

**Corporate Governance Guidelines for Syncora Holdings Ltd. (the “Company”)**<sup>1</sup>  
**(as of June 15, 2017)**

**1. Director Qualification**

Although no longer New York Stock Exchange (“NYSE”) listed, the Company generally follows NYSE standards. The Board of Directors (the “Board”) of the Company will have a majority of directors who meet the criteria for independence set forth in the Company’s Director Independence Standards, which satisfy the director independence requirements of the NYSE. In addition, certain directors, such as those serving on the Audit Committee, may be required to meet additional independence standards.

The Company’s Nominating & Governance Committee is responsible for reviewing with the Board, on an annual basis, the skills and characteristics appropriate for new Board candidates as well as providing an assessment of the skills and characteristics of the Board as a whole. This assessment will consider Board members’ independence and potential conflicts of interest, as well as consideration of other affiliations, diversity, skills, and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Nominating & Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board will be extended by the Board itself, by the Chairman of the Nominating & Governance Committee and the Chairman of the Board.

It is the sense of the Board that individual directors who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nominating & Governance Committee to review the continued appropriateness of Board membership under the circumstances.

A director may serve on other boards as long as it does not interfere with the director’s ability to discharge his duties to the Company. Directors should advise the Chairman of the Board and the Chairman of the Nominating & Governance Committee in advance of accepting an invitation to serve on another company board whether public or private. The Company’s Code of Business Conduct and Ethics, as well as the Nominating / Governance Committee’s Guidelines on Multiple Board Service, sets forth specific requirements for directors serving on boards of companies affiliated with the Company.

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over

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<sup>1</sup> Relevant aspects of these guidelines will also apply to directors serving on subsidiaries of Syncora Holdings Ltd. although independence requirements may differ between companies.

a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating & Governance Committee will review each director's continued independence and qualification to serve on the Board at least every year. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

## **2. Director Responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. Each director owes a duty to the Company as a whole and not to any particular shareholder. A director must at all times during and after his or her service as a director maintain the confidential nature of all Board deliberations and discussions and keep confidential any and all non-public information about the Company that he or she receives as a Company Board member. A director may not use confidential information for a personal benefit or for the benefit of third parties outside the Company. Directors shall not purchase or sell any security or derivative on such security of the Company or its subsidiaries (for example shares of common stock, preferred shares, surplus notes, derivatives on the foregoing) without first obtaining the approval for such purchase or sale from the Company's Compliance Director. If a director believes he or she is subject to a legal requirement to disclose certain information, he or she will inform the Chairman before any such disclosure and afford the Chairman a reasonable opportunity to consider and address the director's concerns. Each director, will, in the performance of such director's duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any of the Company's officers or associates, or committees of the Board, or by any other person as to matters such director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. The directors shall be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's Memorandum and Bye-Laws and any indemnification agreements, and to exculpation as provided by applicable law and the Company's Memorandum and Bye-Laws.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Chairman convenes, chairs and establishes the agenda for each Board meeting and reviews the agendas for each Board committee meeting. Each Board member is free to

suggest the inclusion of items on the agenda. The Company will distribute meeting agendas and appropriate materials and information pertaining to Board and committee meetings well in advance of those meetings to the extent practicable. A director is expected to review all distributed materials prior to any Board or committee meeting that such director attends. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company is facing or will face in the future during at least one Board meeting each year.

The Board believes that the Company's senior management should speak for the Company. Communications with the public, the press, customers, securities analysts, shareholders and competitors shall flow through, and be coordinated by, the Chief Executive Officer ("CEO") or other senior management. Where circumstances require communication from the Board of Directors, the Chairman of the Board or his designee, after consultation with other Board members where appropriate, should speak for the Board.

If a director receives any information (orally or in writing) from any stakeholder of the Company (e.g., equity or preference shareholder, surplus note holder, bank counterparty, any insured or any party to litigation involving the Company or any of its subsidiaries), such director will immediately communicate such information to the Chairman and the CEO (who will determine whether it is appropriate to communicate such information to the Board of Directors). Directors shall not initiate communications, directly or indirectly, or participate in any meeting with any stakeholder of the Company or their respective advisors unless such communication or participation is pre-cleared with the Chairman and the CEO.

### **3. Executive Sessions of Non-Management Directors**

The non-management directors will meet at regularly scheduled executive sessions without management not less frequently than two times per year. The independent directors will meet at least once a year in an executive session without management. At least once a year, the non-management directors will meet with the CEO without the other executive officers being present.

### **4. Board Committees**

Committee assignments will be made by the Board based upon recommendations of the Nominating & Governance Committee. The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating & Governance Committee. The Board of Syncora Capital Assurance Inc. ("SCAI") will have at all times a Special Transaction Committee to review certain related party transactions between SCAI and other Company affiliates. The Board may from time to time establish other committees, including standing or special committees, subject to applicable law and the Company's Memorandum and Bye-Laws. The Board may, by resolution, at any time deemed

desirable, discontinue any standing or special committee, subject to the requirements of the Company's Memorandum and Bye-Laws, and applicable law.

Each of the committees will have its own Charter, which will be consistent with applicable law, the Company's Memorandum and Bye-Laws and any resolutions of the Board governing such committee. The Charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The Charters will also provide that each committee will annually evaluate its performance.

Each Committee will also have one or more SCAI Special Transaction Committee Representative.

The Board may, from time to time, establish or maintain additional committees as it deems necessary or appropriate.

## **5. Director Access to Officers**

Directors have full and free access to senior officers of the Company; however, independent directors are expected to keep the CEO informed of such contacts. Any meetings or contacts that a director wishes to initiate with senior officers shall be arranged through the Chairman or CEO. Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company or its officers. Similarly, if a director has an information request, he or she should forward such request to both the Chairman and CEO. The CEO will work with management to fulfill all reasonable information requests in a timely and efficient manner.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company.

## **6. Director Access to Independent Advisors**

The Board and each committee will have complete access to the Company's outside advisors as they deem necessary or appropriate. The Board and each committee have the authority to retain independent legal, financial or other advisors at the Company's expense as they may deem necessary or appropriate.

## **7. Director Compensation**

Subject to the following paragraph, all directors of the Company who are not simultaneously employed as officers by the Company will be properly compensated and reimbursed for their services as a director and their reasonable expenses. Any employee of the Company who is elected a director of the Company will not receive any compensation, expense reimbursement or participation in director benefit programs for his or her services as a director of the Company.

The form and amount of director compensation to be paid by the Company will be determined by the Nominating & Governance Committee in accordance with the policies and principles set forth in its charter, and the Nominating & Governance Committee will conduct an annual review of director compensation. The Nominating & Governance Committee will consider that director independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organization with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated, or as otherwise provided in the Company's Director Independence Standards.

The Chairman may request that a director perform additional tasks for the benefit of the Company (for example, a director may be asked to interview a prospective director or attend an internal Company meeting). The Chairman may at his sole discretion elect to compensate a director with a per meeting fee in connection therewith. Any such fees will be disclosed to the Nominating & Governance Committee on a periodic basis.

## **6. Director Orientation and Continuing Education**

All new directors must participate in a Company' Orientation Program, which generally should be conducted within three months following the election and seating of any new director to the Board. This orientation should generally include presentations by senior management to familiarize new directors with the Company's strategic plan, its financial condition, its significant financial, accounting and risk management issues, its policies and procedures, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, its internal and independent auditors and the duties and responsibilities of its directors. In addition, the Orientation Program should include visits to Company headquarters. All other directors are also invited to attend the Orientation Program.

Management will make presentations from time to time as necessary to ensure that the Board is aware of all business, legal and other developments relating to such matters.

Directors will receive periodic education in matters pertaining to the operation of the Company and any other subject which the Board feels will assist directors in fulfilling their duties and responsibilities on behalf of the Company. Such education may be provided by management, the Company's auditors or any other third party the Board and/or management believes has the relevant experience and can take place at either regularly scheduled Board or Committee meetings or meetings convened for the sole purpose of providing such education.

In addition, newly elected and existing directors are strongly encouraged to attend other continuing education programs sponsored by third parties to better understand their responsibilities and duties.

## **7. CEO Evaluation and Management Succession**

The Compensation Committee will, in accordance with the policies and principles set forth in its charter, annually (or more frequently if necessary) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and have the authority, either as a committee or together with the other independent directors (as directed by the Board), to determine and approve the CEO's compensation level based on this evaluation. In determining the incentive components of the CEO's compensation, the Committee should consider the Company's performance and relative shareholder return (including through value created by reduction in the Company's surplus note balance), the awards given to the CEO in past years and the value of total compensation awards to chief executive officers at comparable companies.

The Nominating & Governance Committee will, in accordance with the policies and principles set forth in its charter, review and assess the management succession plan for the CEO position and other members of executive management and annually review its assessment of those plans with the Board. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **8. Annual Performance Evaluation**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating & Governance Committee will oversee the Board's annual self-evaluation.

## **9. Code of Business Conduct and Ethics and Conflicts of Interest**

Each director is subject to, and is responsible for his or her own compliance with, the Company's Code of Business Conduct and Ethics, including its annual certification requirement, as well as the Company's Conflicts of Interest Policy. In addition to complying with the Code of Business Conduct and Ethics and all other applicable company policies, including the Related Person Transaction Guidelines, directors shall promptly inform the Chairman of the Board or the if an actual or potential conflict of interest arises. Directors shall recuse themselves from any discussion or decision involving another firm or company with which the director is affiliated or other matters with respect to which the director has a personal conflict. The Company shall not, directly or indirectly, extend or maintain credit, arrange for or renew an extension of credit in the form of a personal loan to or for any director or executive officer.