



# Climate Policy of XTB S.A. Group



# Climate Policy of XTB Group

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## Introduction - strategic context



### a. Activities of the XTB Group

XTB S.A. is one of the largest brokerage houses listed on the Warsaw Stock Exchange, operating in the investment industry for over 20 years and the parent company of the XTB S.A. Capital Group (hereinafter: "Group", "XTB Group"). Our business model foundation is to provide products, services and technological solutions for trading financial instruments in both, domestic and international markets.

Our ambition is to deliver an investment application for clients in Europe and non-European markets, offering accessible, intelligent and efficient ways to trade, invest and save, ensuring instant access to financial resources. We continuously expand and improve our product range and enhance the user experience of the XTB investment platform and application.

With such a broad range of stakeholders worldwide, we are aware of the responsibility — not only socially but also environmentally. We understand that the role of a modern enterprise is based not only on business evaluation criteria but also on ESG standards, which permeate our processes and impact the activity of XTB. We believe that responsible combination of these two aspects will support the development of our organizational culture, strengthen the XTB brand and its presence in markets worldwide, causing increased value for our stakeholders.

## Mission and Vision



Our mission is to provide clients worldwide with access to an advanced investment platform, professional service and comprehensive financial education. We strive for sustainable development and excellence in service delivery, building trust and long-lasting relationships with our clients to help them achieve success in financial markets.

Our vision is to be the leading provider of investment products, renowned for innovation, transparency and excellent customer service. We aim to be perceived as a trusted partner, enabling our clients to achieve their financial goals by providing an All-in-One platform, the knowledge and the support needed for effective investing, with respect for sustainable development.



## b. Challenges related to the climate change

At the XTB Group, we are aware of the importance of the challenges we face as humanity and we believe that joint effort and cooperation are the only way to reduce the negative impact on the climate and the environment.

**The Intergovernmental Panel on Climate Change (IPCC)**<sup>1</sup> indicates that climate change is one of the most serious threats to current and future generations<sup>2</sup>. According to the current state of knowledge, the main cause of the currently observed climate changes are anthropogenic emissions of greenhouse gases<sup>3</sup>, which permanently and irreversibly affect human life and the condition of ecosystems. Limiting these changes is a global task that requires active action.

To identify our impact on the climate in 2024, we undertook the analysis of climate opportunities and risks and the creation of a climate policy. We have confirmed that our activities generate a limited and indirect impact on the climate and environment, which results from the specific nature of the XTB Group's activities. As an investment company, we conduct office and administrative activities and our operational processes, key to our business continuity, are based on maintaining the IT infrastructure.

This means that the consumption of purchased electricity has been identified as our significant area of impact. In 2024, we also started the calculation process of carbon footprint of the XTB Group in three scopes, which will allow us to fully identify the impact of our activities on the climate and environment.

We believe that the steps taken will allow us to systematize our activities, improve the management area and operational activities of the XTB Group. To support our competitiveness, we are improving the integration of ESG criteria in strategic planning. In 2024 we have updated the ESG Strategy for 2024-2027, indicating directions and strategic goals in the environment and climate area as well.

<sup>1</sup> **Intergovernmental Panel on Climate Change (IPCC)** - scientific and intergovernmental advisory body of the United Nations (UN).

<sup>2</sup> Based on: **Intergovernmental Panel on Climate Change (IPCC)**, *Climate Change 2021: Physical Scientific Foundations. Contribution of Working Group I to the IPCC Sixth Assessment Report*.

*Summary for Decision Makers*, translation S. Malinowski, A. Kardaś, M. Popkiewicz, J. Pniewski, A. Sierpińska, Warsaw 2021

<sup>3</sup> **Anthropogenic greenhouse gas emissions** – emissions resulting from human activities.

## Climate Policy of XTB Group

The XTB Group's Climate Policy is one of the first steps towards the development of climate change impact management. It responds to our strategic needs and supports the fulfilment of XTB's mission and vision. Achieving the set goals, including calculation of the XTB Group's emission intensity in three scopes, will allow us in the future to monitor the XTB Group's greenhouse gas emissions over time and identify the possibilities of its reduction.



## Regulations

We respect the obligations arising from changes in the regulatory environment and take actions to ensure compliance of the XTB Group's activities with national and international laws. The policy considers the following climate regulations and guidelines:

- **European Green Deal** - Regulation establishing a framework for achieving climate neutrality and amending Regulation (EU) 2018/1999. The regulation sets binding climate neutrality targets, including greenhouse gas emission reductions compared to 1990 levels across the entire European Union:
  - to 55% by 2030;
  - to net zero by 2050.
- **Fit for 55** - a package of 13 legislative initiatives adopted by the European Commission aimed at achieving a 55% reduction in greenhouse gas emissions by 2030 (compared to 1990).
- **UE Taxonomy** - Regulation of the European Parliament and Council of June 18, 2020, on establishing a framework to facilitate sustainable investments (the so-called Taxonomy). It introduces, among others, unified and transparent rules

for identifying environmentally sustainable activities and criteria for financing and supporting green investments. XTB plans to report compliance results with the Taxonomy for the first time in 2025.

- **CSRD Directive (Corporate Sustainability Reporting Directive)** Directive of the European Parliament and Council (EU) 2022/2464 of December 14, 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU regarding corporate sustainability reporting.
- **European Sustainability Reporting Standard (ESRS)** Commission Delegated Regulation (EU) of July 31, 2023, supplementing Directive 2013/34/EU of the European Parliament and Council regarding sustainability reporting standards.
- **TCFD Guidelines** – Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### a. Objectives

The Climate Policy is intended to support actions aimed at:

1. Counteracting climate change and adapting to climate change.
2. Achieving the goals set in the ESG Strategy of the XTB S.A. Capital Group for 2024-2027.
3. Achieving climate neutrality by XTB.

The objectives of the Policy will be achieved through actions focused on:

1. Calculating the carbon footprint of the Group in three scopes.
2. Identifying possibilities of reducing/ compensating the Group's carbon footprint.
3. Periodic reviews of climate risks and opportunities and time scenarios in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
4. Integrating identified climate and environmental risks into the risk management system.
5. Taking advantages of opportunities and potential positive effects of climate change.

### b. Recipients

Considering that achieving the Policy's objectives is only possible through cooperation with other entities in the value chain, we are working on expanding the dialogue with XTB's key stakeholders<sup>4</sup> on issues related to emissions and climate impact. To enhance awareness of climate, as well as the actions, ambitions and development directions of the Group in this area, this document is addressed to both internal and external stakeholders of the Group: customers, employees, media representatives and capital market representatives, representatives of the social environment and the regulatory and market environment.

The Climate Policy is a publicly available document known to XTB Group employees. We also encourage XTB business partners to support the implementation of the Policy's objectives and set their own climate goals and introduce similar solutions within their activities.

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<sup>4</sup> **Stakeholders** – also known as interested parties as defined by the European Sustainability Reporting Standards (ESRS)

- are parties that may affect or are affected by the entity. By impact we mean both positive and negative impacts

## a. Climate risk management

### I. ESG risk management structure

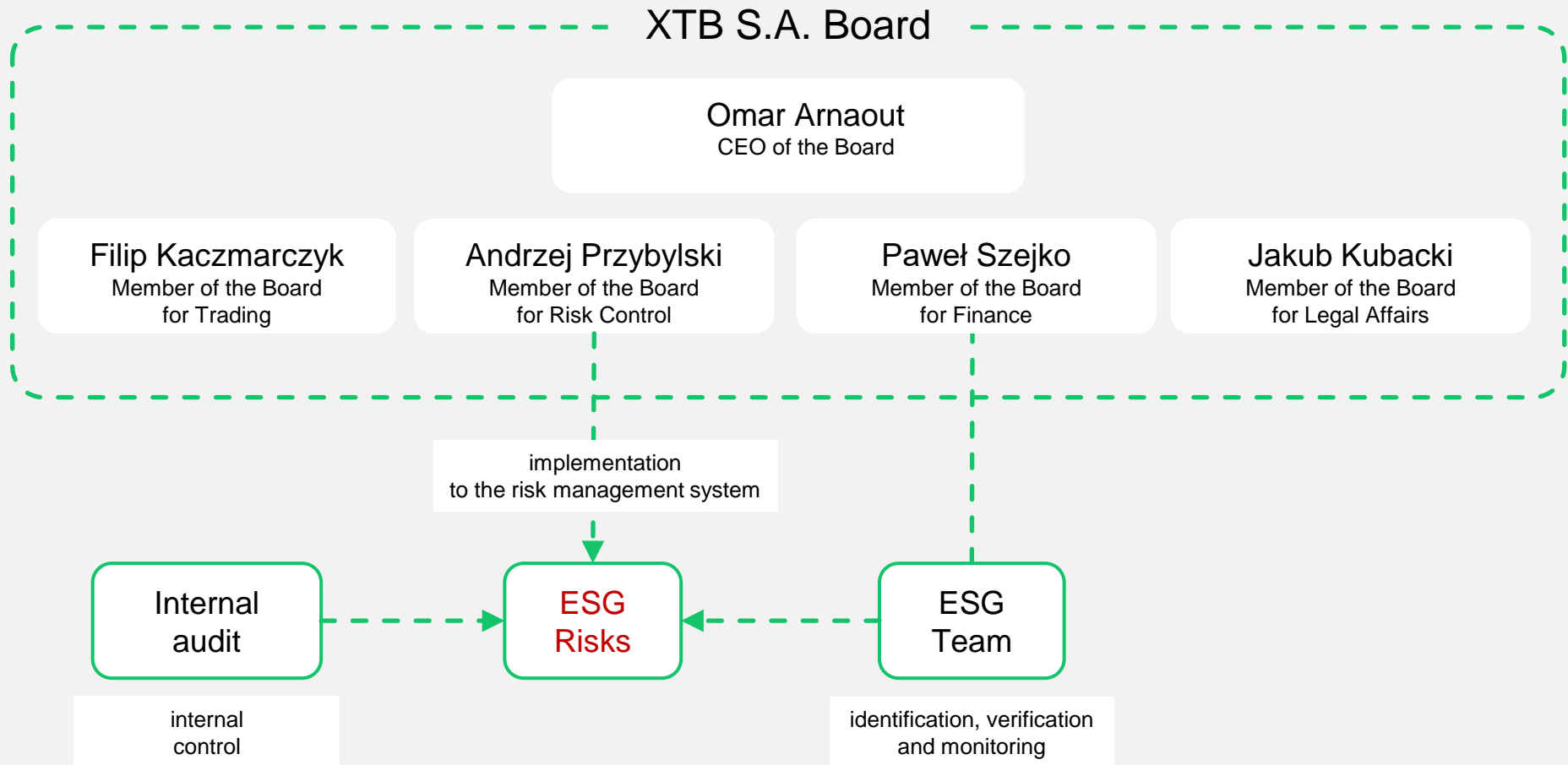
Managing climate risks is a new area of interest of the XTB Group. As the organization's awareness increases, despite the non-productive nature of its activities, we strive to manage this area responsibly and achieve the goals of the Paris Agreement. The area of sustainable development has been included in the organizational structure of XTB S.A. and key information including climate and environment areas is consulted and reported by the ESG Team to the Member of the Management Board for Finance, and then communicated to other Members of the Management Board of XTB S.A.

In 2024, we undertook the identification of climate risks for the first time, which was one of the initial steps in building climate awareness at XTB. In accordance with the updated ESG Strategy of the XTB Group for 2024-2027 and regulatory requirements in the ESG area, the identified risks will be incorporated into the internal risk management system. The system is managed by the Risk Control Department, headed by a Member of the Management Board for Risk and the unit's goal is to ensure comprehensive and conscious risk management within the XTB Group, securing the continuity of processes and organizational activities.

As of the publication date of the Climate Policy, the ESG Team is responsible for identifying, verifying and monitoring climate risks, managed by assigned owners of individual areas. The Risk Control Department, which directly reports to the Member of the Management Board for Risk, is responsible for incorporating ESG risks into the internal Risk Management System of XTB.

Within the organizational structure of XTB S.A., an Internal Audit Department has been established. The Internal Auditor, who heads this department, reports organizationally to the President of the Management Board and functionally to the Chairman of the Audit Committee. The tasks of the Internal Audit Department include, among others, examining and assessing the correctness and effectiveness of processes, regulations and internal procedures at XTB. The Internal Auditor also serves as an advisor to other organizational units, including the unit responsible for risk management, ESG and reporting. The Internal Auditor reviews published sustainability statements and conducts an ESG area audit at least once every two years.

# ESG risk management structure in XTB Group



## II. Identification and assessment of impacts, risks and opportunities arising from climate change

**Climate risks** are part of environmental risks. We understand them as potential threats that may arise from climate change or climate mitigation actions, their associated effects, and financial consequences. According to TCFD guidelines, they are understood as:

- **physical risk** - financial losses associated with the direct impact of extreme weather events (e.g. infrastructure destruction, supply chain disruption):
  - ✓ **severe risk** - losses associated with extreme weather conditions such as heatwaves, heavy rains, fires, storms and hurricanes;
  - ✓ **chronic risk** - losses associated with progressive, gradual climate changes such as weather variability, water scarcity, rising average temperatures, etc.;
- **transition risk** - financial losses associated with the need to adapt to changing conditions, regulations, new technologies, political and legislative changes, but also changes in energy sources, consumer expectations and other market phenomena.

In 2024, as a result of the Double Materiality Assessment, a list of important topics regarding the environment and climate change was selected and climate impacts, opportunities and risks were identified, which is the first step to consciously manage the impact of climate change on the XTB Group and the XTB Group on climate change. As part of the project, an in-depth dialogue was conducted with representatives of the Group's foreign subsidiaries, and workshops were held at the XTB HQ in Poland to examine potential or actual climate and environmental impacts.

Due to the nature of the conducted activities, categorized as office-administrative activities, one key climate risk was identified from the perspective of double materiality analysis, defined as:

**Physical risk** - Risk of external events (business continuity risk) related to the possibility of sudden, extreme weather events occurring in the locations of some companies and branches of the XTB Group.

In the coming years, as part of integrating climate risks into the organization's risk management system, XTB intends to improve the criteria for assessing financial impacts to more accurately assess their impact on the Group's financial situation and better manage the challenges related to climate impact in the future.

## b. Scenario analysis

In 2024, we conducted a climate scenario analysis concerning identified climate risks based on TCFD guidelines. Two scenarios were constructed, presenting probable, hypothetical development paths, dependent on global emission pathways and the resulting average temperature increase: the "2°C or lower" scenario

and the "4°C" scenario. These scenarios were selected due to the best data availability. Key assumptions regarding the scenario analysis methodology and risk assessment are presented in the table below.

	<b>Scenario 2°C or lower based<sup>5</sup></b> on IPCC SSP1-2.6 and RCP 2.6 consistent with the implementation of the goals of the Paris Agreement	<b>Scenario 4°C<sup>6</sup></b> based on IPCC SSP5 and RCP 8.5 reflecting the "business as usual" model
	dominant transition risks	dominant physical risks
Scenario assumptions	<ol style="list-style-type: none"><li>1. Globally coordinated actions to reduce greenhouse gas emissions in line with the Paris Agreement goals.</li><li>2. Globally applicable policies focused on reducing fossil fuel use.</li><li>3. Decrease in costs and popularization of green technologies.</li><li>4. Decrease in costs and popularization of green technologies.</li></ol>	<ol style="list-style-type: none"><li>1. Climate protection regulations and resulting requirements limited to currently existing ones.</li><li>2. Continued use of fossil fuels and energy-intensive activities.</li><li>3. Lack of actions taken to reduce emissions.</li><li>4. Highly consumptive behavior patterns.</li></ol>

<sup>5</sup> **2°C scenario or lower** - IPCC RCP 2.6 scenario, consistent with the Paris Agreement. A path where global emissions are reduced to net negative and global temperatures increase by 0.9–2.3°C by 2100.

<sup>6</sup> **4°C scenario** – IPCC RCP 8.5 scenario, also known as *business as usual*, in which no changes in emissions are expected and which leads to an increase in the average global temperature by 3.2–4.5°C by 2100.

## Main identified climate risk in the XTB Group

The table summarizes the main identified climate risks to date. They may change in the future.

Risk type	Risk description	Impact on XTB Group	Probability of risk materialization						Risk assessment	Risk management
			2°C or lower			4°C				
			2027	2030	2050	2027	2030	2050		
Phisical risk										
Severe risk	<b>Risks related to sudden, extreme weather phenomena</b> (such as heatwaves, violent storms, floods, hurricanes, etc.) resulting from climate change.  (according to ICAAP classification: risk of external events)	<ul style="list-style-type: none"><li>· increased probability of damage to the XTB Group's infrastructure or the infrastructure necessary to conduct business (e.g. suppliers' infrastructure)</li><li>· possible disruptions or delays in the delivery of services and/or products or the loss of suppliers</li><li>· possible disruptions in the continuity of operations of selected entities of the XTB Group.</li></ul>								<ul style="list-style-type: none"><li>· locating IT infrastructure in safe (in terms of possible extreme phenomena), remote locations,</li><li>· regular data backup</li><li>· suppliers diversification case of problems in the supply chain,</li></ul>
Chronic risk	No significant risks identified									<ul style="list-style-type: none"><li>· verification and implementation of security plans/in particularly at-risk locations.</li></ul>



means a significantly increased probability in a given time horizon



means an increasing probability in a given time horizon

The analysis took into account three time perspectives:

- short-term - in which the time horizon is 2027 (the assumed year of implementation of the ESG strategy adopted by XTB);
- medium-term - in which the time horizon is 2030 (an intermediate year in the implementation of the assumptions of the European Union Climate Policy)
- long-term - in which the time horizon is 2050 (the year in which, according to the assumptions of the EU Climate Policy

and the Paris Agreement, climate neutrality, i.e. net zero emissions, will be achieved).

The analysis was carried out based on the TCFD Guidelines (Guidance on Scenario Analysis for Non-Financial Companies) and the RCP and SSP IPCC scenarios.

### Climate commitments

1. Start monitoring of the XTB's carbon footprint in all three scopes.
2. Taking actions intended to support our pursuit of climate neutrality in scopes 1, 2 and 3 in accordance with the GHG Protocol<sup>7</sup> standard.
3. Improvement in subsequent reporting periods of data collection processes for carbon footprint calculations and strive to cover as wide a range of emissions as possible.

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<sup>7</sup> **World Resources Institute (WRI), World Business Council for Sustainable Development (WBCSD)**, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Revised Edition, WRI/WBCSD, 2004, access: [ghgprotocol.org](https://ghgprotocol.org) (as of: 31.10.2024).

### To achieve our commitments, we undertake or intend to undertake actions such as:

1. Annual calculation of the XTB Group's greenhouse gas emissions.
2. Setting emission reduction targets based on collected data on the XTB Group's greenhouse gas emissions from several periods.
3. Initiatives to support our pursuit of reducing the carbon footprint in scopes 1, 2 and 3.
4. Analysis of the need to create a transition plan in relations to the administrative nature of the XTB Group.
5. Annual climate risk review.
6. Deepening dialogue on reducing negative climate impact in the value chain (upstream and downstream), especially with stakeholders responsible for key scope 3 emissions, to implement real changes leading to CO<sub>2</sub> emission reductions.
7. Raising awareness of climate change within the organization, including through the "Natural Investment" program.
8. Responsible management of equipment and waste (e.g. waste segregation, extending the lifespan of electronic equipment through repair, reuse of equipment) and resource consumption control in all facilities.
9. Using energy from renewable sources and gradually increasing its share in the Group's energy mix, as far as possible and the availability of solutions.
10. Increasing the Group's energy efficiency by replacing servers with newer, less energy-consuming ones; locating XTB offices in more energy-efficient buildings (e.g. the headquarters of XTB in Warsaw).

1. The XTB Group Climate Policy was developed in cooperation with the climate specialists and approved by the Board of XTB S.A.
2. The policy is a publicly available document covering all branches and subsidiaries of XTB S.A.\*
3. The ESG Team is responsible for updating the document, reviewing its content as needed, at least once a year. Employees are also informed of any changes to its content.

We encourage our stakeholders to contact through publicly available communication channels with representatives of the ESG Team at the email address: [esg@xtb.com](mailto:esg@xtb.com) or phone number +48 453 677 174.





ESG Team

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