

## **WADDELL & REED FINANCIAL, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

**Adopted March 2, 2004**

**As Amended January 1, 2018**

The following Corporate Governance Guidelines (these "Guidelines") have been adopted by the Board of Directors (the "Board") of Waddell & Reed Financial, Inc. (the "Company") to assist the Board in the exercise of its responsibilities to the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company's Certificate of Incorporation, Bylaws and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modification from time to time, as the Board may deem appropriate or as required by applicable laws and regulations.

#### **THE BOARD**

**1. Size of the Board.** The Company's Bylaws permit a Board consisting of seven to 15 directors. The Board and the Nominating and Corporate Governance Committee will periodically review the size of the Board to evaluate whether a larger or smaller slate of directors would better serve the interests of the Company and its stockholders. As provided in the Company's Bylaws, the Board may also appoint emeritus directors. Emeritus directors may attend and participate in meetings by invitation of the Board, but may not vote or initiate any actions to be voted on at such meetings.

**2. Selection of Board Members.** The Company's stockholders elect Board members annually (each class of directors every third year), except as noted below with respect to vacancies on the Board. The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates for Board membership in accordance with the Directorship Guidelines and Selection Policy established by the Board. After the screening process is completed, the Board will select the nominees for director.

The Nominating and Corporate Governance Committee will consider director candidates submitted by one or more stockholders in accordance with the Policy Regarding Director Recommendations by Stockholders established by the Board.

The Board appoints directors to vacancies and newly created directorships, and the directors so appointed serve until the next election of the class of directors to which they were appointed and such director's successor has been duly elected and qualified. The Board shall consider any recommendations of the Nominating and Corporate Governance Committee with respect to such new directors in accordance with the Directorship Guidelines and Selection Policy established by the Board.

**3. Board Membership Criteria.** Nominees for director are selected on the basis of, among other criteria, business and financial expertise and experience, character and integrity, in accordance with the Directorship Guidelines and Selection Policy established by the Board.

**4. Independence of the Board.** The Board must be comprised of a majority of directors who qualify as "independent directors" under the corporate governance listing standards of the New York Stock Exchange (the "NYSE"). Pursuant to such listing standards, the Board must determine that a director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). Material relationships may include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationships. Additionally, the Board will not deem a director independent if:

(i) 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;

(ii) The director has received, or has an immediate family member who has received, during any 12 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);

(iii) (A) The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the Company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time;

(iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee; or

(v) 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 such other company's consolidated gross revenues.

An "immediate family member" includes spouses, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such director's home.

The Board believes it is impossible to anticipate, or explicitly provide for, all circumstances that might signal potential conflicts of interests. Accordingly, in making "independence" determinations, the Board will broadly consider all relevant facts and circumstances. The Board

will annually review the relationship that each director has with the Company and using the criteria listed above, as well as any Securities and Exchange Commission or NYSE requirements (and any other facts and circumstances the Board deems relevant), determine which directors are independent. Any determination of independence for a director who does not meet the criteria set forth above, and the names of all directors deemed to be independent by the Board, will be disclosed in the Company's annual proxy statement.

**5. Chairman of the Board.** The Chairman of the Board (the "Chairman") is responsible for management of the Board's affairs, including ensuring that the Board is organized properly, functions effectively and fulfills its responsibilities. The Chairman's powers and responsibilities, in addition to performing those set forth in the Company's Bylaws, include the following:

(i) Approving an appropriate schedule of Board meetings, seeking to ensure that the directors can perform their duties responsibly;

(ii) Establishing, with the assistance of any Lead Independent Director, the agendas for Board meetings;

(iii) Advising committee chairmen with respect to agendas and information needs relating to committee meetings and, in the event the Chairman is not a member of any particular committee, attend, at the Chairman's discretion, any of such committee meetings as a non-voting observer;

(iv) Approving information sent to the Board;

(iv) Retaining and terminating outside consultants and experts that report directly to the Board, as appropriate; and

(v) Performing or exercising such additional duties and powers as may be conferred upon the Chairman by resolution of the Board or as the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

**6. Lead Independent Director.** If the Chairman is not an independent director, the Board shall designate an independent, non-employee director to serve as Lead Independent Director. The Lead Independent Director shall have the following duties:

(i) Chairing board meetings at which the Chairman is not present;

(ii) Providing input to the Chairman on agenda items for Board meetings;

(iii) Calling meetings of, and serving as the chairman of, executive sessions of the independent directors;

(iv) Advising the Chairman of decisions reached, and suggestions made, at executive sessions of the independent directors; and

(v) Facilitating communication between the independent directors and the Chairman.

**7. Director Responsibilities.** The business and affairs of the Company shall be managed under the direction of the Board, which represents and is accountable to the stockholders of the

Company. The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interest of the Company and its stockholders. In discharging their responsibility, directors, in exercising their business judgment, are entitled to rely in good faith on management, outside advisors and the Company's independent auditors and are expected to regularly attend, and properly prepare for, all meetings of the Board and committees on which they serve; devote adequate time to his or her responsibilities, including keeping informed about the Company's performance and competitive position in the marketplace; maintain independence and integrity; actively and objectively participate in Board and committee discussions, as applicable; and remain accessible to management and outside advisors, all in accordance with the Director Attendance Policy established by the Board. The Company has purchased and seeks to maintain reasonable directors' and officers' liability insurance on their behalf. Additionally, directors are entitled to indemnification to the fullest extent permitted by Delaware law.

**8. Term Limits.** The Board does not believe it should limit the terms for which a director may serve. Directors who have served on the Board for an extended period of time have a sound understanding of the Company's history, policies and objectives and are able to provide valuable insight into the Company's operations. The Board further believes that the evaluation and nomination process described in these Guidelines will ensure that the Board continues to evolve and adopt new viewpoints.

**9. Retirement Age.** No non-employee director may serve after the Company's annual meeting of stockholders following their 79<sup>th</sup> birthday.

**10. Director Resignation Policy.** In an uncontested election of directors, any nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will, within five business days following the certification of the stockholder vote, tender his or her written resignation to the Chairman for consideration by the Board. A director whose resignation is under consideration shall abstain from participating in any recommendation or decision regarding that resignation, but shall otherwise remain active and engaged in all Board activities, deliberations, and decisions during this Board process.

The Board shall promptly make a determination whether to accept, reject, or otherwise act with respect to the tendered resignation. In making this determination, the Board may consider all factors that it deems relevant, including, without limitation, the underlying reasons why stockholders "withheld" votes for election from such director (if ascertainable), the length of service and qualifications of the director whose resignation has been tendered, the director's contributions to the Company, whether by accepting such resignation the Company will no longer be in compliance with any applicable law, rule, regulation (including, without limitation, any listing or governance requirement of the NYSE) or governing document, and whether or not accepting the resignation is in the best interests of the Company and its stockholders. The Board may also consider a range of possible alternatives concerning the director's tendered resignation, including, without limitation, acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Board to have substantially resulted in the "withheld" votes.

The Board shall act on the tendered resignation and shall publicly disclose its decision regarding the resignation within one hundred twenty (120) days after the results of the election are

certified. If the Board does not accept the resignation, the director shall continue to serve until the end of his or her term and until the director's successor is elected and qualified, or until his or her earlier resignation or removal.

**11. Board Compensation.** The Company's director compensation program is designed to align the interests of directors with the Company's stockholders and to provide fair compensation. The form and amount of director compensation shall be reviewed from time to time by the Compensation Committee, including in relation to other U.S. companies of comparable size and the Company's competitors. The full Board shall ratify any changes in director compensation upon recommendation from the Compensation Committee.

Directors shall be reimbursed for reasonable out-of-pocket expenses incurred in connection with their duties as members of the Board. Directors who are employees or are otherwise affiliates of the Company are not compensated for their services as directors. Directors serving on the Audit Committee shall not receive any compensation from the Company other than compensation for serving on the Board.

**12. Evaluation of the Board and Committees.** The Nominating and Corporate Governance Committee oversees annual self-evaluations by the full Board and each of its committees. The purpose of the annual self-evaluations is to improve the effectiveness of the Board and each Board committee and not to target the performance of any individual director or committee member.

**13. Separate Sessions of Non-Management and Independent Directors.** The Board's nonmanagement directors shall meet without management in regularly scheduled executive sessions, with the independent directors, if any, meeting in executive session at least annually (collectively, the "Executive Sessions"). The purpose of the Executive Sessions is to foster communication among the non-management and the independent directors of the Board.

The Chairman (or the Lead Independent Director if the Chairman is not an independent director) shall be responsible for calling and presiding over the Executive Sessions, and communicating the concerns of the non-management and/or independent directors to the full Board.

**14. Board Contact with Management.** Board members shall have access to management and, as necessary and appropriate, to the Company's outside advisors. In addition, members of senior management routinely attend Board and committee meetings to brief the Board and its committees on particular topics. Access to management should be coordinated through the Chairman or through the General Counsel.

**15. Conflicts of Interest.** If an actual or potential conflict of interest develops between a director and the Company, such conflict must be immediately reported to the Nominating and Corporate Governance Committee for evaluation. All conflicts of interest that are not in compliance with the intent and purpose of the Company's Corporate Code of Business Conduct and Ethics must be resolved.

If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the Board, excuse himself or herself from participating in the discussion and shall abstain from voting on the matter.

**16. Board Orientation and Continuing Education.** The Company shall provide new directors with director orientation information to familiarize them with the Company's business; strategic plans; significant financial, accounting and risk management issues; compliance programs, conflicts policies, code of business conduct and ethics and corporate governance guidelines; and principal officers, internal auditors and independent auditors. The Board will periodically receive presentations at Board and committee meetings relating to the Company's business and operations; strategic plans; significant financial, accounting, litigation and risk management issues; and its compliance programs. Periodic presentations are also made to the Board on corporate governance, the fiduciary responsibilities of directors, and legal and regulatory developments, as well as any other matters of significance to the Board. Additionally, all directors are expected to avail themselves of continuing educational information and programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

**17. Management Succession.** The Board is responsible for ensuring the Company has adopted an adequate management succession plan. At least once a year, the Chief Executive Officer of the Company shall meet with the non-management directors to discuss potential successors as Chief Executive Officer. The non-management directors shall meet in executive session following such presentations to consider such discussions. The Chief Executive Officer shall also review periodically with the non-management directors the performance of other key members of the senior management of the Company, as well as potential succession arrangements for such management members.

**18. Personal Loans to Executives.** The Company shall not, directly or indirectly (including through a subsidiary) extend or maintain credit to, arrange for the extension of credit to, or renew the extension of credit, in the form of a personal loan to or for any director or officer (or equivalent thereof) of the Company. Any such loans that were outstanding on the date of the Sarbanes-Oxley Act of 2002 are exempt from this prohibition, provided that there is no material modification to any term, or any renewal, of such loans. Notwithstanding the above, any loans made to the Company's directors or officers in compliance with the Sarbanes-Oxley Act of 2002 are exempt from this prohibition.

**19. Stock Ownership Guidelines.** To reinforce the importance of aligning the financial interests of the Company's directors, executive officers and stockholders, the Board has approved minimum stock ownership guidelines for the directors and executive officers. Directors are required to maintain stock ownership equal in value to five (5) times such director's annual cash retainer. The Chief Executive Officer is required to maintain stock ownership equal in value to five (5) times his base salary and the senior executive officers are required to maintain stock ownership equal in value to three (3) times their base salary. The value of minimum stock ownership that must be maintained is based upon, and shall be fixed at, the annual cash retainer or base salary paid at the time such director or executive officer initially becomes subject to such ownership guidelines. Directors and executive officers are expected to be in compliance with the applicable ownership level within five (5) years of becoming subject to the ownership guidelines. Stock ownership includes shares of the Company's Class A common stock over which a director or executive officer has direct or indirect ownership or control, including restricted stock or funds invested in the Company's 401(k) stock fund, but does not include shares underlying stock options.

**20. Communications with Directors.** The Company encourages stockholders and other interested parties who want to communicate directly with a particular director or directors to send

their communications in writing to the attention of the Secretary of the Company in accordance with the Communications Policy established by the Board.

**21. Attendance at Stockholder Meetings.** Board members are encouraged to attend all stockholder meetings in accordance with the Director Attendance Policy established by the Board. Their reasonable expenses associated with such attendance will be reimbursed.

**22. Amendments.** The Board may amend or modify these Guidelines, or grant waivers thereto in exceptional circumstances, provided that any such modification or waiver may not be a violation of any applicable law, rule or regulation and subject to the disclosure obligations and other provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules promulgated thereunder, and the applicable rules of the NYSE.

## **BOARD MEETINGS**

**1. Frequency of Board Meetings.** The Board shall meet at least four times annually. In addition, special meetings may be called from time to time as provided in the Company's Bylaws.

**2. Board Meeting Agendas and Materials.** The Chairman, with the assistance of any Lead Independent Director, establishes the agenda for Board meetings. While the agenda is planned carefully, it is flexible enough that unexpected developments can be discussed at Board meetings. Information and data that are important to the Board's understanding of the business to be conducted at a Board meeting are, to the extent feasible, and subject to concerns regarding the sensitivity of certain materials, distributed to directors in advance of a meeting to allow sufficient time for review. Management will attempt to ensure board materials are concise and provide adequate information to allow the directors to make informed decisions on all corporate actions.

## **COMMITTEE MATTERS**

**1. Number and Names of Board Committees.** The Board has four standing committees: Audit Committee, Compensation Committee, Executive Committee and Nominating and Corporate Governance Committee. The purpose and responsibilities for each of the Audit, Compensation and Nominating and Corporate Governance Committees are outlined in the respective committee charters adopted by the Board, which (i) will be publicly disclosed, (ii) include specific items as required by applicable laws and regulations (including the corporate governance listing standards of the NYSE), and (iii) provide for annual committee selfassessment. The Board may determine to appoint a new committee (including an ad hoc committee) or disband a current committee, as provided in the Company's Bylaws.

**2. Independence of Board Committees.** Each of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee will be composed entirely of independent directors. Audit Committee and Compensation Committee membership standards are intended to meet the requirements established by applicable laws and regulations, including, as applicable, the corporate governance listing standards of the NYSE, Rule 16b-3 of the Exchange Act and Section 162(m) of the Internal Revenue Code, as amended.

**3. Frequency of Committee Meetings.** The Chairman or any committee member may call committee meetings as deemed necessary or desirable, in accordance with the committee's charter and the Company's Bylaws.

**4. Committee Meeting Agendas and Materials.** The chairperson of each committee, in consultation with the Chairman, committee members and appropriate members of management and staff, will develop the committee's agenda, and will attempt to ensure committee materials are concise and provide adequate information to allow committee members to make informed decisions. To the extent feasible, and subject to concerns regarding the sensitivity of certain materials, materials are distributed to committee members in advance of a meeting to allow sufficient time for review.

**5. Use of Consultants.** Each committee may hire outside consultants and experts to assist it in evaluating proposals, transactions and information supplied by management, and such costs will be paid by the Company.

**6. Audit Committee Service.** Each Audit Committee member should advise the members of the Nominating and Corporate Governance Committee in advance of accepting a position as a member of another public company audit committee. In such event, the Board should assess whether such service would impair the Audit Committee member's service to the Company. Audit Committee members may not simultaneously serve on the audit committee of more than two other public companies without the approval of the full Board.

**7. Evaluation of the Committees.** Each Board committee conducts an annual selfevaluation, the purpose of which is to evaluate the committee's performance and to improve the effectiveness of each committee, not to target the performance of any individual committee member.