



Watford Holdings Audit Committee Related Person Transaction Policy

May 10, 2019

1. Purpose and Objective

The Watford Group (the “Group”)¹ recognizes that a Related Person Transaction (as defined below) may raise a potential or actual conflict of interest between the Related Person (as defined below) and the interests of the Group. The Group’s Code of Business Conduct, which applies to all directors, officers and associates when engaged in the Group’s business, provides that all conflicts of interest should be avoided. It is the Group’s policy to review any Related Person Transaction.

2. Roles and Responsibilities

The Board of Directors of Watford Holdings Ltd. (the “Board”), acting through the Audit Committee (the “Committee”) or as otherwise described herein, shall review the Related Person Transaction in question to determine whether the Related Person Transaction is in, or is not inconsistent with, the best interests of the Group, including but not limited to situations where the Group may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources at comparable or better terms, or when the Group provides products or services to Related Persons (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to associates generally. If, after any such review, a Related Person Transaction is determined to be in, or not inconsistent with, the best interests of the Group, then the Related Person Transaction may be approved or ratified as set forth in the procedures below.

3. Scope and Policy Statement

For the purposes of the Related Person Transaction Policy (the “Policy”), a “Related Person Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Group was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect interest.

For purposes of this Policy, a “Related Person” means:

1. any person who is, or at any time since the beginning of the Group’s last fiscal year was, a director or executive officer of the Group or a nominee to become a director of the Group;
2. any person who is known to be or may be deemed to be the beneficial owner of more than 5% of the Group’s common shares;
3. any immediate family member of any of the foregoing persons;² and

¹ The Group includes Watford Holdings Ltd. and all of its directly and indirectly owned subsidiaries.

² For purposes of this Policy, an “immediate family member” shall include any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner.

4. any firm, corporation or other entity in which any of the foregoing persons is a general partner or, for other ownership interests, a limited partner or other owner in which such person has a beneficial ownership interest of 10% or more.

A list of current Related Persons of the Group is attached as Schedule A to this Policy. The Chief Operating Officer of the Group will update this list from time to time.

Nepotism Policy

No immediate family member of a director or executive officer shall be hired as an associate of the Group unless the employment arrangement is approved by the Committee at the next Committee meeting or, in those instances in which the Chief Operating Officer, in consultation with the Chief Executive Officer or the Chief Financial Officer of the Group, determines that it is not practicable or desirable for the Group to wait until the next regularly scheduled Committee meeting, by the Chair of the Committee. In the event a person becomes a director or executive officer of the Group and an immediate family member of such person is already an associate of the Group, no material change in the terms of employment, including compensation, may be made without the prior approval of the Committee (except, if the immediate family member is himself or herself an executive officer or an officer of the Group who reports directly to the Chief Executive Officer of the Group, any proposed change in the terms of employment shall be reviewed and approved in the same manner as other executive officer compensatory arrangements by the Compensation Committee).

Disclosure

All Related Person Transactions that are required to be disclosed in the Group's filings with the SEC, pursuant to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this Policy shall be disclosed in the Group's annual report on Form 10-K or in the Group's proxy statement, as required by applicable laws, rules and regulations.

4. Procedures

Approval Procedures

Related Person Transactions that are identified as such prior to the entering into, completion or amendment of, may be entered into, completed or amended if the following steps are taken:

Prior to entering into the Related Person Transaction (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person, or (c) the business unit or function/department leader responsible for the potential Related Person Transaction shall provide notice to the Chief Operating Officer of the facts and circumstances of the proposed Related Person Transaction, including: (i) the Related Person's relationship to the Group and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Group of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services and the applicable terms; and (v) an assessment of whether the proposed Related Person Transaction is on

terms that are comparable to the terms available to an unrelated third party or to associates generally. In the event the notice is provided to the Chief Operating Officer by someone other than the business unit or function/department leader responsible for the potential Related Person Transaction, the Chief Operating Officer shall meet with the relevant business unit or function/department leader to confirm and supplement the information provided in the original notice. The Chief Operating Officer will assess whether the proposed transaction is a Related Person Transaction for purposes of this Policy.

If the Chief Operating Officer determines that the proposed transaction is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Committee for consideration at the next regularly scheduled Committee meeting or, in those instances in which the Chief Operating Officer, in consultation with the Chief Executive Officer or the Chief Financial Officer of the Group, determines that it is not practicable or desirable for the Group to wait until the next regularly scheduled Committee meeting, to the Chair of the Committee (who shall possess delegated authority to act between Committee meetings).

The Committee, or where submitted to the Chair, the Chair, shall consider all of the relevant facts and circumstances available to the Committee or the Chair, including (if applicable) but not limited to: the benefits to the Group; the impact on a director's independence in the event the Related Person is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to associates generally. No member of the Committee shall participate in any review or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Group, as the Committee (or the Chair) determines in good faith. The Committee or Chair, as applicable, shall convey the decision to the Chief Operating Officer, who shall convey the decision to the appropriate persons within the Group.

The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this Policy pursuant to delegated authority.

5. Non-compliance – Ratification Procedures

Ratification Procedures

The Finance Department, under the supervision of the Chief Financial Officer of the Group, shall produce quarterly reports of any amounts paid or payable to, or received or receivable from, any Related Person, and those reports shall be provided to the Chief Operating Officer to determine if there are any Related Person Transactions that were not previously approved or ratified under this Policy.

In the event the Chief Executive Officer of the Group, Chief Financial Officer of the Group or Chief Operating Officer becomes aware, as a result of the accounts payable/accounts receivable reports described above or otherwise, of a Related Person Transaction that has not been previously approved or previously ratified under this Policy:

If the transaction is pending or ongoing, it shall be submitted to the Committee or Chair of the Committee promptly, and the Committee or Chair shall consider all of the relevant facts and

circumstances available to the Committee or the Chair, including (if applicable) but not limited to: the benefits to the Group; the impact on a director's independence in the event the Related Person is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to associates generally. Based on the conclusions reached, the Committee or the Chair shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and If the transaction is completed, the Committee or Chair of the Committee shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate, and shall request that the Chief Operating Officer evaluate the Group's controls and procedures to ascertain the reason the transaction was not submitted to the Committee or Chair for prior approval and whether any changes to these procedures are recommended.

Review of Ongoing Transactions

At the first meeting of the Committee in each fiscal year, the Committee shall review any previously approved or ratified Related Person Transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Group of more than \$120,000. Based on all relevant facts and circumstances, taking into consideration the Group's contractual obligations, the Committee shall determine if it is in the best interests of the Group to continue, modify or terminate the Related Person Transaction.

6. Related Information

Code of Business Conduct
Employee Handbook

7. Policy Approval

This Policy has been approved by the Board.

This Policy is effective as of May 10, 2019, and supersedes any previous versions thereof.

Schedule A

Current Related Persons List

The Group's current Related Persons list is maintained by the Chief Operating Officer of the Group and updated from time to time.

10 May 2019: NONE