2023 Task Force on Climate-Related Financial Disclosures (TCFD) Report

radian

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Introduction

The Financial Stability Board (FSB) established the Task Force on Climate-Related Financial Disclosures (TCFD) in December 2015 to design a set of recommendations for consistent disclosures to improve and increase reporting of climate-related financial information. The recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets.

In this report, we disclose the progress we have made throughout the 2023 reporting year in developing our processes as we further integrate the recommendations of the TCFD across our existing business.

About Radian

At Radian, we are committed to ensuring the American dream of homeownership in an affordable, equitable and sustainable way through products and services that span the mortgage and real estate spectrum. We are a diversified mortgage and real estate services business. Across the residential mortgage and real estate spectrum, we deliver superior customer service and innovative solutions—from our mortgage insurance and other credit risk management solutions to our mortgage conduit and suite of real estate products and services. We take an enterprise approach under our *One Radian* strategy, which leverages the value of our employees across our diversified businesses to better serve our customers.

Radian Group Inc. serves as the holding company for our insurance and other subsidiaries through which we offer our products and services, including the following primary businesses:

- Our **Mortgage Insurance segment** provides credit-related insurance coverage, principally through private mortgage insurance on residential first-lien mortgage loans, as well as contract underwriting and other credit risk management solutions, to mortgage lending institutions and mortgage credit investors.
- Our **Mortgage Conduit**, **Title**, **Real Estate Services** and **Real Estate Technology businesses** provide our existing and new customers with a diversified array of products and services across the residential real estate and mortgage finance industries.

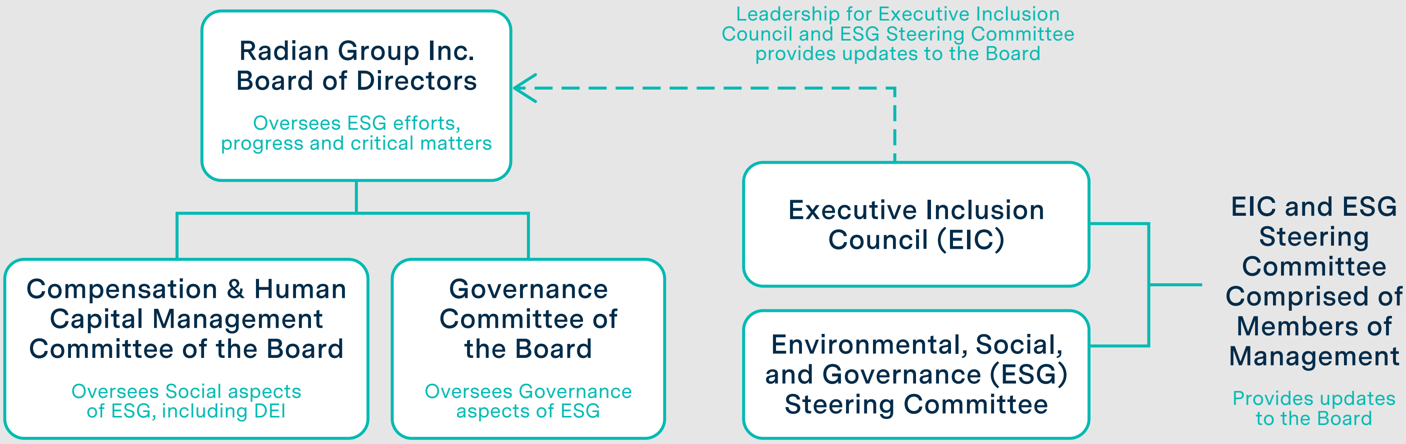
Governance of Climate Change Matters

TCFD guidance requests that companies disclose the organization's governance around climate-related risks and opportunities, including the roles of both the Board of Directors (Board) and management.

Board Oversight

Our Board is actively involved in the oversight of our Corporate Responsibility program and practices that could affect the company, including climate-related risks and opportunities.

Our Board seeks to understand and oversee the most critical risks relating to our businesses, allocates responsibilities for the oversight of risks among the full Board and its standing committees, and reviews the systems and processes that management has in place to manage identified risks, as well as those that could arise in the future.



The Board, or through its Risk Committee and other standing committees, regularly meets to receive and discuss risk related reports, including:

(i) our Enterprise Risk Management ("ERM") function regarding the most significant risks we are facing, and the steps being taken to assess, manage and mitigate those risks;

(ii) our information security function regarding cybersecurity-related risks and our efforts to mitigate such risks; and

(iii) our compliance programs and our efforts to embed a culture of compliance throughout the organization to encourage ethical behavior and mitigate risks of regulatory non-compliance.

The Board further considers current and potential future strategic risks facing the company as part of its annual strategic planning session with management, which include climate-related risks and opportunities as they arise.

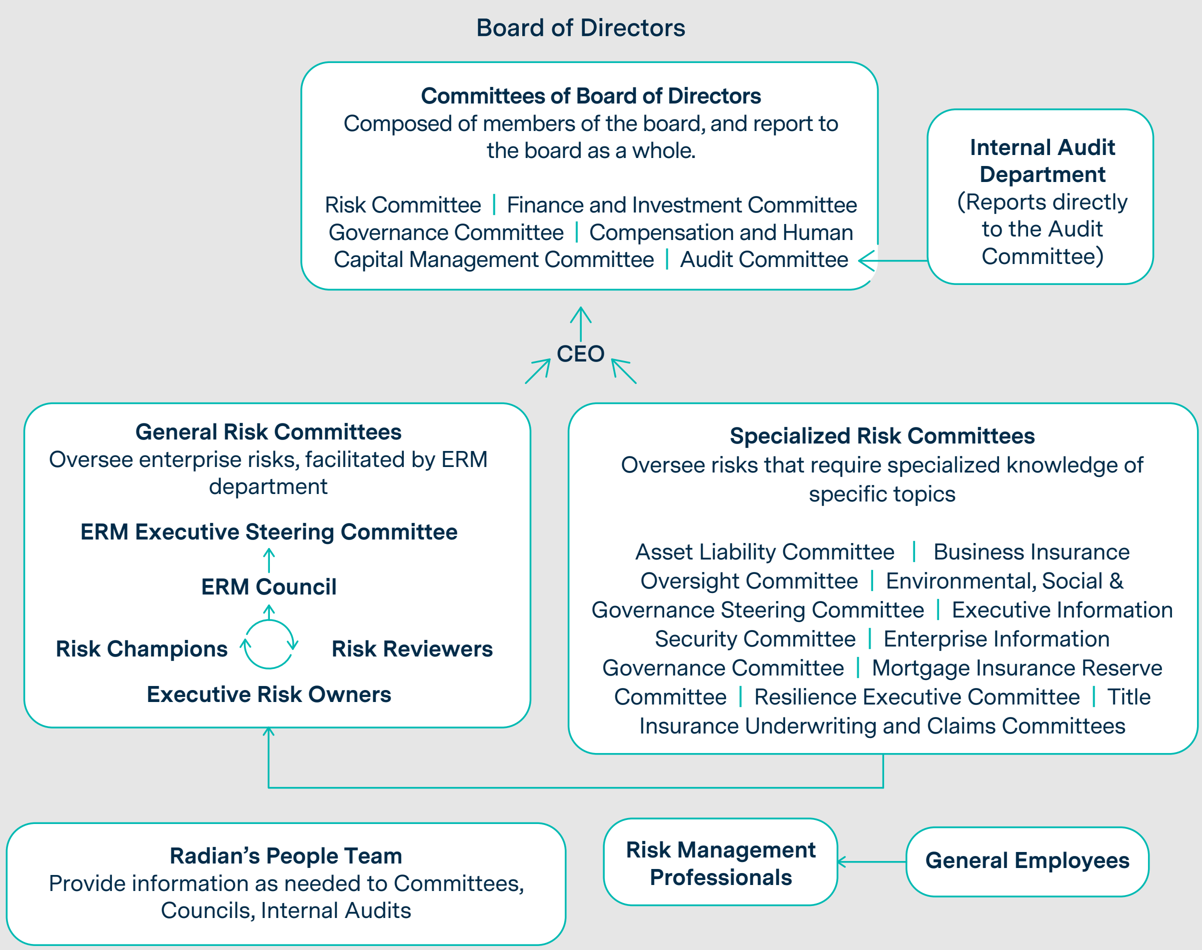
The Board is informed of our greenhouse gas emissions (GHG) at least annually in connection with the preparation of our Corporate Responsibility Report and receives regular updates on our Corporate Responsibility program and practices, including information about climate change.

To ensure the Board is equipped with the knowledge to exercise its role of oversight effectively, our directors receive education and training sessions focused on current and emerging Corporate Responsibility topics, including climate related matters.

Management Oversight

Radian takes an integrated approach to managing the company's climate-related risks and opportunities, with responsibility integrated into the company's existing governance and risk management structures.

Enterprise Risk Management (ERM) Governance



Business risks, including those associated with climate change, are identified and assessed by the ERM Council, consisting of mid-to-senior level employees, and its results are shared with the ERM Executive Steering Committee at least quarterly. The ERM Executive Steering Committee is responsible for assisting the Board in the fulfilment of its risk oversight responsibilities.

Our senior executive management team regularly monitors and discusses risks related to our businesses through various management committees. The ESG Steering Committee, which comprises a cross-functional management team is responsible for assisting leadership and ensuring the business considers climate-related risks and opportunities throughout its strategy development, reporting and communications.

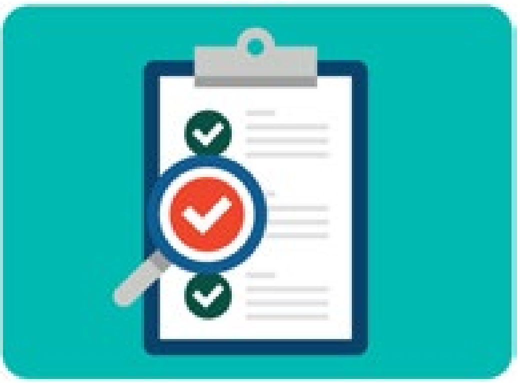
The ESG Steering Committee consists of officers and other employees with varied experiences and disciplines including but not limited to environmental, health and safety, operations, legal, investor relations, government affairs, risk management, corporate governance, finance, human capital management and communications.

The ERM Council and ESG Steering Committee regularly engage with subject matter experts across our businesses to ensure climate-related risks and opportunities are accurately identified, assessed and managed.

Strategy and Risk Management

TCFD guidance requests that companies disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

We recognize that climate change is a complex issue which presents a range of risks and opportunities that may impact our ability to successfully achieve our business strategy over time.



To ensure our business remains resilient, we aim to identify, assess and manage the current and emerging climate-related risks and opportunities across our business as per the TCFD-aligned guidance.

We have identified three transition risks, representing those risks associated with the transition to a decarbonized economy. In addition, we have identified two physical risks, representing those risks associated with the physical impact of climate change.

Moving forward we aim to continuously enhance our climate risk assessment to ensure new and evolving risks and opportunities associated with climate change are accurately identified, assessed and accounted for throughout our business strategy and decision making.

In addition to our own efforts to manage climate-related risks, the vast majority of the loans we insure are sold to Fannie Mae and Freddie Mac (GSEs), who are the largest beneficiaries of our mortgage insurance and are actively analyzing and managing the climate-related risks in their own portfolios.

Climate-related risks

Type	Climate-Related Risk	Description
Transition Risk - Policy and Legal	**Enhanced reporting obligations due to climate change**	ESG and climate-related reporting requirements are likely to increase over time, which may result in increased operating costs for the business. Radian must ensure it complies with emerging regulations including the SEC and California climate-related financial disclosures. While we have established policies and procedures to ensure we comply with applicable laws and regulations, many emerging ESG regulations are complex. Establishing the robust processes, structures and due diligence required to comply with future reporting obligations may result in additional increasing operating costs for our businesses. If Radian is unable to comply with future ESG reporting requirements, we may be subject to fines, penalties and restrictions on our ability to conduct business, as well as face potential reputational damage amongst stakeholders.
Transition Risk - Reputation	**Increased stakeholder concern or negative stakeholder feedback**	As requests for robust sustainability data and ambitious climate targets grow over time, Radian will need to continue to develop and evolve its ability to comply. Damage to our reputation may occur if our sustainability strategy and efforts do not align with those of our stakeholders' expectations. This could negatively impact our ability to recruit and retain key employees, engage with new customers and access capital.
Transition Risk – Market	**Uncertainty in the market**	Our businesses, results of operations and financial performance could be adversely impacted by climate change and extreme weather events, especially if these occurrences negatively impact the overall real estate market and the broader economy. Climate change may increase the frequency and severity of natural disasters such as hurricanes, tornadoes, floods and forest fires and drive other ecologically related changes such as rising sea waters, which in turn could negatively affect regional economies in ways that impact home values or unemployment, and therefore, the credit performance of the mortgages we insure in affected areas.
Physical Risk - Acute	**Extreme weather events and natural disasters**	Climate change may increase the frequency and severity of natural disasters such as hurricanes, tornadoes, floods and forest fires causing potential damage and disruption to business operations (people, technology, sites, suppliers, etc.), potentially resulting in a need for increased resources, mitigation, and more robust resilience strategies across the enterprise. In addition, our business is highly dependent on the effective operation of our information technology systems, which are vulnerable to damage or interruption from power outages, computer and telecommunications failures and catastrophic events which may be exacerbated due to climate change. The inability of a mortgage borrower to obtain hazard and/or flood insurance, or the increased cost of such insurance, could lead to an increase in mortgage delinquencies on loans we insure or a decrease in home prices in affected areas. If we were to attempt to limit our NIW in affected areas, lenders may choose not to do business with us. Natural disasters could also lead to increased reinsurance rates or reduced availability of reinsurance for the insurance we write. This may cause us to retain more risk than we otherwise would retain and could negatively affect the capital adequacy and risk management strategies of our insurance subsidiaries and our enterprise results of operations. Extreme weather events, such as hurricanes, have the potential to lead to increased mortgage insurance delinquencies and claims liability for Radian Guaranty. We account for any increase in delinquencies during natural disasters, such as hurricanes, by posting reserves that represent our best estimate of claim liability on the affected mortgage insurance policies.
Physical Risk – Chronic	**Long-term shifts in weather patterns**	Climate change may result in long-term shifts in weather patterns and drive ecologically related changes such as rising mean temperatures, rising sea water and water stress. This could negatively affect regional economies in ways that impact home values or unemployment, and therefore, the credit performance of the mortgages we insure in affected areas. Climate change may also impact the value of, and cause volatility in, our investment portfolio, and we might not achieve our investment objectives. Climate change and the frequency, severity, duration, and geography of other ecological-related changes are inherently uncertain, and we cannot predict the ultimate impact these events may have on our business and financial condition.

Risk Management

We utilize an ERM framework that is designed to identify and evaluate the most significant risks we face and to calibrate risk mitigation strategies to account for challenges in the current business environment, as well as external factors that may negatively impact our operations.

A cross-functional team, guided by subject matter experts and experienced managers, follows a systematic method to identify, evaluate and monitor both known and emerging risks, including the impact of climate change.

Quarterly risk reviews are conducted, during which various risk scoring metrics are re-assessed, to account for changes in markets and the regulatory environment, in addition to other internal or external factors. Risk scoring and validation of the effectiveness of risk management plans through management reporting facilitate program sustainability and promote accountability for risk management activities throughout the company.

Radian categorizes risks based on their current or potential future impact on the organization when evaluating them in ERM quarterly risk review assessments. Climate-related considerations are interwoven into the risks that we monitor, including the following potential risks: climate/natural catastrophe, political/socio-economic, business interruption, model forecasting, counterparty disruption, supply chain disruption, and our various strategic and operational risks associated with our key business areas.

Risk Mitigation and Management

IT Disaster Recovery and Business Continuity

Efforts to Manage this Risk

- Radian's IT Disaster Recovery and Safety, Security, and Resilience programs are designed to assess and mitigate environmental risks, including natural disasters, that may impact Radian's sites, personnel, and operations. The team coordinates across enterprise critical functions and leadership to develop appropriate strategic and mitigative risk responses and business continuity/recovery solutions. The management-led ERM Council, ERM Executive Steering Committee, Executive Information Security Committee, Enterprise Information Governance Committee, Resilience Executive Committee, and other enterprise-wide management committees regularly discuss the disaster recovery and business continuity risks across the organization.

- Radian's Safety, Security, and Resilience program annually assesses the risk of natural catastrophe across key office and geographic locations, including climate-related catastrophes and risks, and for the past four years, the program generally has determined that these risks represent a low residual business interruption risk for the company.

Mortgage Insurance

Efforts to Manage this Risk

- Radian Guaranty's mortgage insurance Master Policy generally excludes coverage for any cost or expense related to the repair or remedy of any physical damage to a property insured by Radian Guaranty if physical damage was the principal cause of the mortgage default. Therefore, Radian Guaranty's Master Policy, subject to certain conditions, generally does not provide protection against property loss or physical damage, including damage caused by hurricanes or other severe weather events or natural disasters.

- Premiums for our mortgage insurance products are generally established based on performance models that consider a broad range of borrower, loan and property characteristics as well as current and projected market and economic conditions, which may include the impact of climate-related events on home prices and employment in a specific geographic region. If a property that is being underwritten for mortgage insurance is impacted by a natural disaster, a recertification of the property inspection and valuation may be required prior to us agreeing to insure the mortgage in the property. For properties in our mortgage insurance portfolio that have been impacted by a natural disaster, we work with the mortgage servicers to ensure that borrowers are offered loss mitigation options, such as payment forbearance, to assist borrowers through a short-term hardship.

Title Insurance

Title insurance does not cover claims resulting from environmental risks, including natural disasters such as hurricanes, so these are not factored into the underwriting of the title insurance product.

Metrics and Targets

TCFD guidance requests that companies disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

For the third consecutive year, Radian reported on our GHG emissions data for Scopes 1 and 2, aligning to the Task Force on Climate-related Financial Disclosures (TCFD) framework principles and providing insight into our carbon footprint.

The GHG inventory was prepared consistent with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol. For GHG emissions reporting, Radian uses

Principal Building Activity Annual Intensity	Electric Intensity (kWh/ft^2)
Office	13.6
Warehouse and Storage	5.8
Service	7.2
Retail	13.7
Vacant	3.9
Other	29.1

operational control. Operational control reflects the activities where Radian has the full authority to introduce and implement operating policies.

In 2023, Radian's footprint included nine facilities under operational control, including office spaces, warehouses and storage spaces, service spaces and other miscellaneous real estate holdings. Of these nine sites, only one office has operational control of our HVAC units. This measurement is reflected in the sum of our Scope 1 emissions. Scope 2 emissions for 2023 include captured purchased electricity for all nine sites.

In 2023, the sum of Radian's carbon dioxide equivalent (CO_2) was 2,081.57 metric tons, representing a 6% decrease as compared to the same measure in 2022.

	Sum of CO2-e MT 2023	Sum of CO2-e MT 2022	Sum of CO2-e MT 2021
Scope 1	**2.62**	**9.60**	**31.17**
Fugitive	2.62	9.6	31.17
Scope 2	**2,078.96**	**2,199.76**	**1,978.48**
Purchased Electricity	1,954.59	2,046.54	1,833.59
Purchased Electricity – Leased Space	124.37	153.22	144.89
Grand Total*	**2,081.57**	**2,209.36***	**2,009.65**

** Data for 2022 has been updated to 2,209.36 to reflect the current calculation methodology.*

Important Legal Information

The inclusion of information in this Report should not be construed as a characterization regarding the materiality or the impact (or potential impact) of that information. In addition, this Report may include forward-looking statements which may include, without limitation, projections regarding our future performance and financial condition. These statements speak only as of the date they were made and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

For more information on Radian, including the risks and uncertainties we face, refer to the information contained in Radian Group Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023, subsequently filed Quarterly Reports on Form 10-Q and other filings with the U.S. Securities and Exchange Commission, available on the **Investor Relations section of our corporate website.**