XP INC

2024 Corporate Questionnaire Response

Document Version: 25-07-2025

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About CDP

CDP is a global non-profit that runs the world's only independent environmental disclosure system. As the founder of environmental reporting, we believe in transparency and the power of data to drive change. Partnering with leaders in enterprise, capital, policy and science, we surface the information needed to enable Earth-positive decisions. We helped more than 24,800 companies and almost 1,000 cities, states and regions disclose their environmental impacts in 2024. Financial institutions with more than a quarter of the world's institutional assets use CDP data to help inform investment and lending decisions. Aligned with the ISSB's climate standard, IFRS S2, as its foundational baseline, CDP integrates best-practice reporting standards and frameworks in one place. Our team is truly global, united by our shared desire to build a world where people, planet and profit are truly balanced. Visit cdp.net or follow us @CDP to find out more.

Useful Information

In 2024, the CDP corporate questionnaires on climate change, forests, and water security were integrated into one corporate questionnaire, in addition to the launch of our SME questionnaire. Through this questionnaire, organizations can provide data on multiple environmental issues in a single disclosure, encouraging more holistic and balanced reporting. An overview of the full 2024 corporate questionnaire is available here. A document identifying the environmental issues and framework alignment covered by each question can be downloaded here. CDP has developed its own Activity Classification System (CDP-ACS) which allows us to allocate relevant questions relating to environmental issues and specific sectors to the companies reporting through CDP. You can read a guide to the CDP-ACS here. Dates in this document are presented in the format YYYY-MM-DD. Dates reported to CDP are stored as UTC (Coordinated Universal Time). The dates in this document may differ from dates when viewed in the CDP portal, but will never deviate by more than 24 hours. Please note that in a small number of cases row labels may not be present for single row, single column questions. We recommend you read this questionnaire response in conjunction with CDP questionnaire reporting guidance available on the CDP website here.

Discloser Information

CDP Org ID: 849571

Field	Value
Disclosure cycle	2024 Disclosure Cycle
Questionnaire	CDP Corporate Questionnaire 2024
Discloser name	XP INC
CDP Organization Number	849571
CDP Industry classification	Services
CDP activity group	Financial services
CDP activity	Asset managers
Questionnaire Pathway	Full Version
Privacy status	Public
Environmental Issues Intent to Disclose	Climate Change, Biodiversity, Plastics
Commodities	
Primary Sector	Financial services

Table of Contents

Responses

Q1.1 In which language are you submitting your response?

English

Q1.2 Select the currency used for all financial information disclosed throughout your response.

BRL

Q1.3 Provide an overview and introduction to your organization.

Response 1:

Type of financial institution

Bank

Organization type

Publicly traded organization

Description of organization

A company founded in 2001 in a small office in Porto Alegre (RS), which made financial education and the inclusion of Brazilians in the investment market the driving force behind its growth. In just over two decades, we have become one of the largest financial companies in the country, preserving in our DNA the democratization of access to a wide range of financial services. The culture and purpose of XP Inc. are lived daily. The purpose of transforming the financial market to improve people' s lives is what drives our actions on a daily basis. With technological platforms for investments, financial services, education and media and content platforms related to finance, covering brands such as XP, Rico, Clear, Infomoney and XP Educação. We are dedicated to being transparent, focusing on our customers, through innovation and technology, providing financial education, sustainable growth and a robust business ecosystem through a high-performance team aligned with our dream. Our products and services are:
・ Investments o Public and private fixed income (bank bonds, private credit and government bonds traded in the primary and secondary markets) o Variable income (stocks, futures, listed funds, alternative funds, derivatives, structured operations certificates) o Investment funds (+600) from XP Asset Management and third parties o International investments (dollarized fixed income, stocks, ETFs, REITs, ADRs) o Financial advisory
・ Large companies and capital markets o Issuance of local debt securities (CRI, CRA, CDCA, FIDC and LF), hybrid securities (FII, FIP and FIAGRO) and international securities: bonds, placements (non-public offerings), syndicated loans and structured private credit operations o Financial instruments, such as swaps o Over-the-counter derivatives o Financial advisory on IPO, follow-on, block trade and OPA o Mergers and acquisitions (M&A)
・ Retail bank o Digital account o Credit cards from the Rico and XP brands o Collateralized credit (with guarantee linked to the equity invested in XP) o Exchange o Insurance (life and property and casualty insurance companies) o Private pension plans, with own and third-party plans
・ Institutional o Trading desks o Corporate access o Support teams.

Q1.4 State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

Response 1:

End date of reporting year

2023-12-31

Alignment of this reporting period with your financial reporting period

Yes

Indicate if you are providing emissions data for past reporting years

No

Q1.4.1 What is your organization’s annual revenue for the reporting period?

15700000000

Q1.5 Provide details on your reporting boundary.

Yes

Q1.6 Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Response 1: ISIN code - bond

Does your organization use this unique identifier?

No

Response 2: ISIN code - equity

Does your organization use this unique identifier?

No

Response 3: CUSIP number

Does your organization use this unique identifier?

No

Response 4: Ticker symbol

Does your organization use this unique identifier?

No

Response 5: SEDOL code

Does your organization use this unique identifier?

No

Response 6: LEI number

Does your organization use this unique identifier?

No

Response 7: D-U-N-S number

Does your organization use this unique identifier?

Yes

Provide your unique identifier

821936956

Response 8: Other unique identifier

Does your organization use this unique identifier?

No

Q1.7 Select the countries/areas in which you operate.

- Brazil
- United States of America

Q1.9 What was the size of your organization based on total assets value at the end of the reporting period?

1100000000000

Q1.10 Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

Response 1: Banking (Bank)

Activity undertaken

Yes

Reporting the portfolio value and % of revenue associated with the portfolio

Yes, the % of revenue associated with the portfolio

% of revenue

5

Type of clients

- Institutional investors
- Government / sovereign / quasi-government / sovereign wealth funds
- Retail clients
- Business and private clients (banking)
- Family offices / high network individuals
- Corporate and institutional clients (companies)

Industry sectors your organization lends to, invests in, and/or insures

- Apparel
- Food, beverage & agriculture
- Fossil Fuels
- Manufacturing
- Power generation
- Materials
- Services
- Biotech, health care & pharma
- Retail
- International bodies
- Infrastructure
- Transportation services
- Hospitality

Response 2: Investing (Asset manager)

Activity undertaken

Yes

Reporting the portfolio value and % of revenue associated with the portfolio

Yes, the % of revenue associated with the portfolio

% of revenue

94

Type of clients

- Institutional investors
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- Services
- Retail
- Biotech, health care & pharma
- International bodies
- Infrastructure
- Transportation services
- Hospitality

Response 3: Investing (Asset owner)

Activity undertaken

No

Response 4: Insurance underwriting (Insurance company)

Activity undertaken

Yes

Insurance types underwritten

Life and/or Health

Reporting the portfolio value and % of revenue associated with the portfolio

Yes, the % of revenue associated with the portfolio

% of revenue

1

Type of clients

- Institutional investors
- Government / sovereign / quasi-government / sovereign wealth funds
- Retail clients
- Family offices / high network individuals
- Corporate and institutional clients (companies)
- Business and private clients (banking)

Q1.24 Has your organization mapped its value chain?

Response 1:

Value chain mapped

Yes, we have mapped or are currently in the process of mapping our value chain

Value chain stages covered in mapping

- Portfolio
- Upstream value chain

Highest supplier tier mapped

Tier 1 suppliers

Highest supplier tier known but not mapped

All supplier tiers known have been mapped

Portfolios covered in mapping

- Banking (Bank)
- Investing (Asset owner)
- Investing (Asset manager)
- Insurance underwriting (Insurance company)

Description of mapping process and coverage

In 2023, we mapped 100% of the value chain, including suppliers and portfolio, which are subject to Social, Environmental, and Climate Risk (RSAC) assessments during the contracting process, account opening, and business streams.
Overall, the approval of suppliers and the opening of client accounts are our least complex processes. We adopt specific criteria, incorporate social, environmental, and climate issues, and follow the guidelines for prohibited activities and restricted sectors, in addition to our proprietary analysis methodology and the identification of negative media, processes, and restrictive lists.
Foreign Exchange: We follow the same analytical approach; however, operations related to the timber, mining, tobacco, arms, and ammunition sectors are subject to detailed analysis. For companies in these sectors, environmental licenses, authorizations from the National Mining Agency, Kimberley and FSC certifications, and a list of key suppliers are required.
Credit: We adhere to the guidelines for prohibited activities and restricted sectors, assessing the potential impact, the company's management capacity, socio-environmental considerations, and controversial sectors. During this phase, meetings are held with the credit team and the client to clarify labor aspects and the supply chain. The SECR rating assigned to the company is integrated into the credit rating calculation model, potentially impacting rates and credit pricing.
DCM and ECM: We follow the same analytical approach; however, if any property is offered as collateral in the transaction, we evaluate the compliance of licensing and the Rural Property Registration, lists of embargoed areas, illegal deforestation activities, presence on the "dirty list" of slave labor, civil actions, presence in quilombola and indigenous territories, and soil contamination.
Our proprietary methodology encompasses the potential social, environmental, and climate impact of clients and suppliers and their capacity to manage these issues. It also includes considerations of controversial sectors, involving scanning media, lists, and processes to identify discrediting situations. The analysis is applied to 100% of relationships. Risks can be classified into five levels (A to E). The final decision is based on these assessments, with operations denied by the area being deliberated by the ESG Director.

Q1.24.1 Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

Response 1:

Plastics mapping

Yes, we have mapped or are currently in the process of mapping plastics in our value chain

Portfolios covered in mapping

- Insurance underwriting (Insurance company)
- Investing (Asset owner)
- Banking (Bank)
- Investing (Asset manager)

Q2.1 How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Response 1: Short-term

From (years)

0

To (years)

2

How this time horizon is linked to strategic and/or financial planning

The time horizon for identifying, assessing and managing XP Inc’s environmental dependencies, impacts, risks and opportunities was carefully aligned with the company’s strategic financial planning. This approach ensures that social, environmental and climate strategies are cohesively integrated with short, medium and long-term financial objectives, ensuring efficient and sustainable management of resources. When defining the time horizons, XP Inc considered the need to align its social, environmental and climate actions with the same time perspective used in its strategic financial planning. This integration between the strategic financial planning horizons and the management of social, environmental and climate issues ensures that XP Inc’s actions are coherent, effective and sustainable, allowing the company to achieve its economic, social, environmental and climate objectives in a harmonious and integrated manner.

Response 2: Medium-term

From (years)

2

To (years)

5

How this time horizon is linked to strategic and/or financial planning

The time horizon for identifying, assessing and managing XP Inc’s environmental dependencies, impacts, risks and opportunities was carefully aligned with the company’s strategic financial planning. This approach ensures that social, environmental and climate strategies are cohesively integrated with short, medium and long-term financial objectives, ensuring efficient and sustainable management of resources. When defining the time horizons, XP Inc considered the need to align its social, environmental and climate actions with the same time perspective used in its strategic financial planning. This integration between the strategic financial planning horizons and the management of social, environmental and climate issues ensures that XP Inc’s actions are coherent, effective and sustainable, allowing the company to achieve its economic, social, environmental and climate objectives in a harmonious and integrated manner.

Response 3: Long-term

From (years)

5

Is your long-term time horizon open ended?

No

To (years)

10

How this time horizon is linked to strategic and/or financial planning

The time horizon for identifying, assessing and managing XP Inc’s environmental dependencies, impacts, risks and opportunities was carefully aligned with the company’s strategic financial planning. This approach ensures that social, environmental and climate strategies are cohesively integrated with short, medium and long-term financial objectives, ensuring efficient and sustainable management of resources. When defining the time horizons, XP Inc considered the need to align its social, environmental and climate actions with the same time perspective used in its strategic financial planning. This integration between the strategic financial planning horizons and the management of social, environmental and climate issues ensures that XP Inc’s actions are coherent, effective and sustainable, allowing the company to achieve its economic, social, environmental and climate objectives in a harmonious and integrated manner.

Q2.2 Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

Response 1:

Process in place

Yes

Dependencies and/or impacts evaluated in this process

Both dependencies and impacts

Q2.2.1 Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

Response 1:

Process in place

Yes

Risks and/or opportunities evaluated in this process

Both risks and opportunities

Is this process informed by the dependencies and/or impacts process?

Yes

Q2.2.2 Provide details of your organization’s process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Response 1: Row 1

Environmental issue

Climate change

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

- Opportunities
- Dependencies
- Impacts
- Risks

Value chain stages covered

- End of life management
- Upstream value chain
- Direct operations

Coverage

Full

Supplier tiers covered

Tier 1 suppliers

Type of assessment

Qualitative and quantitative

Frequency of assessment

More than once a year

Time horizons covered

- Medium-term
- Short-term
- Long-term

Integration of risk management process

Integrated into multi-disciplinary organization-wide risk management process

Location-specificity used

National

Tools and methods used

- Enterprise Risk Management: Risk models
- Databases: Nation-specific databases, tools, or standards
- Commercially/publicly available tools: Other commercially/publicly available tools: Agrotools, AML, NEOWAY
- Databases: Other databases: BUDEX
- Enterprise Risk Management: Stress tests
- Enterprise Risk Management: Other enterprise risk management: Integrated Risk Management Process
- Enterprise Risk Management: Internal company methods
- Other: Scenario analysis
- Enterprise Risk Management: Enterprise Risk Management
- Enterprise Risk Management: COSO Enterprise Risk Management Framework
- Other: Desk-based research
- Databases: Regional government databases

Risk types and criteria considered

- Technology: Transition to lower emissions technology and products
- Chronic physical: Change in land-use
- Acute physical: Wildfires
- Chronic physical: Changing precipitation patterns and types (rain, hail, snow/ice)
- Liability: Non-compliance with regulations

- Acute physical: Heavy precipitation (rain, hail, snow/ice)
- Policy: Carbon pricing mechanisms
- Policy: Changes to international law and bilateral agreements
- Liability: Exposure to litigation
- Reputation: Increased partner and stakeholder concern and partner and stakeholder negative feedback
- Policy: Changes to national legislation
- Chronic physical: Increased severity of extreme weather events
- Reputation: Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)
- Market: Changing customer behavior
- Policy: Poor enforcement of environmental regulation
- Market: Rise in risk-based pricing of insurance policies (beyond demand elasticity)
- Market: Loss of clients due to a fund' s poor environmental performance outcomes (e.g. if a fund has suffered climate-related write-downs)
- Market: Inability to attract co-financiers and/or investors due to uncertain risks related to the environment
- Technology: Transition to water intensive, low carbon energy sources
- Reputation: Stigmatization of sector
- Liability: Regulation and supervision of environmental risk in the financial sector

Partners and stakeholders considered

- Employees
- Regulators
- Investors
- Local communities
- Suppliers
- Customers

Has this process changed since the previous reporting year?

No

Further details of process

Our process for identifying, assessing, and managing dependencies, impacts, risks, and environmental opportunities encompasses all operations in Brazil and the United States, and is integrated into the company' s overall risk management process. The highest decision-making body regarding risks is the Executive Board, supported by the Audit and Risk Committee, which advises the Board of Directors, Internal Audit, and nine committees managed by these areas. The Risk, Finance, and Legal departments collaborate on initiatives for risk prevention and mitigation, with regular reporting of initiatives and decisions to the Risk Committee. The Risk Department has six structures dedicated to managing each of the following risks: market, interest rate of the banking portfolio, credit, counterparty, non-financial, management, and social, environmental, and climate risks, encompassing acute physical risks, chronic physical risks, policy risks, market risks, reputational risks, technological risks, and liability risks. The Finance Department is responsible for risks related to asset, liability, and capital management, as well as financial control and results. The Legal Department addresses legal and compliance risks. Risk management operates through three lines of defense, where (i) the first line of defense, represented by business and support areas, is responsible for identifying, assessing, reporting, and controlling risks inherent to their activities; (ii) the second line of defense, represented by control areas, is responsible for defining the risk management strategy and structure, analyzing and classifying risks (as very low, low, medium, high, or very high using a probability x severity risk matrix), monitoring operational risk limits, and challenging the functions of the first line of defense; and (iii) the third line of defense, represented by internal audit, conducts independent evaluations of the risk management structure, governance, and internal controls. We use a business continuity management process as a methodology to assess the type, probability, and magnitude of the effects of dependencies, impacts, risks, and opportunities, which identifies threats to XP and potential impacts on our operations if those threats materialize. The objective is to continuously build and enhance organizational resilience, enabling the company to effectively respond to risks and safeguard the interests of stakeholders, its reputation, brand, and value-added activities. The process is divided into five stages: identify, analyze, define, execute, and monitor, and is conducted periodically, more than once a year, considering short, medium, and long-term horizons, encompassing clients, employees, investors, local communities, regulatory bodies, and suppliers. All these processes are supported by Integrated Risk Management policies, which establish guiding principles to foster a risk culture within the organization, defining the processes for identifying, measuring, assessing, monitoring, reporting, controlling, and mitigating risks across the direct operations chain, value chain, and end-of-life management. The Risk Appetite Statement establishes the acceptable levels of risk that we are willing to assume, both quantitative and qualitative.

Q2.2.4 Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts related to your portfolio activities?

	Process in place covering this portfolio	Dependencies and/or impacts related to this portfolio evaluated in this process
Banking (Bank)	Yes	Both dependencies and impacts
Investing (Asset manager)	Yes	Both dependencies and impacts
Investing (Asset owner)		
Insurance underwriting (Insurance company)	Yes	Both dependencies and impacts

Q2.2.5 Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities related to your portfolio activities?

	Process in place covering this portfolio	Risks and/or opportunities related to this portfolio are evaluated in this process	Is this process informed by the dependencies and/or impacts process?
Banking (Bank)	Yes	Both risks and opportunities	Yes
Investing (Asset manager)	Yes	Both risks and opportunities	Yes
Investing (Asset owner)			
Insurance underwriting (Insurance company)	Yes	Both risks and opportunities	Yes

Q2.2.6 Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities related to your portfolio activities.

Response 1: Banking (Bank)

Environmental issue

Climate change

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this portfolio

- Dependencies
- Opportunities
- Risks
- Impacts

% of portfolio covered by the assessment process in relation to total portfolio value

100

Type of assessment

Qualitative and quantitative

Industry sectors covered by the assessment

- Biotech, health care & pharma
- International bodies
- Transportation services
- Services
- Food, beverage & agriculture
- Manufacturing
- Hospitality
- Apparel
- Power generation
- Retail
- Fossil Fuels
- Materials
- Infrastructure

Frequency of assessment

More than once a year

Time horizons covered

- Medium-term
- Short-term
- Long-term

Integration of risk management process

Integrated into multi-disciplinary organization-wide risk assessment process

Location-specificity used

National

Tools and methods used

- Scenario analysis
- CDP Disclosure Framework
- Internal tools/methods
- Global Forests Watch Pro
- Stress tests
- External consultants

Risk type and criteria considered

- Reputation: Stigmatization of sector
- Acute physical: Wildfires
- Market: Rise in risk-based pricing of insurance policies (beyond demand elasticity)
- Reputation: Increased partner and stakeholder concern and partner and stakeholder negative feedback
- Chronic physical: Increased severity of extreme weather events
- Chronic physical: Changing precipitation patterns and types (rain, hail, snow/ice)
- Technology: Transition to lower emissions technology and products
- Reputation: Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)
- Market: Inability to attract co-financiers and/or investors due to uncertain risks related to the environment
- Policy: Changes to national legislation
- Liability: Non-compliance with regulations
- Liability: Exposure to litigation
- Acute physical: Heavy precipitation (rain, hail, snow/ice)
- Technology: Transition to water intensive, low carbon energy sources
- Market: Loss of clients due to a fund’ s poor environmental performance outcomes (e.g. if a fund has suffered climate-related write-downs)
- Chronic physical: Change in land-use
- Liability: Regulation and supervision of environmental risk in the financial sector
- Policy: Carbon pricing mechanisms
- Policy: Changes to international law and bilateral agreements
- Market: Changing customer behavior
- Policy: Poor enforcement of environmental regulation

Partners and stakeholders considered

- Local communities
- Investors
- Employees
- Customers
- Regulators
- Suppliers

Further details of process

Our process for identifying, assessing, and managing dependencies, impacts, risks, and environmental opportunities encompasses all operations and is integrated into the company’ s risk management framework. The Risk Department has six structures dedicated to risk management: market, interest rate of the banking portfolio, credit, counterparty, non-financial, and social, environmental, and climate risks, including acute and chronic physical risks, policy risks, market risks, reputational risks, technological risks, and liability risks. Risk management is carried out through three lines of defense: (i) the first line, composed of business areas, is responsible for identifying, assessing, reporting, and controlling risks within their activities; (ii) the second line, represented by control areas, defines the risk management strategy and structure, analyzing and classifying risks into levels and monitoring operational limits; (iii) the third line, through internal audit, conducts independent evaluations of the risk management structure and internal controls. We also utilize business continuity management to assess the probability and magnitude of the impacts of risks and opportunities, identifying threats to XP and their potential operational effects. The objective is to continuously enhance organizational resilience, enabling the company to respond to risks and protect the interests of stakeholders. The process is divided into five stages: identify, analyze, define, execute, and monitor, conducted periodically, considering short, medium, and long-term horizons. All processes are supported by the Integrated Risk Management policy, which establishes guidelines to foster a risk culture, defining processes for identifying, measuring, and mitigating risks. The Risk Appetite Statement determines the acceptable levels of risk. Our RSAC analysis methodology assesses the potential impact of clients and suppliers, including a pillar for controversial sectors. The analysis is applied to 100% of relationships and operations. Based on the assessments, we generate reports and ratings, classifying risks into five levels, from A to E. This process is supported by the Social, Environmental, and Climate Responsibility Policy, which aims to prevent negative impacts and enhance positive ones on the environment and society, and by the RSAC Procedure, which documents guidelines and rules for analyzing and managing social, environmental, and climate risks.

Response 2: Investing (Asset manager)

Environmental issue

Climate change

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this portfolio

- Dependencies
- Risks
- Opportunities
- Impacts

% of portfolio covered by the assessment process in relation to total portfolio value

100

Type of assessment

Qualitative and quantitative

Industry sectors covered by the assessment

- Infrastructure
- Fossil Fuels
- Retail
- Power generation
- Materials
- Apparel
- Hospitality
- Manufacturing
- Food, beverage & agriculture
- Services
- Transportation services
- International bodies
- Biotech, health care & pharma

Frequency of assessment

More than once a year

Time horizons covered

- Short-term
- Medium-term
- Long-term

Integration of risk management process

Integrated into multi-disciplinary organization-wide risk assessment process

Location-specificity used

National

Tools and methods used

- CDP Disclosure Framework
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Response 3: Investing (Asset owner)

Response 4: Insurance underwriting (Insurance company)

Environmental issue

Climate change

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this portfolio

- Risks
- Opportunities
- Dependencies
- Impacts

% of portfolio covered by the assessment process in relation to total portfolio value

100

Type of assessment

Qualitative and quantitative

Industry sectors covered by the assessment

- Biotech, health care & pharma
- International bodies
- Transportation services
- Services
- Fossil Fuels
- Retail
- Infrastructure
- Apparel
- Materials
- Power generation
- Food, beverage & agriculture

- Manufacturing
- Hospitality

Frequency of assessment

More than once a year

Time horizons covered

- Short-term
- Medium-term
- Long-term

Integration of risk management process

Integrated into multi-disciplinary organization-wide risk assessment process

Location-specificity used

National

Tools and methods used

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- Market: Rise in risk-based pricing of insurance policies (beyond demand elasticity)
- Acute physical: Wildfires
- Reputation: Stigmatization of sector

Partners and stakeholders considered

- Regulators
- Suppliers
- Customers
- Investors
- Employees
- Local communities

Further details of process

Our process for identifying, assessing, and managing dependencies, impacts, risks, and environmental opportunities encompasses all operations and is integrated into the company's risk management framework. The Risk Department has six structures dedicated to risk management: market, interest rate of the banking portfolio, credit, counterparty, non-financial, and social, environmental, and climate risks, including acute and chronic physical risks, policy risks, market risks, reputational risks, technological risks, and liability risks. Risk management is carried out through three lines of defense: (i) the first line, composed of business areas, is responsible for identifying, assessing, reporting, and controlling risks within their activities; (ii) the second line, represented by control areas, defines the risk management strategy and structure, analyzing and classifying risks into levels and monitoring operational limits; (iii) the third line, through internal audit, conducts independent evaluations of the risk management structure and internal controls. We also utilize business continuity management to assess the probability and magnitude of the impacts of risks and opportunities, identifying threats to XP and their potential operational effects. The objective is to continuously enhance organizational resilience, enabling the company to respond to risks and protect the interests of stakeholders. The process is divided into five stages: identify, analyze, define, execute, and monitor, conducted periodically, considering short, medium, and long-term horizons. All processes are supported by the Integrated Risk Management policy, which establishes guidelines to foster a risk culture, defining processes for identifying, measuring, and mitigating risks. The Risk Appetite Statement determines the acceptable levels of risk. Our RSAC analysis methodology assesses the potential impact of clients and suppliers, including a pillar for controversial sectors. The analysis is applied to 100% of relationships and operations. Based on the assessments, we generate reports and ratings, classifying risks into five levels, from A to E. This process is supported by the Social, Environmental, and Climate Responsibility Policy, which aims to prevent negative impacts and enhance positive ones on the environment and society, and by the RSAC Procedure, which documents guidelines and rules for analyzing and managing social, environmental, and climate risks.

Q2.2.7 Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

Response 1:

Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Yes

Description of how interconnections are assessed

The interconnections between dependencies, impacts, risks, and/or opportunities are encompassed in our process of identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities. The identification and assessment process occurs annually during the company's social, environmental, and climate materiality assessment, where we map and identify the most relevant social, environmental, and climate issues in terms of dependencies, impacts, risks, and opportunities. In this same process, in addition to identifying dependencies, impacts, risks, and opportunities, we also carry out the process of interconnection among them through integrated risk management, allowing us to achieve a more integrated and holistic management of various dependencies, impacts, risks, and opportunities.

Q2.2.8 Does your organization consider environmental information about your clients/investees as part of your due diligence and/or environmental dependencies, impacts, risks and/or opportunities assessment process?

	We consider environmental information
Banking (Bank)	Yes
Investing (Asset manager)	Yes
Investing (Asset owner)	

Q2.2.9 Indicate the environmental information your organization considers about clients/investees as part of your due diligence and/or environmental dependencies, impacts, risks and/or opportunities assessment process, and how this influences decision-making.

Response 1: Banking (Bank)

Environmental issues covered

Climate change

Type of environmental information considered

- Emissions reduction targets
- CDP scores
- CDP questionnaire response
- Engagement with their value chain on environmental issues
- Energy usage data
- TCFD disclosures
- Science-Based Net-Zero Targets
- Emissions data
- Climate transition plans

Process through which information is obtained

- Data provider
- From an intermediary or business partner
- Directly from the client/investee
- Public data sources

Industry sectors covered by due diligence and/or risk assessment process

- Services
- International bodies
- Transportation services
- Biotech, health care & pharma
- Hospitality
- Food, beverage & agriculture
- Manufacturing
- Infrastructure
- Fossil Fuels
- Retail

- Apparel
- Materials
- Power generation

% of portfolio covered by the process in relation to total portfolio value

100

Total portfolio value covered by the process

0

Response 2: Investing (Asset manager)

Environmental issues covered

Climate change

Type of environmental information considered

- Emissions reduction targets
- CDP scores
- CDP questionnaire response
- Engagement with their value chain on environmental issues
- Science-Based Net-Zero Targets
- Emissions data
- TCFD disclosures
- Climate transition plans
- Energy usage data

Process through which information is obtained

- Data provider
- Public data sources
- Directly from the client/investee
- From an intermediary or business partner

Industry sectors covered by due diligence and/or risk assessment process

- Services
- International bodies
- Transportation services
- Biotech, health care & pharma
- Hospitality
- Manufacturing
- Food, beverage & agriculture
- Fossil Fuels
- Retail
- Infrastructure
- Power generation
- Materials
- Apparel

% of portfolio covered by the process in relation to total portfolio value

100

Total portfolio value covered by the process

0

Response 3: Investing (Asset owner)

Q2.4 How does your organization define substantive effects on your organization?

Response 1: Risks

Type of definition

- Quantitative
- Qualitative

Indicator used to define substantive effect

Revenue

Change to indicator

% decrease

% change to indicator

1-10

Metrics considered in definition

- Likelihood of effect occurring
- Frequency of effect occurring
- Time horizon over which the effect occurs

Application of definition

We consider risks to be significant if they could result in a 10% reduction in revenue over a short-term horizon. Additionally, we deem risks significant if the probability of a 10% reduction in revenue is high, exceeding 50%. Furthermore, we regard risks as significant if the frequency of a 10% reduction in revenue is high, occurring annually.

Response 2: Opportunities

Type of definition

- Quantitative
- Qualitative

Indicator used to define substantive effect

Revenue

Change to indicator

% increase

% change to indicator

1-10

Metrics considered in definition

- Likelihood of effect occurring
- Frequency of effect occurring
- Time horizon over which the effect occurs

Application of definition

We consider opportunities to be significant if they could result in a 10% increase in revenue over a short-term horizon. Additionally, we regard opportunities as significant if the probability of a 10% increase in revenue is high, exceeding 50%. Furthermore, we consider opportunities to be significant if the frequency of a 10% increase in revenue is high, occurring annually.

Response 3: Risks

Type of definition

- Quantitative
- Qualitative

Indicator used to define substantive effect

Credit risk

Change to indicator

% increase

% change to indicator

1-10

Metrics considered in definition

- Time horizon over which the effect occurs
- Frequency of effect occurring
- Likelihood of effect occurring

Application of definition

We consider opportunities to be significant if they could result in a 10% increase in revenue over a short-term horizon. Additionally, we regard opportunities as significant if the probability of a 10% increase in revenue is high, exceeding 50%. Furthermore, we consider opportunities to be significant if the frequency of a 10% increase in revenue is high, occurring annually.

Response 4: Risks

Type of definition

- Quantitative
- Qualitative

Indicator used to define substantive effect

Share price

Change to indicator

% decrease

% change to indicator

1-10

Metrics considered in definition

- Frequency of effect occurring
- Time horizon over which the effect occurs
- Likelihood of effect occurring

Application of definition

We consider risks to be significant if they could result in a 10% reduction in stock price over a short-term horizon. Additionally, we regard risks as significant if the probability of a 10% reduction in stock price is high, exceeding 50%. Furthermore, we consider risks to be significant if the frequency of a 10% reduction in stock price is high, occurring monthly.

Response 5: Opportunities

Type of definition

- Quantitative
- Qualitative

Indicator used to define substantive effect

Share price

Change to indicator

% increase

% change to indicator

1-10

Metrics considered in definition

- Likelihood of effect occurring
- Frequency of effect occurring
- Time horizon over which the effect occurs

Application of definition

We consider opportunities to be significant if they could result in a 10% increase in stock price over a short-term horizon. Additionally, we regard opportunities as significant if the probability of a 10% increase in stock price is high, exceeding 50%. Furthermore, we consider opportunities to be significant if the frequency of a 10% increase in stock price is high, occurring monthly.

Response 6: Opportunities

Type of definition

- Quantitative
- Qualitative

Indicator used to define substantive effect

Credit risk

Change to indicator

% decrease

% change to indicator

1-10

Metrics considered in definition

- Likelihood of effect occurring
- Frequency of effect occurring
- Time horizon over which the effect occurs

Application of definition

We consider opportunities to be significant if they could result in a 10% reduction in credit risk over a short-term horizon. Additionally, we regard opportunities as significant if the probability of a 10% reduction in credit risk is high, exceeding 50%. Furthermore, we consider opportunities to be significant if the frequency of a 10% reduction in credit risk is high, occurring quarterly.

Q3.1 Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Response 1: Climate change

Environmental risks identified

Yes, both within our direct operations or upstream value chain, and within our portfolio

Response 2: Plastics

Environmental risks identified

No

Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Not an immediate strategic priority

Please explain

At this moment, it is not part of the Institution’ s strategy and material topics to prioritize. However, we are studying how to address the topic of plastics in future discussions.

Q3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Response 1: Climate change

Risk identifier

Risk1

Risk types and primary environmental risk driver

Policy: Changes to regulation of existing products and services

Value chain stage where the risk occurs

Direct operations

Risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Country/area where the risk occurs

Brazil

Organization-specific description of risk

Until 2020, XP Inc. was subject to only one specific regulation of the Central Bank of Brazil on social, environmental and climate issues: Bacen Resolution 4,327/2014. However, as of 2021, 15 new regulations on these topics were introduced, applicable to XP Inc., issued by different agencies. Seven were issued by Bacen: 4,945/2021, 4,943/2021, 139/2021, 151/2021, 4,949/2021, 8/2023 and 100/2024. Two were issued by the SEC: Climate Disclosure and Diversity Disclosure. Two were issued by SUSEP: 666/2022 and 6/2024. Three were issued by CVM: 59/2021, Diversity Disclosure and 193/2023. And from ANBIMA, one: IS and ESG Funds.
With the publication of 15 new regulations, 11 of which address climate issues, it was necessary to make a series of adjustments to ensure compliance with all the new standards in the organization’s direct operations, including the creation of new policies, the redesign of strategy and governance, in addition to the structuring of new processes, goals and indicators.

% of portfolio value vulnerable to this risk

100%

Primary financial effect of the risk

Fines, penalties or enforcement orders

Time horizon over which the risk is anticipated to have a substantive effect on the organization

- Medium-term
- Long-term
- Short-term

Likelihood of the risk having an effect within the anticipated time horizon

Virtually certain

Magnitude

High

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The effect of the risk on the institution’s financial position may be materialized, in the scenario of non-implementation and regulatory compliance related to climate issues, through:

Short term: fines from regulatory agencies, in amounts of up to R$2,000,000,000 for possible non-compliance with regulations;

Medium term: losses in the credit portfolio in amounts of up to R$1,182,960,000, taking into account that 12.72% of the exposure of the credit portfolio in 12/2023 (R$9.3 billion) is concentrated in clients with high climate sensitivity;

Long term: in the extreme, with eventual non-compliance with regulatory standards, the institution may have its operating authorization revoked, resulting in losses in revenue (R$15.7 billion, 2023) and consequently in net income (R$3.9 billion, 2023).

Are you able to quantify the financial effect of the risk?

Yes

Anticipated financial effect figure in the short-term - minimum (currency)

2000000

Anticipated financial effect figure in the short-term - maximum (currency)

2000000000

Anticipated financial effect figure in the medium-term - minimum (currency)

2000000000

Anticipated financial effect figure in the medium-term - maximum (currency)

3182950000

Anticipated financial effect figure in the long-term - minimum (currency)

3900000000

Anticipated financial effect figure in the long-term - maximum (currency)

19600000000

Explanation of financial effect figure

Failure to comply with regulatory standards may subject the financial institution to penalties of fines, prohibitions and disqualification. In the short term, the application of fines could vary between R$2,000,000 and R$2,000,000,000. In the medium term, we include possible total credit losses of exposures classified as highly climate-sensitive in the credit portfolio with a base date of 12/2023, representing 12.72% of this portfolio, totaling R$1,182,950,000, added to the maximum fine applicable for non-compliance with regulatory standards, in the amount of R$2,000,000,000, totaling R$3,182,950,000. In the long term, at the limit, with non-compliance with regulatory standards, the institution would be subject to disqualification.

With the disqualification, we estimate the value of the financial impact based on the scenario of the company not being able to operate during the year, not being able to realize the total revenues realized in 2023, in the amount of R$ 15.7 billion, and consequently not realizing the total net profit in the amount of R$ 3.9 billion.

Primary response to risk

Compliance, monitoring and targets : Greater compliance with regulatory requirements

Cost of response to risk

1700000

Explanation of cost calculation

The rationale for calculating the cost considers personnel costs, approximately R$900,000, and costs for hiring specific consultants plus adherence to voluntary commitments (payment of adherence fee), approximately R$800,000.

Description of response

Until 2020, there was only 1 regulation from the Central Bank of Brazil specifically on social, environmental and climate issues applicable to XP Inc. As of 2021, 15 new regulations specifically on social, environmental and climate issues applicable to XP Inc. have been released.

With the publication of 15 new regulations on the topic, 11 of which deal with climate issues, we had to make several adjustments to ensure due compliance with all the new regulations, including redesigning strategy and governance and structuring new processes, goals and indicators.

We reviewed and published our new Social, Environmental and Climate Responsibility Policy, emphasizing climate issues, reinforcing the principles and guidelines applied to business, activities, processes and relationships with stakeholders. In 2022, reinforcing our alignment with commitments to the climate agenda, we joined the PCAF and began to annually disclose our financed issuance intensity of the credit portfolio, in addition to calculating the climate sensitivity, according to the Febraban methodology, of the credit portfolios. In 2023, we included climate indicators in the Risk Appetite Statement. In the same year, we improved our social, environmental and climate risk reports for reporting to the Board of Directors. In terms of governance, we now have a Risk, Credit and ESG Committee, chaired by an independent member with the role of advising the Board of Directors, also in relation to the institution’s climate strategy.

We are in regulatory compliance with all standards related to the ESG topic and consequently to the climate topic, including on-site inspections carried out. Additionally, with the implementations related to climate risk management, we began to manage climate risk very effectively, mitigating and reducing climate risk related to our own activities and operations. We also reached 100% of customers, suppliers and products analyzed from a social, environmental and climate perspective.

Response 2: Climate change

Risk identifier

Risk2

Risk types and primary environmental risk driver

Chronic physical: Changing temperature (air, freshwater, marine water)

Value chain stage where the risk occurs

Banking (Bank) portfolio

Risk type mapped to traditional financial services industry risk classification

Credit risk

Country/area where the risk occurs

Brazil

Organization-specific description of risk

Until 2020, the institution did not have a methodology for assessing and measuring climate risks in its credit granting processes and portfolio risk management. Given the increasing frequency of extreme events in the country and the urgency imposed by climate change, with potential impact on the economy as a whole, the need arose to (i) create an ESG & Social, Environmental and Climate Risk area to deal with the risks and opportunities resulting from climate change, (ii) position ourselves in the face of the urgency of these changes and (iii) implement processes for identifying, assessing, pricing, approving, monitoring, measuring, mitigating, controlling and managing portfolios to mitigate risks and take advantage of opportunities related to climate issues.

% of portfolio value vulnerable to this risk

100%

Primary financial effect of the risk

Increased credit risk

Time horizon over which the risk is anticipated to have a substantive effect on the organization

- Medium-term
- Long-term

Likelihood of the risk having an effect within the anticipated time horizon

Very likely

Magnitude

Medium-low

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The effect of the risk on the institution’ s financial position may be materialized, in the scenario of non-implementation of climate risk assessment and management processes, through:

Medium term: losses in the credit portfolio in amounts of up to R$1,182,960,000, taking into account that 12.72% of the exposure of the credit portfolio in 2023 (R$9.3 billion) is concentrated in clients with high climate sensitivity;

Long term: if we consider as a premise the same growth of the credit portfolio between the years 2021, 2022 and 2023, for the next 3 years, we would arrive at a portfolio of R$17.7 billion. If we consider the same percentage of 12.72% of exposure of the portfolio classified as high climate sensitivity, we would arrive at a potential credit loss of R$2,255,017,500

Are you able to quantify the financial effect of the risk?

Yes

Anticipated financial effect figure in the medium-term - minimum (currency)

1182960000

Anticipated financial effect figure in the medium-term - maximum (currency)

1182960000

Anticipated financial effect figure in the long-term - minimum (currency)

2255017500

Anticipated financial effect figure in the long-term - maximum (currency)

2255017500

Explanation of financial effect figure

Assumption of non-implementation of climate risk assessment and management processes. In the medium term, we include possible total credit losses from exposures classified as highly sensitive to climate change in the credit portfolio with a base date of 12/2023, representing 12.72% of this portfolio, totaling R$1,182,950,000. In the long term, we consider as a premise the same growth of the credit portfolio between the years 2021, 2022 and 2023, for the next 3 years, reaching a portfolio of R$17.7 billion. If we consider the same percentage of 12.72% of exposure of the portfolio classified as highly sensitive to climate change, we would arrive at a potential credit loss of R$2,255,017,500.

Primary response to risk

Compliance, monitoring and targets : Greater due diligence

Cost of response to risk

1700000

Explanation of cost calculation

The rationale for calculating the cost considers personnel costs, approximately R$900,000, and costs for hiring specific consultants plus adherence to voluntary commitments (payment of adherence fee), approximately R$800,000.

Description of response

Until 2020, the institution did not have a methodology to assess and measure climate risks in its credit granting and portfolio risk management processes. With the increasing frequency of extreme events in the country and the growing urgency of climate change, which can significantly impact the economy, several needs arose, such as (i) the creation of the ESG & Social, Environmental and Climate Risk area to address the risks and opportunities arising from climate change, (ii) positioning ourselves in relation to the urgency of climate change and (iii) implementing processes to identify, assess, price, approve, monitor, measure, mitigate and control portfolios in order to mitigate risks and take advantage of climate opportunities.

In 2020, the ESG & Social, Environmental and Climate Risk area was created, linked to the Legal, Compliance and ESG Department, with shared governance with the Chief Risk Officer and the Executive Risk Committee. That same year, we began measuring greenhouse gas (GHG) emissions from our activities, following the GHG Protocol methodology, and neutralized 100% of these emissions. In 2021, we revised our Social, Environmental and Climate Responsibility Policy and integrated the analysis of social, environmental and climate risks into all of our business processes, achieving 100% assessment of customers, suppliers and products from these perspectives. Also that year, we included the climate variable in our rating methodologies and began calculating the internal carbon price.

In 2022, in line with the Paris Agreement, we joined the PCAF to measure the financed emissions of the credit portfolio. In 2023, we included climate indicators in the institution’s Risk Appetite Statement (RAS) and improved risk reporting for committees and the board. In 2024, we started using 100% renewable energy in Brazil and improved our methodology for calculating GHG emissions with the support of specialized consultancy.

Between 2021 and 2023, we reduced total emi

Q3.1.2 Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Response 1: Climate change

Financial metric

Revenue

Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

3182950000

% of total financial metric vulnerable to transition risks for this environmental issue

11-20%

Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

1182960000

% of total financial metric vulnerable to physical risks for this environmental issue

1-10%

Explanation of financial figures

To calculate the value of the financial metric vulnerable to transition risks, the average value of transition risks is obtained and related to XP Inc.’s revenue. The same method is applied to physical risks.

Q3.6 Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Yes, we have identified opportunities, and some/all are being realized

Q3.6.1 Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Response 1: Climate change

Opportunity identifier

Opp1

Opportunity type and primary environmental opportunity driver

Products and services: Development of climate adaptation, resilience and insurance risk solutions

Value chain stage where the opportunity occurs

Banking portfolio

Country/area where the opportunity occurs

Brazil

Organization specific description

Until 2020, we did not offer any products or revenue streams linked to ESG products or climate-related solutions.

With the creation of the ESG and Social, Environmental and Climate Risk area, we identified the opportunity to develop banking and investment products focused on ESG and climate issues in a comprehensive manner.

Primary financial effect of the opportunity

Increased revenues resulting from increased demand for products and services

Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

The opportunity has already had a substantive effect on our organization in the reporting year

Magnitude

High

Effect of the opportunity on the financial position, financial performance and cash flows of the organization in the reporting period

After the creation of the ESG Products unit, by the end of December 2020 we reached R$3 billion in ESG AuC, with 62 thousand clients with ESG investments. In December 2021, we reached the mark of R$8.8 billion in ESG AuC, with 182 thousand clients with ESG investments, 46 ESG investment funds and 52 ESG products available on the XP platform. In December 2022, we reached the incredible mark of R$12 billion in ESG AuC, with 227 thousand clients with ESG investments, 47 ESG funds and 57 ESG products on the XP platform. In December 2023, we reached a new mark of R$13.4 billion in ESG AuC, 187 thousand clients with ESG investments, 38 funds and 51 ESG products available on the XP platform. Between 2020 and 2023, there was a 346% growth in ESG AuC. From the perspective of ESG revenues, we went from R$0 in ESG revenue in 2020 to reaching the mark of R$331 million in ESG revenue in 2023.

Are you able to quantify the financial effects of the opportunity?

Yes

Financial effect figure in the reporting year (currency)

331006369

Explanation of financial effect figures

The financial effect of the respective opportunity can be seen from direct revenues related to ESG products, where the value reached approximately R$331 million in 2023.

Cost to realize opportunity

1700000

Explanation of cost calculation

The rationale for calculating the cost considers personnel costs, approximately R$900,000, and costs for hiring specific consultants plus adherence to voluntary commitments (payment of adherence fee), approximately R$800,000.

Strategy to realize opportunity

[SITUATION]: Until 2020, we did not have any product or revenue line related to ESG products and consequently climate-related products.

[TASK]: With the implementation of the ESG and Social, Environmental and Climate Risk area, we identified the opportunity to create investment and banking products related to the ESG and climate theme as a whole.

[ACTION]: In 2020, within the ESG and Social, Environmental and Climate Risk structure, we created an ESG Products cell, with the mission of developing investment and banking products related to the ESG and climate theme, in addition to providing ESG services, education for the commercial and product areas, for the development of specific ESG revenue.

[RESULTS]: After the creation of the ESG Products cell, by the end of December 2020, we reached R$ 3 billion in ESG AuC, with 62 thousand clients with ESG investments. In December 2021, we reached the milestone of R$8.8 billion in ESG AuC, with 182 thousand clients with ESG investments, 46 ESG investment funds and 52 ESG products available on the XP platform. In December 2022, we reached the incredible milestone of R$12 billion in ESG AuC, with 227 thousand clients with ESG investments, 47 ESG funds and 57 ESG products on the XP platform. In December 2023, we reached a new milestone of R$13.4 billion in ESG AuC, 187 thousand clients with ESG investments, 38 funds and 51 ESG products available on the XP platform. Between 2020 and 2023, there was a 346% growth in ESG AuC. From an ESG revenue perspective, we went from 0 ESG revenue in 2020 to reaching R$331 million in ESG revenue in 2023.

Response 2: Climate change

Opportunity identifier

Opp2

Opportunity type and primary environmental opportunity driver

Energy source: Participation in carbon market

Value chain stage where the opportunity occurs

Banking portfolio

Country/area where the opportunity occurs

Brazil

Organization specific description

The transition to a Net Zero Carbon economy by 2050 will drive voluntary and regulated carbon markets on a global scale.

We identified a strategic opportunity in creating an in-house carbon credit solution, both to help our clients move to a low-carbon economy and to generate a new source of revenue. We also understand that this initiative could enhance our reputation. We estimated the potential value of carbon credits that XP Inc. could trade, although this would not necessarily result in direct revenue. To realize this opportunity, it would be necessary to invest in specialized knowledge, technology, consulting, and the acquisition or development of a proprietary carbon credit solution.

Primary financial effect of the opportunity

Increased revenues resulting from increased demand for products and services

Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Medium-term

Likelihood of the opportunity having an effect within the anticipated time horizon

Very likely (90-100%)

Magnitude

High

Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

We estimate the amount of credit that could be transacted by XP Inc. at R$4,600,000,000, not necessarily translating into direct revenue.

Are you able to quantify the financial effects of the opportunity?

Yes

Anticipated financial effect figure in the medium-term - minimum (currency)

4600000000

Anticipated financial effect figure in the medium-term - maximum (currency)

4600000000

Explanation of financial effect figures

We estimate the amount of credit that could be transacted by XP Inc. at R$4,600,000,000, not necessarily translating into direct revenue.

Cost to realize opportunity

15000000

Explanation of cost calculation

To develop the opportunity it would be necessary to invest in expertise (people), technology (intermediation and transactional system), consultancy (specific to the carbon market) and development (internal with XP squads) of this solution.

Strategy to realize opportunity

[SITUATION]: Achieving a Net Zero Carbon economy by 2050 will mobilize voluntary and regulated carbon markets around the world.

[TASK]: We understand that structuring an internal carbon credit solution is an opportunity to both support our clients in the transition to a low-carbon economy and to develop a new source of revenue. In addition, we understand that this action could have a positive impact on reputation. We estimate that the value of the credit that could be traded by XP Inc. will not necessarily translate into direct revenue. To develop the opportunity, it would be necessary to invest in expertise, technology, consulting, acquisition of a carbon credit solution or development of this solution.

[ACTION]: In 2020, within the ESG and Social, Environmental and Climate Risk structure, we created an ESG Products unit that, among other activities, was also responsible for creating an internal carbon credit solution. To this end, in 2021, the ESG Products unit participated in several conversations with carbon credit developers, law firms, carbon credit rating companies, carbon credit platforms, investors, among others, to understand this market and the regulatory environment on the subject. In 2022, the ESG Products unit carried out some pilots for intermediating carbon credits between developers and investors, as well as developing an internal carbon rating methodology. During 2023, the ESG Products unit closely monitored the proceedings on the regulated Brazilian carbon market and contributed with drafting proposals for this market.

[RESULTS]: We have not yet had financial results related to the carbon market at XP. However, all business understanding and technical development of an internal carbon credit solution have been carried out. For business and strategic reasons as a whole, it has not yet been possible to get the project off the ground.

Q3.6.2 Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Response 1: Climate change

Financial metric

Revenue

Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

15725966379.17

% of total financial metric aligned with opportunities for this environmental issue

31-40%

Explanation of financial figures

To calculate the value of the financial metric aligned to the opportunities, the financial effects in relation to the chosen financial metric - revenue - are considered.

Q4.1 Does your organization have a board of directors or an equivalent governing body?

Response 1:

Board of directors or equivalent governing body

Yes

Frequency with which the board or equivalent meets

Quarterly

Types of directors your board or equivalent is comprised of

- Executive directors or equivalent
- Independent non-executive directors or equivalent

Board diversity and inclusion policy

Yes, and it is publicly available

Briefly describe what the policy covers

The Institution has a Social, Environmental and Climate Responsibility Policy that addresses the topic of Diversity and Inclusion of the Board of Directors and the Institution as a whole. This is reviewed by the board of directors and members of the Board of Directors annually or when requested, and the topic is addressed quarterly at board meetings. In this sense, the policy covers: valuing the promotion of diversity in all practices, with all audiences; respect for Human Rights; combating discrimination at all levels (race, color, gender, disability, sexual orientation, political orientation, age, religion, among others); supporting and contributing to diversity and inclusion in the company and society as a whole; valuing diversity of gender, race, sexual orientation, disability, or any other condition and promoting an inclusive work environment, encouraging inclusive work, and combating LGBTQIA+phobia. In this context, we highlight the specific public goals for diversity and inclusion published in the Integrated Annual Report, such as:
- At least 40% of women in the institution by 2030
- At least 24% of black people in the internal population by 2030
- At least 15% of black people in leadership by 2030
- Exceed 5% of people with disabilities by 2030. In addition, we highlight our specific goal for diversity on the Board: to have at least 2 representatives of social minorities on the Board of Directors.

Attach the policy (optional)

politica-de-responsabilidade-socioambiental.pdf

Q4.1.1 Is there board-level oversight of environmental issues within your organization?

Response 1: Climate change

Board-level oversight of this environmental issue

Yes

Response 2: Biodiversity

Board-level oversight of this environmental issue

No, but we plan to within the next two years

Primary reason for no board-level oversight of this environmental issue

Not an immediate strategic priority

Explain why your organization does not have board-level oversight of this environmental issue

At this moment, it is not part of the Institution’ s strategy and material topics to prioritize and oversee biodiversity at the board level. However, we are studying how to address the topic of biodiversity in future discussions.

Q4.1.2 Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board’s oversight of environmental issues.

Response 1: Climate change

Positions of individuals or committees with accountability for this environmental issue

- General Counsel
- Chief Risk Officer (CRO)
- Chief Sustainability Officer (CSO)
- Chief Executive Officer (CEO)

Positions’ accountability for this environmental issue is outlined in policies applicable to the board

Yes

Policies which outline the positions’ accountability for this environmental issue

- Individual role descriptions
- Board Terms of Reference
- Board mandate

Frequency with which this environmental issue is a scheduled agenda item

Scheduled agenda item in every board meeting (standing agenda item)

Governance mechanisms into which this environmental issue is integrated

- Monitoring the implementation of the business strategy
- Monitoring progress towards corporate targets
- Overseeing and guiding the development of a climate transition plan
- Overseeing and guiding scenario analysis
- Overseeing and guiding the development of a business strategy
- Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities
- Reviewing and guiding annual budgets
- Overseeing reporting, audit, and verification processes
- Overseeing and guiding acquisitions, mergers, and divestitures
- Overseeing and guiding public policy engagement
- Reviewing and guiding innovation/R&D priorities
- Overseeing and guiding public policy engagement
- Approving and/or overseeing employee incentives
- Monitoring compliance with corporate policies and/or commitments
- Monitoring supplier compliance with organizational requirements
- Approving corporate policies and/or commitments
- Monitoring the implementation of a climate transition plan
- Overseeing the setting of corporate targets

Scope of board-level oversight

- The impact of our own operations on the environment
- Risks and opportunities to our insurance underwriting activities

- The impact of our investing activities on the environment
- Risks and opportunities to our investment activities
- Risks and opportunities to our own operations
- Risks and opportunities to our banking activities
- The impact of our insurance underwriting activities on the environment
- The impact of our banking activities on the environment

Please explain

The board, the company's highest decision-making body, meets at least quarterly with a defined agenda on the topic and is attended by independent and non-independent members, in addition to the chairman of the board. This permanent agenda includes the approval of strategies, goals, the impact, risk and opportunity assessment process, the business plan and the annual budget, as well as any changes in policies, corporate commitments and other guidelines, including on social, environmental and governance issues relevant to the company. The Board of Directors is also responsible for supervising and monitoring the evolution of XP Inc.'s environmental agenda, which includes, as fixed agendas, monitoring indicators of exposure to social, environmental and climate risk of the institution's portfolios, ESG products, RAS indicators, in addition to financed emissions, facilitated emissions, social, environmental and climate risks and opportunities. In addition, it is worth noting that the CEO of XP Inc. and the CEO of Banco XP participate in the meetings as guests, bridging the gap between advice and the definition of plans and priorities to be put into practice. In addition to the Board of Directors, there are 4 Advisory Committees to the Board of Directors, composed of independent members. These Committees are responsible for advising the Board of Directors and making recommendations on topics that fall under their respective jurisdictions. Among the 4 Advisory Committees, 2 deal with specific environmental issues: Audit Committee, which maintains a monthly agenda of meetings with the business, risk areas, including social, environmental and climate, ESG and internal and external audit, making recommendations and monitoring risk prevention and containment plans; and Risk, Credit and ESG Committee, which is responsible for defining and ensuring compliance with the company's ESG strategy, including dealing with climate issues, monitoring the evolution of indicators, targets and projects, assessing the adherence and effectiveness of the actions implemented and monitoring regulatory compliance related to the ESG theme and climate risks, also defining, in coordination with the Audit Committee, the risk appetite. In addition to the Board of Directors' Advisory Committees, the Executive Board is responsible for XP Inc.'s Social, Environmental and Climate Responsibility Policy, ensuring its compatibility and integration with the group's other policies, assessing the degree of adherence of the actions implemented, supervising the strategy and implementation and compliance with this policy. In this sense, it is possible to state that both the Board of Directors, the Committees and the Executive Board supervise environmental issues, identifying risks and opportunities for the company's own operations, banking, investment and insurance underwriting activities, through supervision, analysis, guidance, approval and monitoring of processes involving ESG aspects.

Q4.2 Does your organization's board have competency on environmental issues?

Response 1: Climate change

Board-level competency on this environmental issue

Yes

Mechanisms to maintain an environmentally competent board

- Having at least one board member with expertise on this environmental issue
- Integrating knowledge of environmental issues into board nominating process
- Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)
- Consulting regularly with an internal, permanent, subject-expert working group

- Engaging regularly with external stakeholders and experts on environmental issues

Environmental expertise of the board member

- Experience: Executive-level experience in a role focused on environmental issues
- Experience: Experience in an organization that is exposed to environmental-scrutiny and is going through a sustainability transition
- Additional training: Training in an environmental subject by a certified organization:
- Experience: Active member of an environmental committee or organization
- Additional training: Course certificate (relating to environmental issues):

Q4.3 Is there management-level responsibility for environmental issues within your organization?

Response 1: Climate change

Management-level responsibility for this environmental issue

Yes

Response 2: Biodiversity

Management-level responsibility for this environmental issue

No, but we plan to within the next two years

Primary reason for no management-level responsibility for environmental issues

Not an immediate strategic priority

Explain why your organization does not have management-level responsibility for environmental issues

At this moment, it is not part of the Institution’ s strategy and material topics to prioritize and oversee biodiversity. However, we are studying how to address the topic of biodiversity in future discussions.

Q4.3.1 Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Response 1: Climate change

Position of individual or committee with responsibility

Executive level: Chief Executive Officer (CEO)

Environmental responsibilities of this position

- Strategy and financial planning: Managing major capital and/or operational expenditures relating to environmental issues
- Dependencies, impacts, risks and opportunities: Assessing environmental dependencies, impacts, risks, and opportunities
- Policies, commitments, and targets: Setting corporate environmental policies and/or commitments
- Other: Providing employee incentives related to environmental performance
- Strategy and financial planning: Implementing a climate transition plan

Coverage of responsibilities

- Dependencies, impacts, risks, and opportunities related to our banking activities
- Dependencies, impacts, risks, and opportunities related to our insurance underwriting activities
- Dependencies, impacts, risks, and opportunities related to our investing activities

Reporting line

Reports to the board directly

Frequency of reporting to the board on environmental issues

More frequently than quarterly

Please explain

The CEO is responsible for guiding and validating decision-making regarding the ESG strategy, Social, Environmental, and Climate Risk indicators, as well as climate transition targets and plans. This includes monitoring and measuring the progress and evolution of approved targets and regulatory compliance related to ESG issues and social, environmental, and climate risks.

Response 2: Climate change

Position of individual or committee with responsibility

Executive level: Chief Risks Officer (CRO)

Environmental responsibilities of this position

- Strategy and financial planning: Developing a climate transition plan
- Strategy and financial planning: Managing major capital and/or operational expenditures relating to environmental issues
- Strategy and financial planning: Implementing the business strategy related to environmental issues
- Dependencies, impacts, risks and opportunities: Assessing environmental dependencies, impacts, risks, and opportunities
- Strategy and financial planning: Managing acquisitions, mergers, and divestitures related to environmental issues
- Other: Providing employee incentives related to environmental performance
- Engagement: Managing public policy engagement related to environmental issues
- Strategy and financial planning: Conducting environmental scenario analysis
- Policies, commitments, and targets: Setting corporate environmental targets
- Strategy and financial planning: Implementing a climate transition plan
- Policies, commitments, and targets: Measuring progress towards environmental corporate targets

Coverage of responsibilities

- Dependencies, impacts, risks, and opportunities related to our banking activities
- Dependencies, impacts, risks, and opportunities related to our investing activities
- Dependencies, impacts, risks, and opportunities related to our insurance underwriting activities

Reporting line

Reports to the board directly

Frequency of reporting to the board on environmental issues

More frequently than quarterly

Please explain

The Chief Risk Officer (CRO) monitors exposure to social, environmental, and climate risks, deliberating on the definition of exposure limits and risk appetite. The CRO tracks management indicators and adherence to sector regulations and self-regulations. They discuss, deliberate, and approve policies and procedures related to risk management, prohibited or restricted sectors, climate risk management in the portfolio, and climate transition plans. The CRO also monitors progress towards targets and contributes to deepening the integration of social, environmental, and climate risks into decision-making and business processes.

Response 3: Climate change

Position of individual or committee with responsibility

Executive level: Chief Sustainability Officer (CSO)

Environmental responsibilities of this position

- Strategy and financial planning: Managing major capital and/or operational expenditures relating to environmental issues
- Strategy and financial planning: Developing a climate transition plan
- Dependencies, impacts, risks and opportunities: Assessing environmental dependencies, impacts, risks, and opportunities
- Strategy and financial planning: Conducting environmental scenario analysis
- Policies, commitments, and targets: Setting corporate environmental targets
- Other: Providing employee incentives related to environmental performance
- Strategy and financial planning: Managing acquisitions, mergers, and divestitures related to environmental issues
- Engagement: Managing public policy engagement related to environmental issues
- Strategy and financial planning: Implementing a climate transition plan
- Policies, commitments, and targets: Measuring progress towards environmental corporate targets
- Strategy and financial planning: Implementing the business strategy related to environmental issues

Coverage of responsibilities

- Dependencies, impacts, risks, and opportunities related to our banking activities
- Dependencies, impacts, risks, and opportunities related to our insurance underwriting activities
- Dependencies, impacts, risks, and opportunities related to our investing activities

Reporting line

Reports to the board directly

Frequency of reporting to the board on environmental issues

More frequently than quarterly

Please explain

The Chief Sustainability Officer (CSO) assists the Board of Directors in decisions related to the Social, Environmental, and Climate Responsibility Policy, being responsible for initiatives that ensure the effectiveness of the policy by monitoring and evaluating the actions implemented. The CSO works to enhance practices if gaps are identified. Additionally, the CSO is responsible for the ESG Committee, holding decision-making authority over operations with high potential for social, environmental, and climate risks, especially those involving the financing of projects and companies lacking a good sustainability reputation. When necessary, the CSO seeks impartial external opinions from specialized consulting firms, with the power to approve or reject operations. In case of disagreement, the CEO of XP Inc. has the final say. Otherwise is responsible for developing and implementing a climate transition plan, as well conducting environmental scenario analysis.

Response 4: Climate change

Position of individual or committee with responsibility

Executive level: General Counsel

Environmental responsibilities of this position

- Dependencies, impacts, risks and opportunities: Assessing environmental dependencies, impacts, risks, and opportunities
- Policies, commitments, and targets: Setting corporate environmental targets
- Engagement: Managing public policy engagement related to environmental issues
- Strategy and financial planning: Implementing a climate transition plan

Coverage of responsibilities

- Dependencies, impacts, risks, and opportunities related to our banking activities
- Dependencies, impacts, risks, and opportunities related to our investing activities
- Dependencies, impacts, risks, and opportunities related to our insurance underwriting activities

Reporting line

Reports to the board directly

Frequency of reporting to the board on environmental issues

More frequently than quarterly

Please explain

Independent members of the Board of Directors, through the Risk, Credit, and ESG Committee, are responsible for defining and ensuring the implementation of the ESG strategy, monitoring the evolution of indicators, targets, and projects; assessing the adherence and effectiveness of the actions implemented to comply with our ESG policies and strategy, as well as overseeing regulatory compliance related to ESG issues and social, environmental, and climate risks. Additionally, in coordination with the Audit Committee, they define the risk appetite.

Q4.5 Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Response 1: Climate change

Provision of monetary incentives related to this environmental issue

Yes

% of total C-suite and board-level monetary incentives linked to the management of this environmental issue

100

Please explain

In 2023, XP Inc. implemented the \’ Conduct Score\’ project to create an indicator that integrates Compliance and ESG criteria into the recognition actions of the meritocracy cycle. The score can affect variable compensation and eligibility for promotions, including executive leadership. Failure to comply with the Social, Environmental and Climate Responsibility Policy is one of the factors that influence the score. The compensation of the Executive Committee is based on short-term financial goals and objectives related to the long-term health and sustainability of the business. For the CEO, the 2023 goals included EBT Margin, Net Income and expense efficiency, in addition to long-term goals such as Net Funding, NPS, employee turnover and the Capabilities Score. The CEO also has a Risk Mitigation Index target, including social, environmental and climate risks, which are broken down to directors, leaders and employees.

Q4.5.1 Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Response 1: Climate change

Position entitled to monetary incentive

Board or executive level: Chief Executive Officer (CEO)

Incentives

- Bonus - % of salary
- Shares
- Bonus - set figure
- Profit share

Performance metrics

- Strategy and financial planning: Board approval of climate transition plan
- Strategy and financial planning: Shareholder approval of climate transition plan
- Strategy and financial planning: Achievement of climate transition plan
- Targets: Achievement of environmental targets

Incentive plan the incentives are linked to

The incentives are not linked to an incentive plan, or equivalent (e.g. discretionary bonus in the reporting year)

Further details of incentives

Incentives can be divided into several types:

-Bonuses and profit-sharing are paid by the company twice a year. At the beginning of the year, the variable portion depends on performance and the achievement of established targets, including environmental and climate goals.
- Shares, are part of the company’ s partnership program. This program is the largest long-term incentive for employees, as it represents the opportunity to become company partners through Restricted Stock Units and Performance Stock Units, with a vesting period of at least five years. The selection process for new partners occurs once a year, and all employees are eligible for the program. The selection is tied to culture and leadership, growth potential, strategic position, and performance history, with progress and achievement of targets.

The CEO’ s targets are translated into specific targets for each director on the Executive Committee, and from there, for each leader and employee across all business units, which ultimately impacts the incentives received by the CEO at the end of the cycle.

How the position’s incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Incentive structures can take various forms, including bonuses, shares and profit-sharing. The achievement of environmental targets and ESG goals set throughout the year positively impacts in the acquisition of these incentives, thus serving as motivators for the execution of established plans, as well as for active participation in board meetings and committees, where the topic is discussed at least monthly. The CEO has more strategic performance metrics related to meeting environmental targets and the climate transition plan. In addition to metrics related to board and shareholder/investor approval for climate transition targets.

Response 2: Climate change

Position entitled to monetary incentive

Board or executive level: Chief Risks Officer (CRO)

Incentives

- Bonus - % of salary
- Bonus - set figure
- Profit share
- Shares

Performance metrics

- Strategy and financial planning: Board approval of climate transition plan
- Targets: Progress towards environmental targets
- Strategy and financial planning: Achievement of climate transition plan
- Targets: Achievement of environmental targets

Incentive plan the incentives are linked to

The incentives are not linked to an incentive plan, or equivalent (e.g. discretionary bonus in the reporting year)

Further details of incentives

Incentives can be divided into several types:

- Bonuses and profit-sharing, are paid by the company twice a year. At the beginning of the year, the variable portion depends on performance and the achievement of established targets, including environmental and climate goals.
- Shares, are part of the company’s partnership program. This program is the largest long-term incentive for employees, as it represents the opportunity to become company partners through Restricted Stock Units and Performance Stock Units, with a vesting period of at least five years. The selection process for new partners occurs once a year, and all employees are eligible for the program. The selection is tied to culture and leadership, growth potential, strategic position, and performance history, with progress and achievement of targets.

How the position’s incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Incentive structures can take various forms, including bonuses, shares, and profit-sharing. The achievement of environmental targets and ESG goals set throughout the year positively impacts the acquisition of these incentives: with an increase in variable bonuses once a year, the possibility of becoming a company partner and acquiring shares, as well as increase of profit share. Therefore, these incentives serve as motivators for the execution of established plans. The Chief Risk Officer (CRO) actively participates and monitors the topic in the “Risk, Credit, and ESG Committee\’ monthly, thus having not only strategic performance metrics related to meeting environmental targets and the climate transition plan but also progress metrics, monitoring of the evolution and tracking of social, environmental, and climate indicators.

Response 3: Climate change

Position entitled to monetary incentive

Board or executive level: Chief Sustainability Officer (CSO)

Incentives

- Bonus - % of salary
- Shares
- Profit share
- Bonus - set figure

Performance metrics

- Targets: Progress towards environmental targets
- Emission reduction: Reduction in emissions intensity
- Targets: Reduction in absolute emissions in line with net-zero target
- Emission reduction: Implementation of an emissions reduction initiative
- Strategy and financial planning: Board approval of climate transition plan
- Strategy and financial planning: Shareholder approval of climate transition plan
- Resource use and efficiency: Reduction in total energy consumption
- Strategy and financial planning: Achievement of climate transition plan
- Resource use and efficiency: Energy efficiency improvement
- Targets: Organization performance against an environmental sustainability index
- Emission reduction: Increased share of renewable energy in total energy consumption
- Emission reduction: Reduction in absolute emissions
- Strategy and financial planning: Shift to a business model compatible with a net-zero carbon future
- Strategy and financial planning: Increased green asset ratio of portfolio/fund
- Targets: Achievement of environmental targets

Incentive plan the incentives are linked to

The incentives are not linked to an incentive plan, or equivalent (e.g. discretionary bonus in the reporting year)

Further details of incentives

Incentives can be divided into several types:

- Bonuses and profit-sharing are paid by the company twice a year. At the beginning of the year, the variable portion depends on performance and the achievement of established targets, including environmental and climate goals.
- Shares, are part of the company’ s partnership program. This program is the largest long-term incentive for employees, as it represents the opportunity to become company partners through Restricted Stock Units and Performance Stock Units, with a vesting period of at least five years. The selection process for new partners occurs once a year, and all employees are eligible for the program. The selection is tied to culture and leadership, growth potential, strategic position, and performance history, with progress and achievement of targets.

How the position’s incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Incentive structures can take various forms, including bonuses, stock options, and profit-sharing. The achievement of environmental targets and ESG goals set throughout the year positively impacts the acquisition of these incentives: with an increase in variable bonuses once a year, the possibility of becoming a company partner and acquiring shares, as well as a share of profit participation in the company. Therefore, these incentives serve as motivators for the execution of established plans. The Chief Sustainability Officer (CSO) actively participates in monitoring the topic, both through tracking progress and compliance with climate targets, as well as overseeing the evolution and monitoring of social, environmental, and climate indicators. Thus, performance metrics include both strategic and implementation metrics, related to green products, eco-efficiency, and climate aspects, such as the transition plan and reduction in emission intensity.

Q4.6 Does your organization have an environmental policy that addresses environmental issues?

Yes

Q4.6.1 Provide details of your environmental policies.

Response 1: Row 1

Environmental issues covered

Climate change

Level of coverage

Organization-wide

Value chain stages covered

- Upstream value chain
- Downstream value chain
- Portfolio
- Direct operations

Explain the coverage

This Policy applies to companies of the XP Inc. Group, notably the XP Prudential Conglomerate, including service providers directly related to business activities in Brazil.

The XP Inc. Group’s Social, Environmental and Climate Responsibility Policy (PRSAC) (“Policy”, “PRSAC”), in compliance with the requirements of the Central Bank (“Bacen”), through Resolution No. 4945/2021, of the National Monetary Council (“CMN”), aims to reinforce the principles and guidelines of a social, environmental and climate nature applied to our business, activities, processes and relationships with stakeholders, seeking to prevent and mitigate negative impacts and increase positive impacts on the environment and society. This PRSAC is based on the principles of relevance, proportionality and other specific internal policies of the XP Inc. Group.

Environmental policy content

- Social commitments: Commitment to respect internationally recognized human rights
- Additional references/Descriptions: Recognition of environmental linkages and trade-offs
- Additional references/Descriptions: Description of renewable electricity procurement practices
- Additional references/Descriptions: Description of impacts on natural resources and ecosystems
- Environmental commitments: Commitment to a circular economy strategy
- Climate-specific commitments: Commitment to 100% renewable energy
- Environmental commitments: Commitment to stakeholder engagement and capacity building on environmental issues
- Social commitments: Adoption of the UN International Labour Organization principles
- Climate-specific commitments: Commitment to not funding climate-denial or lobbying against climate regulations
- Social commitments: Commitment to promote gender equality and women’s empowerment
- Climate-specific commitments: Commitment to not invest in fossil-fuel expansion

- Social commitments: Commitment to respect and protect the customary rights to land, resources, and territory of Indigenous Peoples and Local Communities
- Additional references/Descriptions: Description of environmental requirements for procurement
- Additional references/Descriptions: Description of grievance/whistleblower mechanism to monitor non-compliance with the environmental policy and raise/address/escalate any other greenwashing concerns
- Social commitments: Commitment to secure Free, Prior, and Informed Consent (FPIC) of indigenous people and local communities
- Environmental commitments: Commitment to comply with regulations and mandatory standards
- Environmental commitments: Commitment to take environmental action beyond regulatory compliance

Indicate whether your environmental policy is in line with global environmental treaties or policy goals

- Yes, in line with another global environmental treaty or policy goal: Sim, alinhada com outro tratado global ou com os objetivos das políticas ambientais, especifique
- Yes, in line with the Paris Agreement

Public availability

Publicly available

Attach the policy

politica-de-responsabilidade-socioambiental.pdf

Q4.7 Does the policy framework for the portfolio activities of your organization include environmental requirements that clients/investees need to meet, and/or exclusion policies?

Response 1: Banking (Bank)

Policy framework for portfolio activities include environmental requirements for clients/investees, and/or exclusion policies

Yes, our framework includes both policies with environmental client/investee requirements and environmental exclusion policies

Response 2: Investing (Asset manager)

Policy framework for portfolio activities include environmental requirements for clients/investees, and/or exclusion policies

Yes, our framework includes both policies with environmental client/investee requirements and environmental exclusion policies

Response 3: Investing (Asset owner)

Response 4: Insurance (Insurance company)

Q4.7.1 Provide details of the policies which include environmental requirements that clients/investees need to meet.

Response 1: Banking (Bank)

Environmental issues covered

Climate change

Type of policy

Other banking policy: Política de Responsabilidade Social, Ambiental e Climática

Public availability

Publicly available

Attach the policy

politica-de-responsabilidade-socioambiental.pdf

Value chain stages of client/investee covered by policy

Direct operations and upstream/downstream value chain

Industry sectors covered by the policy

- Hospitality
- Materials
- Infrastructure
- Fossil Fuels
- Food, beverage & agriculture
- Transportation services
- Apparel
- Biotech, health care & pharma
- Manufacturing
- Power generation
- Retail
- Services
- International bodies

% of portfolio covered by the policy in relation to total portfolio value

100

Explain how criteria coverage and/or exceptions have been determined

Our public goal is to have 100% of our customers, suppliers, products and services subject to social, environmental and climate risk analysis. In this sense, since 2022, 100% of our customers, suppliers and products are covered by social, environmental and climate risk analysis, which justifies there being no exception for sectors without coverage in the policy regarding banking and investment activities. Among the coverage criteria, each sector, depending on its complexity and materiality, has a specific social, environmental and climate risk analysis flow.

Requirements for clients/investees

- Environmental commitments: Commitment to a circular economy strategy
- Climate-specific commitments: Commitment to disclose Scope 1 emissions
- Environmental commitments: Commitment to take environmental action beyond regulatory compliance
- Climate-specific commitments: Commitment to 100% renewable energy
- Social commitments: Commitment to promote gender equality and women’s empowerment
- Climate-specific commitments: Commitment to develop a climate transition plan
- Social commitments: Adoption of the UN International Labour Organization principles
- Additional references/Descriptions: Description of environmental requirements for procurement

- Additional references/Descriptions: Recognition of environmental linkages and trade-offs
- Climate-specific commitments: Commitment to set a science-based emissions reduction target
- Social commitments: Commitment to respect and protect the customary rights to land, resources, and territory of Indigenous Peoples and Local Communities
- Additional references/Descriptions: Description of grievance/whistleblower mechanism to monitor non-compliance with the environmental policy and raise/address/escalate any other greenwashing concerns
- Climate-specific commitments: Commitment to not funding climate-denial or lobbying against climate regulations
- Climate-specific commitments: Commitment to disclose Scope 3 emissions
- Additional references/Descriptions: Description of renewable electricity procurement practices
- Additional references/Descriptions: Description of dependencies on natural resources and ecosystems
- Environmental commitments: Commitment to comply with regulations and mandatory standards
- Social commitments: Commitment to respect internationally recognized human rights
- Environmental commitments: Commitment to stakeholder engagement and capacity building on environmental issues
- Additional references/Descriptions: Description of impacts on natural resources and ecosystems
- Climate-specific commitments: Commitment to disclose Scope 2 emissions
- Social commitments: Commitment to secure Free, Prior, and Informed Consent (FPIC) of indigenous people and local communities
- Climate-specific commitments: Commitment to not invest in fossil-fuel expansion

Measurement of proportion of clients/investees compliant with the policy

Yes

% of clients/investees compliant with the policy

100

% of portfolio value that is compliant with the policy

100

Target year for 100% compliance

Already met

Response 2: Investing (Asset manager)

Environmental issues covered

Climate change

Type of policy

- Investment policy/strategy
- Sustainable/Responsible Investment Policy
- Risk policy
- Credit policy

Public availability

Publicly available

Attach the policy

politica-de-responsabilidade-socioambiental.pdf

Value chain stages of client/investee covered by policy

Direct operations and upstream/downstream value chain

Industry sectors covered by the policy

- Fossil Fuels
- Hospitality
- Infrastructure
- Materials
- Food, beverage & agriculture
- Transportation services
- Apparel
- Biotech, health care & pharma
- Manufacturing
- Retail
- Power generation
- Services
- International bodies

% of portfolio covered by the policy in relation to total portfolio value

100

Explain how criteria coverage and/or exceptions have been determined

Our public goal is to have 100% of our customers, suppliers, products and services subject to social, environmental and climate risk analysis. In this sense, since 2022, 100% of our customers, suppliers and products are covered by social, environmental and climate risk analysis, which justifies there being no exception for sectors without coverage in the policy regarding banking and investment activities. Among the coverage criteria, each sector, depending on its complexity and materiality, has a specific social, environmental and climate risk analysis flow.

Requirements for clients/investees

- Environmental commitments: Commitment to stakeholder engagement and capacity building on environmental issues
- Social commitments: Commitment to respect internationally recognized human rights
- Environmental commitments: Commitment to take environmental action beyond regulatory compliance
- Climate-specific commitments: Commitment to disclose Scope 1 emissions
- Climate-specific commitments: Commitment to develop a climate transition plan
- Social commitments: Commitment to promote gender equality and women’s empowerment
- Climate-specific commitments: Commitment to 100% renewable energy
- Environmental commitments: Commitment to a circular economy strategy
- Social commitments: Adoption of the UN International Labour Organization principles
- Additional references/Descriptions: Description of grievance/whistleblower mechanism to monitor non-compliance with the environmental policy and raise/address/escalate any other greenwashing concerns
- Climate-specific commitments: Commitment to not funding climate-denial or lobbying against climate regulations
- Climate-specific commitments: Commitment to disclose Scope 3 emissions
- Climate-specific commitments: Commitment to set a science-based emissions reduction target
- Social commitments: Commitment to respect and protect the customary rights to land, resources, and territory of Indigenous Peoples and Local Communities
- Additional references/Descriptions: Description of environmental requirements for procurement

- Additional references/Descriptions: Recognition of environmental linkages and trade-offs
- Additional references/Descriptions: Description of renewable electricity procurement practices
- Social commitments: Commitment to secure Free, Prior, and Informed Consent (FPIC) of indigenous people and local communities
- Climate-specific commitments: Commitment to not invest in fossil-fuel expansion
- Climate-specific commitments: Commitment to disclose Scope 2 emissions
- Additional references/Descriptions: Description of dependencies on natural resources and ecosystems
- Additional references/Descriptions: Description of impacts on natural resources and ecosystems
- Environmental commitments: Commitment to comply with regulations and mandatory standards

Measurement of proportion of clients/investees compliant with the policy

Yes

% of clients/investees compliant with the policy

100

% of portfolio value that is compliant with the policy

100

Target year for 100% compliance

Already met

Response 3: Investing (Asset owner)

Q4.7.2 Provide details of your exclusion policies related to industries, activities and/or locations exposed or contributing to environmental risks.

Response 1: Banking (Bank)

Type of exclusion policy

All coal

Fossil fuel value chain

Downstream

Year of exclusion implementation

2021

Phaseout pathway

New business/investment for new projects

Year of complete phaseout

2025

Country/area the exclusion policy applies to

Worldwide

Description

We have in our Social, Environmental, and Climate Responsibility Policy restricted and excluded sectors, in accordance with national policies, types of products, and business strategy. In this sense, we have no ties or relationships with companies convicted of forced labor or analogous to slavery. We also have several sectors with relationship restrictions, such as: Arms, Tobacco, Asbestos, Coal, Meatpacking, Mining, Timber, Steel, Agribusiness, Petrochemicals, and Radioactive Materials.

For sectors involving coal, exclusion is specific to new business and project investments, thus prohibiting any type of operation or new product related to the aforementioned sector. Furthermore, the policy establishes a timeline for phasing out products and relationships with such sectors by the year 2025.

Response 2: Investing (Asset manager)

Type of exclusion policy

All coal

Fossil fuel value chain

Downstream

Year of exclusion implementation

2021

Phaseout pathway

New business/investment for new projects

Year of complete phaseout

2025

Country/area the exclusion policy applies to

Worldwide

Description

We have in our Social, Environmental, and Climate Responsibility Policy restricted and excluded sectors, in accordance with national policies, types of products, and business strategy. In this sense, we have no ties or relationships with companies convicted of forced labor or analogous to slavery. We also have several sectors with relationship restrictions, such as: Arms, Tobacco, Asbestos, Coal, Meatpacking, Mining, Timber, Steel, Agribusiness, Petrochemicals, and Radioactive Materials.

For sectors involving coal, exclusion is specific to new business and project investments, thus prohibiting any type of operation or new product related to the aforementioned sector. Furthermore, the policy establishes a timeline for phasing out products and relationships with such sectors by the year 2025.

Response 3: Investing (Asset owner)

Response 4: Insurance underwriting (Insurance company)

Q4.8 Does your organization include covenants in financing agreements to reflect and enforce your environmental policies?

Yes

Q4.8.1 Provide details of the covenants included in your organization's financing agreements to reflect and enforce your environmental policies.

Response 1: Row 1

Environmental issue

Climate change

Types of covenants used

- Legal mandate to obtain third party verification of sustainability criteria
- Covenants related to compliance with your environmental policies
- A purpose or use of proceeds clause that refers to a taxonomy aligned activity
- Minimum level of taxonomy aligned assets are mandated
- Margin or pricing depends on sustainability criteria

Asset class/product types covered by covenants

- Retail mortgages
- Asset finance
- Corporate loans
- Retail loans
- Project finance
- Debt and equity underwriting
- Trade finance
- Corporate real estate

Criteria for how covenants are applied

All business/investment for all projects

% of clients covered by covenants

100

% of portfolio covered in relation to total portfolio value

100

Provide details on which environmental policies your covenants enforce and how

Pacts and clauses are used in the contracts of financial products as a means to ensure compliance with the guidelines established in the company's policies, including the Social, Environmental, and Climate Responsibility Policy and the Sustainable Investment Policy.

These pacts can vary depending on the type of product covered, asset class, and related sector, and may occasionally include exceptions in contracts with clients.

In general, corporate and retail loans include clauses in their contracts that require compliance with environmental legislation, with provisions for early termination of operations in cases of non-compliance with the company’ s policies, such as involvement with forced or child labor, for example.

For other asset classes such as funds, project finance, and home equity, the process is similar, requiring adherence to the company’ s policies.

Q4.9 Does your organization offer its employees a pension scheme that incorporates environmental criteria in its holdings?

Response 1: Climate change

Pension scheme incorporates environmental criteria in its holdings

Yes, as an investment option

Describe how funds within the pension scheme are selected and how your organization ensures that environmental criteria are incorporated

All of XP’ s pension funds integrate ESG factors into their investment processes. The requirement for ESG integration in pension funds is outlined in XPV&P’ s Investment Policy and XP Inc.’ s Social, Environmental, and Climate Responsibility Policy. The funds may have either active or passive management, where social, environmental, and climate issues that could impact the fund’ s profitability are considered in the investment analysis process. In this regard, 100% of the retirement plan is covered by social, environmental, and climate criteria, which also adhere to the exclusion policy and restricted sectors outlined in XP Inc.’ s Social, Environmental, and Climate Responsibility Policy. More detailed information is provided through our Integrated Annual Report and Responsible Investment Policy.

Q4.10 Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Response 1:

Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Yes

Collaborative framework or initiative

- CDP Investor Signatory
- Partnership for Carbon Accounting Financials (PCAF)
- Principles for Responsible Investment (PRI)
- Global Reporting Initiative (GRI) Community Member
- UN Global Compact
- Task Force on Climate-related Financial Disclosures (TCFD)

Describe your organization’s role within each framework or initiative

We are signatories to the Principles for Responsible Investment (PRI), the UN Global Compact, the Carbon Disclosure Project (CDP) and the Partnership for Carbon Accounting Financials (PCAF), a partnership between financial institutions with the objective of developing harmonized methodologies for measuring greenhouse gas emissions. PCAF is the most recognized method for measuring financed emissions and is explicitly recommended by the Task Force on Climate-Related Financial Disclosures (TCFD) for the disclosure of financed emissions.
We have also joined the Climate Commitment, an initiative by the Ekos Brasil Institute that connects companies interested in offsetting their greenhouse gas emissions and projects dedicated to generating social and environmental benefits.

We have also made voluntary commitments in the areas of diversity, human rights and gender equality, joining the following institutions: UN Women, Mover (Civil Association of the Racial Equity Movement), Pacto pela Equidade Racial, Rede Reis (Business Network for the Inclusion of People with Disabilities).

Q4.11 In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

Response 1:

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

- Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation
- Yes, we engaged directly with policy makers

Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

Global environmental treaties or policy goals in line with public commitment or position statement

Paris Agreement

Attach commitment or position statement

politica-de-responsabilidade-socioambiental.pdf

Indicate whether your organization is registered on a transparency register

Yes

Types of transparency register your organization is registered on

Non-government register

Disclose the transparency registers on which your organization is registered & the relevant ID numbers for your organization

We have a series of representations in self-regulation, in an institutionalized and public way, such as: ANBIMA, ANCORD, FEBRABAN and ABBC.

Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

We work with industry and professional organizations, contributing to relevant topics for the market. At the Brazilian Banking Association (ABBC), we are coordinators of the Socio-Environmental and Climate Risks Committee, which aims to monitor, evaluate and supervise aspects related to good socio-environmental management practices, standardized by regulatory bodies, aimed at strengthening concepts and standards applicable to financial institutions. At the Financial Innovation Lab, we participate in the ESG Risks working group.
In addition, we participate in the ESG Integration Committee (CIASG) of the National Confederation of General

Insurance, Private Pension and Life Companies (CNseg), with the aim of supporting companies in the insurance sector to incorporate best market conduct practices.
We participate in working groups of the Brazilian Association of Financial and Capital Market Entities (ANBIMA), related to the Carbon Market, ESG Funds and CMN Resolution 4945.
At the Brazilian Federation of Banks (Febraban), we participate in the ESG Committee and four other working groups that focus on specific issues.

Q4.11.1 On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Response 1: Row 1

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Policy on regulated carbon market

Environmental issues the policy, law, or regulation relates to

Climate change

Focus area of policy, law, or regulation that may impact the environment

- Financial mechanisms (e.g., taxes, subsidies, etc.): Carbon taxes
- Financial mechanisms (e.g., taxes, subsidies, etc.): Carbon offsets
- Financial mechanisms (e.g., taxes, subsidies, etc.): Emissions trading schemes

Geographic coverage of policy, law, or regulation

National

Country/area/region the policy, law, or regulation applies to

Brazil

Your organization’s position on the policy, law, or regulation

Support with minor exceptions

Details of any exceptions and your organization’s proposed alternative approach to the policy, law, or regulation

Regarding the regulated carbon market, in conjunction with Febraban, we submitted our recommendations for a Regulated Carbon Market in Brazil: 1) establishment of a Cap-and-Trade Emission Trading System (ETS), with greenhouse gas (GHG) emission limits for all regulated sectors and clear criteria for achieving targets, allowing for the use of offsets to meet part of these targets; 2) consider the recommendations of the PMR Brazil Project (2016-2020, World Bank and Ministry of Finance) in the market design; 3) create a national regulatory infrastructure, with international interaction and convergence, so that Brazil can connect to the mechanisms outlined in the Paris Agreement and other markets; 4) establish a permanent and binding Monitoring, Reporting, and Verification (MRV) system for GHG removals, reductions, and emissions for regulated entities; 5) establish participatory and transparent governance arrangements, with coordination at the federal level or through a hybrid model, respecting the competencies of different entities and ensuring MRV integration; 6) foresee the participation of private entities—under the supervision of the Competent Authority—in the accounting and registration activities of the assets to be traded in the market; 7) define the treatment and legal nature of the assets (credits, permits) to be traded, to ensure clarity regarding regulatory, tax, accounting, and operational implications.

Type of direct engagement with policy makers on this policy, law, or regulation

- Responding to consultations
- Participation in working groups organized by policy makers

Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

Brazil has committed to reducing greenhouse gas (GHG) emissions under the Paris Agreement, including i) a 37% reduction in GHG emissions by 2025 and a 50% reduction by 2030, compared to 2005 levels; ii) achieving carbon neutrality (Net Zero) by 2050; and iii) eliminating illegal deforestation by 2030.
In the same vein, companies and financial institutions have committed to voluntary targets for reducing and neutralizing GHG emissions, where, for financial institutions, the targets pertain to their activities and credit and investment portfolios, requiring efforts from their clients.
In this context, carbon pricing is one of the key mechanisms to enable climate change mitigation actions, with three models of direct pricing, including the regulated emissions trading system. In this model, emission limits are set by the government for specific regulated entities, which must comply through a cap-and-trade system.
We believe that the regulated carbon market can be a strategic industrial policy to stimulate the adoption of low-carbon technologies, avoid the imposition of climate-related border adjustment trade measures, and facilitate long-term investments by generating revenue streams for companies that reduce emissions beyond their targets or generate offset credits. Beyond the national regulated market, the country's comparative advantages can also attract investments by offering carbon credits for voluntary markets and the international regulated market.
The adoption of a regulated carbon market is crucial for achieving our targets, as it will allow us to finance and invest in low-carbon technology projects through conventional, innovative, and/or thematic financial instruments, which represent business opportunities while also contributing to the decarbonization of our portfolios and mitigating climate risks. Additionally, we will be able to acquire carbon credits to support our voluntary commitments to reduce and/or neutralize GHG emissions.

Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Yes, we have evaluated, and it is aligned

Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Paris Agreement

Q4.11.2 Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Response 1: Row 1

Type of indirect engagement

Indirect engagement via a trade association

Trade association

South America: Other trade association in South America: FEBRABAN

Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Climate change

Indicate whether your organization's position is consistent with the organization or individual you engage with

Consistent

Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

The company's position is consistent with that of the organization, as we understand that a regulated carbon market can be a strategic industrial policy to stimulate the adoption of low-carbon technologies, avoid the imposition of climate-related border adjustment trade measures, and facilitate long-term investments by generating revenue streams for companies that produce offset credits. The country's comparative advantages can also attract investments by offering carbon credits for voluntary markets and the international regulated market.
The adoption of a regulated carbon market is crucial for achieving our targets, as it will allow us to finance and invest in low-carbon technology projects through conventional, innovative, and/or thematic financial instruments, which represent business opportunities while also contributing to the decarbonization of our portfolios and mitigating climate risks. Additionally, we will be able to acquire carbon credits to support our voluntary commitments to reduce and/or neutralize greenhouse gas emissions.
In this regard, we submit our recommendations, fully aligned with the organization, for a Regulated Carbon Market in Brazil: 1) establishment of an Emission Trading System (ETS), with greenhouse gas (GHG) emission limits for all regulated sectors and clear criteria for achieving targets, allowing for the use of offsets to meet part of these targets; 2) consider the recommendations of the PMR Brazil Project in the market design; 3) create national regulatory infrastructure, with international interaction and convergence, so that Brazil can connect to the mechanisms outlined in the Paris Agreement and other markets; 4) establish a permanent and binding Monitoring, Reporting, and Verification (MRV) system for GHG removals, reductions, and emissions for regulated entities; 5) establish participatory and transparent governance arrangements, with coordination at the federal level or through a hybrid model, respecting the competencies of different entities and ensuring MRV integration; 6) foresee the participation of private entities in the accounting and registration activities of the assets to be traded in the market; 7) define the treatment and legal nature of the assets to be traded, ensuring clarity regarding regulatory, tax, accounting, and operational implications.

Funding figure your organization provided to this organization or individual in the reporting year (currency)

1377000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the environment

Therefore, we forward our suggestions, fully aligned with the organization, for the implementation of a Regulated Carbon Market in Brazil:

Creation of an Emissions Trading System (SCE), with limits on Greenhouse Gas (GHG) emissions for the regulated sectors, in addition to clear criteria for achieving the goals, allowing the use of offsets for part of them;

Taking into account the recommendations of the PMR Brazil Project in the design of the market;

Developing a national regulatory infrastructure, with international interaction and convergence, enabling Brazil to connect to the mechanisms provided for in the Paris Agreement and to other markets;

Implementing a permanent and mandatory Monitoring, Reporting and Verification (MRV) system for GHG removals, reductions and emissions for the regulated entities;

Establishing participatory and transparent governance arrangements, coordinated at the federal level or through a hybrid model, ensuring the integration of the MRV and respecting the competencies of the different entities;

Allow private entities to participate in the activities of recording and registering assets to be traded on the market;

Define the treatment and legal nature of the assets traded, providing clarity on the regulatory, tax, accounting and operational implications.

Indicate if you have evaluated whether your organization’s engagement is aligned with global environmental treaties or policy goals

Yes, we have evaluated, and it is aligned

Global environmental treaties or policy goals aligned with your organization’s engagement on policy, law or regulation

Paris Agreement

Q4.12 Have you published information about your organization’s response to environmental issues for this reporting year in places other than your CDP response?

Yes

Q4.12.1 Provide details on the information published about your organization’s response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Response 1: Row 1

Publication

In mainstream reports, in line with environmental disclosure standards or frameworks

Standard or framework the report is in line with

- GRI
- TCFD

Environmental issues covered in publication

Climate change

Status of the publication

Complete

Content elements

- Emissions figures
- Risks & Opportunities
- Strategy
- Public policy engagement
- Emission targets
- Content of environmental policies
- Value chain engagement
- Governance
- Dependencies & Impacts

Page/section reference

3

Attach the relevant publication

Relato Anual Integrado 2023 - XP INC_compressed.pdf

Comment

XP Inc.’ s Integrated Annual Report provides a more comprehensive view of business management and performance, in line with our short, medium and long-term strategies. It expresses the opportunities and risks related to social, environmental and governance issues, represented by the acronym ESG (Environmental, Social and Governance), and our ability to create value for stakeholders.
The preparation of the 2023 Integrated Annual Report was guided by the 2021 Universal Standards of the Global Reporting Initiative (GRI) and the standards of the Sustainability Accounting Standards Board (SASB) and the Integrated Reporting Framework, of the Value Reporting Foundation. It also considers the recommendations of the International Sustainability Standards Board (ISSB).

Q5.1 Does your organization use scenario analysis to identify environmental outcomes?

Response 1: Climate change

Use of scenario analysis

Yes

Frequency of analysis

Annually

Q5.1.1 Provide details of the scenarios used in your organization’s scenario analysis.

Response 1: Climate change

Scenario used

Physical climate scenarios: RCP 8.5

Scenario used SSPs used in conjunction with scenario

No SSP used

Approach to scenario

Qualitative and quantitative

Scenario coverage

Portfolio

Risk types considered in scenario

- Acute physical
- Chronic physical

Temperature alignment of scenario

4.0ºC and above

Reference year

2019

Timeframes covered

- 2030
- 2050

Driving forces in scenario

- Finance and insurance: Sensitivity of capital (to nature impacts and dependencies)
- Local ecosystem asset interactions, dependencies and impacts : Changes to the state of nature
- Local ecosystem asset interactions, dependencies and impacts : Climate change (one of five drivers of nature change)

Assumptions, uncertainties and constraints in scenario

We are still at an early stage in assessing our resilience to different climate risks, but we are part of the Climate Squad of the Brazilian Federation of Banks, which developed a physical climate risk scenario in 2021.
The scenario used was the IPCC's RCP 8.5. This scenario projects a trajectory of greenhouse gas emissions without major mitigation efforts, with emissions continuing to increase until 2100. This would result in a sharp increase in global temperature, between 3.2°C and 5.4°C by the end of the century, driven by the intensive use of fossil fuels, high population growth and low adoption of clean technologies.
Among the premises of RCP 8.5 are the absence of effective mitigation policies, slow transition to renewable energy, low energy efficiency and growing demand for natural resources. This scenario does not consider significant technological advances, global political changes or behavioral changes that could reduce carbon emissions.
The scenario also presents uncertainties, such as the intensity of climate feedbacks and global socioeconomic impacts. It projects an increase in extreme events, sea level rise, biodiversity loss and risks to food and water security. RCP 8.5 highlights the potential severe impacts if significant mitigation measures are not adopted.
According to the NGFS classification, the scenario falls within the "hot house world" spectrum. The scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts.
The temporal projection considered is for the years 2030 and 2050, assuming a temperature increase of 4.3ºC, with no regulatory changes and slow technological change.
Applied to the electrical sectors (electricity generation from hydroelectric and wind farms) and agriculture

(sugar cane, soybeans, corn, cotton and coffee).

Rationale for choice of scenario

The IPCC' s RCP 8.5 scenario predicts a continued increase in greenhouse gas emissions through 2100, with global temperature growth of between 3.2°C and 5.4°C. This is driven by intensive use of fossil fuels, population growth, and low adoption of sustainable technologies.
Assumptions include the absence of robust climate policies and a slow transition to renewable energy. Technological advances and political changes are disregarded, increasing dependence on fossil fuels.
The RCP 8.5 scenario was used, which translates potential changes in climate parameters into impacts on agricultural productivity and energy generation, with a focus on water availability and the possibility of drought - impacting agricultural productivity and hydroelectric plants - and also the impact of changes in wind patterns on wind farms. At XP Inc., since 2021, we have been applying the scenario to some of our credit operations, with potential impacts on environmental and social ratings - which, in turn, may impact credit risk ratings.

Response 2: Climate change

Scenario used

Physical climate scenarios: Customized publicly available climate physical scenario: Brazilian Land Use and Energy System - Integrated Assessment Models

Approach to scenario

Qualitative and quantitative

Scenario coverage

Portfolio

Risk types considered in scenario

- Policy
- Technology
- Market

Temperature alignment of scenario

1.5°C or lower

Reference year

2020

Timeframes covered

- 2030
- 2050

Driving forces in scenario

- Regulators, legal and policy regimes : Global targets
- Local ecosystem asset interactions, dependencies and impacts : Changes to the state of nature
- Local ecosystem asset interactions, dependencies and impacts : Changes in ecosystem services provision
- Local ecosystem asset interactions, dependencies and impacts : Number of ecosystems impacted
- Local ecosystem asset interactions, dependencies and impacts : Climate change (one of five drivers of nature change)

・Local ecosystem asset interactions, dependencies and impacts : Speed of change (to state of nature and/or ecosystem services)

Assumptions, uncertainties and constraints in scenario

XP Inc. is part of the Climate Squad of the Brazilian Federation of Banks (Febraban), which developed, with the support of a Brazilian university, a set of transition scenarios for the Brazilian economy. Three scenarios were developed:
- Current Policies - considers compliance with the Brazilian NDC that foresees zero illegal deforestation in the Amazon Rainforest and 43% in our GHG emissions by 2030 compared to 2005, but does not lead to net zero.
- Net Zero - considers compliance with the Brazilian NDC that foresees zero illegal deforestation in the Amazon Rainforest and 43% in our GHG emissions by 2030 and the adoption of strong governance actions between 2030 and 2050 to orderly reach net zero by 2050.
- Net Zero IEG - considers that Brazil has an Intermediate Environmental Governance that does not lead to zero illegal deforestation in the Amazon Rainforest, which makes the path to net zero disorderly and much more challenging. The BLUES model - Brazilian Land Use and Energy System, was applied. This is a perfect-forecast linear programming optimization model with the main region being Brazil, divided into 5 regions, and the analyses were conducted in the electricity sectors (hydroelectric power generation, coal, nuclear, wind, solar), O&G, biofuels, agriculture (rice, sugarcane, coffee, beans, fibers, plantation forest, corn, soybeans, wheat). The model has a temporal resolution from 2010 to 2050, including all energy and land use systems. A rapid technological change and an immediate and smooth regulatory change were adopted, assuming a temperature increase of up to 1.5ºC.

The following were considered:
- Transition risk variables (e.g. government policies, technology investment)
- Macro-financial variables (e.g. GDP, population growth)
- Sectoral breakdown of Climate Risks by segment

Regarding the NGFS classifications, the scenario falls within the ordered spectrum, which assumes that climate policies are introduced early and gradually become more stringent.

Rationale for choice of scenario

The BLUES model was applied. The Brazilian Land Use and Energy System (BLUES) model is a best-in-class, least-cost optimization tool for Brazil. It identifies the most cost-effective energy system configuration over the analyzed period, from 2010 to 2050. The objective of the model is to minimize the costs of the energy system as a whole, encompassing electricity generation, agriculture, industry, transportation, and buildings sectors, rather than optimizing individual solutions by sector. BLUES includes CO_2, CH_4, and N_2O emissions associated with land use, agriculture, livestock, fugitive emissions, fuel combustion, industrial processes, and waste treatment.

The model has the following purposes:
- Assessment of technology, energy, environmental and climate policies for Brazil
- Improved regional, sectoral and land cover characterizations
- Very high level of technological detail (bottom-up) with country-specific parameters

The model is composed of six native regions, with a main one covering five sub-regions, according to the country's geopolitical division. The energy system is detailed in all sectors, with more than 1500 technologies available and adapted for each of the six regions. The land use representation considers forests, savannas, high and low capacity pastures, integrated systems, arable lands, double plantings, planted forests and protected areas. Cropland is regional, with variations in yields and costs between sub-regions. Demand is defined externally, but the model includes internal energy efficiency measures that allow demand responses through available technological options.

The application of this climate scenario is timely for XP Inc's portfolio, specifically in the electricity, O&G, biofuels and agriculture sectors, so that the organization is able to observe risks and opportunities for its business in a climate transition scenario.

Q5.1.2 Provide details of the outcomes of your organization’s scenario analysis.

Response 1: Climate change

Business processes influenced by your analysis of the reported scenarios

- Resilience of business model and strategy
- Risk and opportunities identification, assessment and management
- Strategy and financial planning

Coverage of analysis

Portfolio

Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The application of climate scenarios in XP Inc.’ s strategy has offered a series of strategic and operational advantages. The main one is the ability to identify, assess and mitigate climate risks. By observing climate change scenarios associated with physical and transition risks, the organization is equipped with resources to prepare for the non-materialization of climate risks. As an example, we can mention the definition of risk appetite based on the climate sensitivity limit.

In 2022, we included climate variables in the definition of the social, environmental and climate rating, such as potential physical or transition risk of the sector; history of bad weather events or extreme weather events; and the company’ s climate management capacity, through information on eco-efficiency targets, public climate commitments, disclosure of greenhouse gas emissions, climate targets, incorporation of TCFD recommendations, existence of a climate change policy and targets or guidelines for addressing climate risk. We also became signatories to the PCAF and adopted Febraban’ s Climate Sensitivity Rule, measuring, monitoring and managing the exposure of our credit portfolio based on two managerial climate indicators: climate sensitivity and financed emissions. Monitoring these indicators allowed us to establish our climate risk appetite metrics in 2023, with subsequent definition, together with the Social, Environmental and Climate Risk Committee, linked to the Executive Risk Committee, of targets for reducing the intensity of financed emissions and the climate sensitivity of the portfolio. This year, we began to assess the resilience of our credit portfolio to potential climate risks, based on the worsening of specific revenues from businesses exposed to the climate.

The climate scenarios applied to XP Inc.’ s portfolio also allowed us to identify opportunities related to the transition to a low-carbon economy. This enabled XP Inc. to develop products that contribute to a low-carbon economy and meet the demands for sustainable solutions. We acted as structuring agents in the issuance of 19 green and social bonds, intended to raise funds to finance our clients’ ESG projects and initiatives. Among them, 10 were classified as Green Bonds, Social Bonds or Sustainability-Linked Bonds, in accordance with the guidelines of the ICMA (International Capital Market Association). For the other nine, we adopted our proprietary ESG issuance framework, which covers criteria such as the purpose of the transaction or eligible destination for the thematic issuance, verification of relevant controversies, sectors related to the green taxonomy and social, environmental and climate rating.

Finally, the application of climate scenarios promoted an improvement in decision-making at XP Inc. By evaluating different climate trajectories, the company has more information to define long-term strategies, whether in portfolio diversification, mitigation of operational risks or optimization of resources - topics aligned with XP Inc.’ s climate transition plan.

Q5.2 Does your organization’s strategy include a climate transition plan?

Response 1:

Transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We have a different feedback mechanism in place

Description of feedback mechanism

Our feedback mechanism with key stakeholders is conducted through individual and periodic meetings with investors, employees, suppliers, or any other interested parties who wish to understand the company’s ESG strategy and progress, including the Transition Plan. We publish our Integrated Annual Report annually, containing all relevant information on the topic, and we provide a channel through our investor relations team for communication with all stakeholders who want to understand and contribute feedback on our strategies, actions, and developments in this area.

Frequency of feedback collection

More frequently than annually

Description of key assumptions and dependencies on which the transition plan relies

Governance
The Board of Directors, the Executive Committee, the Audit Committee and the Risk, Credit and ESG Committee monitor the evolution of the ESG agenda as a whole, including the company’s climate agenda, with pre-defined frequency and agendas. In addition to these governance bodies, the Socio-Environmental and Climate Risk Committee and the Socio-Environmental and Climate Risk and Responsibility Committee monitor the climate agenda with pre-defined frequency and agendas. Our corporate policies link employee compensation to compliance with climate-related guidelines, including at the executive level.

Strategy
We map our exposure to climate risks and potential impacts on the company. We calculate the internal price of carbon. We contribute to the promotion of the carbon market in the country, participating in sectoral working groups, meetings with representatives from the most diverse sectors, clients and other stakeholders interested in the topic. We develop climate-related financial products and services. We measure and offset 100% of the GHG emissions from our operations.

Risk Management
We conduct climate risk assessments for 100% of our clients and credit operations. We have developed a proprietary climate risk assessment methodology that impacts credit ratings. We manage and monitor climate risk in our credit portfolio through climate risk management metrics. We have a specific climate risk indicator in the company’s RAS. We consider climate risk in dedicated idiosyncratic scenario stress testing programs that seek to exacerbate specific potentially exposed business revenues. We engage with our clients to reduce the impact of climate change on our business.

Targets and Metrics
We have set targets to reduce the intensity of financed emissions in the credit portfolio. We have implemented

metrics on financed emission intensity and climate sensitivity of the credit portfolio. We report our climate sensitivity and financed emission metrics under the TCFD.

Description of progress against transition plan disclosed in current or previous reporting period

This is the first reporting cycle of XP Inc.' s climate transition plan. Over the next few years, the company is expected to improve its current governance, strategy, risk management, and goals and metrics structure and achieve its goals in combating climate change in its direct operations and, especially, in its portfolio.

Attach any relevant documents which detail your climate transition plan (optional)

Relato Anual Integrado 2023 - XP INC_compressed.pdf

Other environmental issues that your climate transition plan considers

No other environmental issue considered

Q5.3 Have environmental risks and opportunities affected your strategy and/or financial planning?

Response 1:

Environmental risks and/or opportunities have affected your strategy and/or financial planning

Yes, both strategy and financial planning

Business areas where environmental risks and/or opportunities have affected your strategy

- Upstream/downstream value chain
- Products and services
- Investment in R&D
- Operations

Q5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Response 1: Products and services

Effect type

- Risks
- Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

Understanding our role in fostering a low-carbon economy, we have been preparing to increasingly support our clients in this transition. In this sense, we have developed a portfolio of ESG products, including investment funds, fixed and variable income assets, and structured transactions. We are also taking a social, environmental, and climate perspective to new product lines in the Retail, Wholesale, and Investment Bank segments.
At XP Asset, the Responsible Investment Policy establishes guidelines for integrating environmental, social, and corporate governance issues into the analysis, selection, evaluation, acquisition, and monitoring of assets

under management. In order to be classified as ESG, products undergo a due diligence process. In line with the guidelines of the Principles for Responsible Investment (PRI), of which we are signatories, in 2023 we reached 93.4% of assets subjected to ESG analysis and we continue to advance towards the goal of reaching 100%.
To closely monitor the evolution of sustainable businesses and our ability to take advantage of the opportunities of the new economy, in 2023 we developed a dashboard for monthly monitoring of indicators such as AuC (Assets under Custody) ESG, AuM (Assets under Management) ESG, number of clients with ESG investment, new ESG products and ESG fundraising volume, among others.

Response 2: Upstream/downstream value chain

Effect type

- Risks
- Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

XP Inc.’s suppliers (approximately 4,600 active suppliers) are mostly product and service providers. In order to conduct a thorough assessment, all of them undergo a social, environmental and climate assessment upon hiring. XP Inc. separates this assessment process into two \’analysis queues\’: companies with high or medium impact potential and companies with low impact potential. XP Inc. has a Social, Environmental and Climate Responsibility Policy that prohibits any type of relationship with companies that maintain practices of exploitation in conditions analogous to slavery, child labor, human trafficking and other practices that violate human rights.

Response 3: Investment in R&D

Effect type

- Risks
- Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

XP Inc is intensifying its internal efforts to develop products aligned with its climate strategy, reinforcing its commitment to sustainability. To ensure these initiatives are effective and in line with market best practices, the company is investing in specialized consulting services to assist in producing detailed analyses. These analyses will support the creation of innovative and sustainable solutions, contributing to the organization’s responsible and low-carbon growth.

Response 4: Operations

Effect type

- Risks
- Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Climate change

Describe how environmental risks and/or opportunities have affected your strategy in this area

XP Inc. conducts its emissions inventory annually, as one of the ways to demonstrate and monitor emissions from its direct operations. In 2023, this project underwent improvements in the calculations of Scopes 1, 2 and 3 emissions. Also in 2023, XP Inc.' s GHG inventory was verified by a third party and the results were published in the Public Emissions Registry - a platform for recording emissions information from inventories carried out in Brazil, an initiative maintained by the Brazilian GHG Protocol Program. As per previous practice, XP Inc. neutralized its Scope 1 and 3 emissions by purchasing carbon credits and, for the first time, XP Inc. acquired renewable energy certificates (I-RECs) to report renewable electricity in its Scope 2. The exercise of carrying out the GHG inventory and having its emissions monitored periodically demonstrates XP Inc.' s commitment to tackling climate change and preventing the materialization of risks and enabling climate-related opportunities that permeate its direct operations.

Q5.3.2 Describe where and how environmental risks and opportunities have affected your financial planning.

Response 1: Row 1

Financial planning elements that have been affected

- Direct costs
- Revenues

Effect type

- Risks
- Opportunities

Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Climate change

Describe how environmental risks and/or opportunities have affected these financial planning elements

Revenue: After structuring the ESG and Social, Environmental and Climate Risk area, XP Inc. saw an opportunity to develop investment and banking products related to ESG and climate change in the short term. Associated with this product are the provision of ESG services and training for the commercial and product areas. This resulted in the development of specific revenue from ESG Products. After the creation of the ESG Products cell, between 2020 and 2023, there was a 346% growth in ESG AuC. From the ESG revenue perspective, we went from 0 ESG revenue in 2020 to R$331 million in ESG revenue in 2023 (more details in #Opp1).

Direct Costs: in order to structure itself in relation to the resolutions issued by the Central Bank of Brazil, the Securities and Exchange Commission and the Brazilian Association of Financial and Capital Market Entities, XP Inc. developed several initiatives, such as the publication of a new Social, Environmental and Climate Responsibility Policy; readjustment of social, environmental and climate rating methodologies; adding the climate variable to the rating analysis and generation process; adherence to the PCAF, measuring quarterly and disclosing annually the intensity of financed issuance of the credit portfolio, in addition to calculating the climate sensitivity, according to the Febraban methodology, of the credit portfolios. To this end, the organization made financial investments in technical assets in the team and adherence to these commitments so that the risks associated with non-compliance with these resolutions would not materialize in the short, medium and long term (#Risk1).

Q5.10 Does your organization use an internal price on environmental externalities?

Response 1:

Use of internal pricing of environmental externalities

Yes

Environmental externality priced

Carbon

Q5.10.1 Provide details of your organization’s internal price on carbon.

Response 1: Row 1

Type of pricing scheme

Shadow price

Objectives for implementing internal price

- Stress test investments
- Reduce upstream value chain emissions
- Drive energy efficiency

Factors considered when determining the price

Price/cost of voluntary carbon offset credits

Calculation methodology and assumptions made in determining the price

XP Inc uses as a methodology for its internal carbon price the unitary values ⊠⊠spent by the organization for (1) purchasing carbon credits to offset emissions and (2) purchasing I-RECs to neutralize Scope 2 emissions.

Scopes covered

- Scope 1
- Scope 2

Pricing approach used - spatial variance

Uniform

Pricing approach used - temporal variance

Evolutionary

Indicate how you expect the price to change over time

A dynamic variation is observed in the internal price of carbon by XP Inc due to market variation related to the price of carbon credits and the price of I-RECs.

Minimum actual price used (currency per metric ton CO2e)

1.9

Maximum actual price used (currency per metric ton CO2e)

15

Business decision-making processes the internal price is applied to

- Opportunity management
- Risk management

Internal price is mandatory within business decision-making processes

No

% total emissions in the reporting year in selected scopes this internal price covers

100

Pricing approach is monitored and evaluated to achieve objectives

Yes

Details of how the pricing approach is monitored and evaluated to achieve your objectives

We monitor the evolution of the carbon price and, based on this information, we engage the internal public to reduce the institution’ s emissions, encourage energy efficiency, reduce emissions in the value chain and stress test investments.

Q5.11 Do you engage with your value chain on environmental issues?

Response 1: Clients

Engaging with this stakeholder on environmental issues

Yes

Response 2: Investees

Engaging with this stakeholder on environmental issues

No, and we do not plan to within the next two years

Primary reason for not engaging with this stakeholder on environmental issues

Not an immediate strategic priority

Explain why you do not engage with this stakeholder on environmental issues

The Investees do not present a relevant potential for social, environmental, or climate-related risks or impacts that would justify engagement efforts. Our efforts are directed towards clients, suppliers, investors, and shareholders who are more significant for engagement from a climate perspective. Should our portfolio of investees present potential climate risks or impacts, we will initiate engagement with these stakeholders.

Response 3: Suppliers

Engaging with this stakeholder on environmental issues

Yes

Environmental issues covered

Climate change

Response 4: Investors and shareholders

Engaging with this stakeholder on environmental issues

Yes

Environmental issues covered

Climate change

Response 5: Other value chain stakeholders

Engaging with this stakeholder on environmental issues

Yes

Environmental issues covered

Climate change

Q5.11.3 Provide details of your environmental engagement strategy with your clients.

Response 1: Row 1

Type of clients

Clients of Banks

Environmental issues covered by the engagement strategy

Climate change

Type and details of engagement

- Innovation and collaboration: Run a campaign to encourage innovation to reduce environmental impacts on products and services
- Information collection: Collect GHG emissions data at least annually from clients
- Capacity building: Support clients to set their own environmental commitments across their operations
- Information collection: Collect targets information at least annually from clients

% of client-associated scope 3 emissions as reported in question 12.1.1

None

% of portfolio covered in relation to total portfolio value

100%

Explain the rationale for the coverage of your engagement

Customer engagement can be both targeted and untargeted, given that the majority of our portfolio consists of small and medium-sized enterprises.
Generally, we engage through incentive campaigns, endorsing the CDP’s \’Non-Disclosure Campaign\’ to encourage companies to engage by disclosing their environmental data aligned with the TCFD through the CDP platform, which allows access to important data for managing emerging risks and assessing their environmental impacts.
In a targeted manner, we engage with specific sectors that present higher environmental and climate risks impacting our credit portfolio, through the collection of greenhouse gas emissions data, as well as information on available climate targets.

Describe how you communicate your engagement strategy to your clients and/or to the public

We communicate our engagement by participating as a co-signatory of the CDP’s “Non-Disclosure Campaign,” in which letters are sent on behalf of participants to companies we wish to engage with to obtain more details and environmental disclosures.

For targeted engagement cases, we conduct internal engagement meetings with clients to discuss potential developments in environmental and climate risk management and impact assessment.

Attach your engagement strategy

CDP_2023_Non_Disclosure_Report.pdf

Staff in your organization carrying out the engagement

Specialized in-house engagement teams

Roles of individuals at the portfolio organizations you seek to engage with

- CEO
- Investor relations managers

Effect of engagement, including measures of success

Engagement activities are conducted in meetings with clients, encouraging the management of environmental and climate risks within the organization’s portfolio. 100% of the invited companies participated in the process, mostly represented by the CEO, CSO, or those responsible for investor relations. As a measure of success, we understand that these conversations guide companies to collect data and better disclose their emissions, which also benefits XP in calculating financed emissions, as they have shown a significant reduction trajectory in portfolio emission intensity, approximately 48% since 2021: from 12.05 MM tCO_2e to 6.24 MM tCO_2e in 2023.

Escalation process for engagement when dialogue is failing

No, we don’t have an escalation process

Response 2: Row 2

Type of clients

Clients of Banks

Environmental issues covered by the engagement strategy

Climate change

Type and details of engagement

- Innovation and collaboration: Run a campaign to encourage innovation to reduce environmental impacts on products and services
- Capacity building: Support clients to set their own environmental commitments across their operations

% of client-associated scope 3 emissions as reported in question 12.1.1

None

% of portfolio covered in relation to total portfolio value

100%

Explain the rationale for the coverage of your engagement

The scope of engagement is related to a non-targeted approach, which can include clients, potential clients, investors, shareholders, and even the general public interested in the topic. Generally, we engage through our ESG Research team, producing company-specific analyses, sector analyses, thematic reports, and daily content curation to guide decision-making for both retail and institutional investors (investment funds). This work generates opportunities and high visibility in the media, due to the availability of environmental and ESG content, which, in addition to easy access, attracts potential clients for us to engage with.

Describe how you communicate your engagement strategy to your clients and/or to the public

The communication of engagement for this niche of clients, potential clients, investors, and the general public is conducted in various ways, including (i) through the ESG Research platform, with the publication of thematic reports focused on ESG issues and company and sector analyses, (ii) through the recommended ESG portfolio, created in 2021 and reviewed monthly, which aims to outperform the Corporate Sustainability Index (ISE) of B3 in the long term, and (iii) through \’Café com ESG,\’ a daily summary of the latest news from Brazil and around the world on the topic, which, in addition to political and sector updates, discusses the historical performance of major ESG indices in different countries, comparing them with the performance of IBOVESPA and ISE. Additionally, through panels on the topic at Expert 2023, the world’s largest investment festival, the theme is brought to the center of discussion.

Attach your engagement strategy

Integrated Annual Report 2023.pdf

Staff in your organization carrying out the engagement

Specialized in-house engagement teams

Roles of individuals at the portfolio organizations you seek to engage with

- Board chair
- Board members
- Investor relations managers
- Corporate secretary
- CEO

Effect of engagement, including measures of success

XP was the first investment company in Brazil to have a dedicated area to analyze the environmental, social, and governance performance of publicly traded companies and to identify major themes shaping this agenda.

Since then, it has remained one of the largest players in this area and is the largest platform for distributing ESG products.

As a result of our engagement efforts, we highlight 431,000 content views on the ESG Research page in 2023, 80,000 views on social media, and 3,500 unique users reached throughout the year. Additionally, the ESG Research team published 117 reports focused on ESG issues, covering 136 companies, and held 65 meetings with institutional investors, as well as exclusive events on topics of interest to investors.

Furthermore, as a result of our engagement and the availability of information on ESG topics and distributed products, we noted an increase in our ESG Assets under Custody from R$8.8 billion to R$13.4 billion and in Assets under Management (AuM) of ESG Funds from R$2.49 billion to R$3.76 billion from 2021 to 2023.

Escalation process for engagement when dialogue is failing

No, we don’ t have an escalation process

Q5.11.7 Provide further details of your organization’s supplier engagement on environmental issues.

Response 1: Climate change

Action driven by supplier engagement

Upstream value chain transparency and human rights

Type and details of engagement

Financial incentives: Feature environmental performance in supplier awards scheme

Upstream value chain coverage

Tier 1 suppliers

% of tier 1 suppliers by procurement spend covered by engagement

100%

% of tier 1 supplier-related scope 3 emissions covered by engagement

100%

Describe the engagement and explain the effect of your engagement on the selected environmental action

Stakeholder engagement in strategy and ESG topics is a daily practice at XP, manifested in interactions between business managers, advisors, and consultants with clients, in sharing challenges with employees, in internal exchanges between areas, and in relationships with investors and other audiences. Regarding suppliers, we promote engagement through ESG criteria during the contracting process, which includes the analysis of Social, Environmental, and Climate Responsibility, compliance with the Code of Ethics and Conduct, and participation in events such as Compliance Week.
Currently, we have 4,600 active suppliers, of which over 85% are providers of local products and services contracted in Brazil. All suppliers undergo a social, environmental, and climate assessment during the contracting process, following two distinct analysis paths: one for suppliers with high and medium potential for social, environmental, and climate impact, considering the type of activity they perform, and another for those with low potential impact. The first group undergoes a more detailed manual assessment, while the second follows an automated procedure. This way, we ensure 100% coverage of our product and service

providers, mitigating risks related to practices such as forced labor, child labor, and illegal deforestation, while promoting sustainability in our supply chain.
Our Social, Environmental, and Climate Responsibility Policy prohibits any type of relationship with companies that engage in practices of labor exploitation in conditions analogous to slavery, child labor, human trafficking, or other violations of human rights.

Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Unknown

Q5.11.9 Provide details of any environmental engagement activity with other stakeholders in the value chain.

Response 1: Climate change

Type of stakeholder

Other value chain stakeholder:

Type and details of engagement

・ Innovation and collaboration: Run a campaign to encourage innovation to reduce environmental impacts
・ Education/Information sharing: Share information on environmental initiatives, progress and achievements
・ Education/Information sharing: Run an engagement campaign to educate stakeholders about the environmental impacts about your products, goods and/or services
・ Education/Information sharing: Share information about your products and relevant certification schemes

% stakeholder-associated scope 3 emissions

None

Rationale for engaging these stakeholders and scope of engagement

For “Other stakeholders in the value chain,” we consider our accredited offices and investment advisors. In the onboarding process, after hiring, and annually, all advisors receive mandatory training that includes Compliance topics. In 2023, for the start of the 2024 cycle, we also incorporated ESG and Social, Environmental, and Climate Risk topics into the mandatory training.

Effect of engagement and measures of success

We measure the impact of success based on the achievement of previous cycles. Thus, considering that in 2023 approximately 7,500 Investment Advisors completed the training, our goal for 2024 is to surpass the number achieved in 2023, by training and engaging our stakeholders on environmental, social, and climate issues.

Response 2: Climate change

Type of stakeholder

Investors and shareholders

Type and details of engagement

・ Education/Information sharing: Educate and work with stakeholders on understanding and measuring exposure to environmental risks
・ Education/Information sharing: Share information on environmental initiatives, progress and

achievements
- Education/Information sharing: Share information about your products and relevant certification schemes

% stakeholder-associated scope 3 emissions

None

Rationale for engaging these stakeholders and scope of engagement

Throughout the year, in order to engage and demonstrate transparency regarding our progress to investors and shareholders, we hold meetings (on demand) to share information about our ESG initiatives and management of social, environmental, and climate risks, discuss our climate transition plan, targets and metrics adopted, as well as information about relevant products and services from an ESG perspective.

Effect of engagement and measures of success

In 2023, we invested in communication transparency by providing detailed Integrated Reports on our financial performance and sustainability practices, in addition to using disclosure platforms such as the CDP to share information about risks and opportunities. The success of our engagement was measured by the increase in ESG Assets under Custody (AuC), which evolved as follows: 2021 - R$8.8 billion, 2022 - R$12 billion, 2023 - R$13.4 billion, and ESG Fund Assets under Management (AuM) with the following evolution: 2021 - R$2.49 billion, 2022 - R$1.76 billion, 2023 - R$3.76 billion.

Q5.14 Do your external asset managers have to meet environmental requirements as part of your organization’s selection process and engagement?

Response 1:

External asset managers have to meet specific environmental requirements as part of the selection process and engagement

Yes

Policy in place for addressing external asset manager non-compliance

Yes, we have a policy in place for addressing non-compliance

Q5.14.1 Provide details of the environmental requirements that external asset managers have to meet as part of your organization’s selection process and engagement.

Response 1: Row 1

Environmental issues covered by the requirement

Climate change

Coverage

All assets managed externally

Environmental requirement that external asset managers have to meet

Offering environmentally sustainable products and services

Mechanisms used to include environmental requirement in external asset manager selection

- Review investment manager’ s environmental performance (e.g., active ownership, proxy voting records, under-weighting in high impact activities)
- Preference for investment managers with an offering of funds resilient to environmental issues

Response to external asset manager non-compliance with environmental requirement

Retain and engage

% of non-compliant external asset managers engaged

None

Q5.15 Does your organization exercise voting rights as a shareholder on environmental issues?

Yes

Q5.15.1 Provide details of your shareholder voting record on environmental issues.

Response 1: Row 1

Method used to exercise your voting rights as a shareholder

Exercise voting rights directly

% of voting rights exercised

100

% of voting which is publicly available

0

Environmental issues covered in shareholder voting

Climate change

Global environmental commitments that your shareholder voting is aligned with

- Aligned with the Paris Agreement
- Aligned with another global environmental commitment:

Issues supported in shareholder resolutions

- Environmental disclosures
- Board oversight of environmental issues
- Aligning public policy position (lobbying)

Q6.1 Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Response 1: Climate change

Consolidation approach used

Operational control

Provide the rationale for the choice of consolidation approach

The consolidation method through operational control more faithfully reflects XP Inc.' s operations and management practices.

Response 2: Plastics

Consolidation approach used

Operational control

Provide the rationale for the choice of consolidation approach

The consolidation method through operational control more faithfully reflects XP Inc.' s operations and management practices.

Response 3: Biodiversity

Consolidation approach used

Operational control

Provide the rationale for the choice of consolidation approach

The consolidation method through operational control more faithfully reflects XP Inc.' s operations and management practices.

Q7.1 Is this your first year of reporting emissions data to CDP?

No

Q7.1.1 Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

No

Q7.1.2 Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

No

Q7.2 Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

- IPCC Guidelines for National Greenhouse Gas Inventories, 2006
- Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
- Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)
- ISO 14064-1
- Brazil GHG Protocol Programme
- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

Q7.3 Describe your organization’s approach to reporting Scope 2 emissions.

Response 1:

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

XP Inc.’ s GHG inventory accounts for Scope 2 emissions on a market-based basis, in accordance with the GHG Protocol’ s technical specifications. XP Inc. purchases renewable energy certificates to offset its Scope 2 emissions. XP Inc.’ s GHG Inventory has been verified by a third party and meets all technical requirements for preparing a GHG inventory.

Q7.4 Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

Q7.5 Provide your base year and base year emissions.

Response 1: Scope 1

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

2649.96

Methodological details

XP Inc. has Scope 1 operations characterized by office-based activities. Therefore, emissions associated with fuel consumption in building generators (stationary combustion), internal vehicle fleet (mobile combustion) and recharging of air conditioning gases and CO2 fire extinguishers (fugitive emissions) were considered. The emission factors used are those provided by the GHG Protocol. The company’ s activities in Brazil and USA were considered in the calculation.

Response 2: Scope 2 (location-based)

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

244.08

Methodological details

XP Inc.' s Scope 2 emissions correspond to emissions from the acquisition of electricity from the Brazilian National Interconnected System (SIN) distribution grid and from the consumption of electricity from the US grid. The input data for calculating emissions, using EF according to the GHG Protocol, are in MWh. The company' s activities in Brazil and USA were considered in the calculation.

Response 3: Scope 2 (market-based)

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

245.08

Methodological details

XP Inc.' s Scope 2 emissions correspond to emissions from the acquisition of electricity from the Brazilian National Interconnected System (SIN) distribution grid and from the consumption of electricity from the US grid. The input data for calculating emissions, using EF according to the GHG Protocol, are in MWh. The company' s activities in Brazil and USA were considered in the calculation.

Response 4: Scope 3 category 1: Purchased goods and services

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not yet calculate emissions for the respective category. The company' s GHG inventory undergoes methodological reviews annually. XP Inc. has increasingly improved the accounting of Scope 3 categories in its GHG inventory.

Response 5: Scope 3 category 2: Capital goods

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not yet calculate emissions for the respective category. The company' s GHG inventory undergoes methodological reviews annually. XP Inc. has increasingly improved the accounting of Scope 3 categories in its GHG inventory.

Response 6: Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not yet calculate emissions for the respective category. The company’ s GHG inventory undergoes methodological reviews annually. XP Inc. has increasingly improved the accounting of Scope 3 categories in its GHG inventory.

Response 7: Scope 3 category 4: Upstream transportation and distribution

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

2.25

Methodological details

XP Inc monitors the routes executed by a third-party supplier responsible for transporting packages. The activity data measured is the distance traveled and the emission factors are used in accordance with the GHG Protocol calculation tool.

Response 8: Scope 3 category 5: Waste generated in operations

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

147.89

Methodological details

Waste generated in operations\’ includes (1) Liquid Effluent Treatment: N2O and CH4 emissions associated with anaerobic wastewater treatment were calculated, based on the number of employees of XP Inc. A daily workload of 8 hours and a period of 255 days was considered annual work. Emission factors were calculated based on the IPCC; and (2) Solid waste treatment: CH4 emissions resulting from the anaerobic decomposition of waste disposal in landfills were calculated. Emissions were estimated based on the calculation approach of the Brazilian GHG Protocol program for the Brazilian reality. The characteristics of average annual temperature and local annual precipitation were considered, as well as ABRELPE’ s considerations regarding the destination and treatment of solid waste in Brazil. For foreign office waste, data from Defra UK 2020 Conversion Factors were used.

Response 9: Scope 3 category 6: Business travel

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

1563.1

Methodological details

Business travel is made up of two sources of emissions. The first source is characterized by taxi and/or ride-hailing trips; distance traveled data is obtained for each trip; emission factors are used to calculate emissions according to the GHG Protocol calculation tool. The second source of emissions that makes up the business travel category is characterized by air travel; XP Inc has a list of all tickets purchased during the inventoried year that contains all routes with origin and destination airports; based on the distance traveled on each leg, emission factors for short-haul, medium-haul and long-haul are applied.

Response 10: Scope 3 category 7: Employee commuting

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

1902.53

Methodological details

The category is composed of two emission sources: (a) commuting; and (b) energy consumption by employees working from home.

(a) XP Inc monitors emissions associated with its employees’ commutes from their homes to their workplaces. To estimate the distances traveled, the organization has a list of how often each employee goes to the office. From this, the distances during the inventory year are obtained. It is assumed that each employee uses a private vehicle to go to the office. Throughout the GHG inventories, XP Inc will improve the calculations for this emission category. This data was multiplied by the emission factors of the GHG Protocol calculation tool.

(b) To estimate emissions from energy consumption by employees working from home, XP Inc assumes an 8-hour workday. The emission factor for electricity from the distribution network is applied, in accordance with the GHG Protocol.

Response 11: Scope 3 category 8: Upstream leased assets

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 12: Scope 3 category 9: Downstream transportation and distribution

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 13: Scope 3 category 10: Processing of sold products

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 14: Scope 3 category 11: Use of sold products

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 15: Scope 3 category 12: End of life treatment of sold products

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 16: Scope 3 category 13: Downstream leased assets

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 17: Scope 3 category 14: Franchises

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 18: Scope 3: Other (upstream)

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0.0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 19: Scope 3: Other (downstream)

Base year end

2019-12-31

Base year emissions (metric tons CO2e)

0

Methodological details

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Q7.6 What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Response 1: Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

1410.08

Methodological details

XP Inc. has Scope 1 operations characterized by office-based activities. Therefore, emissions associated with fuel consumption in building generators (stationary combustion), internal vehicle fleet (mobile combustion) and recharging of air conditioning gases and CO2 fire extinguishers (fugitive emissions) were considered. The emission factors used are those provided by the GHG Protocol. The company’ s activities in Brazil and USA were considered in the calculation.

Q7.7 What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Response 1: Reporting year

Gross global Scope 2, location-based emissions (metric tons CO2e)

522.27

Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

440.96

Methodological details

XP Inc.’ s Scope 2 emissions correspond to emissions from the acquisition of electricity from the Brazilian National Interconnected System (SIN) distribution grid and from the consumption of electricity from the US grid. The input data for calculating emissions, using EF according to the GHG Protocol, are in MWh. The company’ s activities in Brazil and USA were considered in the calculation.

Q7.8 Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Response 1: Purchased goods and services

Evaluation status

Relevant, not yet calculated

Please explain

XP Inc. does not yet calculate emissions for the respective category. The company’ s GHG inventory undergoes methodological reviews annually. XP Inc. has increasingly improved the accounting of Scope 3 categories in its GHG inventory.

Response 2: Capital goods

Evaluation status

Relevant, not yet calculated

Please explain

XP Inc. does not yet calculate emissions for the respective category. The company’ s GHG inventory undergoes methodological reviews annually. XP Inc. has increasingly improved the accounting of Scope 3 categories in its GHG inventory.

Response 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, not yet calculated

Please explain

XP Inc. does not yet calculate emissions for the respective category. The company’ s GHG inventory undergoes methodological reviews annually. XP Inc. has increasingly improved the accounting of Scope 3 categories in its GHG inventory.

Response 4: Upstream transportation and distribution

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0.01

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

XP Inc monitors the routes executed by a third-party supplier responsible for transporting packages. The activity data measured is the distance traveled and the emission factors are used in accordance with the GHG Protocol calculation tool.

Response 5: Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

161.31

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Waste generated in operations\’ includes (1) Liquid Effluent Treatment: N2O and CH4 emissions associated with anaerobic wastewater treatment were calculated, based on the number of employees of XP Inc. A daily workload of 8 hours and a period of 255 days was considered annual work. Emission factors were calculated based on the IPCC; and (2) Solid waste treatment: CH4 emissions resulting from the anaerobic decomposition of waste disposal in landfills were calculated. Emissions were estimated based on the calculation approach of the Brazilian GHG Protocol program for the Brazilian reality. The characteristics of average annual temperature and local annual precipitation were considered, as well as ABRELPE’ s considerations regarding the destination and treatment of solid waste in Brazil. For foreign office waste, data from Defra UK 2020 Conversion Factors were used.

Response 6: Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2962.34

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Business travel is made up of two sources of emissions. The first source is characterized by taxi and/or ride-hailing trips; distance traveled data is obtained for each trip; emission factors are used to calculate emissions according to the GHG Protocol calculation tool. The second source of emissions that makes up the business travel category is characterized by air travel; XP Inc has a list of all tickets purchased during the inventoried year that contains all routes with origin and destination airports; based on the distance traveled on each leg, emission factors for short-haul, medium-haul and long-haul are applied.

Response 7: Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1266.17

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The category is composed of two emission sources: (a) commuting; and (b) energy consumption by employees working from home.

(a) XP Inc monitors emissions associated with its employees' commutes from their homes to their workplaces. To estimate the distances traveled, the organization has a list of how often each employee goes to the office. From this, the distances during the inventory year are obtained. It is assumed that each employee uses a private vehicle to go to the office. Throughout the GHG inventories, XP Inc will improve the calculations for this emission category. This data was multiplied by the emission factors of the GHG Protocol calculation tool.

(b) To estimate emissions from energy consumption by employees working from home, XP Inc assumes an 8-hour workday. The emission factor for electricity from the distribution network is applied, in accordance with the GHG Protocol.

Response 8: Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 9: Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 10: Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 11: Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 12: End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 13: Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 14: Franchises

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 15: Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Response 16: Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

XP Inc. does not have any activities that are sources of emissions that can be associated with this emission category. The organization seeks, for each inventory, to align the quality of the inventory based on a robust mapping of Scope 3 emissions.

Q7.9 Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

Q7.9.1 Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Response 1: Row 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Declaration CDP_XPI_2024.pdf

Page/section reference

1

Relevant standard

ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Proportion of reported emissions verified (%)

100

Q7.9.2 Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Response 1: Row 1

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Declaration CDP_XPI_2024.pdf

Page/ section reference

1

Relevant standard

ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Proportion of reported emissions verified (%)

100

Q7.9.3 Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Response 1: Row 1

Scope 3 category

- Scope 3: Waste generated in operations
- Scope 3: Employee commuting
- Scope 3: Business travel
- Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Declaration CDP_XPI_2024.pdf

Page/section reference

1

Relevant standard

ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Proportion of reported emissions verified (%)

100

Q7.10 How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

Q7.10.1 Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Response 1: Change in renewable energy consumption

Change in emissions (metric tons CO2e)

66.99

Direction of change in emissions

Decreased

Emissions value (percentage)

46.59

Please explain calculation

In 2022, Scope 2 emissions from the market-based approach for Brazil were 66.99 tCO2e. In 2023, Scope 2 emissions from the market-based approach for Brazil were 0.00 tCO2e. This is due to the fact that XP Inc consumed renewable electricity, proven by the purchase of I-RECs for these operations. Thus, it is possible to observe a 46.59% decrease in XP Inc’ s market-based Scope 2 emissions compared to 2022 (143.77 tCO2e).

The values were obtained from the formulas below:

(Brazil market-based Scope 2 emissions 2023 - Brazil market-based Scope 2 emissions 2022)/Global market-based Scope 2 emissions 2022

0.00-66.99 = -66.99 tCO2e

(-66.99/143.77)*100% = -46.59%

Response 2: Other emissions reduction activities

Change in emissions (metric tons CO2e)

1828.46

Direction of change in emissions

Decreased

Emissions value (percentage)

56.46

Please explain calculation

XP Inc.’ s Scope 1 emissions in 2023 decreased by 56.46% compared to 2022. This decrease is due to practices related to fugitive emissions, seeking greater efficiency in the maintenance of refrigeration equipment. To calculate the variation in emissions, the decrease that occurred in Scope 1 in 2023 is considered. Thus, we have Scope 1 emissions in 2022 and 2023, respectively, 3,238.54 tCO2e and 1,410.08 tCO2e. We make the relationship with Scope 1 emissions in 2022 using the formulas below:

(Scope 1 emissions in 2023 - Scope 1 emissions in 2022)/Scope 1 emissions in 2022

1,410.08-3,238.54 = -1,828.46 tCO2e

(-1,828.46/3,238.54)*100% = -56.46%

Response 3: Divestment

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 4: Acquisitions

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 5: Mergers

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 6: Change in output

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 7: Change in methodology

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 8: Change in boundary

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 9: Change in physical operating conditions

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 10: Unidentified

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Response 11: Other

Change in emissions (metric tons CO2e)

0

Direction of change in emissions

No change

Emissions value (percentage)

0

Please explain calculation

Not applicable.

Q7.10.2 Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

Q7.23 Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

Q7.29 What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

Q7.30 Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

Q7.30.1 Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	109.78	2079.98	2189.76
Consumption of purchased or acquired electricity	LHV (lower heating value)	2112	1404.65	3516.65
Consumption of self-generated non-fuel renewable energy	LHV (lower heating value)	0		0
Total energy consumption	LHV (lower heating value)	2221.78	3484.63	5706.4

Q7.30.16 Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

	Brazil	United States of America
Consumption of purchased electricity (MWh)	2112	1404.65
Consumption of self-generated electricity (MWh)	17.5	0
Consumption of purchased heat, steam, and cooling (MWh)	0	0
Consumption of self-generated heat, steam, and cooling (MWh)	2172.26	0
Total electricity/heat/steam/cooling energy consumption (MWh)	4301.76	1404.65

Q7.45 Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Response 1: Row 1

Intensity figure

1.229e-7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

1932.36

Metric denominator

unit total revenue

Metric denominator: Unit total

15725966379.17

Scope 2 figure used

Market-based

% change from previous year

49.01

Direction of change

Decreased

Reasons for change

- Other emissions reduction activities
- Change in renewable energy consumption

Please explain

In 2023, XP Inc. observed a reduction in Scope 1+2 (market-based) emissions as a result of initiatives related to increasing the consumption of renewable energy in its operations in Brazil through the acquisition of renewable energy certificates and actions to improve efficiency in the maintenance of refrigerant gases at its facilities. XP Inc. has a public goal of reducing electricity consumption based on 2020 and, to this end, has adopted initiatives to increase operational efficiency at its facilities.

Q7.52 Provide any additional climate-related metrics relevant to your business.

Response 1: Row 1

Description

Other: N/A

Metric value

0

Metric numerator

0

Metric denominator (intensity metric only)

0

% change from previous year

0

Direction of change

No change

Please explain

All metrics observed by XP Inc that are relevant to the organization’s business are already reported.

Q7.53 Did you have an emissions target that was active in the reporting year?

Portfolio target

Q7.53.4 Provide details of the climate-related targets for your portfolio.

Response 1: Row 1

Target reference number

Por1

Target type

Portfolio emissions intensity

Methodology used when setting the target

Own methodology

Date target was set

2022-06-01

Target is set and progress against it is tracked at

Portfolio level

Portfolio

Banking (Bank)

Asset classes covered by the target

Loans

Sectors covered by the target

- Fossil Fuels
- Apparel
- Materials
- Power generation
- Infrastructure
- Retail
- Transportation services
- Services
- International bodies
- Hospitality
- Manufacturing
- Food, beverage & agriculture
- Biotech, health care & pharma

% of portfolio emissions covered by the target

100

Metric (or target numerator if intensity)

tCO2e

Target denominator

Million invested (unit currency as reported in 1.2)

% of portfolio covered in relation to total portfolio value

5

Frequency of target reviews

Annually

End date of base year

2021-12-31

Figure in base year

12.05

We have an interim target

No

End date of target

2030-12-31

Figure in target year

10.31

Figure in reporting year

6.24

% of target achieved relative to base year

333.9080459770115

Target status in reporting year

Underway

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain target coverage and identify any exclusions

When we began measuring our financed emissions in 2021, we recorded an intensity of 12.05 tons of carbon per million reais lent, with a credit portfolio exposure of R$3.2 billion. In 2022, when the credit portfolio more than doubled in size, reaching R$6.9 billion, the intensity of financed emissions fell to 9.23 MM/tCO2e.
In 2023, we recorded a new milestone: the credit portfolio increased to R$9.3 billion and the intensity of financed emissions reached 6.24 MM/tCO2e, a reduction of 48.22%. We will continue to deepen the strategy of

portfolio growth with significant improvement in its climate quality, with the goal of significantly reducing this indicator by 2030.

Target objective

We demonstrated our commitment to climate responsibility by joining the Partnership for Carbon Accounting Financials (PCAF) in early 2022. We then formally began using the PCAF methodology to calculate our financed emissions. The previous year, we had already calculated using this methodology as part of our goal to improve governance of socio-environmental and climate risks, which are a significant concern for our institution.

Q7.54 Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

Q7.55 Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

Q7.55.1 Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented	0	0
Implementation commenced	0	0
Implemented	2	1895.45
Not to be implemented	0	

Q7.55.2 Provide details on the initiatives implemented in the reporting year in the table below.

Response 1: Row 1

Initiative category & Initiative type

Energy efficiency in buildings: Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

1828.46

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency - as specified in C0.4)

111627

Investment required (unit currency - as specified in C0.4)

21151

Payback period

<1 year

Estimated lifetime of the initiative

1-2 years

Comment

XP Inc is committed to adopting initiatives aimed at reducing its emissions, aligning these actions with the company’ s climate journey.

Response 2: Row 2

Initiative category & Initiative type

Low-carbon energy consumption: Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)

66.99

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency - as specified in C0.4)

1527

Investment required (unit currency - as specified in C0.4)

4013

Payback period

<1 year

Estimated lifetime of the initiative

1-2 years

Comment

XP Inc is committed to adopting initiatives aimed at reducing its emissions, aligning these actions with the company’ s climate journey.

Q7.55.3 What methods do you use to drive investment in emissions reduction activities?

Response 1: Row 1

Method

Dedicated budget for energy efficiency

Comment

XP Inc is committed to adopting initiatives aimed at reducing its emissions, aligning these actions with the company’s climate journey.

Q7.79 Has your organization canceled any project-based carbon credits within the reporting year?

Yes

Q7.79.1 Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Response 1: Row 1

Project type

Biomass energy

Type of mitigation activity

Emissions reduction

Project description

Project: 0404 Irani Biomass Electricity Generation Project - Crediting Period Renewal Request
Clean Development Mechanism (CDM) from UNCFCCC

The project is located at Celulose Irani main industrial complex in the Campina da Alegria integrated mill, located in Campina da Alegria district, in the municipality of Vargem Bonita, Santa Catarina State (Rodovia BR 153, km 47, CEP: 89600-000), in the Federative Republic of Brazil. Reference geographical coordinates: -26.865914S; -51.794961W

The cogeneration system consists in a high-pressure aquatubular boiler, which works with a closed water circuit and with automatic fuel feed. The steam produced is conducted to a turbine at 64 kgf/cm2 and then directed to the process with a pressure of 9.5 kgf/cm2 . This system has also a gas washer in the chimney, which reduces the amount of suspended particulate from atmospheric effluents, and the residues obtained from biomass burning are applied on Celulose Irani’s forest plantations. Suppliers from the project region and the own plantations of Celulose Irani provide the renewable biomass that fuels the cogeneration system. This biomass consists in residual biomass (e.g. residual woodchip and sawdust), woodchips from energetic forests, and forest and process residues (e .g. barks), that are mixed and stored in silos before being conducted to the project plant2 . The project activity only accrues from the emissions reductions from the renewable electricity production (and not from renewable heat generation). The project activity displaces electricity that would otherwise be consumed from SIN by generating a net average amount of 45,313 MWh of renewable electricity annually.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

5800

Purpose of cancelation

Voluntary offsetting

Are you able to report the vintage of the credits at cancelation?

Yes

Vintage of credits at cancelation

2023

Were these credits issued to or purchased by your organization?

Purchased

Carbon-crediting program by which the credits were issued

CDM (Clean Development Mechanism)

Method the program uses to assess additionality for this project

Standardized Approaches

Approaches by which the selected program requires this project to address reversal risk

No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed

Upstream/downstream emissions

Provide details of other issues the selected program requires projects to address

The project is helping Brazil fulfil its goals of promoting sustainable development. Specifically, the project:
・ Increases employment opportunities in the area where the project is located;
・ Acts as a clean technology demonstration project, encouraging development of modern and more efficient cogeneration of electricity and thermal energy using biomass fuel throughout Brazil;
・ Optimises the use of natural resources, avoids new uncontrolled waste disposal places, using a large amount of wood residues from the region;
・ Diversifies the sources of electricity generation;
・ Helps Celulose Irani achieve its commitment to environmentally clean and environmentally friendly production;
・ Uses clean and efficient technologies and conserves natural resources, thus the project will be meeting the Agenda 21 and Sustainable Development Criteria of Brazil.

Please explain

Start serial number: BR-5-213732459-2-2-0-404
End serial number: BR-5-213738258-2-2-0-404

Carbon credit purchasing processes are conducted by XP Inc.’ s social, environmental and climate risk team.

Q11.3 Does your organization use biodiversity indicators to monitor performance across its activities?

No

Q12.1 Does your organization measure the impact of your portfolio on the environment?

Response 1: Banking (Bank)

We measure the impact of our portfolio on the climate

Yes

Disclosure metric

Financed emissions

We measure the impact of our portfolio on biodiversity

No, but we plan to do so in the next two years

Primary reason for not measuring portfolio impact on biodiversity

Not an immediate strategic priority

Explain why your organization does not measure its portfolio impact on biodiversity

At this moment, it is not part of the Institution' s strategy and material topics to prioritize and oversee biodiversity. However, we are studying how to address the topic of biodiversity in future discussions.

Response 2: Investing (Asset manager)

We measure the impact of our portfolio on the climate

No, but we plan to do so in the next two years

Primary reason for not measuring portfolio impact on climate

Lack of tools or methodologies available

Explain why your organization does not measure its portfolio impact on climate

The organization does not measure the climate impact of its investment portfolio, given the recent launch of the methodology for calculating facilitated emissions by PCAF. This tool was released in December 2023 and allows for the calculation of emissions related to the derivatives portfolio. Due to the recent launch, we have not yet conducted the first calculation, but we are preparing to do so within the next two years.

We measure the impact of our portfolio on biodiversity

No, but we plan to do so in the next two years

Primary reason for not measuring portfolio impact on biodiversity

Not an immediate strategic priority

Explain why your organization does not measure its portfolio impact on biodiversity

At this moment, it is not part of the Institution’ s strategy and material topics to prioritize and oversee biodiversity. However, we are studying how to address the topic of biodiversity in future discussions.

Response 3: Investing (Asset owner)

Q12.1.1 Provide details of your organization’s financed emissions in the reporting year and in the base year.

Response 1: Banking (Bank)

Asset classes covered in the calculation

Loans

Financed emissions (metric unit tons CO2e) in the reporting year

58701

% of portfolio covered in relation to total portfolio value

100

Total value of assets included in the financed emissions calculation

0.00

% of financed emissions calculated using data obtained from clients/investees (optional)

0

Emissions calculation methodology

The Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)

Weighted data quality score (for PCAF-aligned data quality scores only)

4

Financed emissions (metric unit tons CO2e) in the base year

37214

Base year end

2021-12-31

% of undrawn loan commitments included in the financed emissions calculation

0

Please explain the details of and assumptions used in your calculation

To calculate the financed emissions, we applied the PCAF methodology to our credit portfolio, thus including 100% of it in the calculation. Given that the majority of our portfolio consists of small and medium-sized enterprises that do not report their Scope 3 emissions, most of the data were estimated using information from the companies’ net revenue and assets. Additionally, the entire credit portfolio was classified as commercial loans, as we did not have project financing activities at the time of calculating our financial emissions, which is comparable from the baseline year to the reporting year. With the assumptions used in the calculation, we achieved a weighted quality score of 4.59 on the PCAF scale. The total value of assets used in the calculation was 9.3 billion (credit portfolio exposure), and the intensity of financed emissions was 6.24 MMtCO2e.

Response 2: Investing (Asset manager)

Q12.2 Are you able to provide a breakdown of your organization's financed emissions and other portfolio carbon footprinting metrics?

Response 1: Banking (Bank)

Portfolio breakdown

- Yes, by industry
- Yes, by scope
- Yes, by asset class

Response 2: Investing (Asset manager)

Q12.2.1 Break down your organization's financed emissions and other portfolio carbon footprinting metrics by asset class, by industry, and/or by scope.

Response 1: Row 1

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Food, beverage & agriculture

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

16.02

Value of assets covered in the calculation

854854119.33

Financed emissions or alternative metric

20145.91

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 2: Row 2

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Food, beverage & agriculture

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

25.99

Value of assets covered in the calculation

854854119.33

Financed emissions or alternative metric

1762.33

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in

alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 3: Row 3

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Retail

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

1.87

Value of assets covered in the calculation

689524493.35

Financed emissions or alternative metric

6033.5

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 4: Row 4

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Retail

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

689524493.35

Financed emissions or alternative metric

0.01

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 5: Row 5

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Infrastructure

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

1.74

Value of assets covered in the calculation

831231949.12

Financed emissions or alternative metric

3057.36

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 6: Row 6

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO_2e)

Industry

Infrastructure

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

5.41

Value of assets covered in the calculation

831231949.12

Financed emissions or alternative metric

750.63

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 7: Row 7

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Power generation

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

83121117.18

Financed emissions or alternative metric

1164.68

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 8: Row 8

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Power generation

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

83121117.18

Financed emissions or alternative metric

8.75

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in

alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 9: Row 9

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Biotech, health care & pharma

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

0.16

Value of assets covered in the calculation

857664588.69

Financed emissions or alternative metric

952.51

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 10: Row 10

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Biotech, health care & pharma

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

1.44

Value of assets covered in the calculation

857664588.69

Financed emissions or alternative metric

667.12

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 11: Row 11

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Transportation services

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

0.09

Value of assets covered in the calculation

293997558.72

Financed emissions or alternative metric

3601.74

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 12: Row 12

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Transportation services

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

0.06

Value of assets covered in the calculation

293997558.72

Financed emissions or alternative metric

235.58

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 13: Row 13

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Apparel

Asset class

Loans

Clients’/investees’ scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

98656551.39

Financed emissions or alternative metric

375.99

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 14: Row 14

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Apparel

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

98656551.39

Financed emissions or alternative metric

808.3

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in

alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 15: Row 15

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Hospitality

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

424197801.49

Financed emissions or alternative metric

649.09

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 16: Row 16

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Hospitality

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

0

Value of assets covered in the calculation

424197801.49

Financed emissions or alternative metric

214.64

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 17: Row 17

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Manufacturing

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

3.07

Value of assets covered in the calculation

293305362.96

Financed emissions or alternative metric

3636.8

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 18: Row 18

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Manufacturing

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

5.14

Value of assets covered in the calculation

293305362.96

Financed emissions or alternative metric

2901.68

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 19: Row 19

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Materials

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

0.22

Value of assets covered in the calculation

23555284.17

Financed emissions or alternative metric

542.85

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 20: Row 20

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Materials

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

1.39

Value of assets covered in the calculation

23555284.17

Financed emissions or alternative metric

109.86

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in

alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 21: Row 21

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Services

Asset class

Loans

Clients'/investees' scope

Scope 1

% of asset class emissions calculated in the reporting year based on total value of assets

76.83

Value of assets covered in the calculation

4946625939.25

Financed emissions or alternative metric

9975.87

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Response 22: Row 22

Portfolio

Banking (Bank)

Portfolio metric

Absolute portfolio emissions (tCO2e)

Industry

Services

Asset class

Loans

Clients'/investees' scope

Scope 2

% of asset class emissions calculated in the reporting year based on total value of assets

60.58

Value of assets covered in the calculation

4946625939.25

Financed emissions or alternative metric

897.36

Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

No

Please explain the details, assumptions and exclusions in your calculation

For the calculation, we used the PCAF methodology as a basis, considering the emission factors provided by this methodology. The segmentation of sectors is based on the CNAE classification adopted by XP in alignment with the TCFD sectors. Thus, we consider our entire credit portfolio, without excluding outstanding or unused loans, as all are part of the calculation of financed emissions. The value of assets included in the calculation represents our credit exposure according to each sector, with the sector segmentation adapted to align with the CDP classification.

Q12.3 State the values of your financing and insurance of fossil fuel assets in the reporting year.

Response 1: Lending to all fossil fuel assets

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

New loans advanced in reporting year (unit currency - as specified 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to fossil fuels, such as oil extraction, in the “Oil and Gas” sector, which did not show any loans in the portfolio as of the reporting date.

Response 2: Lending to thermal coal

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

New loans advanced in reporting year (unit currency - as specified 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to coal, such as extraction and processing of coal, in the “Coal” sector, which did not show any loans in the portfolio as of the reporting date.

Response 3: Lending to met coal

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

New loans advanced in reporting year (unit currency - as specified 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to coal, such as extraction and processing of coal, in the “Coal” sector, which did not show any loans in the portfolio as of the reporting date.

Response 4: Lending to oil

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

New loans advanced in reporting year (unit currency - as specified 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to oil, such as oil and natural gas extraction, in the “Oil and Gas” sector, which did not show any loans in the portfolio as of the reporting date.

Response 5: Lending to gas

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

New loans advanced in reporting year (unit currency - as specified 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to oil, such as oil and natural gas extraction, in the “Oil and Gas” sector, which did not show any loans in the portfolio as of the reporting date.

Response 6: Investing in all fossil fuel assets (Asset manager)

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to fossil fuels, such as oil extraction, in the “Oil and Gas” sector, which did not show any loans in the portfolio as of the reporting date.

Response 7: Investing in thermal coal (Asset manager)

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to coal, such as extraction and processing of coal, in the “Coal” sector, which did not show any loans in the portfolio as of the reporting date.

Response 8: Investing in met coal (Asset manager)

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company’s sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to coal, such as extraction and processing of coal, in the "Coal" sector, which did not show any loans in the portfolio as of the reporting date.

Response 9: Investing in oil (Asset manager)

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company's sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to oil, such as oil and natural gas extraction, in the "Oil and Gas" sector, which did not show any loans in the portfolio as of the reporting date.

Response 10: Investing in gas (Asset manager)

Reporting values of the financing and/or insurance of fossil fuel assets

Yes

Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

% of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

Details of calculation

The company's sectoral relationship is based on the classification of CNAE and TCFD, including our own enhancements for better sectoral alignment of our portfolio. Therefore, we included activities related to oil, such as oil and natural gas extraction, in the "Oil and Gas" sector, which did not show any loans in the portfolio as of the reporting date.

Response 11: Investing all fossil fuel assets (Asset owner)

Response 12: Investing in thermal coal (Asset owner)

Response 13: Investing in met coal (Asset owner)

Response 14: Investing in oil (Asset owner)

Response 15: Investing in gas (Asset owner)

Q12.5 In the reporting year, did your organization finance and/or insure activities or sectors that are aligned with, or eligible under, a sustainable finance taxonomy? If so, are you able to report the values of that financing and/or underwriting?

Response 1: Banking (Bank)

Reporting values of the financing and/or insurance of activities or sectors that are eligible under or aligned with a sustainable finance taxonomy

Yes

Taxonomy under which portfolio alignment is being reported

Other: Framing the credit portfolio for the green economy according to the FEBRABAN taxonomy

Share of aligned assets contributing to climate change adaptation that is enabling based on CAPEX of investees in the reporting year

10

Total assets aligned with the taxonomy in the reporting year

794824469

% of portfolio that is aligned with the taxonomy in the reporting year

8

Description of assets excluded from alignment calculation and reasons for exclusion

We use the Green Taxonomy of Febraban as our methodology for alignment with sustainable finance. This methodology is based on economic activities identified by the United Nations Environment Programme (UNEP) as those that result in improved human well-being and social equality, while significantly reducing environmental impacts and ecological scarcity. Its main pillars are: low carbon emissions, resource efficiency, and social inclusion. Additionally, the methodology considers references from the European Union (EU Taxonomy), the Climate Bonds Initiative (CBI), and the Social Bond Principles (SBP) from the International Capital Markets Association, as well as ISO 14.030 and the Green Bond Principles (GBP) from the International Capital Markets Association. Based on all these references, we classify activities into:
High contribution to the green economy: Activities that have a high positive impact on the environment and society (social and environmental benefits).
Moderate contribution to the green economy: Activities that have a high positive impact on the environment and society but carry relevant socio-environmental risk; and activities with potential for contribution to the green economy if good practices are adopted.
Thus, we only use the classification of "High Contribution to the Green Economy" for alignment with sustainable finance. We exclude (i) assets classified as "Moderate Contribution to the Green Economy" since, despite being activities with a high positive impact on the environment and society, they carry exposure and potential for generating social, environmental, and climate impacts, and (ii) assets that do not fit into any of the classifications, as these are activities without potential social, environmental, and climate contributions and with potential exposure and impact in these areas.

"Do No Significant Harm" requirements met

Yes

Details of "Do No Significant Harm" analysis

To ensure that assets aligned with sustainable finance do not cause any significant harm, we classify them using the Green Taxonomy of Febraban, which is based on economic activities considered by the United Nations Environment Programme (UNEP) as those that result in improved human well-being and social equality, while significantly reducing environmental impacts and ecological scarcity. Its main pillars are low carbon emissions, resource efficiency, and social inclusion. Additionally, the methodology takes into account references from the European Union (EU Taxonomy), the Climate Bonds Initiative (CBI), and the Social Bond Principles (SBP) from the International Capital Markets Association, as well as ISO 14.030 and the Green Bond Principles (GBP) from the International Capital Markets Association.

Thus, we only use the classification of "High Contribution to the Green Economy" for alignment with sustainable finance. We exclude (i) assets classified as "Moderate Contribution to the Green Economy" since, despite being activities with a high positive impact on the environment and society, they carry exposure and potential for generating social, environmental, and climate impacts, and (ii) assets that do not fit into any of the classifications, as these are activities without potential social, environmental, and climate contributions and with potential exposure and impact in these areas, thereby avoiding the risk of these assets causing any significant harm.

Details of calculation

For our calculation base, we use the credit portfolio (as of December 2023) as the scope. From the credit portfolio, we classify all assets into \' High Contribution to the Green Economy,\' \' Moderate Contribution to the Green Economy,\' \' Low Contribution to the Green Economy,\' and \' No Contribution to the Green Economy,\' according to the Green Taxonomy of Febraban. Once the entire portfolio is classified according to the Green Taxonomy of Febraban, we highlight only the assets with \' High Contribution to the Green Economy\' as aligned with sustainable finance. In the fiscal year 2023, we identified 187 companies classified with \' High Contribution to the Green Economy\' and therefore aligned with sustainable finance, totaling R$794.824.469,41 in exposure, which represents 8% of our credit portfolio aligned with sustainable finance.

Response 2: Investing (Asset manager)

Reporting values of the financing and/or insurance of activities or sectors that are eligible under or aligned with a sustainable finance taxonomy

No, but we plan to report in the next two years

Primary reason for not providing values of the financing and/or insurance

Not an immediate strategic priority

Explain why you are not providing values of the financing and/or insurance

Currently, it is not an immediate strategic priority to apply the methodologies used in the credit portfolio to the investment portfolio. ESG integration is conducted separately for investments, according to the strategy of the asset managers. However, we plan to disclose the process in question within the next few years.

Response 3: Investing (Asset owner)

Response 4: Insurance underwriting (Insurance company)

Q12.6 Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of environmental issues?

Yes

Q12.6.1 Provide details of your existing products and services that enable clients to mitigate and/or adapt to the effects of environmental issues, including any taxonomy or methodology used to classify the products and services.

Response 1: Row 1

Environmental issue

Climate change

Product/service enables clients to mitigate and/or adapt to climate change

- Adaptation
- Mitigation

Portfolio

Banking (Bank)

Asset class

Fixed income

Type of product classification

Products that promote environmental and/or social characteristics

Taxonomy or methodology used to identify product characteristics

- The EU Taxonomy for environmentally sustainable economic activities
- Climate Bonds Taxonomy

Type of solution financed, invested in or insured

- Ecosystem protection
- Nature-based solutions
- Renewable energy
- Energy efficiency measures

Description of product/service

- Green Bond
- Social Bond
- Climate Bond
- Sustainability-Linked Bonds
- Internal Methodology: XP has developed its own methodology that establishes criteria for the classification of emissions aligned with the green economy.

% of portfolio aligned with a taxonomy or methodology in relation to total portfolio value

28

% of asset value aligned with a taxonomy or methodology

7

Product considers principal adverse impacts on environmental factors

Yes

Details on how the principal adverse impacts on environmental factors are considered in this product

In the process of determining emissions aligned with the green economy, we adopt criteria that consider the adverse aspects of the counterpart. For emissions to be classified as green, it is essential that they meet a series of requirements. Firstly, the issuer must be free of relevant controversies related to social, environmental, and climate issues, which includes the presence of negative media coverage, administrative and judicial processes of a socio-environmental nature, as well as inclusion on restrictive lists, such as the \’dirty list\’ of slave labor and the embargo lists from IBAMA and ICMBio. Furthermore, the issuer’s activity must be classified as belonging to the green economy, according to the criteria of the Green Taxonomy established by Febraban. The issuer will undergo an analysis by the ESG & Social, Environmental, and Climate Risk (RSAC) team to assess its environmental, social, and climate quality. It is necessary for the issuer to have an internal social, environmental, and climate rating of \’A\’ or \’B\’ (indicating very low or low risk). Additionally, the issuance must not have any controversial purpose, and both the issuer and the operation must be monitored throughout their duration.

Q13.1 Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

Response 1:

Other environmental information included in your CDP response is verified and/or assured by a third party

Yes

Q13.1.1 Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Response 1: Row 1

Environmental issue for which data has been verified and/or assured

Climate change

Disclosure module and data verified and/or assured

- Environmental performance - Climate change: Emissions breakdown by country/area
- Environmental performance - Climate change: Renewable Electricity/Steam/Heat/Cooling consumption
- Environmental performance - Climate change: Renewable Electricity/Steam/Heat/Cooling generation
- Environmental performance - Climate change: Waste data
- Environmental performance - Climate change: Electricity/Steam/Heat/Cooling generation
- Environmental performance - Climate change: Emissions breakdown by business division
- Environmental performance - Climate change: Electricity/Steam/Heat/Cooling consumption

Verification/assurance standard

Climate change-related standards: ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Further details of the third-party verification/assurance process

The third-party verification process was conducted in a limited manner, based on the ABNT NBR ISO 14064-3 verification standard and the specifications of the Brazilian GHG Protocol - 2011 Edition, including a technical visit to the company. This process was responsible for verifying the consumption and generation of electricity, steam, heating, and cooling, as well as renewable sources and waste. Furthermore, during the verification process, it was possible to validate the breakdown of emissions by business division and by country, considering the different units of the company.

Attach verification/assurance evidence/report (optional)

certificado.pdf

Q13.2 Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

N/A

Q13.3 Provide the following information for the person that has signed off (approved) your CDP response.

Response 1:

Job title

Director of Legal, Compliance, and ESG

Corresponding job category

Chief Sustainability Officer (CSO)

Question Number	Question	Subquestion	Attachment
Q4.1	Does your organization have a board of directors or an equivalent governing body?	Attach the policy (optional)	politica-de-responsabilidade-socioambiental.pdf
Q7.9.1	Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.	Attach the statement	Declaration CDP_XPI_2024.pdf
Q7.9.2	Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.	Attach the statement	Declaration CDP_XPI_2024.pdf
Q5.11.3	Provide details of your environmental engagement strategy with your clients.	Attach your engagement strategy	CDP_2023_Non_Disclosure_Report.pdf
Q5.11.3	Provide details of your environmental engagement strategy with your clients.	Attach your engagement strategy	Integrated Annual Report 2023.pdf
Q4.11	In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?	Attach commitment or position statement	politica-de-responsabilidade-socioambiental.pdf
Q13.1.1	Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?	Attach verification/assurance evidence/report (optional)	certificado.pdf
Q4.6.1	Provide details of your environmental policies.	Attach the policy	politica-de-responsabilidade-socioambiental.pdf
Q5.2	Does your organization's strategy include a climate transition plan?	Attach any relevant documents which detail your climate transition plan (optional)	Relato Anual Integrado 2023 - XP INC_compressed.pdf
Q7.9.3	Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.	Attach the statement	Declaration CDP_XPI_2024.pdf
Q4.7.1	Provide details of the policies which include environmental requirements that clients/investees need to meet.	Attach the policy	politica-de-responsabilidade-socioambiental.pdf

Question Number	Question	Subquestion	Attachment
Q4.7.1	Provide details of the policies which include environmental requirements that clients/investees need to meet.	Attach the policy	politica-de-responsabilidade-socioambiental.pdf
Q4.7.1	Provide details of the policies which include environmental requirements that clients/investees need to meet.	Attach the policy	None
Q4.12.1	Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.	Attach the relevant publication	Relato Anual Integrado 2023 - XP INC_compressed.pdf