

Corporate Category: Global Corporate

Applicable Entity: Essent Group Ltd. and its subsidiaries ("Essent")

Department: Legal and Compliance

GIFT AND ENTERTAINMENT POLICY (Including Rules for Handling Gifts of Food)

1. Statement of Purpose

It is the policy of Essent to base commercial decisions on commercial criteria. That policy serves Essent's business interests and fosters constructive relationships with organizations and individuals doing business, or seeking to do business, with Essent. In many circumstances, those constructive relationships may include incidental business gifts and entertainment. Directors, officers, and employees providing or receiving third party gifts and entertainment in their corporate capacities are expected to exercise good judgment in each case, taking into account pertinent circumstances, including the character of the gift or entertainment; its purpose; its appearance; the positions of the persons providing and receiving the gift or entertainment; the business context; reciprocity, and applicable laws and social norms.

Inappropriate entertainment and gifts can create conflicts of interest or at least the appearance that employees' business judgment in decisions on behalf of Essent are being improperly influenced by what they give to or receive from third parties. This can harm Essent's good reputation and its relationships with third parties. Accordingly, we will not give or accept gifts, favored treatment or entertainment except within strict guidelines.

All expenditures for gifts and entertainment provided by Essent must be accurately recorded in the books and records of Essent.

2. Definitions

Conflict of Interest – The Essent Group Code of Business Conduct and Ethics defines a "conflict of interest" as existing when a person's private interest interferes in any way with the interests of Essent, and notes that conflicts of interest can arise in many common situations, despite one's best efforts to avoid them: "A conflict situation can arise when a Covered Person takes actions or has interests that may make it difficult to perform his or her Essent work objectively and effectively. Conflicts of interest also arise when a Covered Person or a member of his or her family, receives improper personal benefits (including personal loans, services or payment for services that the person is performing in the course of Essent's business) as a result of his or her position in Essent or gains personal enrichment through access to confidential information."

3. Summary of Related External Requirements

RESPA – The Real Estate Settlement Procedures Act of 1974, contains, among other provisions, prohibitions against giving or accepting anything of value in exchange for the referral of settlement service business (e.g., mortgage insurance) relative to a federally related mortgage loan in the United States. Reference is made to the Essent Group **RESPA Policy**.

FCPA – The Foreign Corrupt Practices Act of 1977, contains, among other provisions, prohibitions against payment of anything of value to a foreign official, foreign political party, or candidate for political office for the purpose of influencing any act of that foreign official in violation of the duty of that official, or to secure any

improper advantage in order to obtain or retain business. Reference is made to the Essent Group Anti-Corruption Policy.

FSMA – The Food Safety Modernization Act contains, among other provisions, risk-based food safety standards to ensure that foods are safe, sanitary, and suitable for consumption.

The Essent Group **Fraud Policy** requires honesty and fair dealing in all of Essent's business relationships, and contains examples of prohibited conduct. Improper payments or gifts under this Gift and Entertainment Policy could also be violative of the Fraud Policy.

4. Policy

Except as may be more limited by specific regulation (see Exhibit 1), as a general matter, members of Essent's workforce are prohibited from offering or accepting gifts in connection with their business activities. Gifts are permitted only in specified circumstances where (a) applicable laws are not violated (including RESPA, state insurance laws, laws applicable to Bermuda insurers and agents, the FSMA, and the FCPA); (b) they are consistent with this Gift and Entertainment Policy; and (c) they are of limited value.

Gifts must always be incidental to a legitimate business transaction or relationship. Gifts must also be compatible and appropriate in value and kind for the region and culture in which they are given. No gift should be given in order to induce or appear to induce any person to breach any duty or responsibility. Similarly, no gift should be given with the intent or the appearance of an intent to improperly influence a business relationship or decision.

No gifts or entertaining should be given or received on such a scale that they form an inducement to do business which otherwise may not be undertaken. Examples of inducements include cash payments, valuable gifts, payment of air fares, provision of holidays or any similar benefit which is manifestly out of proportion and which would not stand up to independent scrutiny. You should ask yourself whether you would be prepared to have this expense exposed in the press and whether you are comfortable with the effect which this would have on the reputation of Essent or yourself. In contrast, the rationale behind the giving and receiving of gifts and entertaining should be the expression of the normal business courtesies in current or potential business relationships and should generally be modest in character. Examples are some wine at Christmas, the occasional meal or an invitation to a corporate hospitality event.

- (a) **Giving Gifts And Providing Entertainment** – It is prohibited to give any money, inappropriate gift, unusual hospitality, other item of monetary value, bribe, kickback, or any other illegal or improper payment of any kind, to any person with whom Essent does business or seeks to do business, or to any person with whom an employee comes into contact in the course of carrying out his or her Essent responsibilities.

Business gifts and entertaining should be at a demonstrably reasonable level in the circumstances. As these principles apply to all employees of Essent, common sense will dictate what is "demonstrably reasonable." For instance, the scale of business entertaining carried out by or for Essent's executives will clearly be greater than that of a middle-ranking employee, while for most personnel no business gifts or entertaining will be appropriate at all. Therefore what is "reasonable" will depend on the level of the jobholder's responsibilities within the business.

Gifts may never be used as an inducement to refer business, or as a reward for having done so. Gifts given should be of a relatively low value and entertainment should be truly conducive to building a business relationship, and not unduly extravagant under the circumstances. With entertainment, the presence of an Essent employee(s) is a significant factor in determining the propriety of the activity.

Accompanying a client to a sporting or cultural event may be appropriate; but giving the client tickets for him/herself and a guest usually is not.

Essent complies with all applicable federal, state and local laws restricting gift and entertainment. In no event may gifts or entertainment be provided to those in a position to refer U.S. mortgage or title insurance business or title settlement services to Essent if they defray the expenses that those who receive them otherwise would incur. There is no *de minimus* exception for RESPA; that is to say, no gift is too small to get us in trouble if given in exchange for the referral of mortgage insurance business. See **RESPA Policy** or contact the Chief Compliance Officer or Chief Legal Officer for more information.

Business expenses should be claimed in accordance with Finance Department policies and procedures (which may give greater guidance for tax and reporting purposes). However, at a minimum all expenditures for business entertaining should be supported by receipts and reclaimed on the normal business expense report and be approved by the claimant's manager in the usual way. The claimant should show on the receipt the number of people entertained, the organization they belong to, their position within that organization and the reason for the entertaining. Gifts should be approved by the donor's manager prior to purchase and the invoice approved by the donor's manager. Approval by a Vice President or higher ranking executive must be obtained to give a gift with a value greater than \$25.00. Attached as Exhibit 1 is a summary of some additional requirements.

- (b) **Distributing Gifts of Food (Including Promotional Food Items)** – Essent is required to comply with the FSMA and ensure that food it distributes is safe, sanitary, and suitable for consumption. Therefore, in the event that an Essent employee is giving a food item, such item must be a pre-packaged item and be given in its original packaging. Essent's Marketing Department may provide promotional pre-packaged food items (such as snacks available on ShopESSENT), which items must be distributed in the packaging provided. Alternatively, Essent employees may give food items supplied by third party vendors (such as a box of donuts or catered lunch); provided that such food items are distributed in the original packaging supplied by the third party.
- (c) **Receiving Gifts** – The acceptance of gifts and entertainment by employees of Essent may present a conflict of interest. Therefore, an Essent employee may accept and retain only gifts of minimal value if the value of the gift is in line with accepted business practices and could not be construed as improperly influencing good business judgment. Essent employees may not receive gifts on a regular or frequent basis from the same source. The Essent employee is responsible for determining that a gift is of minimal value at the time of acceptance. Similarly, employees may accept entertainment, but only insofar as it is reasonable in the context of business at hand and facilitates Essent's interests. Employees are prohibited from soliciting gifts, gratuities or business courtesies for the benefit of any family member or friend.

In certain circumstances, compliance with these policies could require an Essent employee to question the propriety of a gift; in such event, the employee may either (1) decline the gift; (2) share the gift with others by making it available in a common area (if a food item); (3) contact the donor and offer to reimburse for the gift at fair market value; or (4) contact the donor and offer to send the gift to a charity of the donor's choice in the name of the donor. An Essent employee may accept the gift on behalf of Essent if the above alternatives would cause offense or embarrassment or would otherwise adversely affect the relationship of Essent to the gift giver.

A tangible gift of more than minimal value is deemed to have been accepted on behalf of Essent and, upon acceptance, shall become the property of Essent. If an Essent employee accepts a gift of more than minimal value, the employee or his/her manager must promptly report the gift to the Chief Compliance Officer, who is responsible for ensuring compliance with, and enforcing, this Policy.

Questions regarding the application of Essent's policies regarding gifts and entertainment should be referred to the Chief Legal Officer or the Chief Compliance Officer. The Chief Compliance Officer shall ensure that appropriate training on this policy is provided to all new hires and to all employees on a regular basis.

5. Exceptions

This policy is not intended to prohibit the exchange of reciprocal courtesies of the same approximate *nominal* value between employees and personal friends who may be business associates. The value of any such items accepted should generally be \$25 or less for U.S. employees.

EXHIBIT 1
ADDITIONAL REQUIREMENTS

Rule	Line	Applicable States
No meals, beverages or entertainment permitted	Title	CA, MT, NV, NY, ND, SC, UT
No meals, beverages or entertainment permitted	MI	MT, ND
No gifts permitted	Title	ND, OR
No gifts permitted	MI	ND
May only provide promotional items with logo permanently affixed and a value under \$5 each - no cobranding	Title	WA
May only provide promotional items with logo permanently affixed and a value under \$10 each	Title	CA
May only provide promotional items with logo permanently affixed and a value under \$20 each	Title	NV