

# Task Force on Climate-Related Financial Disclosures (TCFD) Index

For more information, reference [Galaxy Annual Sustainability Report 2021](#)



# Task Force on Climate-Related Financial Disclosures (TCFD) Index

As part of Galaxy’s inaugural Sustainability Report, we have detailed our alignment to the Task Force on Climate-Related Financial Disclosures (TCFD). TCFD recommendations are organized into four pillars that allow for a consistent, standardized approach to analyzing climate-related risks and opportunities: (1) Governance, (2) Strategy, (3) Risk Management, and (4) Metrics and Targets. Galaxy’s TCFD response represents our efforts towards implementing the recommendations of the TCFD. More in-depth information can be found in our full [2021 Sustainability Report](#).

## Governance

### Recommended Disclosure

### GLXY Response

Describe the board’s oversight of climate-related risks and opportunities

Galaxy’s Board of Directors and its Compensation, Corporate Governance, and Nominating (CGN) Committee are responsible for overseeing our sustainability framework, strategy, and objectives. The Board of Directors and its CGN Committee are informed through, at a minimum, quarterly Board of Director meetings and annual reports from the ESG Steering Committee. Updates to the Board of Directors and its CGN Committee may include climate-related risks and opportunities that may materially affect Galaxy.

Describe management’s role in assessing and managing climate-related risks and opportunities

Our ESG Steering Committee, comprised of senior executives across business lines and key functions, is responsible for program execution and continuous improvement of ESG initiatives. Supporting our Steering Committee is a dedicated ESG Working Group, which is responsible for the day-to-day management and implementation of ESG directives and strategy, with representatives from key business lines and corporate functions. The ESG Steering Committee and Working Group meet at least monthly and discuss ESG strategic implementation, which may include climate-related risks and opportunities that may materially affect Galaxy.



## Task Force on Climate-Related Financial Disclosures (TCFD) Index

As a technology-driven financial services and investment management firm in the digital asset ecosystem, climate-related risks are unlikely to substantially impact Galaxy's diverse business lines and operations. However, we understand climate-related risks may lead to potential shifts in the operations of our business lines. TCFD identifies two categories of risks, transition risks and physical risks. Transition risks are those associated with transitioning to a lower-carbon economy, particularly the policy, legal, technological, and market changes that may require mitigation and adaptation. Physical risks can be event-driven (acute) or longer-term shifts in climate patterns (chronic).

We consider each risk and opportunity across three time horizons: short-term (ST; 0-3 years), medium-term (MT; 3-5 years), and long-term (LT; 5+ years). The table below exhibits Galaxy's identified climate-related risks and opportunities and discusses their potential impact based on TCFD guidelines.

### Strategy – Climate Related Risks

#### Potential Risk

#### Potential Impact on GLXY

##### TRANSITION RISK: POLICY & LEGAL

Increased pricing of GHG emissions	MT-LT	Introduction of mandatory carbon pricing may result in increased operating and/or compliance costs.
Enhanced emissions-reporting obligations	ST-MT	Introduction of new or enhanced climate-related reporting obligations may result in increased operating and/or compliance costs.
Mandates on and regulation of existing products and services	MT-LT	Introduction of climate-related mandates on and regulation of digital assets may result in increased operating and/or compliance costs and reduced demand for digital asset products and services, investor appetite, and capital availability.



## Strategy – Climate Related Risks (Continued)

Potential Risk	Potential Impact on GLXY
<b>TRANSITION RISK: MARKET</b>	
Uncertainty in market signals	ST-MT
Increased cost of raw materials	MT-LT
<b><u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2021, Risk Factors, Page 67-68</u></b>	
Increased cost of raw materials may affect energy and supply-chain costs. This may result in increased operating costs.	
<b><u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2021, Risk Factors, Page 94-95</u></b>	
<b>TRANSITION RISK: REPUTATION</b>	
Shifts in client preferences	ST
Stigmatization of sector	
Increased stakeholder concern	
<b><u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2021, Risk Factors, Page 71</u></b>	
<b>PHYSICAL RISK: ACUTE &amp; CHRONIC</b>	
Increased severity of extreme weather events	MT-LT
Rising mean temperatures	
Rising sea levels	
<b><u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2021, Risk Factors, Page 81</u></b>	



## Strategy – Climate Related Opportunities

### Potential Opportunity

### Potential Impact on GLXY

#### OPPORTUNITIES: RESOURCE EFFICIENCY

Resource efficiency

ST-MT

Enhancing our operational efficiency presents an opportunity to decarbonize.

Our New York and Chicago office locations host the majority of our workforce. Both hold LEED Gold Certifications and WELL Health Safety Ratings and are equipped with EnergyStar and WaterSense fixtures that help minimize our energy and water intensity. Our Hong Kong office holds a LEED Silver Certification and achieved an excellent rating in accordance with the Hong Kong Building Environmental Assessment Method. Galaxy’s Amsterdam office location received an “A” Energy Label Score. Additionally, we have established paper, plastic, and electronic waste reduction strategies, alongside our wide-scale recycling efforts, to better manage natural resources.

#### OPPORTUNITIES: ENERGY SOURCE

Use of lower-emission sources of energy

ST-MT

Use of lower-emission sources of energy present an opportunity to decarbonize and reduce risk exposure to the potential introduction of carbon pricing. This may reduce operating costs and increase revenue, capital availability, and reputation.

**In the second quarter of 2021, Galaxy Mining made a public dedication to manage our carbon footprint and increase the use of sustainable energy.** Galaxy Mining maintains a long-term goal to utilize an over-80% sustainable mix for all mining operations. Additionally, our London office has moved to a new office space that sources 100% of its electricity from renewable sources.

Use of new technologies

MT

Blockchain technology and digital assets may play a role in the transition to a low carbon economy.

Shift toward decentralized energy generation

MT-LT

Bitcoin miners may have the potential to enhance the shift toward decentralized energy generation by co-locating near renewable energy producers and acting as an off-taker for excess energy production. This may lead to a de-stigmatization of the asset class, increased capital availability, and enhanced reputation.



## Strategy – Climate Related Opportunities (Continued)

### Potential Opportunity

### Potential Impact on GLXY

#### OPPORTUNITIES: PRODUCTS & SERVICES

Shift in client preferences

MT-LT

Introduction of climate-related and broader mandates on and regulation of digital assets may lead to a shift in client preference and facilitate institutional adoption of digital assets.

As Galaxy has one of the first and most comprehensive sustainability programs in the digital asset ecosystem, stakeholders may perceive us as adequately addressing climate-related issues resulting in increased demand for products and services, revenue, investor appetite, and capital availability to grow the ecosystem.

#### OPPORTUNITIES - RESILIENCE

Participation in renewable energy programs

MT

Bitcoin miners offer flexible load and through participation in demand-response programs may present an opportunity to help balance electricity grids and encourage investment in renewable projects.

## Strategy

### Recommended Disclosure

Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

### GLXY Response

We have not conducted a climate-related scenario for our inaugural TCFD report. We may consider conducting a climate-related scenario in future iterations of TCFD reporting as we remain focused on business resilience.



## Risk Management

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### Recommended Disclosure

Describe the organization's processes for identifying and assessing climate-related risks

### GLXY Response

When identifying the potential climate-related risks Galaxy may face, we utilized our established risk-management framework and leveraged management's key role in our sustainability program's governance structure. Additionally, our first ESG materiality assessment identified key focus areas that are essential to our long-term business strategy, consequently informing our climate-related risk identification process. Our climate-related risk identification process included the following steps:

- **Identify:** We reviewed Galaxy's business lines and risk factors, TCFD guidelines and recommendations, ESG frameworks, standards, raters, and our peers to understand the current climate-related risk landscape and identified potential material climate-related risks.
- **Categorize:** We refined a list of potentially material climate-related risks, which were categorized under TCFD guidelines and recommendations.
- **Assess Impact:** We explored each potential climate-related risk in detail to understand its potential impact on our business.
- **Gather Feedback:** We engaged key internal stakeholders to receive feedback on potential climate-related risks, including our Chief Operating Officer (COO) and Chief Risk Officer (CRO), who lead our risk functions.
- **Engage Management:** Galaxy's TCFD response, including potential climate-related risks, was reviewed by the ESG Working Group and Steering Committee, and approved by the Board of Directors.



## Risk Management (Continued)

### Recommended Disclosure

Describe the organization's processes for managing climate-related risks

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

### GLXY Response

Managing and mitigating risk in a constantly evolving environment is fundamental to our ability to run our business and serve our clients. We approach risk management as an essential business process integrated throughout our business lines and corporate functions. We believe risk management is the responsibility of everyone at Galaxy.

The Board of Directors Audit Committee oversees the identification, assessment, and management of risk to achieve a proper balance between risk incurred, shareholder returns, and long-term business resilience. Our COO and CRO lead our risk functions, including the development and maintenance of policies to identify, assess, monitor, manage, and mitigate risk.

Our COO and CRO focus on financial risks, such as exchange credit and counterparty risks. While Galaxy does not formally integrate climate-related risks into our overall risk management, all climate-related risk is managed through our sustainability program's governance structure, which includes the Board of Directors, COO, and other senior executive members of the Risk Committee. Additionally, Galaxy indirectly manages climate-related financial risks by continuously hedging our exposure through a macro approach that considers a wide array of scenarios.

## Metrics & Targets

### Recommended Disclosure

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

### GLXY Response

To assess climate-related risks and opportunities in line with our strategy and risk management process, we measure the following climate-related metrics:

- Scope 1, 2, and 3 greenhouse gas (GHG) emissions
- GHG emissions intensity per \$1MM net comprehensive income and employee
- Bitcoin mining energy mix
- Global offices operational efficiency





## Metrics & Targets

### Recommended Disclosure

### GLXY Response

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks

We engaged Apex Group to conduct Galaxy’s first GHG assessment covering Scope, 1, 2, and 3 emissions. Apex Group follows the GHG Protocol methodology for calculating emissions and uses nationally recognized emissions factors, published by regulated authorities, to ensure the robustness of calculations. Where necessary, Apex Group may build bespoke models for unique emissions sources, grounded in best-in-class data and scientific approaches. Apex Group conducted this GHG assessment and verification of data independently, as a third-party, with no conflicts of interest.

Galaxy’s Scope 1, 2, and 3 GHG emissions were 6,554 metric tonnes of carbon dioxide equivalent (mtCO2e).

To better understand our impact, we also analyzed our total carbon footprint excluding Bitcoin mining electricity consumption. Bitcoin mining is one of our business lines, and while a key element of our business strategy is sourcing sustainable energy, approximately 68% of our total carbon footprint is a result of electricity consumption to help secure the Bitcoin network.

Galaxy’s Scope 1, 2, and 3 GHG emissions excluding Bitcoin mining electricity consumption were 2,079 mtCO2e.

We will continue to disclose our GHG emissions on an annual basis and are committed to increasing transparency around our impact.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

Our GHG calculations and assessment are essential to helping us to understand our impact, find opportunities to enhance our operational efficiency, and implement best practices to reduce our footprint. **In the second quarter of 2021, Galaxy Mining made a public dedication to manage our carbon footprint and increase the use of sustainable energy.** Galaxy Mining maintains a long-term goal to utilize an over-80% sustainable mix for all mining operations. This long-term goal will indirectly help decarbonize Galaxy’s Scope 2 GHG emissions.

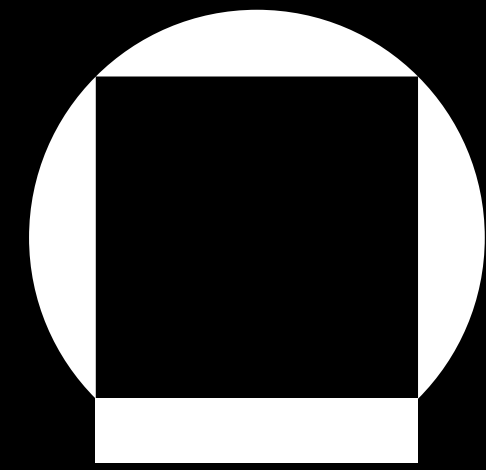


# Forward-Looking Disclaimer

This report contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These forward-looking statements relate to the future of the industry, environmental, social or governance initiatives, or the Company’s future plans or opportunities. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, “seeks” or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us. There can be no assurance that future developments affecting us will be those that we have anticipated. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Forward-looking statements are subject to the risk that the industry or the Company’s businesses do not perform as anticipated or meet the ESG goals as outlined in the report. They are also subject to the risks described in the Risk Factors section of the Annual Information Form (“AIF”) dated March 31, 2022 of Galaxy Digital Holdings Ltd. Factors that could cause outcomes to differ materially from those described in such forward-looking statements include, but are not limited to, a decline in the digital asset market or general economic conditions; a delay or failure in developing ESG process or implementing goals; and changes in applicable law or regulation. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. The forward-looking statements in this report are applicable only as of the date of this report or as of the date specified in the relevant forward-looking statement and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

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