



O C W E N

Ocwen Financial Corporation

# Risk and Compliance Committee Charter

Version 4

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## TABLE OF CONTENTS

|  |          |
|--|----------|
| <b>I. SUMMARY .....</b>                          | <b>3</b> |
| <b>II. CONTENTS.....</b>                         | <b>3</b> |
| <b>III. RESPONSIBILITIES AND SCOPE .....</b>     | <b>3</b> |
| <b>IV. MEMBERSHIP.....</b>                       | <b>4</b> |
| <b>V. MEETINGS.....</b>                          | <b>5</b> |
| <b>VI. REPORTING AND PERFORMANCE REVIEW.....</b> | <b>5</b> |
| <b>VII. EVALUATION AND CHARTER REVIEW.....</b>   | <b>6</b> |



## **Risk and Compliance Committee Charter, v4**

**EFFECTIVE AS OF: 06/05/2020**

**APPROVED BY: Board of Directors**

### **I. SUMMARY**

The purpose of the Risk and Compliance Committee (the “Committee”) of the Board of Directors (the “Board”) of Ocwen Financial Corporation (“Ocwen” or the “Company”) is to assist the Board in fulfilling its oversight responsibility with respect to the Company’s risk management, compliance management and information security/privacy programs. To that end, the Committee shall be responsible for ensuring that management has (1) identified the key risks that could affect the ability of the Company to achieve its strategies and preserve its assets, (2) established an Enterprise Risk Management Program to identify, measure, monitor and report on the risks the Company faces, and (3) established a Compliance Risk Management Program that seeks to ensure the Company’s compliance with applicable laws, rules and regulations governing its consumer-oriented businesses (including applicable state and Federal consumer financial protection laws and regulations. In addition, the Committee shall perform such other specific duties and responsibilities as the Board shall from time to time prescribe, in all cases subject to any restrictions set forth in the Bylaws of the Company or by applicable law.

It is not the responsibility of the Committee to conduct risk or compliance assessments or manage risk or compliance; rather, the Committee is responsible for reviewing management’s processes for assessing and managing risk and compliance, and management’s implementation thereof, and for providing guidance to management with respect thereto.

The Committee shall also assist management in setting the tone from the top and in developing a strong risk and compliance culture at all levels in the Company that results in appropriate consideration of risk and compliance in key strategic and business decisions.

### **II. CONTENTS**

- Responsibilities and Scope
- Membership
- Meetings
- Reporting and Performance Review
- Evaluation and Charter Review

### **III. RESPONSIBILITIES AND SCOPE**

The Committee shall have the following oversight responsibilities:

- (a) Review and approve the Company’s Enterprise Risk Management Program, including the processes, technology and personnel that support the identification, measurement, monitoring and reporting of the Company’s material risks;
- (b) As part of the review and approval of the Enterprise Risk Management Program, the Committee shall review and approve the Company’s risk appetite and supporting metrics and the Company’s risk appetite views for the following risk vectors (which may change from time to time as conditions warrant): strategic, liquidity, market/interest rate, operational credit, counterparty, third party, operational (people, process, technology), compliance, information security/privacy and reputation (and recommend the same to the full Board for approval);



## **Risk and Compliance Committee Charter, v4**

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- (c) Review and approve the Compliance Risk Management Program, which establishes the framework and requirements to manage compliance risk for the Company;
- (d) Meet periodically with the Company's Chief Risk and Compliance Officer ("CRCO") to review and consider the Company's significant risk exposures and the steps management has taken to monitor, control and mitigate such exposures;
- (e) Receive reports from the CRCO, or other individuals, as appropriate, with respect to the risk metrics used for assessing adherence to the Company's risk appetite and with respect to implementation of corrective actions to address any material risk-management deficiencies or variances from risk appetite limits;
- (f) Review with management the progress and results of key risk and compliance management projects;
- (g) Receive reports from the CRCO and/or the Company's General Counsel and/or other members of management regarding compliance matters, including with respect to state and Federal regulatory examinations and any significant issues arising therefrom and the Company's consumer complaint intake and resolution function;
- (h) Receive reports from the CRCO and/or the Company's General Counsel and/or other members of management regarding the Company's compliance with applicable laws, rules and regulations governing its consumer-oriented businesses and any significant issues relating thereto;
- (i) Receive reports from the CRCO and/or the Company's Chief Information Security Officer and/or other members of management regarding information security and privacy matters;
- (j) Review, approve and oversee Related Party Transactions (as defined in the Company's Related Party Transactions Approval Policy);
- (k) Oversee management's efforts to manage enterprise-wide risks through effective governance, committee and management leadership structures and evaluate senior executives' performance as it relates to risk and compliance efforts;
- (l) Coordinate with other Board committee chairs on areas where the substance of their activities overlap, including the Compensation and Human Capital Committee's risk assessment of the Company's incentive compensation plans and programs;
- (m) Review and approve the annual Risk and Compliance budget to ensure sufficient and appropriate resources are being dedicated to risk management and compliance efforts; and
- (n) Review the Risk Factors in the Company's Annual Report on Form 10-K.

The Committee shall have the authority to retain consultants or advisors to assist the Committee in fulfilling its responsibilities, the cost of such consultants or advisors to be borne by the Company.



## **Risk and Compliance Committee Charter, v4**

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### **IV. MEMBERSHIP**

The Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board. Unless otherwise determined by the Board, at least one member of the Committee must have experience in identifying, assessing and managing risk at a large, complex financial firm or firms of at least the size and complexity of the Company. Each member of the Committee must qualify as an independent director under the listing standards of the New York Stock Exchange (“Independent Director”). No member of the Committee may own any securities of a Specified Company (as defined in the Company’s Related Party Transactions Approval Policy).

The Chair of the Committee shall be designated by the Board, provided that if the Board does not so designate a Chair, the members of the Committee, by a majority vote, may designate a Chair. The Committee may have Co-Chairs and, in such event, references herein to the Chair shall include the Co-Chairs, acting jointly or singly.

Any vacancy on the Committee shall be filled by resolution of the Board. No member of the Committee may be removed except by majority vote of the Independent Directors then in office (excluding any member subject to such removal vote).

At any time when the Committee consists of three or more members, the Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.

### **V. MEETINGS**

The Committee shall meet once every fiscal quarter or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Chair may ask the CRCO, the Chief Executive Officer (“CEO”), the General Counsel and/or other members of management, directors or others to attend Committee meetings (or portions thereof) and to provide pertinent information as necessary.

The Committee may fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Chair of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. In the absence of a different determination by the Committee, a majority of members shall constitute a quorum. Any action required or permitted to be taken at any meeting of the Committee or of any sub-committee thereof may be taken without a meeting, if all of the members of the Committee or sub-committee thereof, as the case may be, consent thereto in writing (which may be given by email or other form of electronic transmission).

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall make copies of such minutes available to the Board.

### **VI. REPORTING AND PERFORMANCE REVIEW**

The CRCO shall:

- (a) Report to the CEO and the Chair of the Committee;



## **Risk and Compliance Committee Charter, v4**

**EFFECTIVE AS OF: 06/05/2020**

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- (b) Make reports to the Committee at every regular quarterly Committee meeting, unless the Chair determines otherwise;
- (c) Make reports to the Committee at any other Committee meetings, unless the Chair determines otherwise;
- (d) Notify the Committee of any breaches of risk appetite limits and the proposed course of action to address such breaches;
- (e) Have direct and unfettered access to the Chair;
- (f) Confer with the Chairs of the Audit and Compensation and Human Capital Committees on risk-related matters and report at meetings of such Committees, in each case if the applicable Audit or Compensation and Human Capital Chair determines that is appropriate; and
- (g) Perform such other tasks and make such other reports as the Chair may determine to be appropriate.

The Committee shall report to the Board as it determines is appropriate. Such reports shall be oral, unless otherwise determined by the Committee.

The Committee shall also report to the Board as provided below under “Section VII - Evaluation and Charter Review.”

The CEO shall consult with the Chair of the Committee regarding the CRCO’s annual performance appraisal and with respect to any recommendation from management to the Compensation and Human Capital Committee regarding the CRCO’s compensation. The CEO shall consult with the Chair of the Committee regarding any decision to terminate the employment of the CRCO and any decision to appoint a new CRCO.

## **VII. EVALUATION AND CHARTER REVIEW**

The Committee shall, on at least an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which matters were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall report to the Board regarding the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company’s or the Board’s policies or procedures. Such report shall be oral, unless otherwise determined by the Committee.