

## Assured Guaranty Ltd.

### Climate Risk Management

#### Purpose and Scope

Assured Guaranty Ltd. (“Assured Guaranty” or “we”) is committed to understanding, managing and mitigating material risks to our business associated with climate-related financial vulnerabilities and to operating our business in a sustainable manner.

As an insurer and an investor, we endeavor to manage risk wisely, responsibly and with a view towards the long-term success of our business. We understand that environmental issues can impact our insured and investment portfolios. Our insurance operating subsidiaries provide insurance and reinsurance policies that may stay in effect for 30 years or longer, and they maintain substantial investment portfolios. As a prudent investor, we recognize the importance of fundamental research and the consideration of relevant risk factors, including the financial risks associated with changing climate conditions and vulnerabilities to extreme weather events. And while we believe the direct impact of our operations on the environment is relatively small, we endeavor to manage our operations in ways that reflect our respect for the environment and its sustainability.

Our approach to Climate Risk Management is focused on four critical areas:

- Insurance Risk Management and Strategic Opportunities
- Investment Opportunities
- Business Operations and Facilities Management, and
- Employee Engagement

#### Climate Data and Science

Based on observed warming, atmospheric and oceanic changes, many in the scientific community have warned that climate change is expected to have further widespread impacts on human and natural systems, creating new risks and exacerbating existing vulnerabilities in communities across the globe, challenging health and safety as well as economic growth.

Scientists expect specific potential long-term effects of evolving climate risk to include:

- Higher temperatures
- Higher regional precipitation in certain areas
- More regional droughts and heat waves
- More frequent and intense hurricanes and tropical storms
- Global rise in sea level

The frequency and severity of natural disasters such as hurricanes, coastal and river flooding, droughts, tornados, earthquakes, and wildfires may have negative consequences on both places and people. Rising temperatures, air quality, and drought conditions may impact air quality, availability of water, food and shelter, and incidence of disease.

Though the full effects of changing climate conditions may not be felt for some time, and predictions may not materialize when or as projected, recent events, trends and research compel us to evaluate the potential impact on our business and develop a risk management strategy.

### **Insurance Risk Management and Strategic Opportunities**

#### *Impact of Climate-Related Risk on the Company's Financial Guaranty Business*

As a financial guarantor of municipal, infrastructure, and structured finance transactions, the Company does not take direct insurance exposure to natural perils but does face the risk that its obligors' ability to pay debt service will be impaired by the impact of extreme weather or deteriorating climatic conditions.

Cities, counties, states, and other issuers of municipal and infrastructure bonds may be affected by more frequent and severe weather events. Over time, the livability of certain regions issuing bonds insured by the Company may be adversely affected by long-term shifts in climate patterns or environmental risk. The expense municipalities will incur as they reinforce infrastructure to address these risks, such as new sea walls, levees, retention ponds, roads, utilities, and bridges, will vary according to geographic location and the nature of the mitigation efforts needed. Likewise, the financial burden among federal, state, and municipal governments also will vary. Further, unmitigated effects eventually could lead to changing demographic patterns that alter the financial health of impacted municipalities.

Policy, legal, and regulatory changes enacted to reduce carbon emissions and lessen the impacts of changing climate conditions may result in transition risk. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations. Certain sectors of the Company's business, most notably public power and retail gas and electric transactions, may be vulnerable to such risk.

While scientific forecasts maintain some uncertainty around exact projections, Assured Guaranty continues to enhance its approach to the consideration of the financial risks associated with changing climate conditions in the origination, underwriting, credit approval, and surveillance of its insured exposures and has integrated climate risk into its risk management and control functions.

***Underwriting Guidelines for New Financial Guaranty Exposures.*** In 2019, we formalized consideration of environmental risks in our financial guaranty business by requiring that credit underwriting submissions include a consideration of environmental factors as part of the analysis. Vulnerability to significant or unmitigated exposure to physical risks, such as the increased severity, frequency or duration of extreme weather events or rising sea levels, or the emergence of transition risks, are considered alongside other relevant risk factors to determine if such environmental issues materially impact an obligor's expected performance. If an environmental issue could have a material negative impact on the performance of the transaction, the issue and impact must be described, along with any related surveillance considerations, prior to a decision as to whether to issue a financial guaranty.

***Surveillance of Existing U.S. Public Finance Exposures.*** One of the primary objectives of the surveillance process is to monitor and assess trends, events and developments that may affect risks within the insured portfolio, and to determine the appropriate rating of such insured risks. The review cycle and scope vary based upon transaction type and credit quality. The surveillance process considers climate-related factors to evaluate the potential impact of environmental risks, such as exposure to extreme weather events,

geographic locations prone to flooding or wildfires, and compliance with environmental requirements, on an issuer's ability to make debt service payments.

**Impact of Climate-Related Risk on the Company's Annuity Reinsurance Business.** In January 2026, Assured Guaranty entered the annuity reinsurance market through its acquisition of a Bermuda-based life and annuity reinsurer subsequently renamed Assured Life Reinsurance Ltd. Annuity reinsurance products range in duration from medium to long-term. The impact of climate on health and longevity is highly uncertain due to the time horizon, as well as the presence of multiple variables (geography, socioeconomic status) and mitigating factors. The Company continues to research climate-related risk in its annuity reinsurance exposures, while also recognizing the limitations and availability of applicable scientific data.

**Risk Management.** Assured Guaranty's risk management group continually monitors developments and addresses risks strategically and according to the materiality of such risks. As data about climate-related financial risks evolves and matures, the company adapts and adopts appropriate qualitative analysis and quantitative methodology and metrics.

**Strategic Opportunities.** The increasing importance of climate resilience, curbing Greenhouse Gas (GHG) emissions, and providing the funding necessary to support action towards environmental sustainability present strategic opportunities for Assured Guaranty to create value while addressing important economic and ecological issues. As the global community addresses changing climate conditions and vulnerabilities to extreme weather events, regulators pass clean energy mandates, and governments undertake carbon emissions reductions and renewable energy pledges, issuers will likely access the capital markets to finance infrastructure improvements, climate resiliency strategies, renewable energy generation and transmission, and the deployment of new technologies. Increased bond issuance provides Assured Guaranty, with its knowledge and experience in public, project, and infrastructure finance, opportunities for enhanced financial guaranty revenue.

### **Investment Opportunities**

In addition to traditional quantitative metrics, qualitative factors such as good governance practices and proper oversight, transparent reporting and disclosure, exposure to litigation and regulation, changes in supply or demand characteristics of fuels, technological development, sustainability, vulnerability to climate risks (physical and transition) and exposure to extreme weather events, human capital management and stewardship, corporate culture and reputation can also have an effect on asset value and performance. As a prudent investor, Assured Guaranty understands the importance of fundamental research and careful consideration of relevant risk factors, both quantitative and qualitative, that impact performance and return expectations.

Our investment portfolio holds predominantly fixed-income assets; therefore, its primary risks are credit-related. Material qualitative factors play a role in the evaluation by us or our external investment managers of the creditworthiness of specific issuers and industries. Our investment managers rely on their respective corporate investment philosophy statements and use information regarding sustainability and responsible business practices, along with a variety of other economic factors, including risk and valuation metrics, when conducting research and due diligence on new investments, and again when monitoring investments for Assured Guaranty's investment portfolio. On an annual basis, the Company requests and

reviews reports from its primary investment managers on any material qualitative factors that may adversely impact returns.

### **Business Operations and Facilities Management**

In our own and immediate physical environments, we endeavor to conduct our business operations in a manner consistent with the goals of this Climate Risk Management statement. We are committed to the well-being and safety of our employees and complying with all applicable environmental laws in the jurisdictions where we maintain offices and personnel.

**Measuring, managing and reporting on GHG Emissions.** As a financial services firm with approximately 370 employees, the direct impact of Assured Guaranty's operations on the environment is relatively small. Since 2019, we have been measuring, managing and reporting our GHG emissions on an enterprise-wide basis. Pursuant to the Greenhouse Gas Protocol, we conduct internal data collection and analysis annually for our Scope 1, Scope 2 and certain key Scope 3 GHG emissions. Our methodology and results are reviewed by an independent third party, which conducts a reasonable assurance review for Scope 1 and 2 emissions and a limited assurance review for Scope 3 emissions in accordance with ISO 14064-3 International Standards.

Since 2016, approximately 95% of our employees work in office buildings which are U.S. Green Building Council's LEED or U.K. BREEAM certified. We equip all of our locations with video conferencing capabilities to minimize the need for travel amongst offices. We employ innovations such as hyper-convergence of IT infrastructure, cloud storage, and virtual servers to reduce our carbon footprint.

We endeavor to further minimize our environmental impact by employing best practices in facilities management in the areas of consumption, recycling and waste management, and procurement, where practicable.

**Consumption.** We minimize our environmental impact by actively managing consumption of certain resources and products including energy and paper.

**Recycling and Waste Management.** We work to reduce the waste we generate and to increase our recycling of waste we do generate, including paper, IT hardware, and other non-biodegradable items.

**Procurement.** We make responsible purchasing decisions by giving preference to energy efficiency and green technology, products and services to the extent these alternatives are available, economical and appropriate.

### **Employee Engagement**

We realize that our employees are a valuable resource and critical ally in furthering our environmental objectives. Through communication and education, we help our employees become more aware of their individual impact on the environment, the importance of making environmentally conscious choices, and the availability of sustainable alternatives. We encourage our employees to use resources more responsibly. We remind our employees to recycle by providing ample recycling bins at workstations and in common areas. We support our employees in reducing their environmental impact by offering mass transit incentives for commuting, green cars for corporate travel and hybrid work options. Most importantly, we solicit suggestions from our employees, who know our business the best, for more

environmentally responsible ways of conducting our operations. Protecting the environment is a shared responsibility.

### **Governance**

The AGL Board of Directors' Environmental and Social Responsibility Committee and the Risk Oversight Committee provide oversight of the Company's approach to addressing climate risk in accordance with their respective charters. At the company level, we also formed an environmental risk working group composed of senior members of our credit, underwriting and risk management departments, to review the framework and methodology used to assess the impact of climate risk on various aspects of our insurance business.

The AGL Board of Directors reviews this Climate Risk Management statement annually, or more frequently as needed, in response to significant changes in conditions, legislation or our business.

*February 2026*