

Assured Guaranty Anti-Bribery Policy

Assured Guaranty Ltd. and its subsidiaries (which we collectively call “**Assured Guaranty**” or the “**Company**”) are committed to conducting their business fairly, honorably, with integrity and in the letter and the spirit of applicable anti-bribery and anti-corruption laws and requirements, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (referred to as the “**FCPA**”) and the UK Bribery Act 2010 (the “**Bribery Act**”), and to refrain from extending invitations for business entertainment or making gifts that bear even the appearance of impropriety.

Giving ordinary and reasonable business entertainment and gifts can be a legitimate means of establishing and maintaining business relationships. However, this is an area in which to tread carefully: in some circumstances, entertainment or gifts may create improper appearances, expectations or feelings of commitment or obligation, or be construed as an attempted bribe. In addition, providing gifts, entertainment, business amenities or any other thing of value in any amount to government or public employees or officials is highly regulated, often prohibited and may even subject the Company or the individual employee to criminal penalties. For applicable guidelines on when you can give or accept invitations for business entertainment or gifts, see the **Business Invitations and Gifts** in the **Assured Guaranty Code of Conduct**.

The basic tenets of Assured Guaranty’s anti-bribery policy are that:

- Assured Guaranty does not pay bribes to government officials, private company executives or to anyone to obtain business or to gain an improper advantage;
- Assured Guaranty does not pay bribes indirectly through agents, brokers, consultants or other third parties;
- Assured Guaranty avoids the appearance of paying bribes through other means such as lavish meals and entertaining or gift giving; and
- Assured Guaranty maintains detailed and accurate books and records and internal controls and does not conceal bribes or other improper payments by “off book” arrangements, by falsifying its books and records or by failing to properly document an otherwise proper payment to a government official.

Assured Guaranty directors, officers and employees violating the Assured Guaranty Anti-Bribery Policy will be subject to severe discipline, up to and including termination. In addition, Assured Guaranty directors, officers, employees and Assured Guaranty itself could be subject to criminal and civil liability for violating these standards. Criminal penalties for individuals violating the FCPA include fines of up to U.S. \$5 million and up to 20 years imprisonment. Individuals could also be subject to additional criminal fines and penalties under local (non-U.S. laws). Under the FCPA, Assured Guaranty could face numerous sanctions, including criminal indictment and fines, disgorgement of any ill-gotten gains, the prohibition to do business with the U.S. government, and the appointment of a compliance monitor.

The Guidelines

To ensure compliance with its anti-bribery policy, the Company has established the guidelines set out below regarding when you can extend invitations for business entertainment or give or offer business gifts to a government official. When reviewing these guidelines, you must keep in mind that some of the terms used in these guidelines are defined quite broadly under the applicable law, in particular who is considered a foreign government official.

- **“Business entertainment”** includes not just meals and beverages, but any recreation, lodging, transportation and tickets to sporting or other events, no matter what the cost.
- **“Gift”** includes not just tangible items but also anything of value, such as, for example, doing a favor, providing a loan or service, covering travel or other expenses, or paying a fee or other compensation.
- **“Government official”** includes any employee, officer or elected official of the federal government, a state, or municipality; any department, agency or instrumentality of a federal, state, or municipal government; anyone acting in an official capacity on behalf of one or more of these entities; and any political candidate or official of a political party. Government officials include, without limitation, regulators, licensing, tax, customs, immigration or other government authorities.

“Government official” includes both domestic and foreign government officials. However, under the FCPA, **“foreign government official”** goes beyond the categories listed in the previous paragraph. As a result, it is often not obvious when a person is a “foreign government official.” For example, under the FCPA each of the following may be considered a “foreign government official”:

- an officer or employee of a foreign government, any department, agency or instrumentality of a foreign government, or anyone acting in an official capacity on behalf of one or more of these entities, such as a doctor at a foreign government-owned hospital, a professor at a foreign public university, or an officer at a foreign state-owned bank or sovereign wealth fund;
- a foreign political candidate or official of a foreign political party;
- an officer of a public international institution, such as employees of the Red Cross, United Nations, or World Bank;
- decision-makers of commercial enterprises in foreign state-owned entities;
- an officer or employee of a corporation in which a foreign official has a controlling interest;
- a former foreign government official or his or her close relative;
- a member of the royal family of a country; or
- private citizens with close ties to the government who have some decision-making authority.

Situations which could cause a violation of applicable law are too numerous to make a comprehensive list possible. In addition to the foregoing guidelines, make sure to use good judgment at all times and avoid any business gift or business entertainment that might violate the FCPA or create the appearance of an attempt to improperly influence a foreign official. If you are unsure of whether an invitation or gift falls within the scope of the guidelines, including whether a person who you are working with may be considered a “foreign government official,” consult with the General Counsel or member of the Legal Department before offering it.

General Guidelines for Offering Business Invitations or Gifts

1. You may not offer, promise or give any payment, bribe, kickback, gift or other thing of value for your direct or indirect personal benefit from any current or potential client, transaction participant, government official or any other person for the purpose of improperly influencing a business decision, obtaining any improper advantage in conducting Assured Guaranty’s business or representing Assured Guaranty’s interest, or any improper favorable treatment.
2. The prohibition in Guideline 1 also includes offering, promising or giving any payment, bribe, kickback, gift or other thing of value indirectly, through agents, consultants, brokers or other third parties. You are charged with the responsibility of knowing what your agents, brokers, consultants and other third party representatives are doing and ensuring that such entities are not offering, promising or giving any payment, bribe, kickback, gift or other thing of value indirectly on Assured Guaranty’s behalf. Willful ignorance is no excuse and you are expected to follow both the spirit and letter of this policy.
3. You may not offer or provide cash or other monetary gifts to current or potential clients, government officials or other transaction participants.

The Foreign Corrupt Practices Act

The FCPA addresses how companies should conduct their business outside of the United States. Specifically, it prohibits giving (or offering, authorizing or promising to give) with a corrupt intent any money or anything of value to any foreign government official, if the purpose of the gift is to:

- influence any of that official’s acts or decisions in his official capacity;
- induce that official to do, or omit to do, any act in violation of his or her lawful duty;
- secure any improper advantage; or
- induce that official to use his or her influence with a foreign government or its instrumentality to affect or influence any act or decision by that government or instrumentality in order to assist the Company in obtaining or retaining business for or with any person, or in directing business to any person.

The FCPA also prohibits making payments to any person knowing that he or she will use the payments for the purposes of the foregoing.

This prohibition applies to improper payments made

- directly by a U.S. company, such as Assured Guaranty's U.S. subsidiaries;
- by officials, directors and employees of U.S. companies, including those located outside of the United States;
- by U.S. nationals, including U.S. officers and directors of foreign subsidiaries; and
- indirectly through third party intermediaries acting on behalf of a U.S. company, if the U.S. company knows or has reason to believe these payments will be made.

Assured Guaranty may be held liable under the FCPA for the actions of its agents, including independent third party consultants, even where its key officers did not know of the illegal payments and their only failure was to detect and prevent the payments. The seniority of the government official or whether or not the bribe was successful is not relevant. Accordingly, you are required to perform appropriate due diligence on any agents or consultants representing the Company before foreign government officials.

Be Alert to “Red Flags”

Being compliant with this policy includes being alert to “red flags” or facts or combinations of facts that might indicate a potential for corrupt activity to occur. Examples of “red flags” include:

- doing business in a country with historical corruption problems;
- being advised by a government official that you must work through a designated agent to obtain business’;
- excessive rates of commission being paid to agents, brokers or consultants with no apparent qualifications or for minimal services rendered;
- unusual pay arrangements, e.g., requests for payments in cash, or to out of country bank accounts;
- invoices or requests for payment that are unusual or outside the normal vendor authorization, approval or payments process;
- limited understanding within the Company of what the agent, broker or consultant is doing or why hired in the first place; and
- no formal contract for services with an agent, broker or consultant.

In potential bribe situations, there are often more than one “red flag.” Be alert for such red flags and report any concerns about potential corrupt activity to your manager or the General Counsel.

Facilitating Payments

Under the FCPA, there is a narrow exception for payments to government officials to facilitate or expedite the performance of “routine government action” to which a party is already entitled.

These are generally small payments to low-ranking government officials for things such as obtaining a license, providing police protection, mail pickup or delivery, phone service, or power and water service. It is critical that to be considered a facilitating payment that payment be made to attempt to secure a service to which the recipient was already entitled – analogous to a tip. Because it can be difficult to draw the line between a facilitating payment and a bribe, you are required to pre-clear all facilitating payments with the Company's Legal Department. Subsequent to payment, you must report all facilitating payment to the Chief Accounting Officer, including the amount of the payment, the payee, and a specific explanation of the reason for the payment.

If payment must be made in order to prevent **imminent physical injury or significant property damage**, you may make the payment but must seek approval from the General Counsel immediately thereafter, and the payment must be accurately documented and reported in the Company's books and records in accordance with the guidelines above.

Books and Records and Internal Controls

Under the FCPA, Assured Guaranty must maintain detailed and accurate books and records and a system of internal controls that ensures accountability for all shareholder assets. "Off-the-books" payments and any fraudulent accounting practices or knowing falsification of Assured Guaranty's books and records to cover up any improper payment are prohibited. Examples of falsified books and records that violate this policy and the FCPA include the payment of a false or fraudulent invoice, the miscoding of an improper payment in the general ledger, or a falsified expense report to hide improper entertainment of a government official. Legitimate travel expenses or facilitating payments can lead to a FCPA violation if they are incorrectly categorized as "fees for service" or "consulting fees". Every Assured Guaranty employee has an obligation to truthfully report all transactions, including the amount of the payment, the payee and the purpose of the payment, and ensure no payments are made based on false documentation.

The UK Bribery Act 2010

In April of 2010, the UK passed the Bribery Act, which provides that a person is guilty of bribery if that person offers, promises or gives a financial or other advantage to a foreign public official if that person intends to influence the foreign public official in his or her capacity as a foreign public official, or to obtain or retain business, or an advantage in the conduct of business. While the FCPA criminalizes payments to foreign government officials which are "corrupt" and made to secure an "improper" advantage, the Bribery Act requires neither a corrupt intent nor an intention to secure an improper advantage in order to criminalize a payment to a foreign official.

Under the Bribery Act, a "**foreign public official**" includes an individual

- who holds a legislative, administrative or judicial position of any kind, whether appointed or elected, of a country or territory outside the United Kingdom (or any subdivision of such a country or territory);
- who exercises a public function for or on behalf of a country or territory outside the United Kingdom (or any subdivision of such a country or territory), or for any public agency or public enterprise of that country or territory (or subdivision), or
- who is an official or agent of a public international organization.

A “**public international organization**” if defined by the Bribery Act to mean an organization whose members are any of the following:

- countries or territories,
- governments of countries or territories,
- other public international organizations, or
- a mixture of any of the above.

Given the broad sweep of the UK law, we anticipate that UK government officials will be providing further guidance on the scope of the Bribery Law. Until further notice, however, any business gifts or entertainment of government official made by any of the Company’s employees in the United Kingdom must be pre-cleared by the General Counsel.