

## **THE CARLYLE GROUP INC. GOVERNANCE POLICY**

The Board of Directors (the “Board of Directors”) of The Carlyle Group Inc. (the “Company”), is governed by the following general principles:

1. Open communication between the Board of Directors and management is crucial to the Company’s long-term success. Management is responsible for creating, developing and implementing the strategy of the Company. The Board of Directors is responsible for reviewing and approving the strategy and guiding its implementation in the context of the overall scope of the business and the interests of its stockholders. Management is responsible for operating the Company in an effective and ethical manner in order to produce long-term value for stockholders. Senior management and the Board of Directors are expected to know how the Company earns its income and what risks the Company is undertaking in the course of carrying out its business.

2. Management is responsible, under the oversight of the Board of Directors and its Audit Committee, for producing financial statements that fairly present the financial condition and results of operations of the Company, and for making the timely, understandable and complete disclosures that stockholders and prospective investors need to assess the business and risks of the Company.

Based on the preceding principles, the Board of Directors has adopted the following governance policies:

### **Section 1. The Board of Directors’ Responsibilities and Duties.**

In addition to its general responsibility to oversee management, the Board of Directors is also responsible for performing a number of specific functions.

1.1 It is the Board of Directors’ responsibility to select and evaluate the performance of the Company’s Chief Executive Officer and to oversee succession planning of the Chief Executive Officer.

1.2 It is the Board of Directors’ responsibility to review and approve fundamental financial and business strategies and major actions by the Company.

1.3 It is the Board of Directors’ responsibility to monitor and oversee the Company’s financial position.

1.4 It is the Board of Directors’ responsibility to review the Company’s policies and compliance systems and to confirm that they are consistent with the objective that the Company and the officers and directors of the Company act legally, ethically and responsibly.

1.5 It is the responsibility of each member of the Board of Directors to participate in Board of Directors meetings, review relevant materials in advance of meetings, serve on Committees of the Board of Directors and prepare for meetings and for discussions with management.

1.6 It is the Board of Directors’ responsibility to spend the time needed, and meet as frequently as necessary, to properly discharge its responsibilities.

1.7 It is the Board of Directors’ responsibility to understand the Company’s business, industry and primary risks.

## **Section 2. Board of Directors Policies and Compensation.**

### 2.1 Board of Directors Policies

(a) The following are the criteria for remaining a director:

(1) All non-executive directors are expected voluntarily to review and assess their own membership on the Board of Directors from time to time, taking into account length of service, ability to commit time, age, qualifications and expertise relevant to the Company's then current business. In addition, it is expected that the Board of Directors will periodically conduct a self-evaluation of the effectiveness of the Board of Directors and each of its Committees to determine whether it and each of its Committees are functioning effectively and to determine opportunities for their improvement. The sole purpose of this evaluation is to increase the effectiveness of the Board of Directors.

(2) Because of the importance of knowledge of the Company and of continuity, the Board of Directors does not believe that in every instance that a director who retires or changes from the position he or she held when joining the Board of Directors should necessarily leave the Board of Directors upon such retirement or such change of position. There should, however, be an opportunity for the Board of Directors to review the continued appropriateness of the director's membership on the Board of Directors under these circumstances. As a result, every director must notify the Board of Directors of his or her retirement, any change in employer, any other significant change in professional roles and

(3) If a director has a personal interest in a matter before the Board of Directors, the director shall disclose the interest to the full Board of Directors, shall recuse himself or herself from participation in the discussion of the matter and shall not vote on the matter.

(4) It is the policy of the Board of Directors that every director should seek the consent of the Board of Directors and confirm the absence of any actual or potential conflict, prior to accepting any invitation to serve on another corporate board or with a government or advisory group (other than existing board memberships or membership on the board of directors of an affiliate of the Company). In no event, without the prior approval of the Nominating and Corporate Governance Committee, shall any member of the Board of Directors serve on more than five public company boards, including the Company's Board of Directors. In addition, members of the Board of Directors who also serve as executive officers or in equivalent positions generally should not serve on more than two public company boards, including the Company's Board of Directors.

### 2.2 Board of Directors Compensation

The executive directors will not receive any compensation for their role as such. The non-executive directors' compensation will be determined by the Board of Directors. The compensation of such directors should fairly reward them for their efforts on behalf of the Company and should be structured to align their interests with the long-term interests of the Company's stockholders. To that end, each director who is not an officer or employee or advisor to the Company or any of its subsidiaries shall be required to hold within five years of being appointed to the Board of Directors, the number of shares of common stock with an aggregate value equal to five times the annual base cash retainer (excluding any additional annual cash retainer any non-executive director may receive for service as the Lead Independent Director or Chairman of a Committee) he or she receives from the Company. The Board of

Directors may seek outside expertise to determine the appropriateness and competitiveness of its compensation.

**Section 3. Categorical Standards for Director Independence.**

3.1 The Board of Directors shall determine each director's independence on an annual basis based on applicable regulatory and stock exchange requirements and these standards. The Board of Directors' determination, and the basis for such determination, shall, to the extent required, be disclosed in the Company's annual report on Form 10-K or annual proxy statement.

3.2 For purposes of these standards:

(a) "Carlyle" means the Company and any subsidiary that the Company controls and consolidates into its financial statements filed with the Securities and Exchange Commission (but not if the Company reflects such entity solely as an investment in its financial statements);

(b) "Executive Officer" means an "officer" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended; and

(c) "Immediate Family" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

3.3 An "independent" director shall be defined in accordance with Rule 5605 of The Nasdaq Stock Market (the "Nasdaq Rules"). The Nasdaq independence definition includes a series of objective tests, such as whether the director is an employee of the Company and whether the director has engaged in various types of business dealings with the Company. In addition, the Board of Directors has established categorical standards to assist in making its independence determination, set forth in section 3.4(a) below. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board of Directors is also responsible for determining affirmatively, as to each independent director, that no relationships with the Company exist which, in the opinion of the Board of Directors, would impair the exercise of independent judgment in carrying out the responsibilities of a director.

3.4 The Board of Directors, in its business judgment, will determine, based on all relevant facts and circumstances and in a manner consistent with the standards set forth below, whether a director has a relationship with the Company or its management that would interfere with such director's exercise of his or her independent judgment. The following standards shall be followed by the Board of Directors in determining director independence:

(a) Under any circumstances, a director is not independent if:

(1) the director is, or has been within the preceding three years, employed by Carlyle;

(2) the director, or an Immediate Family member of that director, accepted any compensation from Carlyle in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than (i) compensation for Board of Director or Committee service, (ii) compensation paid to an Immediate Family Member who is an employee (other than an Executive Officer) of Carlyle and (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation;

(3) the director is an Immediate Family member of an individual who is, or at any time during the past three years was, employed by the Company as an Executive Officer;

(4) the director is, or has an Immediate Family member who is, a partner in, or a controlling shareholder or an Executive Officer of any organization (including a charitable organization) to which Carlyle made, or from which Carlyle received, payments for property or services in the current or any of the past three fiscal years that exceed five percent (5%) of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

(i) payments arising solely from investments in Carlyle's securities; or

(ii) payments under non-discretionary charitable contribution matching programs

(5) the director is, or has an Immediate Family member who is, employed as an Executive Officer of another entity where at any time during the past three years any of the Executive Officers of Carlyle serve on the compensation committee of such other entity; or

(6) the director is, or has an Immediate Family member who is, a current partner of Carlyle's outside auditor, or was a partner or employee of Carlyle's outside auditor who worked on Carlyle's audit at any time during any of the past three years.

(b) The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence:

(1) if the director or an Immediate Family member of that director serves as a director or trustee of a charitable organization, and the Company's annual charitable contributions to that organization (excluding contributions by the Company under any established matching gift program) are less than the greater of \$200,000 or five percent (5%) of that organization's consolidated gross revenues in its most recent fiscal year, provided, however, that in calculating such amount (i) payments arising solely from investments in Carlyle's securities and (ii) payments under non-discretionary charitable contribution matching programs shall be excluded; and

(2) if the director or an Immediate Family member of that director (or a company for which the director serves as a director or executive officer) invests in or alongside of one or more investment funds or investment companies managed by the Company or any of its subsidiaries, whether or not fees or other incentive arrangements for the Company or its subsidiaries are borne by the investing person.

(c) For relationships not covered by the standards contained in section 3.4(b) above, the determination of whether or not the relationship is material, and therefore whether the director is independent, shall be made by the Board of Directors.

3.5 The Board of Directors may determine that a director who has a relationship that exceeds the limits described in section 3.4(b) above is nonetheless independent, so long as such relationship is not otherwise described in section 3.4(a) above and would not otherwise impair the director's independence under applicable regulatory and stock exchange requirements. The basis for any such determination will, to the extent required, be explained in the Company's annual report on Form 10-K or proxy statement.

#### **Section 4. Committees of the Board of Directors.**

4.1 The Board of Directors has established the following Committees to assist it in discharging its responsibilities: (i) Audit; (ii) Compensation; (iii) Executive; and (iv) Nominating and Corporate Governance. The current charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are published on the Company's website. The Committee chair shall report the highlights of its meetings to the full Board of Directors following each meeting of the Committee. The Committee may hold meetings in conjunction with meetings of the full Board of Directors. The Audit Committee is comprised solely of independent directors in accordance with all applicable regulatory and stock exchange requirements.

4.2 On an annual basis, the directors who have been determined to be independent by the Board of Directors shall select a lead independent director. The lead independent director shall work collaboratively with the Chairman or Co-Chairmen, as the case may be, and the Chief Executive Officer on Board governance and related matters. The lead independent director shall preside over meetings of the independent directors.

#### **Section 5. The Relationship of the Board of Directors to Management.**

5.1 To enhance open communication between the Board of Directors and management, the Board of Directors' policy is to periodically invite executives of the Company to attend Board of Directors meetings.

5.2 From time to time, the Board of Directors, each of its Committees and the Company may engage outside advisors to provide advice on specific issues. These advisors and the Company's independent registered public accounting firm may also be invited to attend Board of Directors meetings. The General Counsel has an open invitation to attend Board of Directors meetings. The Board of Directors and each of its Committees may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

5.3 The Board of Directors will meet in executive session regularly. The directors who meet the independence standards of the Nasdaq Rules shall also meet in executive sessions at least twice a year, and perhaps more frequently, in conjunction with regularly scheduled board meetings.

5.4 Members of the Board of Directors will have complete access to the Company's management, and members will exercise judgment to ensure that contact with management is not distracting to the business operation of the Company. The Board of Directors and each of its Committees shall have the right at any time to select, retain, terminate and approve the fees and other retention terms of outside financial, accounting, legal or other advisors.

5.5 In performing its functions the Board of Directors will be entitled to rely on reports and opinions of management, counsel, accountants, auditors and other advisors. Except as otherwise provided in a charter of a Committee, the Board of Directors shall have the authority to select, retain, terminate and approve the fees and other terms of retention of outside advisors.

#### **Section 6. Management Appointment and Succession.**

6.1 In addition to the general oversight of management, the Board of Directors is responsible for the selection and evaluation of the Company's Chief Executive Officer.

6.2 The Chairman or Co-Chairmen, as the case may be, and Chief Executive Officer will review annually with the Board of Directors management succession planning and development.

**Section 7. Director Orientation and Continuing Education.**

7.1 New directors will be provided with appropriate orientation programs to assist them in fulfilling their responsibilities.

**Section 8. Communicating with the Board of Directors.**

8.1 Stockholders interested in communicating directly with the Board of Directors, non-executive directors or an individual director may do so by writing to the Corporate Secretary, The Carlyle Group Inc., 1001 Pennsylvania Ave., N.W., Suite 220 South, Washington, D.C. 20004, attention: the Board of Directors, non-executive directors or the name of the individual director, as applicable. Communications are distributed to the Board of Directors, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board of Directors has requested that certain items that are unrelated to its duties and responsibilities should be excluded, such as:

- spam;
- junk mail and mass mailings;
- resumes and other forms of job inquiries;
- surveys; and
- business solicitations or advertisements.

In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any non-executive director upon request. Any concerns relating to accounting, internal controls or auditing matters will be brought to the attention of the Audit Committee.

**Section 9. Communication with Outside Parties.**

9.1 It is generally the responsibility of management to speak for the Company in communications with outside parties, including analysts, members of the press, advisors and industry associates. Non-executive directors should only engage in such communications at the request of management.

**Section 10. Confidentiality of Proceedings and Deliberations.**

10.1 The proceedings and deliberations of the Board of Directors and Committees of the Board of Directors shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.