

## **CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “Board”) of Essent Group Ltd., a Bermuda company (the “Company”), has adopted the following guidelines in furtherance of its continuing effort to maintain sound corporate governance. The Board and its Nominating, Governance & Corporate Responsibility Committee will review and amend these guidelines as they deem necessary and appropriate.

### **I. Role and Responsibilities of the Board of Directors**

The business and affairs of the Company will be managed under the direction of the Board. The Board’s role is to oversee management and to assure that shareholder long-term interests are served. Through oversight, review, and counsel, the Board establishes and promotes the Company’s business and organizational objectives. The Board oversees business affairs and integrity and works with management to determine the Company’s mission and long-term strategy.

The Board is also responsible for overseeing risk management at the Company. The Board exercises direct oversight of strategic risks to the Company and other risk areas not delegated to one of its committees. The Audit Committee reviews and assesses the Company’s processes to manage financial reporting risk, tax, and other financial risks. It also reviews the Company’s enterprise risk management program, including its policies for risk assessment and steps management has taken to control significant risks, except those delegated by the Board to other committees. The Compensation Committee oversees compensation programs and policies and their effect on business decisions and risk taking by management. The Risk Committee oversees risks associated with the Company’s insurance and investment portfolios, including credit, underwriting, pricing risk, market risk and liquidity risks. The Technology, Innovation and Operations Committee oversees risk associated with the Company’s use of technology, innovation and operations, including cybersecurity. In each case, management periodically reports to the Board or relevant committee, which provides oversight and guidance on risk appetite, assessment and mitigation. Each committee charged with risk oversight reports up to the Board on those matters.

The Board recognizes that the long-term interests of shareholders are advanced by responsibly addressing the concerns of other stakeholders including employees, customers, suppliers, government, and the public.

Each director will act in what he or she reasonably believes to be in the best interests of the Company and its shareholders, and must exercise his or her business judgment. 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.

As a condition of service, each director will maintain the confidential nature of all Board deliberations and discussions and any non-public information about the Company.

## **II. Board Composition**

### **Size and Structure of the Board**

The number of directors should be a sufficiently large group to address the important issues facing the Company while being small enough to encourage personal involvement and discussion. The Nominating, Governance & Corporate Responsibility Committee periodically evaluates whether a larger or smaller Board would be preferable.

As provided in the Company's bye-laws, the Board will be divided into three classes of directors, each of which will consist, as nearly as possible, of one-third of the total number of directors constituting the entire Board. Each class of directors will be elected for a three-year term, and the terms of each class will be staggered so that only one class of directors will be elected at each Annual Meeting.

### **Independence**

A majority of the members of the Board will satisfy the independence requirements of the New York Stock Exchange relating to directors. No director will be deemed independent unless the Board has made an affirmative determination that such director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

### **Chairman of the Board**

The Board selects the Company's Chairman in the manner that it determines to be in the best interests of the Company's shareholders in light of all the circumstances. The Board does not have a policy as to whether the Chairman should be an independent director, an affiliated director, or a member of management. The Chairman of the Board may or may not be the same individual as the Chief Executive Officer ("CEO"), at the option of the Board.

### **Lead Director**

When the Chairman of the Board is a member of management, the independent members of the Board may designate one independent director to serve as the lead independent director. The lead independent director's responsibilities include:

- » organizing and presiding over all meetings of the Board at which the Chairman of the Board is not present, including all executive sessions of the non-management and independent directors;
- » serving as the liaison between the Chairman of the Board and the non-management directors;
- » overseeing the information sent to the Board by management;
- » approving meeting agendas and schedules for the Board;
- » facilitating communication between the Board and management; and
- » performing such other duties as requested by the Board.

## Board Committees

There are currently five Board committees: Audit Committee, Compensation Committee, Nominating, Governance & Corporate Responsibility Committee, Risk Committee and Technology, Innovation and Operations Committee. The Board may from time to time establish other committees, including standing or special committees, subject to the bye-laws and the Bermuda Companies Act 1981 (the “Companies Act”). The Board may, by resolution, at any time deemed desirable, discontinue any standing or special committee, subject to the requirements of the bye-laws, applicable law and New York Stock Exchange requirements.

Committee assignments will be made by the Board based upon recommendations of the Nominating & Corporate Governance Committee. Committee assignments and designation of committee chairpersons should take into account the director’s knowledge and expertise. The Board believes experience and continuity are more important than rotation. Committee members and chairpersons should be rotated only if rotation is likely to increase committee performance or is required by applicable legal, regulatory or stock exchange listing requirements. The Audit Committee, Compensation Committee, Nominating, Governance & Corporate Responsibility Committee, Risk Committee and Technology, Innovation and Operations Committee shall have written charters. These charters will address each committee’s purpose, duties and responsibilities as well as qualifications for committee membership, committee structure and operations, and reporting to the Board.

The Audit Committee shall oversee the broad range of issues surrounding the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. The Audit Committee’s purpose shall be to (1) assist the Board in oversight of (i) the integrity of the Company’s financial statements and internal controls, (ii) the Company’s compliance with legal and regulatory requirements as well as its ethical standards and policies, (iii) the Company’s enterprise risk management program, (iv) the independent auditors’ qualifications and independence and (v) the performance of the Company’s internal audit function and independent auditors; and (2) prepare the report required to be prepared by the committee pursuant to the rules of the Securities Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement.

The Compensation Committee’s purpose shall be to (1) assist in carrying out the Board’s responsibilities relating to the compensation of the Company’s CEO and the other executive officers and directors of the Company and its subsidiaries; (2) review and discuss with management executive compensation disclosures for inclusion in the Company’s proxy statement or annual report on Form 10-K in accordance with applicable rules and regulations, including the “Compensation Discussion and Analysis” contained therein, and recommend to the Board whether such disclosures should be included in the Company’s proxy statement or annual report on Form 10-K; and (3) approve and oversee the Company’s incentive-compensation and equity-based plans and approve awards made under these plans.

The Nominating, Governance & Corporate Responsibility Committee’s purpose shall be to (1) identify, evaluate and nominate candidates for election as directors and for appointment to serve on the Board’s committees; (ii) review and make recommendations to the Board regarding the Board’s composition and structure; (iii) oversee the evaluation of the Board and its committees; and (iv) oversee all corporate governance matters and practices and make recommendations to the Board.

The Risk Committee’s purpose shall be to oversee management’s process to assess those risks and exposures related to the insurance portfolio and investment portfolio that could materially impact the Company, as well as any other risks and exposures as directed by the Board; and (2) management’s development and application of policies to address such risks.



The Technology, Innovation and Operations Committee's purpose shall be to oversee risks and exposures related to technology and innovation including cybersecurity and its application to company operations.

### **III. Board Meetings**

#### **Number of Meetings; Attendance of Directors at Board Meetings**

The Board will hold a minimum of four meetings per year. Directors are expected regularly to attend meetings of the Board and the committees of which they are members, and to spend the time and effort needed to properly discharge their responsibilities, including by keeping themselves informed about the business and operations of the Company.

#### **Selection of Agenda Items for Board Meeting**

The Chairman of the Board, in consultation with the CEO (or if the positions of Chairman and CEO are filled by the same individual, the CEO, in consultation with the lead director), will establish the agenda for each Board meeting. Individual Board members are encouraged to suggest agenda items. Agendas for Board meetings shall be flexible enough so that unexpected developments can be discussed at Board meetings. The Board reviews the Company's financial performance on a regular basis at Board meetings and through periodic updates. The Board will review the Company's strategic plans and the principal issues (especially financial, accounting and risk management issues) that the Company is facing or will face in the future during at least one Board meeting each year.

#### **Board Materials Distributed in Advance**

The Company will distribute materials pertaining to Board and committee meetings in advance of those meetings whenever feasible and appropriate. The Board acknowledges that certain materials are of an extremely sensitive nature and the distribution of materials on these matters prior to the Board or committee meetings may not be appropriate. A director is expected to review all distributed materials prior to any Board or committee meeting that such director attends.

#### **Executive Sessions**

The non-management directors will meet at regularly scheduled executive sessions without management not less frequently than once per year. The Chairman of the Board or the lead director, as applicable, shall act as chair at such meetings.

### **IV. Director Qualifications**

#### **Board Membership Criteria**

The Nominating, Governance & Corporate Responsibility Committee is responsible for recommending to the Board director candidates for nomination and election at the annual shareholder meeting or for appointment to fill vacancies. It is the Nominating, Governance & Corporate Responsibility Committee's policy to consider talent, skills, experience, perspective including but not limited to diversity (as set out below) whenever possible to provide broad perspectives and a wide array of thoughts and ideas to enhance the Board's overall capabilities. The Nominating, Governance & Corporate Responsibility Committee annually reviews with the Board the applicable skills and characteristics required of Board nominees in the

context of current Board composition and Company circumstances. In making its recommendations to the Board, the Nominating, Governance & Corporate Responsibility Committee considers, among other things, the qualifications of individual director candidates in light of the criteria described below. In accordance with its charter, the Nominating, Governance & Corporate Responsibility Committee may use a variety of sources, including but not limited to executive search firms, to identify director candidates, and has the authority to retain and approve compensation for such firms.

The following is a list of the general qualities directors should demonstrate and the criteria that the Board, through its Nominating & Corporate Governance Committee, considers in evaluating candidates for election to the Board:

- » high personal and professional ethics, values and integrity;
- » sound business judgment and financially literate;
- » diversity of point of view, including the candidate's education, skill, professional background, personal accomplishments, geography, race, gender, age, ethnic background, sexual orientation, national origin, experience with mortgage, insurance, reinsurance or other businesses and organizations that the Board deems relevant and useful, including whether such attributes or background would contribute to the diversity of the Board as a whole;
- » ability and willingness to serve on any committees of the Board;
- » ability and willingness to commit adequate time to the proper functioning of the Board and its committees; and
- » any criteria required by the New York Stock Exchange or other applicable law or regulations.

Each director serving on the Audit Committee, the Compensation Committee, the Nominating, Governance & Corporate Responsibility Committee, the Risk Committee and the Technology, Innovation and Operations Committee shall be independent and satisfy any additional requirements as may be set forth in the charters of each committee.

The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can perpetuate the success of the Company's business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience.

Each director should maintain an acceptable level of attendance, preparedness and participation with respect to meetings of the Board and its committees. In determining whether to recommend a director for re-election, the Nominating, Governance & Corporate Responsibility Committee also considers the director's past attendance at meetings, participation in and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

### **Tenure and Retirement Age**

There are no limits to the number of terms a director may serve on the Board as the Company wishes to take full advantage of the valuable contributions of directors who have been able to develop, over a period of time, insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Company believes that 75 is an appropriate retirement age for directors. Directors generally will not be nominated for re-election at any annual shareholder meeting following their 75th birthday. Before recommending the nomination of each incumbent director for an additional term, the Nominating, Governance & Corporate Responsibility Committee will review the above as well as each director's overall performance by assessing each director's independence, attendance, experience, qualifications, contributions to and insight into the Company.

### **Service on Public Company Boards**

It is the policy of the Board that every Board member notify the Chairman of the Nominating, Governance & Corporate Responsibility Committee prior to accepting any invitation to serve on another public company board to ensure that significant conflicts of interest, antitrust issues or a failure of independence or issue with “overboarding” are unlikely to arise.

### **Directors who Change their Primary Employment**

A director who has a significant change in business activities including directorships, executive positions or chair positions in other companies, after election to the Board will be required to promptly notify the Nominating & Corporate Governance Committee. The Board, upon the recommendation of the Nominating & Corporate Governance Committee, will then determine if the change warrants asking the director to resign from the Board. It is the policy of the Board that in this situation a director will agree to resign if so requested.

### **Conflicts of Interest**

Directors have an obligation to promptly disclose any potential conflict of interest to the Chairman of the Board, or Lead Director as appropriate, and to recuse themselves from any discussion or decision affecting their personal, business or professional interests.

### **Director Attendance at Annual Meeting**

The Board does not have a formal policy regarding the attendance of directors at meetings of shareholders; however, it strongly encourages all directors to attend the annual meeting of shareholders.

## **V. Access to Management and Outside Advisors**

Directors shall have reasonable access to management. Any meetings or contacts that a director wishes to initiate should be arranged through the CEO, unless, due to the nature of the issue, doing so would not be appropriate. In such instances, the arrangements may then be made in some other manner. Directors should use their judgment to ensure that any such contact is not disruptive to the Company’s business operations. The Chairman is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.

In addition, the Board, or the non-management directors as a group, shall have the authority and ability to conduct investigations with access to all books, records, facilities and personnel of the Company and its subsidiaries. The Board, or the non-management directors as a group, shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special or independent counsel, accountants or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The Company shall provide adequate funding to the Board, or the non-management directors as a group, to engage such advisors and shall fund other ordinary administrative expenses that are necessary or appropriate for the Board in carrying out its duties.

## **VI. Director Compensation**

The Board believes that director compensation generally should be based on the time spent carrying out Board and committee responsibilities and be competitive with comparable companies. The Board feels it is appropriate for the compensation of directors to include a substantial equity-based component, which the Board believes helps to align the interests of directors with shareholders and is consistent with the Board's compensation philosophy for the Company's executive officers. Directors may receive compensation in the form of cash or equity-based securities. The form and amount of director compensation shall be determined by the Board based upon the recommendation of the Compensation Committee. Compensation may include an annual retainer, a fee for attending Board and committee meetings and reimbursement for reasonable expenses.

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

All new directors will be provided with materials on the operations and finances of the Company and shall have the opportunity to meet informally with members of senior management. All directors will be supported in their endeavors to receive ongoing education in subjects relevant to their duties as a director and the business of the Company.

## **VIII. Succession Planning**

The independent members of the Board shall undertake appropriate succession planning for the CEO and non-CEO executive officers, as appropriate, as well as implement policies regarding succession in case of emergency or the retirement of the CEO.

## **IX. Board Performance Evaluation**

The Board will conduct an annual self-evaluation in order to determine whether it and its committees are functioning effectively. The Nominating, Governance & Corporate Responsibility Committee will establish procedures to oversee the Board's annual self-evaluation to determine whether the Board and its committees are functioning effectively. The assessment will focus on the Board's contributions to the Company and specifically focus on areas in which the Board or management believes that the Board or any of its committees could improve. This process will also include annual self-assessments by the Audit Committee, the Compensation Committee, the Nominating, Governance & Corporate Responsibility Committee, the Risk Committee and the Technology, Innovation and Operations Committee, relying on a review process similar to that used by the Board, with performance criteria for each such committee established on the basis of its charter.

## **X. Public Communications**

The Board believes that management speaks for the Company and is responsible for all communications with the press, analysts, regulators and other constituencies. Individual Board members may, from time to time, meet or otherwise communicate with such constituencies, but any such communications shall be coordinated with management. Directors are encouraged to refer any inquiries concerning the Company to the CEO.

## **XI. Communications with Board of Directors and Management Directors**

Interested parties may contact the Company's Board, the non-management directors as a group or any individual director, at the following address:



Board of Directors [Non-Management Directors][Individual Director]  
Essent Group Ltd.  
Clarendon House  
2 Church Street, Hamilton HM 11, Bermuda

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