

SYNCHRONY FINANCIAL

Governance Principles

The following principles have been approved by the Board of Directors (the “Board”) of SYNCHRONY FINANCIAL (the “Company” or “Synchrony”) and, along with the charters and key practices of the Company’s Board committees, provide the framework for the governance of the Company. The Board will review these principles and other aspects of the Company’s governance annually or more often if deemed necessary.

1. Role of the Board and Management

The Company’s business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer (the “CEO”) and the oversight of the Board, to enhance the long-term value of the Company for its stockholders. The Board is elected by the stockholders to oversee management with an aim to assure that the long-term interests of the stockholders are being served. Both the Board and management recognize that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including our employees, partners (consisting of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers), customers, depositors, regulators and the public at large.

2. Functions of the Board

The Board has six scheduled meetings a year at which it will review and discuss the performance of the Company, its plans and prospects, as well as immediate issues facing the Company.

Directors are expected to attend all scheduled Board and committee meetings, as well as the Company’s annual meeting of the stockholders. In addition to its general oversight of management, the Board performs a number of specific functions, including:

- Selecting, evaluating and approving the compensation of the CEO, and overseeing CEO succession planning;
- In conjunction with the CEO, approving the selection, evaluation, development and compensation of senior management;
- Reviewing, monitoring and, where appropriate, approving significant financial and business strategies, and significant corporate actions;
- Assessing major risks facing the Company, and reviewing and approving the Company’s enterprise-wide risk management framework, and its risk assessment and risk management strategies, practices, guidelines and policies, including with respect to cyber security risks; and
- Ensuring processes are in place for maintaining the integrity of the Company – the integrity of the financial statements, the integrity of compliance with law and ethics, and the integrity of relationships with the Company’s stakeholders.

3. Qualifications of Directors

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. The Company will endeavor to have a Board representing a range of experience at policy-making levels in areas that are relevant to the Company's activities. The Nominating and Corporate Governance Committee takes into account a candidate's ability to contribute to the diversity on the Board. It considers each candidate's and the existing Board members' race, ethnicity, gender, age, cultural background and professional experience.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time.

Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to the Company Board, and other directors should not serve on more than three boards of public companies in addition to the Company Board. Given the significant time and attention required for service on the Board, all directors should notify the Chair of the Nominating and Corporate Governance Committee prior to agreeing to serve on the board of directors of another public or for-profit company.

When a director's principal occupation or job responsibilities change significantly during his or her tenure as a director, that director shall tender his or her resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

The Board does not believe that arbitrary term limits on directors' service are appropriate, nor does it believe that directors should expect to be renominated annually until they reach the mandatory retirement age. The Board self-evaluation process described below is an important determinant for board tenure. Except in special circumstances, directors will not be nominated for election to the Board after their 75th birthday.

4. Independence of Directors

The Board is and shall be composed of a majority of "independent" directors as required by the corporate governance listing standards of the New York Stock Exchange (the "NYSE Rules"). All non-management directors must, based on the affirmative determination of the Board, qualify as independent directors.

The Board has established guidelines to assist it in determining the independence of directors. These guidelines consist of the independence standards set forth in the NYSE Rules as well as an additional independence standard relating to charitable contributions. In addition to meeting these standards, for a director to be considered independent under the NYSE Rules, the Board must affirmatively determine that the director does not have any direct or indirect material relationship with the Company after considering all relevant facts and circumstances, including any applicable laws, regulations and supervisory guidance. The Board will make and publicly disclose its independence determination for each director when the director is first elected to the Board and annually thereafter.

Each independent director is expected to promptly disclose to the Board any existing or proposed relationships or transactions that could impact his or her independence.

The following generally describes the independence standards set forth in the NYSE Rules plus the additional independence standard relating to charitable contributions:

- (a) A director will not be independent if, at the time of the independence determination:
- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company;
 - The director or an immediate family member has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
 - The director is a current partner or employee of the Company's independent auditor, an immediate family member is a current partner of the Company's independent auditor, an immediate family member is a current employee of the Company's independent auditor and personally works on the Company's audit or the director or an immediate family member was within the last three years a partner or employee of the Company's independent auditor and personally worked on the Company's audit within that time;
 - The director or an immediately family member is, or has been within the last three years, an executive officer of another company where any of the Company's executive officers at the same time serves or served on the compensation committee of that other company's board of directors; or
 - The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the other company's annual consolidated gross revenues during its last completed fiscal year.

The Board intends to apply the independence standards set forth in the NYSE Rules taking into account the definitions and exceptions described therein.

- (b) A director will not be independent if, at the time of the independence determination, the director serves as an executive officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization exceed the greater of \$500,000 or 2% of that organization's annual consolidated gross revenues during its last completed fiscal year. The Company's

automatic matching of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose.

5. Size of the Board, Director Selection Process and Election of Directors

Under the Company's certificate of incorporation, the number of directors constituting the Company's entire Board will be fixed from time to time by resolution of the Board.

Upon recommendation of the Nominating and Corporate Governance Committee, the Board proposes a slate of director nominees to the stockholders for election to the Board. Between annual stockholder meetings, the Board may, by the affirmative vote of a majority of directors then in office (even if less than a quorum) fill vacancies and newly-created directorships on the Board with directors who will serve until the next annual meeting.

Stockholders may propose nominees for consideration by the Nominating and Corporate Governance Committee by submitting the names and other supporting information required under the Company's Amended and Restated Bylaws (the "Bylaws") to: Corporate Secretary, SYNCHRONY FINANCIAL, 777 Long Ridge Road, Stamford, Connecticut 06902.

The Company's Bylaws provide that the vote required for election of a director by the stockholders shall, except in a contested election (as defined in the Bylaws), be a majority of votes cast (as defined in the Bylaws). If there is a contested election, directors shall be elected by a plurality of votes cast.

In order for any incumbent director to become a nominee of the Board for further service on the Board, such person must submit an irrevocable resignation, contingent on (i) that person not receiving a majority of the votes cast in an election that is not a contested election, and (ii) acceptance of that resignation by the Board in accordance with the policies and procedures adopted by the Board for such purpose.

In the event an incumbent director does not receive a majority of the votes cast in an election which is not a contested election, the Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, and publicly disclose its decision and the rationale within 90 days following certification of the stockholder vote.

The Nominating and Corporate Governance Committee in making its recommendation and the Board in making its decision each may consider any factors and other information that they consider appropriate and relevant, including, without limitation, the reasons (if any) provided by stockholders for voting against the director, the qualifications and performance of the director, the director's contributions to the Board, and the Board's current composition and needs. It is the Board's expectation that it would accept the tendered resignation absent a finding of a compelling reason or reasons to reject the resignation, as determined by the Board in its sole discretion and business judgment. If a director's resignation is not accepted by the Board and the director continues to serve but does not receive a majority of votes cast at the next annual meeting, it is the Board's expectation that absent extenuating circumstances, as determined by the Board in its sole discretion and business judgment, it will accept such director's tendered resignation.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the deliberations of the Nominating and Corporate Governance Committee or the Board regarding whether to accept the resignation. If each member of the Nominating and Corporate Governance Committee fails to receive the required vote in favor of his or her election in the same election, then those independent directors who did receive the required vote shall consider the resignation offers and recommend to the Board whether to accept them.

6. Board Committees

The Board has established the following committees to assist the Board in discharging its responsibilities: Audit; Management Development and Compensation; Nominating and Corporate Governance; Technology and Risk. Members of each committee, including the committee chairs, are appointed by the Board, at the recommendation of the Nominating and Corporate Governance Committee, and with respect to the committee chairs, in consultation with Chair of the Board. The current charters and, as applicable, key practices of these committees are published on the Company's website, and will be mailed to stockholders on written request.

The committee chairs, as applicable, report the highlights of their meetings to the full Board following each meeting of the respective committees. The committees may hold meetings in conjunction with the Board, with one or more other committees or with relevant committees of the Company's wholly-owned subsidiary, SYNCHRONY BANK (the "Bank").

7. Independence of Committee Members

The Company's Audit Committee must be composed of at least three directors, all of whom must be "independent" in accordance with the NYSE Rules and the Company's independence guidelines, and meet the heightened independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Specifically, an audit committee member may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than such committee member's compensation as a director. The Audit Committee must also have at least one member who qualifies as an "audit committee financial expert" as prescribed under the Exchange Act.

Each of the Management Development and Compensation Committee and the Nominating and Corporate Governance Committee will be comprised of at least three directors, each of whom will be "independent" under the NYSE Rules and the Company's independence guidelines. At least two members of the Management Development and Compensation Committee will qualify as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code and "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act. Under the NYSE Rules, in determining the independence of Management Development and Compensation Committee members, the Board also will consider all factors specifically relevant to determining whether the director has a relationship that is material to that director's ability to be independent from management in connection with fulfilling his or her committee duties, including any source of compensation or affiliation that would impair his or her ability to make independent judgments about the Company's executive compensation.

The Risk Committee will be comprised of at least three directors, each of whom will be “independent” under the NYSE Rules and the Company’s independence guidelines. At least one member of the Risk Committee shall have experience in identifying, assessing and managing risk exposures of large, complex financial firms. The membership of the Risk Committee shall also satisfy any additional regulatory or legal requirements regarding experience, expertise or other qualifications that are or may become applicable to the Risk Committee.

8. Meetings of Independent Directors

At the conclusion of every Board meeting, the independent directors will have an executive session without any non-independent directors present. The Chair of the Board will preside at executive sessions. During executive sessions, the independent directors shall have complete access to such Company personnel as they may request.

9. Board Leadership

The Board believes that having an independent director serve as the non-executive Chair of the Board is in the best interests of the Company’s stockholders. The separation of roles will allow the Chair of the Board to focus on the organization and effectiveness of the Board and allow the CEO to focus on executing the Company’s strategy and managing its operations, performance and risk.

10. Board and Committee Self-Evaluations

The Nominating and Corporate Governance Committee shall oversee an annual performance self-evaluation by the Board and each of the Board committees.

11. Setting the Board Agenda

The Board shall be responsible for its agenda. At a Board meeting held during the fourth quarter of each year, the Board shall establish a schedule of major discussion items for the following year, including discussion of key issues of strategy, risk and integrity. The Chair of the Board shall review and approve the agenda for each Board meeting. The Chair of the Board, or committee chair, as appropriate, shall review and approve the nature and extent of information to be provided to the directors before each scheduled Board or committee meeting, and directors are expected to review all materials provided in advance prior to such meetings to facilitate the use of meeting time for discussion and deliberation. Directors are asked to make suggestions for agenda items, or additional pre-meeting materials, to the Chair of the Board or appropriate committee chair at any time.

12. Ethics and Conflicts of Interest

The Board expects its directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company’s Code of Conduct. The Company’s Code of Conduct is reviewed by the Board on at least an annual basis; any amendments to the Code of Conduct must be approved by the Board.

Except in his or her capacity as a Company director, no independent director may provide personal services for compensation to the Company or any of its subsidiaries. The Company will not make any personal loans or extensions of credit to, or take deposits from, directors or executive officers, other

than consumer loans or credit card services made or deposits taken in the ordinary course of business, on substantially the same terms (including interest rates and collateral, where applicable), as those prevailing at the time for comparable transactions with persons and entities not related to the Company, and do not involve more than normal risk of collectability or present other unfavorable features.

To address potential conflicts of interest, the Board has adopted a related person transaction approval policy administered by the Nominating and Corporate Governance Committee. The policy requires notice to and review by disinterested directors of transactions that would require disclosure under Item 404(a) of Regulation S-K under the Exchange Act between the Company or any of its subsidiaries, on the one hand, and any director, nominee for director, executive officer, significant stockholder and/or any of their immediate family members, on the other hand.

13. Reporting of Concerns to Independent Directors or the Audit Committee

The Audit Committee and the independent directors have established the procedures described herein to enable anyone who has a concern about the Company's conduct or the Company's accounting, internal accounting controls or auditing matters, to communicate that concern directly to the Audit Committee chair. Such communications may be confidential or anonymous, and may be e-mailed, submitted in writing or reported by phone to special addresses and a toll-free phone number that are published on the Company's website. Comments, complaints and concerns are initially processed by the Synchrony Ombuds Program, which acknowledges receipt to the person submitting the communication. The Synchrony Ombuds Program supplies any such communication that relates to accounting, internal accounting controls or auditing matters (or a summary) directly to the Audit Committee chair. Depending on the nature of the issues or concerns raised, the Synchrony Ombuds Program shall also, if directed by the Audit Committee chair, regularly provide copies or summaries of other comments, complaints and concerns directly to the Board.

With respect to all other communications, the Synchrony Ombuds Program will provide regular reports to the Audit Committee chair at least two times a year. These reports will summarize the communications by subject matter and frequency, and break out significant concerns. The reports also will include a summary of the status of significant matters that are under review or investigation in response to a concern. This approach ensures that concerns are raised to the directors in an effective manner that accurately informs them of the nature and frequency of the concerns. The Audit Committee chair may direct that certain matters be presented to the Audit Committee or the Board and may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company's Code of Conduct prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

14. Compensation of the Board

Only independent directors shall receive compensation and benefits from the Company for serving on the Board. The Nominating and Corporate Governance Committee shall have the responsibility for recommending to the Board compensation and benefits for the independent directors. In discharging this duty, the Nominating and Corporate Governance Committee shall be guided by the following goals: compensation should fairly pay directors for work required in a company of the Company's

size and scope of operations; compensation should align directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand. Each year, the Nominating and Corporate Governance Committee shall review director compensation and benefits.

15. Succession Planning

The Board shall approve and maintain a succession plan for the CEO and senior executives, based upon recommendations from the Management Development and Compensation Committee. The Board views CEO selection and management succession as one of its most important responsibilities. In coordination with the Management Development and Compensation Committee, the Board: (a) develops criteria for the CEO position that reflects the Company's business strategy; (b) routinely reviews and discusses succession planning; and (c) identifies potential internal successors for the CEO and other senior positions. The Board also maintains an emergency succession plan that is reviewed periodically.

16. Access to Management

The independent directors will have full and free access to the Company's management and other senior employees.

17. Access to Independent Advisors

The Board and its committees shall have the right at any time to retain independent outside accounting, financial, legal or other advisors, and the Company shall provide appropriate funding, as determined by the Board or any committee, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

18. Director Education

New directors participate in an orientation program provided by members of the Company's management team, which may include the Company's Chief Financial Officer, General Counsel (or such individual holding a functionally equivalent position), Chief Risk Officer and Corporate Secretary. Each new director shall, within three months of election to the board, spend a day at corporate headquarters for personal briefing by senior management on the Company's strategic plans, its financial statements, and its key policies and practices. In addition, directors shall be provided with continuing education on subjects that would assist them in discharging their duties, including regular programs on the Company's financial planning and analysis, compliance and corporate governance developments; business-specific learning opportunities through site visits and board meetings; and briefing sessions on topics that present special risks and opportunities to the Company. The Company will also provide the directors with access to outside educational programs pertaining to the directors' responsibilities, such as "directors' colleges", at the Company's expense.

19. Stock Ownership Requirements

The Board has established stock ownership requirements for the Company's CEO, President, Executive Vice Presidents, and independent directors. These requirements are described in the key

practices of the Management Development and Compensation Committee and Nominating and Corporate Governance Committee.

20. Potential Impact on Compensation from Executive Misconduct

If it is determined that an employee at or above a designated executive grade under the Company's compensation structure has engaged in conduct detrimental to the Company, the Bank or any of the Company's other subsidiaries, the Management Development and Compensation Committee or, in the case of a Bank employee, the Bank's Development and Compensation Committee, may take a range of actions to remedy the misconduct, prevent its recurrence, and impose such discipline as would be appropriate. Discipline may vary depending on the facts and circumstances, and may include, without limitation, (a) termination of employment, (b) initiating an action for breach of fiduciary duty, (c) reducing, cancelling or seeking reimbursement of any paid or awarded compensation, and (d) if the conduct resulted in a material inaccuracy in the Company's financial statements or performance metrics that affects the executive's compensation, seeking reimbursement of any portion of incentive compensation paid or awarded to the executive that is greater than what would have been paid or awarded if calculated based on the accurate financial statements or performance metrics. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.