

Assured Guaranty Climate Statement

Assured Guaranty Ltd. (together with its subsidiaries, Assured Guaranty or the Company) recognizes that addressing and adapting to changing climate conditions continue to be top global objectives.

Climate Change Data and Science

Based on observed warming, atmospheric and oceanic changes, the scientific community, including the Intergovernmental Panel on Climate Change (IPCC)^{1,2}, the U.S. Global Change Research Program³, and the proceedings of the UN Climate Change Conference of the Parties (COP)⁴, have warned that climate change will have further widespread impacts on human and natural systems.

According to the IPCC Sixth Assessment Report (AR6)⁵, global surface temperature was more than 1.°C higher in 2011-2020 than 1850-1900 and widespread and geologically rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred. The IPCC expects that changing climate conditions will create new risks and exacerbate existing vulnerabilities in communities across the globe, challenging human health and safety as well as economic growth.

Scientists expect specific potential long-term effects of evolving climate risk to include^{3,4}:

- 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

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 its potential impact on our business and develop a risk management strategy.

Impact of Climate Risk on Assured Guaranty

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 will likely 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.

Managing Climate Risk at Assured Guaranty

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. As a prudent investor, the Company understands 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.

Please refer to our [Policy on Climate Risk Management and Environmental Stewardship](#) for a description of how climate risk is addressed in our underwriting guidelines, surveillance of existing exposures, and investment portfolio, as well as the Company's governance and oversight regarding climate risk and its environmental stewardship.

Climate Related Opportunities

Use of Municipal and Infrastructure Financings to Address Climate Related Risks

We believe that municipal bond insurance has an important role to play in helping cities, counties and states issue debt at more affordable rates to finance the massive infrastructure improvements that may be required to address and adapt to more severe weather events.

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¹ IPCC, 2014: *Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp.

² IPCC, 2018: Summary for Policymakers. In: *Global Warming of 1.5°C. An IPCC Special Report on the*

impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X.Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press.

- ³ USGCRP, 2014: Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2.
- ⁴ COP26: The Glasgow Climate Pact: [COP26-Presidency-Outcomes-The-Climate-Pact.pdf \(ukcop26.org\)](https://www.ukcop26.org/COP26-Presidency-Outcomes-The-Climate-Pact.pdf)
- ⁵ Synthesis Report of the IPCC Sixth Assessment Report (AR6), March 19, 2023.