

EVERSPAN GROUP: ESG UNDERWRITING STATEMENT

Climate and Environment

Everspan Group's actuaries and underwriters consider climate-related catastrophe risks in underwriting and pricing decisions, predominantly on a qualitative basis by considering analytical studies on evolving risks in certain climate-related catastrophe lines of business. As our business matures, we expect industry tools and our internal processes will incorporate such factors in a more direct manner. In managing aggregate risk, we purchase substantial reinsurance and monitor exposures in key geographic zones and product lines already prone to catastrophic events.

Everspan Group is sensitive to the issues associated with a transition to a low carbon economy. We recognize the issues and challenges inherent in certain exposures, such as those in fossil fuel industries, and that these issues have complex dimensions that we seek to weigh and assess. In our distribution model, we believe that withdrawing all underwriting for specific sectors is not an appropriate approach to these efforts. We endeavor to strike a balance between long-term objectives and the short-term impacts by considering the risks inherent in each business during the underwriting process, including the environmental and social risks and their potential impact on the financial condition of the business.

Social and Cultural

As Everspan Group engages third parties to distribute and administer books of business, we rely on these parties to uphold policies and contractual provisions designed to ensure sound practices and compliance with respect to ESG matters. For example, our program administrators, in accordance with applicable law, must evaluate proposed insurance products to ensure that no discriminatory practices or those having disparate impacts are utilized.

With respect to commercial lines, Everspan Group scrutinizes insuring risks in sectors susceptible to ESG risks that are not compatible with Ambac's ESG approach. With respect to management liability lines, Everspan Group publishes guidelines designed to assess the culture of the insured and its track record of regulatory and legal compliance.

Governance

Everspan operates under Ambac's broad sustainability and ESG framework and, accordingly, ensures appropriate governance through Ambac's policies including its Code of Business Conduct and Ethics. With respect to counterparty diligence, Everspan requires disclosure from our program administrators of any relevant ESG policies or considerations related to their operations, which are considered on a qualitative basis in our holistic diligence process.