

CORPORATE GOVERNANCE GUIDELINES

Westwood Holdings Group, Inc.'s (the "**Company**") Board of Directors (the "**Board**") believes that sound corporate governance policies and practices provide an essential foundation to assist the Board in fulfilling its responsibilities. These guidelines, which are to be reviewed periodically by the Governance and Nominating Committee ("**Governance Committee**") of the Board, are set forth below:

I. **Board Structure**

- A. *Number of Directors.* The Board will normally consist of between three (3) and eleven (11) members, although the Board (pursuant to the Company's bylaws) may from time to time change its size to accommodate the Company's needs.
- B. *Selection of Board Members and Director Qualification Standards.* The Governance Committee of the Board has the responsibility for identifying potential candidates for Board membership and for making a recommendation to the Board of a slate of director candidates to stand for election at the annual meeting of the Company's stockholders. The Governance Committee will seek to identify, and the Board will select, director candidates who satisfy the criteria set forth in the Charter of the Governance Committee. The Governance Committee shall evaluate incumbent directors based on the same criteria, as well as their performance on the Board.
- C. *Stockholder Recommendations.* The Governance Committee shall consider new director candidates recommended by the Company's stockholders to the extent such recommendations are made in compliance with applicable laws, rules, regulations, and the Company's bylaws and procedures established by the Governance Committee. Director candidates recommended by stockholders shall be evaluated by the Governance Committee based on the same criteria to be applied to director candidates identified by the Governance Committee.
- D. *Independence.* A majority of the directors must be non-management directors who meet the "independence" requirements of the New York Stock Exchange ("**NYSE**") listing requirements.
- E. *Director Responsibilities.* Each director is expected to devote the necessary time and attention to fulfill the obligations of a director and is expected to attend Board and committee meetings whenever possible. Directors are expected to represent all stockholders effectively through the (i) prudent exercise of judgment; (ii) fair balance of interests of constituencies; and (iii) appropriate stewardship of Company resources. As a group, directors are expected to set the appropriate policy for the Company, and to bring to the Board broad experience in business matters and a diversity of experience.
- F. *Lead Director.* If the Chairman of the Board is a non-management director, then he or she will serve as "Lead Director." However, when the Chairman of the Board is a management director, the Board will designate a non-management director as "Lead Director." The Lead Director will chair executive sessions of the non-management directors and have such other duties as the Board may determine.



- G. *Committees of the Board.* The Board shall have an Audit Committee, Compensation Committee, Governance Committee, and such other committees as the Board may determine from time to time. Members of the Audit Committee, Compensation Committee, and Governance Committees shall all meet the “independence” requirements of the NYSE listing requirements. In addition, members of the Audit Committee shall meet any heightened “independence” requirements established by applicable law, and at least one member of the Audit Committee shall satisfy the definition of an “audit committee financial expert” in accordance with rules adopted by the Securities and Exchange Commission (“**SEC**”). The Board, in consultation with the Chief Executive Officer (“**CEO**”) and the Governance Committee and in compliance with applicable regulations, will determine the responsibilities and membership of its committees. The committee chairperson, in consultation with committee members, will determine the frequency and length of the meetings of the committee, in accordance with applicable regulations and committee charters.
- H. *Retirement/Resignation.* Management directors are expected to submit a letter of resignation at the time of retirement from active employment with the Company, or when resigning from a top management position in the Company. At the discretion of the Board, such former officer may be asked to continue as a Board member. Non-management directors are expected to submit a proposed letter of resignation under the following circumstances: (i) whenever the director’s affiliation or position of principal employment changes after election to the Board; (ii) whenever the health or physical condition of a director would prevent him or her from satisfactorily fulfilling the responsibilities of the position; and (iii) whenever the non-management director’s affiliation with another entity creates an interlocking directorate or other potential conflict with this Company’s business. If the proposed letter of resignation is not accepted, the director’s tenure will continue.
- I. *Term Limits.* The Board does not believe that it should establish term limits. While term limits could help to assure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contributions of directors who have been able to develop, over a period of years, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

II. Board Functions

- A. *Approval of Long-Term Plans and Goals.* Each year the Board will review and approve, as appropriate, the Company’s long-term plans and goals. The Board will regularly monitor the Company’s performance with respect to these plans and goals.
- B. *Board Evaluation.* The Board, in conjunction with the Governance Committee, will annually evaluate the effectiveness of the Board and its committees. In addition, each committee shall conduct an annual evaluation of its effectiveness. The Board will meet in executive session to discuss these assessments. The purpose of these evaluations is to increase the effectiveness of the Board as a whole, and of each committee. The Governance Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluations.
- C. *Chief Executive Officer Evaluation.* The Compensation Committee will evaluate the performance of the CEO at least annually and report such evaluation to the Board. The evaluation will be based on objective criteria which shall include, among other factors,





corporate and individual performance, including the Company's financial performance; the accomplishment of short-term and long-term strategic goals and objectives; and any other factors established by the Compensation Committee. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO.

- D. *Management Succession.* The Board, based upon recommendations by the Compensation Committee, shall periodically review with the CEO a management succession and development plan. There should be available, on a continual basis, the CEO's recommendation as to his/her successor should he/she die or become disabled.
- E. *Executive Compensation.* The Compensation Committee shall be responsible for the establishment of compensation policies with respect to, and the approval of the compensation of, the Company's officers.
- F. *Director Compensation.* The Compensation Committee will review the form and amount of director compensation annually and recommend any changes to the Board. The Board will set director compensation (including additional compensation to members and chairpersons of committees) to ensure that it is reasonable and competitive with companies that are similarly situated. Particular attention will be paid to structuring Board compensation in a manner aligned with stockholder interests. Management directors shall receive no additional compensation for Board service.
- G. *Board Interaction with Institutional Investors, Stockholders, the Press, Customers, etc.* 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. However, it is expected that Board members will speak for the Company only with the knowledge of management and, in most instances, at the request of management. Stockholders and other interested parties may confidentially contact the Lead Director or non-management members of the Board by sending written correspondence to the director at the following address:

Richard Frank, Director
c/o Chief Compliance Officer
Westwood Holdings Group, Inc.
200 Crescent Court, Suite 1200
Dallas, Texas 75201

The above-named officer receiving such correspondence will forward it directly to the appropriate Board member or members.

All Board members should attend the Company's annual stockholders' meetings and make themselves available to address any matters properly brought before such meetings.

- H. *Director Orientation and Continuing Education.* The Governance Committee will ensure that newly elected Board members are provided with director orientation in order to (i) become better acquainted with the way the Board functions, (ii) meet with members of management, and (iii) gain useful information regarding the Company and its operations. The Governance Committee, in consultation with the CEO, will provide for continuing



education opportunities for Board members to become more knowledgeable about specific areas of importance to the Company's operations.

III. Board Operations

- A. *Number of Board Meetings.* The Board will meet as frequently as needed for the directors to discharge properly their responsibilities. Regular meetings of the Board are held four (4) times per year and special meetings are held as necessary.
- B. *Conduct of Meetings.* Board and Committee meetings will be conducted in a manner that ensures open communication, meaningful participation, and timely resolution of issues.
- C. *Agenda for Board and Committee Meetings.* The Chairman of the Board, in consultation with the Lead Director (if the Chairman is a management director), will propose an agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. With respect to committees of the Board, the chairperson of such committee, in consultation with committee members and appropriate members of management, will develop the committee's agenda for applicable meetings.
- D. *Materials Distributed in Advance of Meetings.* It is the sense of the Board that information and data that are important to the Board's or a committee's understanding of a meeting should, when practical, be distributed in writing to members of the Board or a committee in advance of the applicable meeting. Each director is expected to thoroughly review such materials prior to a Board or committee meeting, provided sufficient time is provided for such review.
- E. *Executive Sessions.* The Board will hold executive sessions at least twice a year without the CEO or any other management directors; provided, however, that if such group of non-management directors includes directors who are not "independent" under the NYSE rules, then at least once each year an executive session will be held that only includes independent directors. The Lead Director shall preside over all such executive sessions.
- F. *Director Interaction with Senior Management.* Board members shall have complete access to the Company's senior management. Board members should exercise reasonable judgment when contacting management to avoid creating unnecessary distractions from the Company's business operations.
- G. *Access to Independent Advisors.* The Board and each committee shall have full access to independent legal, accounting, financial, and other advisors, as it deems necessary or appropriate to assist the Board or respective committee in the conduct of its duties, and the Board shall provide funds for the retention of such parties.

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