

Assured Guaranty Ltd. Environmental Policy

Purpose and Scope

Assured Guaranty Ltd. (Assured Guaranty or we) recognizes the importance of a healthy environment to our global community, our business and our people. We are committed to understanding, managing and mitigating material risks to our business associated with environmental issues and to operating our business in a sustainable and environmentally responsible manner and consistent with the principles articulated in our [Statement on Climate Change](#).

We believe that environmental issues can impact our business as a financial guaranty insurer, investor and investment manager. 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. Our investment management subsidiary makes investments that seek to provide value to investors while managing risk and preserving capital. And while we believe the direct impact of our operations on the environment is relatively small, we understand that we have a role and a responsibility to manage our operations in ways that reflect our respect for the environment.

This Environmental Policy guides our actions and strategies in four critical areas:

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

This Environmental Policy applies to all personnel, across all offices and operations of Assured Guaranty.

Insurance Risk Management and Strategic Opportunities

As an insurer, we endeavor to manage risk wisely, responsibly and with a view towards the long-term success of our business. We integrate environmental considerations into our credit underwriting and ongoing surveillance processes.

Underwriting Guidelines for New 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 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. Our surveillance process includes an annual review of each insured risk; the scope and breadth of the review is based upon par exposure and credit quality. Surveillance review protocol for our insurance portfolio includes a variety of parameters and criteria along with the consideration of environmental risk factors, such as exposure to extreme weather events, geographic locations prone to flooding or wildfires, and compliance with environmental requirements for their potential impact on debt service payments.

Strategic Opportunities

The increasing importance of climate change resilience, curbing Greenhouse Gas (GHG) emissions (GHG), and providing the funding necessary to support action towards environmental sustainability presents strategic opportunities for Assured Guaranty to create value while addressing important economic and ecological issues. As communities prepare for climate change, regulators pass clean energy mandates, and governments undertake net zero emissions pledges, issuers will likely access the capital markets to finance infrastructure improvements, renewable energy generation and new technologies. Increased bond issuance provides Assured Guaranty, with its knowledge and experience in public and project finance, opportunities for enhanced financial guaranty revenue.

Investment Opportunities

Material environmental, social, and governance (ESG) factors such as transparent reporting, disclosure, good governance practices, exposure to litigation and regulation, changes in supply or demand characteristics of fuels, technological development, extreme weather events, human capital management, supply chain, corporate culture and reputation can have an effect on asset value and performance. As a prudent investor and responsible investment manager, Assured Guaranty understands the importance of fundamental research and careful consideration of relevant risk factors, including ESG.

Assured Guaranty's Investment Portfolio

Assured Guaranty incorporates material ESG information into its investment analysis in order to enhance the investment decisions required to achieve its principal investment objectives. Our investment portfolio holds predominantly fixed-income assets; therefore, its primary risks are credit-related. ESG plays a role in the evaluation by us or our external investment managers of the creditworthiness of specific issuers and industries. Our portfolio managers rely on their respective ESG corporate philosophy statements and use ESG information, 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 instructs its two primary external portfolio managers to conduct an ESG analysis of their portion of the portfolio, for which ESG data is readily available, for the Company to analyze if there are any material ESG risks in the portfolio that may adversely impact return expectations.

In addition, we have determined not to make any new investments in thermal coal enterprises in Assured Guaranty's investment portfolio. As a consequence, we will refrain from making any new investments in (i) thermal coal enterprises that generate 30% or more of their revenue from either the ownership, exploration, mining, or refining of thermal coal, and (ii) corporate and municipally owned utilities that generate 30% or more of their electricity from thermal coal.

Assured Investment Management

The Company's investment management subsidiary, Assured Investment Management LLC. (AssuredIM) incorporates consideration of ESG issues alongside traditional financial factors such as credit analysis and cash flow in its approach to prudent and responsible investing. AssuredIM views ESG as another factor through which it can examine an investment because it recognizes that ESG risks and opportunities can impact current asset value as well as long term investment performance. The manner and degree in which AssuredIM's investment professionals integrate ESG issues into the investment decision making process depend upon multiple factors, including investment strategy, portfolio construction, asset class, sector, region, investment time horizon, available data, and investor objectives. AssuredIM also seeks to respect the requests of those of its investors who are concerned about both the performance of their portfolio as well as the ESG impact of their investments. Depending on specific investor preferences, including those that are ESG-related, AssuredIM may restrict investments in certain sectors.

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 Environmental Policy. 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 400 employees, the direct impact of Assured Guaranty's operations on the environment is relatively small. As a responsible corporate citizen, we contribute to the global effort to combat climate change by monitoring our GHG emissions. In 2019, we instituted a program to measure, manage and report our GHG emissions on an enterprise-wide basis and set targets for reducing such emissions. 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 limited assurance review in accordance with ISO 14064-3 International Standards.

Since 2016, over 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, plastic, 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 such as energy, paper, and water 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 provides oversight of our approach to climate change risks and opportunities. At the company level, we also formed environmental risk working groups composed of senior members of our credit, underwriting and risk management departments, to review the impact of environmental risk on various aspects of our business.

Disclosure and Review

This Environmental Policy is published on the Assured Guaranty website where it is available to all stakeholders in Assured Guaranty, including employees, policyholders, shareholders, regulators, and the public at large.

The Board of Directors reviews this Environmental Policy annually, or more frequently as needed, in response to significant changes in conditions, legislation or our business.

February 2022