

**Corporate Governance Guidelines for Syncora Holdings Ltd. (the “Company”)**<sup>1</sup>  
**(as of December 8, 2016)**

## **1. Director Qualification**

Although no longer New York Stock Exchange (“NYSE”) listed, the Company generally follows NYSE standards. The Board 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 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 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 continuation on the Board every three years. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

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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.

## 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, keep confidential all information that he or she receives as a Company Board member and 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. In discharging these obligations, the Board is entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors. The Board may use other outside advisors as it may deem appropriate. 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. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

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. Board Committees**

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.

Each of the committees will have its own Charter. 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.

### **4. Director Access to Officers**

Directors have full and free access to senior officers of the Company. Any meetings or contacts that a director wishes to initiate 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.

### **5. Director Compensation**

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 significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its independent auditors. In addition, the Orientation Program should include visits to Company headquarters. All other directors are also invited to attend the Orientation Program.

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.

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

The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its charter. The Board of Directors will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long-and short-term.

The Nominating & Governance Committee should make an annual report to the Board on succession planning. The entire Board will work with the Nominating & Governance Committee to nominate and evaluate potential successors to the CEO. 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.

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

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.