



## **ALTISOURCE PORTFOLIO SOLUTIONS S.A. CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines were adopted by the Board of Directors (the “Board”) of Altisource Portfolio Solutions S.A. (the “Company”) at its meeting on 7 August 2009 to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing long-term shareholder value. These Corporate Governance Guidelines are not intended to change or interpret any law or regulation, including the Luxembourg law of 10 August 1915 on commercial companies, as amended, or the Articles of Incorporation of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

### **THE BOARD**

#### **Role of Directors**

The business and affairs of the Company shall be under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Corporate Secretary of the Company (the “Corporate Secretary”) in advance of such meeting.

#### **The Board’s Goals**

The Board’s goal is to build long-term value for the Company’s shareholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations that depend on the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. The Board is also responsible for assuring that the Company’s management and employees operate in a legal and ethically responsible manner. When it is appropriate or necessary, it is the Board’s responsibility to remove the Chief Executive Officer and to select his or her successor.

#### **Selection of the Chairman of the Board**

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

## **Size of the Board**

The Board believes that it should generally have no fewer than 3 and no more than 7 directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

## **Selection of New Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Nomination/Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Nomination/Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

## **Board Membership Criteria**

Nominees for director shall be selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities.

The Nomination/Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

Each director shall be expected, within a reasonable period of time following his or her election to the Board, to own stock in the Company in an amount that is appropriate for such director's financial circumstances.

## **Other Public Company Directorships**

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit. However, the Nomination/Governance Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) of which a prospective nominee is a member and should consider whether that prospective nominee's membership on such other board(s) would be in conflict with the duties of membership to the Board. Additionally, no director may serve as a member of the Audit Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

## **Independence of the Board**

The Board shall consist of a majority of directors who qualify as independent directors (“Independent Directors”) under the listing standards of the National Association of Securities Dealers Automated Quotations (“NASDAQ”) and applicable law.

The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors whom the Board affirmatively determines have 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) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of NASDAQ or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

## **Lead Independent Director**

If at any time the Chairman of the Board is not an Independent Director, the Board shall consider having a Lead Independent Director. The Lead Independent Director shall be appointed annually by a majority of the Independent Directors and may be removed or replaced at any time with or without cause by a majority of the Independent Directors, taking into account such factors as the individual’s background, experience and time and ability to properly perform the role.

The Lead Independent Director coordinates the activities of the other Independent Directors and performs such other duties and responsibilities as the Board of Directors may determine.

The specific powers and responsibilities of the Lead Independent Director are as follows:

- to promote adequate opportunity for the Independent Directors to meet in executive sessions, including calling meetings of the Independent Directors as appropriate;
- to chair the executive sessions of Independent Directors and communicate, as appropriate, the results of those sessions to the Chairman of the Board;
- to consult with the Chairman of the Board regarding the agendas of the executive sessions of the Independent Directors;
- to serve as a liaison between the Chairman of the Board and the Independent Directors;
- to confer with the Chairman of the Board as to information submitted by the Company’s management that is necessary or appropriate for the deliberations of the Independent Directors; and

- to respond directly to shareholder and other stakeholder questions and comments that are directed to the Lead Independent Director or to the Independent Directors as a group, with such consultation with the Chairman and other Directors as the Lead Independent Director may deem appropriate.

### **Directors Who Change Their Present Job Responsibility**

The Board does not believe that Directors (including management directors) should necessarily leave the Board when they retire or change the position they held when they became a member of the Board. Promptly following such event, the director must notify the Nomination/ Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Nomination/Governance Committee's recommendation following such review.

### **Retirement Age**

It is the general policy of the Company that no director having attained the age of 70 years shall be nominated for re-election or re-appointment to the Board. However, the Board may determine to waive this policy in individual cases.

### **Director Tenure**

In connection with each director nomination recommendation, the Nomination/ Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nomination/Governance Committee in connection with each director nomination recommendation.

### **Board Compensation**

The Company believes that compensation for directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Compensation Committee of the Board will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Changes to director compensation will be proposed to the shareholders for consideration and approval.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee or Compensation Committee may receive from the Company.

## **Separate Sessions of Independent Directors**

The independent directors of the Company shall meet in executive session without management on a regularly scheduled basis but no less than four times a year with the Chairman of the Board (if he is then an independent director) or the Lead Independent Director presiding. In the event the Chairman of the Board is not an independent director and there is no Lead Independent Director, an independent director shall preside on a rotational basis as determined by the Board at each executive session. Anyone who desires to contact the independent directors regarding the Company may do so by contacting the Office of the Corporate Secretary at telephone number +352-2469-7902 or by mail addressed to the Corporate Secretary at the Company's headquarters.

## **Self-Evaluation by the Board**

The Nomination/Governance Committee will sponsor an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nomination/Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

## **Strategic Direction of the Company**

It is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of senior management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

## **Board Access to Management**

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Corporate Secretary, and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

## **Attendance of Management Personnel at Board Meetings**

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into

contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. If the Chief Executive Officer wants to add additional members of management as attendees on a regular basis, he or she shall first obtain Board approval.

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

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

### **Board Interaction with Institutional Investors, Analysts, Press and Customers**

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

### **Board Orientation and Continuing Education**

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director should consider participation, as appropriate, in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

## **BOARD MEETINGS**

### **Frequency of Meetings**

There shall be a minimum of four regularly scheduled meetings of the Board each year. The Board shall hold at least one meeting per quarter.

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

The Chairman of the Board shall annually prepare a "Board of Directors Master Agenda" with input from management. This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board, in consultation with the Board, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Once completed, the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the Master Agenda, as well as to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

## **COMMITTEE MATTERS**

### **Number and Names of Board Committees**

The Company shall have five standing committees: Audit, Nomination/Governance, Compensation, Compliance and Executive. The purpose and responsibilities for the committees shall be outlined in committee charters adopted by the Board. The Board may, from time to time, form a new committee or disband a current committee depending on circumstances. In addition, the Board may form ad hoc committees from time to time and determine the composition and areas of competence of such committees.

### **Independence of Board Committees**

Each of the Audit Committee, the Nomination/Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

### **Assignment and Rotation of Committee Members**

The Nomination/Governance Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nomination/Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman and members to the committees on an annual basis.

The Nomination/Governance Committee shall annually review the Committee assignments and shall consider the rotation of the Chairman and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

## **LEADERSHIP DEVELOPMENT**

### **Selection of the Chief Executive Officer**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity and reputation in the business community.

### **Evaluation of the Board and Management**

The Independent Directors shall be responsible for overseeing the evaluation of the Board as a whole and the management of the Company, including the Chief Executive Officer. The Board will provide the Chief Executive Officer with an annual performance review for the

prior year during the first quarter for each fiscal year. The following steps will be utilized to carry out this review:

- The Compensation Committee will review the performance of the Chief Executive Officer pursuant to the goals approved by the Compensation Committee and report their evaluation to the non-executive directors in executive session during the first quarter of the fiscal year.
- After agreement by the non-executive directors as to the evaluation, the Chairman of the Board will meet with the Chief Executive Officer to discuss the Board's assessment. The Chief Executive Officer may then take the opportunity to discuss his or her reaction to the evaluation.

### **Succession Planning**

The Board shall take an active role in the management of succession planning and shall approve a succession plan for the Chief Executive Officer, including in the event of an emergency impacting the Chief Executive Officer or retirement of the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall periodically prepare and distribute to the Board a report on succession planning for all executive officers of the Company with an assessment of such executive officers and their potential to succeed the Chief Executive Officer and other senior management positions.

### **Management Development**

The Board shall determine that a satisfactory system is in place for education, development and orderly succession of senior and mid-level managers throughout the Company.



## **CORPORATE GOVERNANCE GUIDELINES**

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