

galaxy

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

For more information, reference [Galaxy Annual ESG Report 2022](#)



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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 2022 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 on key ESG program initiatives and updates through 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 is comprised of senior executives across business lines and regions and is charged with ensuring the effective implementation and oversight of the Company’s ESG strategy at the business level. Our ESG strategy is developed and executed by Galaxy’s Investor Relations team, who regularly meet to review and evolve the Company’s ESG strategy for the benefit for all of our stakeholders, which may include climate-related risks and opportunities that may materially affect Galaxy.



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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
TRANSITION RISK: MARKET	
Uncertainty in market signals	ST-MT
<u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2022, Risk Factors, Page 85 - 86</u>	
Increased cost of raw materials	MT-LT
Increased cost of raw materials may affect energy and supply-chain costs. This may result in increased operating costs. <u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2022, Risk Factors, Page 116, 118 - 119</u>	
TRANSITION RISK: REPUTATION	
Shifts in client preferences Stigmatization of sector Increased stakeholder concern	ST
<u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2022, Risk Factors, Page 92</u>	
PHYSICAL RISK: ACUTE & CHRONIC	
Increased severity of extreme weather events Rising mean temperatures Rising sea levels	MT-LT
<u>Reference Galaxy Digital Holdings LTD. Annual Information Form 2022, Risk Factors, Page 103</u>	



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 office location hosts the majority of our workforce, and holds a LEED Gold Certification, WELL Health Safety Ratings, and is equipped with EnergyStar and WaterSense fixtures that help minimize our energy and water intensity. Our team in Chicago recently moved to a new office that also holds a LEED Gold Certification, and our Hong Kong office holds a LEED Silver Certification and achieved an excellent rating in accordance with the Hong Kong Building Environmental Assessment Method. Additionally, we have established paper, plastic, and electronic waste reduction strategies, alongside our wide-scale recycling efforts and composting program in our New York office, 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. Galaxy’s Mining business remains committed to achieving its long-term goal of expanding its use of sustainable energy, which we believe will help drive down our marginal cost of production, while also indirectly helping decarbonize our Scope 2 GHG emissions.

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 2022 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

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 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.

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 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 second 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 approximately 31,950 metric tonnes of carbon dioxide equivalent (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. Our Mining business remains committed to achieving its long-term goal of expanding its use of sustainable energy, which we believe will help drive down our marginal cost of production, while also indirectly helping decarbonize Galaxy's Scope 2 GHG emissions.

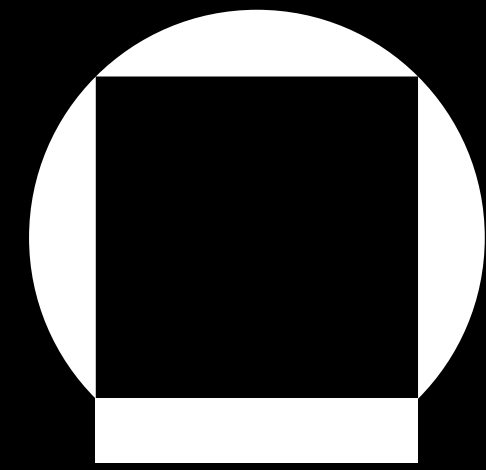


Forward-Looking Disclaimer

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