

# CARLYLE

## THE CARLYLE GROUP INC. GOVERNANCE POLICY

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

1. Open communication between the Board 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 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 shareholders. Management is responsible for operating the Company in an effective and ethical manner in order to produce long-term value for shareholders. Senior management and the Board 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 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 shareholders and prospective investors need to assess the business and risks of the Company.

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

### **Section 1. The Board’s Responsibilities and Duties.**

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

1.1 It is the Board’s 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’s responsibility to review and approve fundamental financial and business strategies and major actions by the Company.

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

1.4 It is the Board’s 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 to participate in Board meetings, review relevant materials in advance of meetings, serve on Committees of the Board, and prepare for meetings and for discussions with management.

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

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

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

### 2.1 Board 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 from time to time, taking into account length of service, ability to devote time to the Board, demands of other existing professional commitments, age, qualifications, and expertise relevant to the Company's then current business. In addition, it is expected that the Board will conduct a self-evaluation of the effectiveness of the Board and each of its Committees at least annually 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.

(2) Because of the importance of knowledge of the Company and of continuity, the Board 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 should necessarily leave the Board upon such retirement or such change of position. There should, however, be an opportunity for the Board to review the continued appropriateness of the director's membership on the Board under these circumstances. As a result, every director must notify the Board of his or her retirement, any change in employer, or any other significant change in professional roles. The Nominating and Corporate Governance Committee will evaluate the continued appropriateness of membership on the Board under the new circumstances and make a recommendation to the Board as to any action to be taken with respect to such circumstances. Directors who are officers of the Company shall tender their resignation upon termination of employment with the Company. Whether the individual continues to serve on the Board is a matter for determination by the Board.

(3) If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board, 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 that every director should notify the Board 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 serve on more than five

(5) public company boards, including the Company's Board. In addition, members of the Board 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.

## 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. 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 shareholders. 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, 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 Chairperson of a Committee) he or she receives from the Company. The Board may seek outside expertise to determine the appropriateness and competitiveness of its compensation.

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

3.1 The Board shall determine each director's independence on an annual basis based on applicable regulatory and stock exchange requirements and these standards. The Board's 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 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 U.S. 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, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) 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 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 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, would impair the exercise of independent judgment in carrying out the responsibilities of a director.

3.4 The Board, 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 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 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.

3.5 The Board 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. Board Leadership and Committees of the Board.**

4.1 The Board has established the following Committees to assist it in discharging its responsibilities: (i) Audit; (ii) Compensation; and (iii) 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 following each meeting of the Committee. The Committee may hold meetings in conjunction with meetings of the full Board. The Committees are comprised solely of independent directors in accordance with all applicable regulatory and stock exchange requirements.

4.2 Whenever the Chairperson of the Board is also the Chief Executive Officer or is a director who does not otherwise qualify as an “independent” director, the directors who have been determined to be independent by the Board shall select a Lead Independent Director (taking into account factors as such independent directors deem relevant, including existing time

commitments). The Lead Independent Director shall work collaboratively with the Chairperson or Co-Chairs, as the case may be, and the Chief Executive Officer on Board governance and related matters. The responsibilities of the Lead Independent Director (if one has been elected) shall be determined from time to time by the Board, upon the recommendation of the Nominating and Corporate Governance Committee. The Lead Independent Director shall preside over meetings of the independent directors.

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

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

5.2 From time to time, the Board, 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 meetings. The General Counsel has an open invitation to attend Board meetings. The Board 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 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 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 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 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 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 is responsible for the selection and evaluation of the Company's Chief Executive Officer.

6.2 The Chairperson or Co-Chairs, as the case may be, and Chief Executive Officer will review annually with the Board management succession planning and development, which shall be overseen by the Nominating and Corporate Governance Committee.

**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.**

8.1 Shareholders interested in communicating directly with the Board, 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, DC 20004, attention: the Board of Directors, non-executive directors, or the name of the individual director, as applicable. Communications are distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In this regard, the Board 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 and Committees of the Board shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.