	30-40 y.o.	total	41	29
		women	12	8
		men	29	21
	40-50 y.o.	total	2	2
		women	2	0
		men	0	2
	over 50 y.o.	total	1	2
		women	0	1
		men	1	1
	including in connection with acquisition of old-age pension or disability pension rights	total	0	10
		women	0	2
		men	0	8

staff turnover ratio	2021
total	20,0%

women	22,2%
men	19,4%

**The information regarding cooperation of XTB Group under civil law contracts is summed up below.**

Criterion			XTB Group	
			2021	2020
civil law contracts	number of civil law contracts at the end of the period	total	54	46
	number of civil la contracts concluded in the period	total	50	23
	number of civil la contracts terminated/concluded in the period	total	33	15

In the period of 2020-2021, the number of the disabled employed by XTB Group was 10 and 11, respectively.

No persons were hired in the outsourcing mode or as temporary employees in 2020. On the other hand, the number of employees with whom XTB Group (in Poland and Cyprus) cooperated on the outsourcing basis in 2021 was equal to 13.5 full-time equivalents.

There are no trade unions in any of XTB Group companies. According to the law, representatives of employees have been appointed in the XTB Headquarters in Poland.

There were no collective disputes in 2020-2021.

In 2021, there was no situation recorded where a woman resigned from work after giving birth and returning to work within 12 months from that return. On the other hand, 3 such cases took place in 2020 in XTB Group.

Considering its business model, XTB Group does not envisage hiring employees from economically weaker countries for the purpose of performance of the so-called low-cost tasks. XTB Group ensures also equality of the terms of employment on similar positions - even if an employee comes from a less economically developed country, he/she is employed on terms equal to those offered to employees from Poland, EU or other regions of the world.



## 5.4 Employment Conditions

### Remuneration system

According to the internal remuneration system, the employees receive remuneration for work corresponding to the type of work performed by them and qualifications required for this purpose, taking quality and quantity of performed work into account. The internal remuneration regulations lay down the principles and conditions of remuneration for work and services connected with work as well as the terms of granting them.

The employee remuneration, rotation and promotion system of XTB is implemented through creation of mechanisms incentivising the employees to improve the quality and effectiveness of performed work. Due to the intention to enrich the remuneration system with non-wage benefits and striving to increase integration and identification of the employees with the company, the persons employed in the XTB Headquarters are covered by the package of additional benefits. The remuneration/promotion system is built in cooperation with directors of departments of the XTB Headquarters by the HR Management Department. The employee remuneration system and scope of non-wage benefits in the departments are determined by the directors of departments in cooperation with regional directors.

The promotion, incentivising and bonus policy takes into account the needs in terms of vacant positions, planned budgets of departments of the headquarters/foreign departments as well as assets allocated to human resources, qualifications of employees and assessment of their performance.

The general rules of the remuneration policy aim at ensuring alignment of the system of remuneration and additional benefits for the employees with pursuit of the long-term development strategy as well as consideration of the costs adopted in the financial plan, concurrently ensuring compliance of risk and functional stability management.

### Gender Pay Gap Ratio

In the scope of remuneration, the Company applies market rules, i.e. it makes the value of remuneration of employees conditional upon, in particular, possessed knowledge, professional experience and substantive contribution to the Company's development.

The organisation carries out periodical analysis of the remuneration of men and women in all Departments. If any discrepancies are detected, the Head of the Department is consulted and remedial actions are taken if needed.

Information regarding the Gender Pay Gap Ratio (GPGR) for XTB Headquarters is presented below. The Company presents the ratios for XTB Headquarters due to the highest diversity of positions in XTB

Headquarters in comparison to other organisational units, i.e. foreign branches and subsidiaries where employees on sale positions are predominant.

GPGR is expressed as a percentage calculated as the absolute value of difference of the product of average monthly pay of women divided by the average monthly pay of men and number 1. The ratios are presented taking into consideration the base salary as well as base salary plus extra benefits.

XTB Headquarters		2021
GPGR (based on base salary)	Employees on managerial positions	12%
	Employees on executive positions	1%
	Employees on positions other than above	19%
GPGR (base salary plus extra monetary benefits, awards, etc.)	Employees on managerial positions	15%
	Employees on executive positions	6%
	Employees on positions other than above	12%

The Company explains that ca. 40% of employees of XTB Headquarters are IT Department employees (especially software developers) whose remuneration value and predominant share of men in this category result in a gender pay gap. The high remuneration of this professional group is related to the pay pressure on the labour market and need to acquire and retain high class specialists in this area. This dependency is, however, typical for the IT industry and does not apply only to XTB.

**Bearing the aforementioned in mind, the above ratios are presented excluding IT Department employees.**

XTB Headquarters excluding IT Department		2021
GPGR (based on base salary)	Employees on managerial positions	0%
	Employees on executive positions	0%

	Employees on positions other than above	8%
GPGR (base salary plus extra monetary benefits, awards, etc.)	Employees on managerial positions	8%
	Employees on executive positions	7%
	Employees on positions other than above	6%

The difference between the rate based on base salary and the rate based on based salary plus extra benefits is related mainly with higher share of men employed in the Trading Department and Sale Department where additional benefits (i.e. including but not limited to bonuses and premiums) are higher than analogous benefits on administrative positions.

The relation of the lowest remuneration in the Company (based on conversion into full-time equivalents) to the average remuneration of the members of the Management Board in years 2020-2021 was ca. 0.08.

## Non-wage benefits

Information regarding non-wage benefits available in the Company is presented below.

- private healthcare - available for persons cooperating with the Company both under a contract of employment and contract of mandate;
- refund of costs of corrective glasses - available for Company's employees;
- holiday vouchers - employees' entitlement;
- holiday allowances - available for employees;
- MyBenefit platform and Multisport package - available for employees and persons hired under contracts of mandate;
- group life insurance - available for employees.

The scope and form of non-wage benefits in the subsidiaries are adjusted to the local conditions and standards in the area of remuneration of employees and include, for instance, additional healthcare services, group insurance or holiday gifts.

## Promotion of health

In 2021, XTB provided flu vaccines to its employees for the eleventh time. The employees who did not or could not get vaccinated in XTB's office on the given date had the opportunity to get vaccinated for free within the framework of the medical subscription in the selected health care centre.

XTB improves the employees' awareness in the scope of environmental protection and health promotion. Health protection is promoted by means of such actions as the European Breast Cancer Day or Movember - organisation of meetings with medical doctors regarding health prophylaxis.

Additionally, XTB finances projects connected with promotion of sport activities among its employees, support the XTB team playing in the business football league.

XTB plans to introduce a health day for its employees when they will have an opportunity to undergo the most important prophylactic examinations, with its goal being the increase of involvement in promotion of more sport disciplines.

## Satisfaction survey

Satisfaction surveys are carried out once a year for the entire XTB Group - information is collected by means of anonymous questionnaires completed by the employees online. The satisfaction survey report is made available to all employees.

## 5.5 Employees' Development

### Managerial approach

XTB puts emphasis on creation of conditions conducive to long-term professional development of employees and continuous improvement of professional qualifications. Creation of proper conditions for development of employees aims at effective use of human resources and ensures professional performance of duties and entrusted tasks. Employees' career planning and development are considered both in the context of personal development of the employee and XTB's requirements in the scope of desired competences and qualifications of the staff.

The means intended for improvement of qualifications are included in the budgets of specific XTB departments. The training budget of foreign branches is determined by each branch director. The employees are delegated to trainings by their immediate superiors, according to the requirements in terms of improvement of their education level.

XTB promotes willingness to gain specialised qualifications by its employees, reimbursing costs of passed exams, e.g. obtaining broker, investment advisor or CFA licences, etc.

### External trainings

**The main training categories include:**

- technical (IT area);
- specialised (regarding improvement of professional knowledge, including post-graduate studies, CFA, ACCA, MBA, ICA, course preparing to obtain the broker's licence, etc.);
- training in the scope of soft skills
- language courses (co-financing of education, reimbursement of language course costs, access to the eTutor foreign language e-learning platform).

**In 2020, in XTB Headquarters:**

- 6 persons used co-financing of studies and post-graduate studies, including MBA;
- 2 persons used co-financing of language courses;
- 12 persons used the eTutor foreign language e-learning platform - 178 training hours were used;
- 20 persons participated in conferences
- 7 persons participated in technical trainings (IT area);
- 28 persons participated in specialised trainings
- 39 persons participated in trainings in soft skills

**In 2021, in XTB Headquarters:**

- 5 persons used co-financing of studies and post-graduate studies (co-financing for employees who continue studies during subsequent semesters was maintained and, thus, participation in education costs is planned also for the years to come);
- 30 persons participated in conferences
- 45 persons participated in technical trainings (IT area);
- 28 persons participated in specialised trainings
- 30 persons participated in trainings in soft skills
- 4 persons used co-financing of language courses;
- 31 persons used the eTutor foreign language e-learning platform - 226 training hours were used;

In 2021, XTB Group held over 160 trainings, including IT trainings, specialised trainings, trainings connected with foreign languages as well as soft skills. In 2021, XTB Group trained ca. 260 persons, offering nearly 4.5 thousand training hours.

In 2020, XTB's employees did not use training leaves. On the other hand, 1 person used training leave in 2021.

In 2020, XTB received funds from NTF and used it to finance trainings for the group of 19 employees, including 9 women, with regard to the following areas:

- 14 persons - trainings in accounting, bookkeeping, banking, insurance, investment analysis;
- 5 persons - trainings in the area of IT and computer use.

On the other hand, trainings for the group of 13 employees, including 2 women, were organised in 2021 using NTF funds. The subject of all trainings was IT and use of computers.

## Internal training system

XTB acts with due diligence to ensure that employees have a level of knowledge and competences adequate to the scope and nature of performed activities, enabling compliance with the effective legal requirements and recommendations of the supervisory authorities, ethical standards, and to ensure they act in compliance with fair trade principles and in the best interest of the customer or prospective customer.

The rules of functioning of the training system are described in the dedicated *Procedure for Educational Trainings and Confirmation of Knowledge and Skills of Employees*.

From the point of view of training criteria, XTB divided employees into authorised and unauthorised employees to whom dedicated training platforms were made available.

Authorised employees are employees authorised to supply information on brokerage services provided by XTB and financial instruments covered by XTB's offer to the customers or prospective customers. Authorised employees are hired in the Global Customer Support Department, Analysis Department, Customer Service Department, Sale Department and External Partner Cooperation Department, and they are obliged to participate in the mandatory educational programme.

### **Furthermore, authorised employees are obliged to:**

- regular participation in additional educational trainings in the principles and mode of provision of brokerage services, held by XTB in connection with legal changes or introduction of new legal regulations applicable to XTB's business,
- regular participation in additional educational trainings provided by XTB with regard to features and characteristics of financial instruments offered by the Company or to be introduced in XTB's offer,
- taking the annual knowledge and competence test by authorised employees, and passing it with a positive result.



If an authorised employee fails to take the knowledge and competence test, he/she is deemed to be in breach of employee's duties, which can result in the authorised employee being unable to continue work for XTB.

The obligation to participate in the educational programme for new employees is also imposed on non-authorised employees. In such a situation, training materials are transferred automatically via the education platform on the first days of work.

In addition to the mentioned educational programme, a closed training was organised in 2020 for the management staff of XTB regarding the issue of remote management, challenges and methods of effective action, communication with a team working in a remote mode, building commitment in the remote work formula. The programme was deployed in the online formula for 24 managers and team leaders. In 2021, a dedicated training in an analogous formula was provided to the group of 30 employees of the IT Department of XTB in the scope of management, addressed mainly to the management staff and persons planning their professional development in the area of team management.

Additionally, the HR Department of the XTB Headquarters conducts the "First Day at XTB" training - it is an onboarding training held on the first day of work for all new employees, including trainees and persons hired under contracts of mandate. In 2020, 121 persons participated in the onboarding training. On the other hand, 178 persons participated in such onboarding trainings.

## Employee performance assessment system

The employee performance assessment system is an essential area of HR management in XTB. Obtaining reliable information is an essential element of the HR Policy, enabling formulation of the assessment of employee's performance, taking into consideration his/her competences, possibilities, motivation and contribution to performance of tasks.

### **The assessments are carried out for the following purposes:**

- improvement of quality and effectiveness of work of XTB's employees;
- providing feedback to the employee with regard to the assessment of his/her performance;
- recording and promoting accomplishments;
- improving employees' motivation;
- identification and analysis of potential problems, mistakes in performance of obligations;
- making sure the superior can make reasonable staff-related decisions, including planning of individual professional development of employees (delegation to trainings).

The assessments are carried out objectively, professionally and reliably, so as to reflect the actual level of performance of duties and work performed by the assessed employee. The employees are subject to continuous, on-going assessment carried out by immediate superiors as well as periodical

assessments. Continuous assessment is carried out by the immediate superior and its purpose is informing the subordinates about the quality of their work and fulfilment of entrusted duties. It is carried out in the form of routine and periodical communication between the employee and his/her immediate superior. Periodical assessments of employees' performance are carried out quarterly or annually, depending on the department and position. The quarterly employee performance assessment is carried out, inter alia, by the superiors from the Customer Service, Trading and Sale Departments.

The annual assessment applies to employees of other departments, higher tier employees and management staff who are assessed by their immediate superiors.

### ***Development Review programme - career planning***

XTB has introduced the Development Review programme the purpose of which is support in planning of professional development, gaining knowledge and new competences.

A survey is carried out once a year to ensure support in career development within the organisation. The results of the survey help in career planning and reaching employees with accurate career-related proposals.

### **Internship programmes**

In pursuit of one of the aspects of the diversity policy, XTB provides internships and professional trainings to university students and graduates with various professional profiles. XTB has launched the internship programme called the IT Academy. The purpose of the IT Academy is promoting knowledge that XTB is not only a brokerage house but, first and foremost, also a FinTech organisation, creating proprietary IT products based on various technologies. XTB conducts periodical recruitment of candidates for internships in software engineering who, having completed the onboarding period under supervision of a mentor, join selected teams using technological innovations. In addition to the IT Department, internships held by the XTB Headquarters were organised in the Marketing, Analysis, Risk, Legal, Trading, Controlling, Customer Service and Global Business Development departments.

Internships are organised by the XTB Headquarters all year long. In 2020, 19 trainees completed internships in the XTB Headquarters. The highest number of internships, i.e. 9, were held in the IT Department. In 2021, 39 trainees completed trainings in the XTB Headquarters, including 28 persons participating in the IT Academy programme.

The internship programmes are also implemented in the foreign branches but, due to the scale of activity of specific branches, cooperation in this area regards usually one or two interns - mostly in the marketing or sale departments.

## 6 Occupational Health and Safety

In connection with announcement of the state of epidemic, an ordinance regarding rules of safe work was adopted. The ordinance contained also information on mandatory use of personal protection equipment and adaptation of the work station and entire office space to the pandemic situation. Furthermore, the assessment of occupational risk threats was updated, taking into account the above factor irrespective of the employee's location. Instructions in case of suspected COVID infection in an employee have also been prepared. The Work Protection Committee has been appointed to lay down the rules of occupational health and safety in XTB's offices in connection with the pandemic.

The employees were informed on a current basis by e-mail about the government and internal rules and regulations (including guidelines of the General Sanitary Inspectorate) introduced in connection with the Covid-19 pandemic. Additionally, the directors of branches and subsidiaries informed their employees about the local conditions and recommendations in the given region. The employees were informed on a current basis about health prophylaxis and safety-related needs, option of counselling and e-appointments in case of any troubling symptoms as well as about the mode of reporting any cases of actual or suspected coronavirus infections. Additionally, the employees were informed about the availability of psychologist appointments and participated in webinars regarding stress management.

In March 2020, most employees shifted to remote work - only several dozen people responsible for supervision and technical support for others stayed at the office. The Remote Work Rules were adopted in March 2020. In 2021, work in the remote mode continued. Decisions on acceptance of on-site work by the employee in the office were made by the directors of the individual organisational units.

In May 2020, anonymous survey was carried out among employees with regard to remote work. In December 2020, a survey by means of anonymous online questionnaires regarding dealing with stress during the pandemic, opinion on remote work as well as potential remarks and commentaries in this scope was carried out. Based on the results of the above survey, internal trainings were carried in the form of webinars with regard to stress and task management.

In 2020, XTB adopted the information policy encouraging its employees to get vaccinated. The policy was continued also in 2021.

In years 2020-2021, XTB Group recorded no accidents at work or accidents connected with accidents at work.

The OHS Committee, established under the effective laws, has been functioning in XTB since 2018.

There are no positions for which the threshold limit values (TLV) or permissible exposure limits (PEL) are exceeded and there are no positions for which the level of assessed occupational risk is unacceptably high.

No cases of occupational diseases were identified in 2020-2021.

## 7 Environmental Aspects

### Impact on the environment

Considering the nature of the conducted business, based mostly on IT and office activities, XTB Group has not identified any major impact on environmental aspects.

Providing its services, XTB uses IT infrastructure, office supplies and electricity. The generated waste includes, first and foremost, IT hardware and municipal waste.

Thus, the business activity of XTB Group is characterised with relatively low impact on the natural environment. This activity does not cause any major emissions and does not generate a major amount of waste. XTB Group does not use any major raw materials or materials either.

The rented office space is located at urban sites, typically in business centres - these sites are not protected areas in terms of biodiversity. Subject to the waste generated in the course of conducted business activity, the specific sites do not generate any major negative impact on the surrounding.



**Nevertheless, XTB takes a number of initiatives connected with environmental protection, including but not limited to:**

- initiatives connected with energy efficiency of used infrastructure,
- document digitalisation,
- reduction of waste production as well as waste sorting and recycling,
- education of employees - Natural Investment programme,
- new seat of the company - as of January 2022, the seat of XTB is located at a new site, awarded the sustainable building certificate - the building of the new XTB seat was designed with environment in mind, as shown by the excellent level BREEAM certificate and 100% of energy used by Skyliner originates from renewable energy sources,

- activities in the scope of monitoring and calculation as well as initiatives aiming at reduction of the company's carbon footprint.

## Waste

The generated waste is classified as household waste and includes mostly packaging and typical office waste. Due to the low scale of generated waste, the XTB Group companies were not obliged to registration in the BDO (Waste Database) register.

Waste is sorted in the offices. Trash bins for waste sorting, along with full instructions regarding proper waste sorting, are placed in the kitchens.

The used electronic equipment is regularly transferred to recycling. Recycling of used computer equipment is carried out through specialised companies that collect the equipment from XTB. The equipment transferred to recycling includes mainly PCs, laptops, screens, telephones and printers. Replaced IT hardware that is still suitable for use is given to charity.



## Environmental education programme

XTB has launched an environmental educational programme for XTB's employees entitled Natural investment. This programme was developed to improve environmental awareness of XTB, creating a friendly work place where we place emphasis on the care for the environment and efficient use of natural resources.

The purpose of the programme is encouraging environmentally-friendly behaviours at the work place which may, at the same time, translate into good habits in everyday lives of the employees.

**The programme includes a number of actions aiming at reduction of impact on the environment, including but not limited to:**

- saving of water and electricity by means of information reminding about switching off the lights, saving water, etc. placed around the office;
- reduction of printing and copying of documents, etc. through periodical mailing and posting of information reminding about the need to save paper at the printers;
- waste sorting in the common office parts, with full sorting instructions. Special sorting trash bins are placed in the kitchens;
- collection of waste paper;
- collection of used batteries in a special container placed in each kitchen, to be then transferred to the relevant collection centre;
- collecting plastic caps and transferring them to the collection centre or donating them to support charity actions;



- promoting environmental days, such as the day without your car, through placement of specific information in the common office parts;
- no to food waste - sharing food in fridges, monitoring of food thrown away;
- gradual replacement of traditional flipcharts with whiteboards;
- replacement of plastic kitchen accessories with biodegradable and compostable utensils;
- elimination of plastic cups at the water dispensers;
- limitation of procurement of disposal accessories;
- increase in the number of plants in the office space.

The priority is to implement all solutions covered by the programme in the new seat of XTB in Warsaw. The goal of XTB in the environmental area is continuous increase of environmental awareness of employees. Extension of the Natural Investment programme to cover the branches and subseries is planned to achieve cohesion of the environmental policy in work place adopted by the Group.

## Fuel and electrical energy consumption

The sources of direct fuel use are business cars and power generators.

**Information regarding direct use of fossil fuels by XTB Group is presented below.**

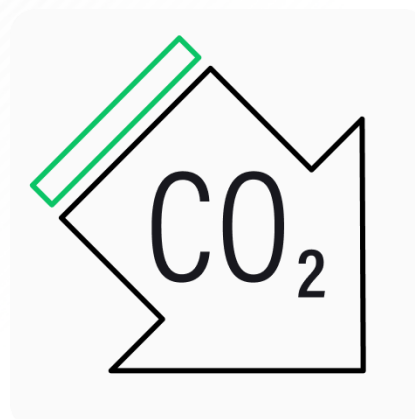
Fuel type	UNIT	2021
Diesel oil	t.	1,79
petrol		0,89

The most important sources of electrical and heat energy consumption are offices and the server room. Information regarding direct use of electrical and heat energy by XTB Group is presented below.

Energy type	UNIT	2021
electrical energy	MWh GJ	385,0
heat energy		4 374,8

## Climate-related issues

Due to the nature of the primary activity of XTB in the form of financial services (online trade in financial instruments) and supply of technological solutions, from the point of view of environmental impact, including climate changes, the XTB's business can be characterised as a typical office activity and





activity related with maintenance of IT infrastructure the most important impact area of which is consumption of purchased energy.

Considering the aforementioned, the impact of the conducted business activity on emission of greenhouse gases is significantly limited in comparison to such industries as manufacture, construction or power engineering.

The XTB's intention is, however, taking actions aiming at gradual reduction of carbon footprint and, as a target, reaching climate neutrality of the organisation.

**The above is planned to be accomplished, in particular, by means of:**

- initiatives reducing energy consumption, including but not limiting to the possessed IT infrastructure,
- use of electrical energy from renewable sources,
- long-term cooperation in the area of forestation,
- effective management of resource consumption.

**XTB Group identifies impact on the climate area in the following scope:**

- impact on emission of greenhouse gases originating from direct use of fuels,
- indirect impact connected with consumption of purchased electrical and heat energy,
- indirect impact connected with suppliers' activities;
- education of employees and co-workers in the scope of climate awareness.

**Concurrently, the climate issues have (or may have in the future) impact on the following areas:**

- legislative changes imposing the obligation to incur capital expenditures limiting energy intensity of IT infrastructure;
- impact on the possessed product offer in the scope of instruments used for the purpose of climate risk management;
- possibility of intensification of local, sudden weather phenomena that could have an effect on physical destruction of office sites and IT infrastructure;
- growing prices of electricity and heat.

Information regarding greenhouse gas emissions the source of which is XTB Group is presented below.

The sources of emission ratios for Poland were publications of KOBIZE (National Emission Balancing and Management Centre) and the Energy Regulatory Office. The sources of emission ratios for other countries included, in particular, the UK Government Conversion Factors (Defra)

	Unit	2021
Emissions resulting from fuel consumption (Scope 1)	Mg CO2e	7,9
Emission related to energy consumption (Scope 2)		560,9
<b>Total emissions (Scope 1 and 2)</b>		<b>568,8</b>

The climate issues have not been taken into consideration in the decision-making processes of XTB Group so far. The impact of the primary operating activity (taking into account also the product offer and the source of revenues and costs) on climate issues can be considered immaterial in comparison to the impact of organisations with a similar scale of activity and functioning in traditional sectors of the industry or construction. Nevertheless, the XTB's intention to reduce the impact on the natural environment (including but not limited to the climate) has become one of the basic criteria taken into consideration when making decisions in the area of business and administrative support.

The intention is also incorporate of the climate risk in the risk management system effective at the level of XTB Group.

**Concurrently, the following actions are planned to be taken:**

- monitoring of carbon footprint for the organisation, as a target: in three scopes;
- as part of the long-term initiative - entering into cooperation with a third-party organisation to plant trees and take care of a forest together with XTB employees.
- systematic limitation of paper consumption;
- building environmental awareness among employees as part of subsequent initiatives of the Natural Investment programme and among business partners through incorporation of the ESG area in the Company's business strategy.

## Water consumption

Supply of water and collection of sewerage is provided by local municipal entities, according to the contracts concluded with building owners. Due to the location of the seat and offices in office buildings, the Group companies use only water from water supply systems. The total water consumption of XTB Group in 2021 was ca. 177.6 m<sup>3</sup>.

## 8 Impact of COVID-19 Pandemic on Non-Financial Issues

In March 2020, the World Health Organisation stated that the disease caused by the COVID-19 coronavirus can be referred to as a pandemic. In connection with the development of the disease around the world, all countries take various actions aiming at the limitation or delaying of its spread. The measures taken have an increasing impact on the global economy. This situation affected the more than average fluctuations on financial and commodity markets, causing a great transactional activity of customers and translating into an increase in the Group's revenues and growth of the customer base.

In addition to the impact of the COVID-19 pandemic on the work conditions and activities related to, for instance, education in the health area described earlier herein, XTB has not identified any impact of the pandemic on other non-financial aspects, including but not limited to those referring to environmental issues, human rights or counteracting corruption.

## 9 EU Non-Financial Taxonomy

For the purpose of this Statement, the analysis of share of the EU non-financial taxonomy-eligible and taxonomy-non-eligible activities in total turnover, capital expenditure and operating expenses was carried out, including adequate quality information in the scope regarding the ratios for financial year 2021. The presented ratios refer concurrently to the taxonomy related to mitigation of climate changes and adaptation to climate changes.

For the purpose of this Statement, compliance with taxonomy is not disclosed.

In relation to the presented ratios, the Group has no comparative data for 2020. So far, the Group has not implemented the plan referred to in Point 1.1.2.2. of Annex No. 1 to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Regulation 2178). XTB Group has no investments in equity accounted in joint ventures, pursuant to IFRS 11 or IAS28.

### a) turnover ratio

Turnover ratio - percentage of taxonomy-eligible turnover		
	revenues (PLN thousand)	share in revenues (%)

Taxonomy-eligible economic activity	0	0,0%
Taxonomy-non-eligible economic activity	PLN 625 595 thousand	100,0%
<b>TOTAL</b>	<b>PLN 625 595 thousand</b>	<b>100,0%</b>

**For the turnover ratio:**

- the basis were the consolidated total revenues of the Group in 2021 disclosed in the consolidated financial statements, i.e. PLN 625 595 thousand;
- for the purpose of numerator analysis, no revenues on sales of products and services connected with the activity of XTB Group covered by the EU non-financial taxonomy were identified.

The XTB Group companies did not issue any green bonds or debt securities to finance specific identified types of taxonomy-aligned activities.

**b) CapEx ratio**

<b>CapEx ratio - percentage of taxonomy-eligible CapEx</b>		
	capital expenditure (PLN thousand)	share in capital expenditure (%)
Taxonomy-eligible economic activity	PLN 188 thousand	1,5%
Taxonomy-non-eligible economic activity	PLN 12 349 thousand	98,5%
<b>SUMA</b>	<b>PLN 12 537 thousand</b>	<b>100,0%</b>

**For the CapEx ratio:**

- the basis was the capital expenditure incurred by XTB Group in the amount of ca. PLN 12 537 thousand, calculated according to IAS/IFRS regulations specified in the Annex to Regulation 2178;
- for the purpose of numerator analysis, capital expenditure connected with the EU non-financial taxonomy-aligned activity in the amount of ca. PLN 188 thousand were identified.

The taxonomy-eligible capital expenditure includes a single investment covering fixed assets (means of transport) financed by way of lease and regarding the activity provided for in point 6.5 of the taxonomy

related to mitigation of climate changes and adaptation to climate changes. The said capital expenditures were disclosed in the books of accounts according to IFRS 16 Lease, point 53, letter h).

XTB Group has not adopted any investment plan regarding capital expenditure referred to in point 1.1.2 of Annex No. 1 to Regulation 2178. The Group companies did not issue any green bonds or other securities to finance specific identified taxonomy-eligible capital expenditure.

**c) operating expense ratio**

operating expense ratio - percentage of taxonomy-eligible operating expenses		
	operating capital expenditure (PLN thousand)	share in operating expenses (%)
Taxonomy-eligible economic activity	0	0,0%
Taxonomy-non-eligible economic activity	PLN 24 185 thousand	100,0%
<b>TOTAL</b>	<b>PLN 24 185 thousand</b>	<b>100,0%</b>

As regards the ratio of operating expenses, the analysis of components of operating expenses was carried out according to the definition of the EU non-financial taxonomy, showing that the value of the denominator for the turnover ratio is ca. PLN 24 185 thousand. The value specified above includes, in particular, non-capitalised costs of research and development works amounting in total to ca. PLN 23 736 thousand, which accounts for 98% of the value of identified operating expense, and expenses connected with on-going servicing of the Group's fixed assets and their maintenance in proper condition (including but not limited to costs connected with repairs, renovations or cleaning) amounting in total to ca. PLN 449 thousand.

Considering the business model of XTB Group consisting in supply of products, services and technological solutions in the scope of trade in financial instruments and due to the fact that the value of identified operating expenses is considered immaterial from the point of view of the scale of activity of XTB Group, for the purpose of calculation of the ratio of operating expenses, the option to assign zero as the value of the ratio numerator was used.

## 10 Business Ethics

### Code of Ethics

XTB Group acts with due diligence to ensure that the conducted activities comply with the law, internal regulations, standards recommended for the compliance management system in the scope of

corruption counteracting as well as the whistleblower protection system in stock-exchange listed companies organised by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.), rules of community life, good market practice and rules of fair competition, and all decisions regarding the activity of XTB Group are made in the appropriate mode, based on reliable data and in a manner mitigating the risk of conflicts of interest.

As of 2019, XTB has a Code of Ethics that lays down the basic norms, rules of conduct and values to be observed by all employees and co-workers.

All employees are obliged to act in a responsible and ethical manner, observe the rules arising from the Code of Ethics as well as to act fairly in all activities and contacts with other employees and business partners.

**The Code of Ethics contains provisions regarding:**

- ethical principles in mutual relations;
- ethical principles regarding loyalty, integrity and conflict of interest;
- ethical principles regarding gifts and loyalty towards contractors, business partners and retail customers;

Analogous solutions are applied by subsidiaries through common use of developed rules of procedures and corporate relations within XTB Group.

The ethical aspects are a major element of the onboarding training for all new employees of the Company. All new employees familiarise with internal procedures and regulations, including the Code of Ethics, and undertake to comply with their provisions.

Formal references to respect for human rights within XTB Group are included in Work Regulations and in the Code of Ethics. Any doubts regarding compliance of conducted activities with aspects related to protection of human rights must be reported, in accordance with the Code of Ethics, as part of the whistleblowing procedure.

There were no complaints filed regarding potential breaches of ethical standards in 2020-2021. There were no complaints filed with regard to potential ethical breaches in 2020-2021.

## **Counteracting corruption**

XTB has not adopted an official corruption counteracting policy. Nevertheless, the nature of conducted business as well as the regulations regarding XTB Group companies as financial market entities (especially regulations regarding the area of counteracting money laundering and terrorism financing) impose various restrictions on the employees, shaping the awareness of specific organisational units in the scope of ethics of conduct, legal restrictions in relations with partners as well as sanctions connected with breaching them.



XTB Group has adopted an incentives management policy and conflict of interest management regulations. Furthermore, all centralised purchases (i.e. in Poland) are made according to the dedicated goods and services procurement procedure.

In years 2020-2021, XTB Group recorded no reported/confirmed cases of corruption.

## Counteracting money laundering and terrorism financing

XTB is the so-called obliged entity within the meaning of the law on counteracting money laundering and financing of terrorism.

Considering the need to ensure compliance with the above regulations, XTB has adopted the so-called AML Procedure determining detailed solutions, including obligations of employees of specific departments in the scope of counteracting money laundering and terrorism financing. The said procedure lays down, inter alia, the rules of conduct and obligations connected with the above area for the employees of the Sale Department, Global Customer Support Department, Finance and Accounting Department, Legal and Compliance Department, External Partner Cooperation Department and IT Development Department.

No irregularities with participation of the employees of XTB Group were identified in 2020-2021 in the area of counteracting money laundering and terrorism financing.

## Whistleblowing

XTB has a whistleblowing procedure in place which determines the rules of submitting by the employees of anonymous reports of actual or potential breaches of the law, including breaches of regulations regarding counteracting money laundering and terrorism financing, internal procedures and ethical standards. Breaches are reported using a dedicated electronic form ensuring anonymity. The reports are received by the Member of the Management Board for Legal Affairs, and if the breach regards the Management Board or its Members - by the Supervisory Board. Concurrently, if the local laws or regulations are more stringent than the rules provided for in the above procedure, the more stringent rules apply.

Employees are obliged by internal regulations, including but not limited to the ethical standards provided for in the Code of Ethics, to react to any irregularities. Every person has the right and can report the above breaches in a confidential manner and will be protected against retaliation, discrimination or any other types of unfair treatment, according to the whistleblowing procedure. All reports are considered with due diligence, reliably, fairly and with full discretion.

The reports are verified by authorised employees, which allows for reliable and impartial clarification of any objections.

## 11 Data Protection

**For the purpose of protection of privacy and personal data, XTB has introduced the following internal procedures:**

- Regulations of protection of the flow of confidential information and professional secrets in XTB
- XTB's personal data protection security policy
- IT security policy.

In years 2020-2021, the Company received no reports from any regulatory authorities regarding customers/employees/co-workers in the scope of breach of the law. In years 2020-2021, there were singular situations where customers reported breaches of their personal data. Appropriate activities aiming at mitigation of potential negative consequences of these events were taken in each such case. In certain justified cases, the President of the Personal Data Protection Office was notified of breaches of customers' personal data confidentiality.

In 2020-2021, XTB Group recorded no incidents connected with leakage, theft or loss of information regarding customers/employees/co-workers.

## 12 Compliance

XTB Group operates in a strictly regulated surrounding, with major obligations imposed on it in the form of many international and local regulations and laws. XTB Group is subject to regulation regarding, inter alia:

- sale practice, including acquisition of customers and marketing activities;
- maintenance of capitals at a specific level;
- practice in the scope of counteracting money laundering and terrorism financing as well as know your customer (KYC) procedures;
- obligations regarding reporting to regulators;
- obligations regarding protection of personal data and professional secrecy;
- obligations in the scope of protection of investors and supplying them with information regarding the risk related to provided brokerage services; and
- supervision over the Group's business;
- confidential information and its use, preventing unlawful disclosure of confidential information, preventing manipulations on the market;

- disclosing information as an entity listed on the regulated market.

The Group is subject to supervision by competent regulatory oversight authorities and public administration authorities in the jurisdictions where the Group operates.

The Group has established a compliance function for each of the Group companies providing brokerage services to ensure compliance with the law and regulatory requirements the Group is subject to.

The Legal and Compliance Department at the XTB Group level is managed by the Department Director who, at the same time, is the Member of the Management Board for Legal Affairs and reports directly to the President of the Management Board. The Legal and Compliance Department is divided into the following four teams: Internal Control Team, Compliance Supervision Team, Operating Support Team as well as Team Counteracting Money Laundering and Terrorism Financing. For the purpose of risk management, dedicated compliance regulations and a procedure connected with management of legal and regulatory risk were adopted in the above area.

Detailed information regarding description and management of regulatory risk is presented in the Management Board's Report on the Operations for the Year Ended on 31 December 2021.

In 2020-2021, no sanctions connected with breach of the law in the scope of environmental protection, human rights and employees' rights, occupational health and safety, corruption incidents, anti-competitive activities or data confidentiality were imposed on the XTB Group companies.

Detailed information regarding significant or potentially significant court proceedings and proceedings before administrative bodies is described in the Management Board's Report on the Operations for the Year Ended on 31 December 2021.

## 13 Risk Regarding Non-Financial Issues

### Risk related to non-financial issues

Considering the business model of XTB Group, the key non-financial assets from the point of view of materiality for the Group's business are the employment, human rights, ethics and corruption counteracting areas.

### Risk related to the employment area

XTB Group has adopted a dedicated HR Risk Management Policy laying down the rules and mode of management of this risk as part of the operating risk management policy.

Risk identification and assessment as well as risk counteracting methods are carried out and determined by the HR Management Department on a current basis.

**Information regarding risk related to the employment area is presented below.**

- key staff turnover,
- psychosocial factors - stress at work, intensified by isolation caused by the pandemic and remote work,
- long-term absence caused by sickness,
- high staff turnover,
- insufficiency of highly qualified specialists,
- fraud, embezzlement, unethical practice.

Determination of the impact of the HR risk consists in determination of the expected effects that will affect performance of tasks and accomplishment of the goals of the organisation. The detailed description of risk management is provided in the mentioned procedure.

### **Risk in the area of respect for ethics and human rights**

In addition to potential financial consequences, any breaches of commitments, ethical standards or obligations related to human rights would result in damage to the Group's image, which could affect future relations with customers and prospective customers.

#### **XTB Group identifies impact on social relations in the following areas:**

- educational activities;
- respecting human rights.

XTB Group manages the above relations by means of actions in the area of reliable communication, observance of provisions of the Code of Ethics, transparent cooperation conditions and compliance.

### **Risk related to counteracting corruption**

XTB Group's reliability and transparency in action is key for the image of XTB Group as a trusted provider of solutions in the scope of trade in financial instruments.

Any corruption incident could have a negative effect on XTB Group, potentially hindering business contacts in the future and harming the image of XTB Group as a trustworthy and reliable business partner. The activities connected with corruption risk management regard, in particular, compliance with the Code of Ethics as well as policies, procedures and regulations described earlier in this Statement.

## **14 XTB Foundation**

The XTB Foundation was registered in December 2020.



**The foundation's objects of operation include, in particular:**

- increase in entrepreneurship and innovativeness, especially in the area of new technologies and financial market,
- improvement of awareness and knowledge related to the economy, finance and new technologies,
- scientific and research activities as well as promotion of solutions developed as part of the business activity of XTB Capital Group,
- supporting and organising all initiatives connected with promotion of financial institutions and new technologies;
- financial support, providing knowledge or business advising to selected entrepreneurs;
- actions in the scope of corporate social responsibility, sustainable development;
- promotion of employment and education as well as aiming at equal opportunity for development;
- initiation and support of activities of XTB Capital Group's employees;
- charity and social activity, especially aiming at providing equal opportunities and aid to the disabled and excluded persons.

The activity of the Foundation was limited in 2021 due to the Covid-19 pandemic and remote work mode. The said time was devoted to determination of the directions of action and search for possibility of cooperation with third parties for the purpose of pursuit of the statutory assumptions of the Foundation.

The annual statements of the Foundation are available on the corporate website of XTB Group.

In March 2021, computer equipment worth ca. PLN 6 thousand was donated to the Primary School in Piaseczno under a donation agreement.

**Activities in the social area planned by the Foundation**

- gradual extension of the knowledge base for every advancement level, gradual supplementation of our video educational materials with stenographic records to facilitate their reception to persons suffering from hearing impairments
- increasing involvement in programmes supporting development and innovativeness of Polish entrepreneurs

- gradual increase of expenditure on charity and development of the area of partnership in social projects, continuation of the programme of donation of the still operable electronic equipment replaced by the company to charity for the purpose of elimination of barriers and counteracting exclusion
- increasing involvement in environmentally-friendly projects, e.g. planting forests, intensified involvement in social projects, gradual increase in voluntary work
- taking actions to prevent exclusion of children and youth, economic education programme for children and youth and support of their education in natural sciences.

Irrespective of the aforementioned, subsidiaries took, depending on their scale, individual activities in the scope of charity, addressing them mainly to local medical centres and institutions.

## **Signatures of Managers**



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**Omar Arnaout**

President of the Management Board

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**Filip Kaczmarzyk**

Member of the Management Board

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**Paweł Szejko**

Member of the Management Board

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**Jakub Kubacki**

Member of the Management Board

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**Andrzej Przybylski**

Member of the Management Board



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