

**Silvergate**

2021 Environmental,  
Social and Governance Fact Sheet

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# Securing the Future of Finance

Bitcoin and other digital currencies have the potential to reshape the global financial system, but this fast-developing sector needs next-generation banking services that move at the speed of its users. Driven by intellectual curiosity and anchored by deep expertise in risk management, Silvergate brings the safeguards of legacy banking systems to the real-time markets of the digital currency industry. Through every interaction with customers, regulators and industry peers, we aim to protect the free flow of digital currency, expand access to financial services and invest in our people and minimize environmental impact.

The development of this fact sheet has been guided by the **Sustainability Accounting Standards Board**<sup>1</sup> (SASB) frameworks for Commercial Banks and Asset Management & Custody Activities, which contain the following topics:

- Financial Inclusion & Capacity Building
- Data Security
- Business Ethics
- Risk Management
- Diversity & Inclusion

## PROTECTING THE FREE FLOW OF DIGITAL CURRENCY

A Federal Reserve member bank and a California state-chartered commercial bank, Silvergate employs strong governance and risk management controls as we provide 24/7 secure access to global digital currency markets.

### OUR SOLUTIONS

- The Silvergate Exchange Network (SEN) allows digital currency exchanges and institutional investor clients to send U.S. dollars between their Silvergate accounts and the accounts of other Silvergate clients at any time, day or night, 365 days a year.
- SEN Leverage provides secure, institutional-grade access to capital through U.S. dollar loans collateralized by bitcoin. Our stringent controls are designed to mitigate loss potential. In addition, we do not practice rehypothecation, meaning our custodial partners do not lend out our customers' bitcoin.

### OUR SAFEGUARDS

- Our capital adequacy and contingency planning policy protects depositors and shareholders by formalizing Board and senior management oversight of Silvergate's capital reserves and risk infrastructure. Specifically, the Board mandates that the bank always maintains its status as a well-capitalized financial institution, as determined by applicable federal banking laws and regulations.
- Our policies on information technology and information security ensure that we appropriately manage the risks of the technology and data upon which our business is based, and that we comply with all applicable regulations.
- As our data privacy policy makes clear, Silvergate never sells or shares customers' personal information with third-party marketers.
- Our whistleblower policy demonstrates our commitment to honesty and integrity in all our operations. We provide a hotline and website through which employees can make anonymous reports, and we have a clearly defined process for investigating any reports.

<sup>1</sup> The Sustainability Accounting Standards Board (SASB) is an independent, private sector standards-setting organization whose mission is to help businesses around the world identify, manage, and report on the sustainability topics that SASB believes matter most to investors. For more information on SASB, visit [sasb.org](https://sasb.org)

## EXPANDING ACCESS TO FINANCIAL SERVICES

We believe that digital currencies offer unparalleled access to capital for the global underbanked, including those who live under unstable government regimes or lack access to traditional identity documentation. As a key player in the digital currency industry, we work to improve the systems that make digital currencies an essential part of the global financial system.

In addition, we are in full compliance with the Community Reinvestment Act (CRA), which requires banks to help meet the credit needs of the communities where they do business.

- We collaborate with regulators as they establish policies and regulations that will allow safe, reliable access to digital currencies. In particular, we actively support the expanded use of U.S. dollar-backed stablecoins, which offer individuals and businesses access to a blockchain based payment medium whose value is tied to the U.S. dollar.
- We provide correspondent banking services to companies that are expanding access to the global financial system, such as microfinance lender Kiva and African payments firm Flutterwave. Our rigorous approach to risk management allows us to accurately assess the regulatory adherence of these firms, enabling them to expand access to the global financial system.
- We have provided financial support to the Human Rights Foundation's Bitcoin Development Fund, which supports software developers who are making the bitcoin network more private, decentralized and resilient.
- We are deeply committed to strengthening the vitality of San Diego County, where we are headquartered and where many of our employees live. To that end, and following a detailed assessment of community needs, our CRA activities focus on sustained economic development, community services and affordable housing initiatives. We deliberately set demanding goals for our CRA activities, and in our most recent evaluation achieved a "satisfactory" rating from the Federal Reserve Bank of San Francisco.<sup>2</sup>

## INVESTING IN OUR PEOPLE AND MINIMIZING ENVIRONMENTAL IMPACT

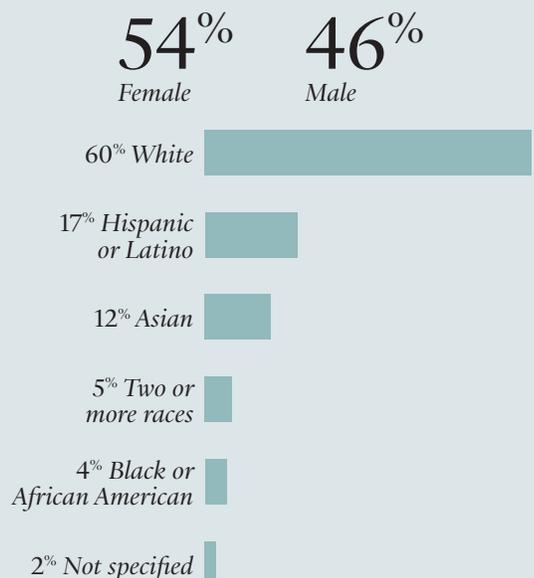
### WE CREATE AN EMPOWERING WORKPLACE

that enables employees to advance new solutions, while working to help protect the planet. Our commitment to remote work minimizes environmental impact while also helping our employees lead healthier, happier lives. We aim to empower employees' lives outside of work, with a strong benefits package as well as flexibility and support for parents and other caregivers.

### DIVERSITY AND INCLUSION

As our diversity and inclusion policy states, we strongly believe that a diverse workforce and an inclusive environment improve individual and organizational performance. We are proud of the diversity of thought, culture and background represented within Silvergate's employees, and continually work toward enhancing our inclusive culture.

### EMPLOYEE DEMOGRAPHICS<sup>3</sup>



<sup>2</sup> As of March 2, 2020.

<sup>3</sup> As of December 31, 2021.

## COMPANY CULTURE

Silvergate's core values guide the way we work together on behalf of our customers and the digital currency industry as a whole.

*They are:*

- Challenge convention
- Cultivate awesome
- Do what's right
- Empower people
- Exceed expectations
- Take ownership

Our employees' high level of engagement<sup>4</sup> demonstrates the strength of our culture and is particularly noteworthy given that the overwhelming majority of our employees work remotely.

98%

*"I like the type of work that I do"*

92%

*"Overall, I am very satisfied with my employer"*

## ENVIRONMENTAL IMPACT

Silvergate's workforce is largely remote, and unlike traditional banks, we have just one brick-and-mortar branch, located in our corporate headquarters. With only a few employees commuting to our single office, and by relying on expanded communications technology to connect with prospects, customers, partners and regulators (rather than domestic and international travel), we have significantly minimized the environmental footprint of our business activities as compared to many other financial institutions operating in market segments we serve. In addition, we have transitioned the majority of our customers to electronic or online statements rather than traditional paper statements, substantially reducing the environmental impact from paper waste.

## LOOKING AHEAD

We are committed to continuous improvement in our business, including in our ESG efforts. Our priorities for 2022 and beyond include:

- Further enhancing our payments experience, with a special focus on expanding our foreign exchange and digital payment capabilities.
- Continued growth of bitcoin collateralized lending.
- Continued compliance with California's requirements for publicly held companies regarding board members from underrepresented communities.

We will continue to share at least annual updates on our ESG priorities. To learn more about Silvergate's ESG initiatives or to provide feedback on our progress so far, please contact us at [investors@silvergate.com](mailto:investors@silvergate.com)

<sup>4</sup> San Diego Business Journal Best Places to Work 2021.