

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 the risks to our business associated with environmental issues and to operating our business in a sustainable and environmentally responsible manner and in light of the principles articulated in our [Statement on Climate Change](#).

We believe that environmental issues are most likely to 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.

The 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.

The 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 our consideration of environmental risks, including those articulated in our [Statement on Climate Change](#), in our credit underwriting process. Credit underwriting submissions must include a consideration of environmental factors as part of the underwriting analysis. If an environmental issue could have a material impact on the performance of the transaction, the issue and impact must be described, along with any related surveillance considerations.

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 the risk. Our surveillance process includes an annual review of each risk; the scope and breadth of the review is based upon par exposure and credit quality. Surveillance review protocol for our municipal bond insurance portfolio includes a variety of parameters and criteria along with the consideration of environmental factors, such as exposure to extreme weather events, geographic locations prone to

flooding or wildfires, governance around climate change adaptation, and compliance with environmental regulation, and their potential impact on debt service payments.

Strategic Opportunities

The growing emphasis on environmental considerations presents strategic opportunities for Assured Guaranty to create value while addressing important economic and ecological issues. As issuers begin to prepare for climate change and states pass clean energy mandates, they will likely access the capital markets to finance infrastructure improvements, renewable energy generation and new technologies. The increased bond issuance will provide Assured Guaranty, with its knowledge and experience in public and project finance, an opportunity 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.

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 manager subsidiary, Assured Investment Management LLC. (AssuredIM), conducts intensive research and evaluates a variety of factors, including relevant ESG information, as part of its financial diligence, analysis, risk management and portfolio construction processes to determine whether an investment will meet the risk and return goals of its investors. 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 the 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 Greenhouse Gas (GHG) Emissions - Starting in 2020, we instituted a program to measure, manage and report our GHG emissions on an enterprise wide basis and set targets for emissions reductions. Internal data collection and analysis of our Scope 1, Scope 2 and certain Scope 3 GHG emissions will be made pursuant to the Greenhouse Gas Protocol, with the methodology and results independently reviewed and verified.

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 will continue to endeavor that new office space or buildouts of existing premises incorporate the best environmental standards of construction, technology and design, where practicable. We will 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 energy, paper and water.

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 and green cars for corporate travel. 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.

Disclosure and Review

The 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 the Environmental Policy annually, or more frequently as needed, in response to significant changes in conditions, legislation or our business.

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