



**VIRTUS INVESTMENT PARTNERS, INC.**

**BOARD OF DIRECTORS**

**CORPORATE GOVERNANCE PRINCIPLES**

**Introduction**

The Board of Directors (the “Board”) of Virtus Investment Partners, Inc. (the “Company”) has adopted the following Corporate Governance Principles (the “Principles”) in order to inform the Company’s shareholders of the policies and procedures by which the Board is guided in its governance of the Company. The Principles will be available to all shareholders, both electronically on the Company’s website and in print for any shareholder who requests a copy. The Principles have been drafted so as to be consistent with the Company’s Certificate of Incorporation and Bylaws, as well as with the Corporate Governance Standards of The Nasdaq Stock Market (“Nasdaq”).

**1. Director Qualifications**

*Director Independence.* The Board will have a majority of directors who meet the criteria for independence required by Nasdaq. The Governance Committee is responsible for reviewing with the Board the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole to assure that the Board has the appropriate tools to perform its oversight function effectively in light of the Company’s business and structure. Nominees for directorship will be selected by the Governance Committee in accordance with the policies and principles in its charter.

*Director Qualification Standards.* In reviewing nominees for directorship, the Governance Committee and the Board will seek to identify candidates whose professional achievement, breadth of experience and commitment to excellence and integrity best serve the Company, its shareholders and other constituencies. To this end, when recruiting and assessing potential director nominees, the Governance Committee and the Board may consider all facts and circumstances deemed appropriate or advisable, including, among others, a prospective candidate’s professional achievement and skills; ability and judgment; personal and professional integrity; depth and breadth of business experience, and personal diversity such as gender, geographic, experiential, racial, ethnic and numerous other aspects of diversity. The Governance Committee and the Board recognize that individual candidates have unique strengths, and no one factor or qualification outweighs all others. The Governance Committee and the Board will consider how a candidate would contribute to the overall balance of experience, expertise and perspective of the Board.

Stockholders may also recommend nominees for directorship in accordance with the procedures set forth in Section 9 below. The Governance Committee and the Board utilize the same criteria for evaluating candidates regardless of the source of the referral.

*Board Size.* The Board shall periodically assess the size of the Board and make any adjustments it deems appropriate in accordance with the Bylaws of the Company.

*Change in Present Job Responsibilities.* It is the sense of the Board that individual directors who face significant changes to the responsibilities they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who change from the positions they held when they came on the Board should necessarily leave the Board. In the event of a normal retirement from a director's principal occupation, it is the sense of the Board that the director would remain on the Board. There should, however, be an opportunity for the Board through the Governance Committee to review the continued appropriateness of Board membership under the circumstances.

*Other Directorships.* Serving on the Board requires significant time and attention. Directors are expected to spend the time needed and meet as often as necessary to discharge their responsibilities properly. Directors must advise the Chair of the Board and the Chair of the Governance Committee in advance of accepting invitations to serve on other public company boards. Without specific approval from the Chair of the Governance Committee, no director may serve on more than five (5) public company boards (including the Company's Board). Furthermore, directors who also serve as the Chief Executive Officer or in equivalent positions of public companies generally should not serve on more than two (2) public company boards, including the Company's Board, in addition to their employer's board. In addition, no director may serve simultaneously on the audit committees of more than three (3) public companies (including the Company) unless the Board has first determined that such simultaneous service would not impair the ability of such member to serve on the Board's Audit Committee and the Company discloses such determination in its annual proxy statement.

*Retirement Age for Directors.* A director will retire no later than the first annual meeting following his or her 74<sup>th</sup> birthday. Under exigent circumstances, the Board may request that the director continue to serve; provided, however, that no director shall serve beyond the first annual meeting following his or her 75<sup>th</sup> birthday. The term of any director who is an officer of the Company shall expire on the date when he or she retires or resigns as an officer of the Company.

*Term Limits.* At this time, the Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the

Board as a whole. As an alternative to term limits, the Governance Committee will review and evaluate each director's continuation on the Board every three years.

## 2. **Directors' Responsibilities**

*Director Responsibilities and Indemnification.* The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In discharging its obligations, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors are also entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf; to receive the benefits of indemnification to the fullest extent permitted by law and the Company's Certificate of Incorporation, Bylaws and any indemnification agreements; and to benefit from exculpation as provided by state law and the Company's Certificate of Incorporation.

*Attendance and Participation in Board Meetings.* Directors are expected to attend, in person or virtually as circumstances allow, all Board meetings, the annual meeting of shareholders, and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Director attendance and meeting preparation will be a part of the annual evaluation process conducted by the Governance Committee. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

*Board Leadership Structure.* The Board has no policy with respect to the separation of the offices of the Chair of the Board and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination when it elects a new Chief Executive Officer. If the Board has not elected a Chair who is an independent director, the independent directors shall elect from among themselves a Lead Director to serve as such until his or her successor is elected and qualified.

*Board Agenda.* The Chair of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year. That meeting will be of extended duration and will take place after development of management's proposed plans for the coming year and beyond have been substantially completed.

*Executive Sessions of Independent Directors.* The non-management directors will meet at regularly scheduled executive sessions without management. The Non-

Executive Chair, or, if none, the Lead Director of the Board will preside at these meetings, and the Non-Executive Chair's or Lead Director's name will be disclosed in the annual proxy statement.

*Duty of Loyalty.* In their roles as directors, all directors owe a duty of loyalty to the Company. The Company has adopted a Code of Conduct, which includes a compliance program for enforcement, and directors are expected to adhere to the Code of Conduct.

*Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

*Communications with Stakeholders.* The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected, however, that absent unusual circumstances or as contemplated by the Committee Charters, Board members will do this only in coordination with management.

### **3. Board Committees**

*Board Committees.* The Board will have at all times an Audit Committee, a Compensation Committee and a Governance Committee. All of the members of these Committees will be independent directors under the criteria established by Nasdaq. Members of the Audit Committee will meet the additional qualifications for service on that Committee specified by Nasdaq and mandated by the Sarbanes-Oxley Act of 2002. Pursuant to the Company's Bylaws, the Board may, from time to time, establish or designate one or more additional committees as necessary or appropriate.

*Committee Rotation.* Committee members will be appointed by the Board upon recommendation of the Governance Committee, with consideration of the desires of individual directors. It is the sense of the Board that Committee assignments and Committee Chair assignments should be reviewed and changed periodically in order to keep the Committees open to new and varying points of view, with a focus on making changes that best reflect changing needs of the business, as well as individual competencies of Board members.

*Committee Charters.* Each Committee will have its own Charter. Each Committee Charter will set forth the purposes, goals and responsibilities of the Committee as well as qualifications for Committee membership, Committee structure and operations and Committee reporting to the Board. Each Charter will also provide that the Committee will annually evaluate its performance.

*Committee Meetings and Agenda.* The Chair of each Committee, in consultation with the Committee members, will determine the frequency and length of the Committee meetings consistent with any requirements set forth in the Committee's charter. The

Chair of each Committee, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda.

Outside Advisors. The Board and each Committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

#### **4. Director Access to Officers and Employees**

Access to Employees. Directors have full and free access to officers and employees of the Company. Directors may contact members of the Company's senior management directly and use judgment in notifying the Board Chair or when contacting management concerning matters within the purview of a Committee, the Committee Chair and Board Chair. The directors and Board Chair will use their judgment to ensure that any contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the Chief Executive Officer or the Board Chair on any written communications between a director and an officer or employee of the Company.

Board Meeting Attendees. The Board welcomes regular attendance, as appropriate, at each Board meeting of senior officers of the Company. If the Chief Executive Officer wishes to have additional Company personnel attendees on a regular basis, this suggestion should be brought to the Board for approval.

#### **5. Director Compensation**

The form and amount of director compensation will be determined by the Board based on the recommendation of the Compensation Committee in accordance with the policies and principles set forth in its Charter, and the Compensation Committee will conduct an annual review of director compensation. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated. Employee directors are not compensated for their service as directors.

#### **6. Director Orientation and Continuing Education**

Director Orientation Program. Each new director must participate in the Company's Orientation Program, which should be conducted within two months of the meeting at which he or she is elected. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans; its significant financial, accounting and risk management issues; its compliance programs; its Code of Conduct; its principal officers; and its internal and independent auditors. In addition, the Orientation Program and continuing education will include visits to

Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the Orientation Program.

*Director Continuing Education.* It is the sense of the Board that director education on an ongoing basis is in the best interests of the Company. The Company will provide periodic education to the members of the Board at meetings of the directors on issues of importance to the Board, the Company and the businesses in which the Company is engaged. Such sessions may be conducted by members of management or third parties having expertise in the subject areas discussed. In addition, each member of the Board may attend educational programs or seminars offered by outside individuals or entities on a periodic basis. The topics of such programs may be determined by each director at his or her discretion and all reasonable costs of attending such program shall be paid by the Company in accordance with the Board's guidelines.

## **7. CEO Evaluation and Management Succession**

*CEO Performance Evaluation.* The Board will conduct an annual review of the Chief Executive Officer's performance in order to ensure that the Chief Executive Officer is providing the best leadership for the Company in the long- and short-term. The Chair of the Board will receive comments from all directors and relay summary commentary to the Compensation Committee and the Board. The results of this review will be communicated to the Chief Executive Officer directly by the Chair of the Board.

*Succession Planning.* The Governance Committee will conduct an annual review of succession planning. The entire Board will work with the Governance Committee to nominate and evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **8. Annual Performance Evaluation**

The Board of Directors and each Committee thereof will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This assessment will be focused on the full Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

## **9. Communications with the Board**

The Board is committed to ensuring that anyone desiring to communicate with the Board as a whole, with any Committee of the Board, with the presiding director at meetings of the non-management directors, with non-management directors as a group, or with any specific director(s), has a convenient means of doing so. Anyone who

wishes to communicate with the Board, a Committee or a specific director may do so by either of the following means:

- Send correspondence by email addressed to [corporate.secretary@virtus.com](mailto:corporate.secretary@virtus.com) indicating the body or person(s) with which you wish to communicate; or
- Submit correspondence in writing to: Board of Directors (or Committee or specific director) Virtus Investment Partners, Inc. c/o Corporate Secretary One Financial Plaza Hartford, CT 06103

If desired, communications should indicate any desire to keep the sender's identification confidential. The Corporate Secretary will forward correspondence to its intended addressee promptly after receipt. Where appropriate, correspondence will also be reviewed by the Chief Legal Officer.