



**COMPASS DIVERSIFIED HOLDINGS
COMPASS GROUP DIVERSIFIED HOLDINGS LLC
CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “**Board**”) of Compass Group Diversified Holdings LLC (the “**Company**”) has adopted the following guidelines to promote effective governance, and to comply with New York Stock Exchange (“**NYSE**”) listing regulations and other legal requirements. In furtherance of these goals the Board has also adopted a Code of Ethics, an Anti-Corruption Policy, Share Ownership Guidelines, and written charters for each of its Nominating and Corporate Governance Committee, Compensation Committee and Audit Committee. These guidelines are intended to serve as flexible principles and to be interpreted in the context of all applicable laws and the Company’s Certificate of Organization, Amended and Restated Operating Agreement (the “**LLC Agreement**”), the charters of the committees of the Board, and other governing legal documents, all of which necessarily take precedence. The Board recognizes that corporate governance is a developing and dynamic area warranting periodic review. Accordingly, the following guidelines are subject to review and change from time to time by the Board.

The Board sets high standards for the Company’s officers and directors and the employees of its external manager (the “**Manager**”). Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board to serve as a fiduciary for the Company and its members (including the holders (the “**Shareholders**”) of publicly traded shares (the “**Shares**”) of Compass Diversified Holdings (the “**Trust**”) and to oversee the management of the Company’s business. To fulfill its responsibilities and to discharge its duty, the Board follows the procedures and standards that are set forth in these guidelines. The Board acts as the ultimate decision-making body of the Company, except on those matters reserved to or shared with the Shareholders.

I. The Board of Directors
A. The Role of the Board

The Board oversees and provides policy guidance on the business and affairs of the Company. The Board’s responsibilities are active and not passive and include, among other things, the responsibility to regularly monitor the integrity of the Company’s controls and the effectiveness of its legal, ethical and compliance programs, establish broad objectives and the general course of the Company’s business, determine basic policies, approve the adequacy of overall results, and generally represent and further the interests of the Shareholders. The Board also oversees the Company’s strategic and business planning process, including significant acquisitions and capital investments. Finally, the Board reviews and assesses risks facing the Company and management’s approach to addressing such risks.



The basic responsibility of each director is to act in good faith with due care so as to exercise his or her business judgment on an informed basis in what he or she honestly believes to be in the best interests of the Company and its Shareholders. In discharging that obligation, the directors are expected to devote the time and effort necessary to carry out their responsibilities as directors.

Directors are expected to prepare for and use reasonable efforts to participate in Board meetings and meetings of committees on which they serve. The Board and each committee will meet as frequently as necessary to properly discharge their responsibilities and the Board and Audit Committee will meet at least quarterly. In addition, directors are expected to use reasonable efforts to attend annual meetings of shareholders.

B. Fiduciary Oversight

The Board shall support a corporate environment of internal controls, fiscal accountability, ethical standards and compliance with applicable governance policies, laws and regulations. Each director owes duties of loyalty and care to the Company and is expected to act in the best interests of the Company's Shareholders as a whole.

C. Size and Composition of Board

The LLC Agreement provides that the number of directors is determined by the Board. The Board size is assessed at least annually by the Nominating and Corporate Governance Committee. The current size of the Board is nine, which the Board believes is appropriate. The Board will assess its size from time to time to determine whether its size continues to be appropriate. Under the Company's governing documents, including the LLC Agreement, the Board has the authority to change its size, provided the number of directors shall be not less than five nor more than thirteen. If any nominee is unable to serve as a director for any reason, the Board, by resolution, may reduce the number of directors or choose a substitute; provided, however, that upon such reduction or substitution, the Board shall continue to be comprised of a majority of independent directors.

D. Election of Directors

The entire Board will stand for election by the shareholders of the Company each year at the Company's annual meeting of Shareholders. The Board will recommend a slate of directors for election each year by the Shareholders at such annual meeting. In accordance with the LLC Agreement, the Board is also responsible for filling vacancies or newly created directorships on the Board that may occur between annual meetings of Shareholders. The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the entire Board for Board membership, in accordance with the Board Membership Criteria established by the Board.



In accordance with the LLC Agreement, any director(s) appointed by the Company's Allocation Member are not required to stand for election by our Shareholders.

E. Term Limits

At this time, the Board does not believe it should establish term limits because term limits could result in the loss of 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 entire Board.

F. Independent Directors

The Board intends that, except during periods of temporary vacancies, the Board will have a majority of directors who meet the criteria for "*independent directors*" required by the NYSE Listing Rules. In addition, the Board will have a sufficient number of independent directors to meet the requirements of applicable law. The Nominating and Corporate Governance Committee will monitor compliance with the NYSE requirements for director independence on an ongoing basis. Each independent director is expected to notify the General Counsel of the Company and the Chair of the Nominating and Corporate Governance Committee as soon as reasonably practicable in the event that his or her personal circumstances change in a manner that may affect the Board's evaluation of such director's independence. In accordance with the terms of the LLC Agreement, an independent director who at any time ceases to be independent shall resign to the extent required for the Company, the Trust or the Manager to comply with applicable laws, rules and regulations.

The Nominating and Corporate Governance Committee shall be responsible for annually reviewing and reporting to the Board on the affiliations of each outside director to determine if he or she has any material relationship with the Company or is independent under the NYSE Listing Rules. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall each consist solely of independent directors and shall satisfy all requirements under Rule 10A-3 of the Securities Exchange Act of 1934, the NYSE Listing Rules and the respective committee charters for membership on the particular committee. The Nominating and Corporate Governance Committee shall annually review and make a recommendation to the Board regarding the independence of each director for all committees and the financial literacy and expertise of members of the Audit Committee and nominees who may be asked to serve on the Audit Committee.



G. Chair and Independent Lead Director

The Board selects the Company's Chair in the manner that it determines to be in the best interest of the Company's Shareholders. The Chair is required to be a member of the Board. The Board does not have a policy as to whether the Chair should be an independent director, or a member of management. When the Chair is an affiliated director, or a member of Company management, or when the independent directors determine that it is in the best interest of the Company, the independent directors will appoint from among themselves an "*Independent Lead Director*." The Independent Lead Director coordinates the activities of the independent directors and is authorized to call meetings of the independent directors, chairs executive sessions of the independent directors, and performs the other duties assigned from time to time by the Board. In addition, when appropriate, the Independent Lead Director will be available for consultation with Shareholders.

H. Director Compensation

Only directors who are not employees of the Company, a subsidiary of the Company, the Company's Manager, or Affiliates of the Company's Manager receive compensation for serving on the Board. The director appointed by our Allocation Member does not receive compensation for serving on the Board. The Compensation Committee will recommend, and the Board will approve, the form and amount of non-management director compensation, if any, in accordance with the corporate policies and principles relevant to director compensation. In order to align the interests of directors with the interests of Shareholders, the Board expects all directors to display confidence in the Company via ownership of Trust Shares. Accordingly, the Board has structured its compensation to facilitate annual purchases of common Shares of the Trust on each non-management director's behalf so that each director has the opportunity to achieve such expectation.

The Compensation Committee will consider that directors' independence may be jeopardized if director compensation exceeds customary levels, if substantial charitable contributions are made to organizations with which a director is affiliated, or if other indirect forms of compensation are made to a director or an organization with which the director is affiliated.

I. Share Ownership Guidelines

The Board has established minimum Share ownership guidelines (the "**Share Ownership Guidelines**"). The Nominating and Corporate Governance Committee oversees compliance with the Share Ownership Guidelines and the Board may amend the Share Ownership Guidelines as it deems necessary or appropriate. Our Share Ownership Guidelines are available at: www.compassdiversified.com.



J. Other Boards and Committees

After first becoming a director of the Company, no director may accept an invitation to serve on another for profit company (public or private) board or any committee thereof without the specific approval from the Chair (or, in the case of the Chair receiving such invitation, another chairperson of one of the Board's standing committees.)

No director may sit on the board of any competitor of the Company in its principal lines of business to the extent any such service would constitute a violation of U.S. antitrust law.

K. Changes in Circumstances

With the exception of the Allocation Member-appointed director, if any director, including employee directors, discontinues, retires or changes his or her employment affiliation or the principal responsibility held at the time of nomination for election as a director, becomes involved in a current or potential conflict of interest or becomes unable to spend sufficient time in service to the Board, that director shall notify the Nominating and Corporate Governance Committee of such change in circumstance. The Nominating and Corporate Governance Committee shall recommend to the Board the action, if any, to be taken with respect to such change in circumstance. If requested by the Board, the director shall submit a letter offering his or her resignation due to the change in circumstance.

II. Director Selection and Qualifications

A. Selection and Invitation

The Board shall be responsible for selecting nominees for membership on the Board. All applications, recommendations or proposed nominations for Board membership received by the Company shall be referred to the Nominating and Corporate Governance Committee. Nominations made other than by or at the direction of the Board shall be made pursuant to the requirements set forth in the LLC Agreement. Invitations to join the Board should be extended by the Chair of either the Board or the Nominating and Corporate Governance Committee, and the CEO, or a designated representative.

The Nominating and Corporate Governance Committee will review all candidates for nomination to the Board submitted by Shareholders and shall periodically review the Company's procedures for Shareholder nominations of directors. In furtherance of such Shareholder action, the Company shall designate in its proxy statement and on the Trust's website a means for Shareholders to recommend director nominees to the Nominating and Corporate Governance Committee.



B. Board Membership Criteria

As provided in its charter, the Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the composition of the Board as a whole, and whether the Company is being well served by the directors taking into account each director's respective independence, age, skills, qualifications, experience (whether in business or in other areas such as public service, academia or scientific communities), particular areas of expertise, specific backgrounds, and other characteristics and availability for service. The Company believes that differences in experiences, knowledge, skills and viewpoints enhance the Board's overall performance, as such, the Nominating and Corporate Governance Committee shall consider diversity in selecting, evaluating and recommending proposed director candidates.

As provided in its charter, the Nominating and Corporate Governance Committee shall also be responsible for assisting the Board in developing general criteria for use in selecting potential new Board members and for assisting the Board in identifying and attracting qualified candidates for election to the Board.

With the exception of the director appointed by the Allocation Member of the Company, the Nominating and Corporate Governance Committee will recommend director nominees to the Board, including nominees for director to be voted on at the Company's annual meetings of Shareholders, in each case, in accordance with the policies and principles in its charter and any other procedures or criteria it may establish from time to time.

III. Board Operations and Performance

A. Board Meetings

The Chair of the Board shall coordinate with the Chief Executive Officer of the Company and the Corporate Secretary to prepare the agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda.

B. Advance Distribution of Board Materials

As a general rule, information and data that are important to the Board's understanding of the business to be conducted at a Board meeting should, to the extent practical, be distributed in writing to the directors sufficiently in advance of the meeting to permit meaningful review. Directors are expected to review the provided materials in advance of each meeting so that Board meeting time may be conserved and discussion time focused on questions that the Board may have regarding such materials. On those occasions in which the subject matter is highly sensitive, the individual directors should be notified by telephone in advance of the meeting of the general subject matter and that the topic will be discussed at the meeting.



C. Board Committees

The Board will have at all times three standing committees consisting of: (i) an Audit Committee; (ii) a Compensation Committee; and (iii) a Nominating and Corporate Governance Committee. The Board may add new committees as the Board deems appropriate. All of the members of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee will be independent directors under the criteria for independence required by law and the NYSE Listing Rules. At least one member of the Audit Committee shall meet the applicable definition of a “*financial expert*” under both the U.S. federal securities laws and the requirements of the NYSE Listing Rules. The members of the Compensation Committee, the Nominating and Corporate Governance Committee, and the Audit Committee will be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee. Unless the chairperson of each committee is elected by the Board, the members of each committee may designate a chairperson consistent with any recommendation of the Nominating and Corporate Governance Committee. Each committee will perform its duties as assigned by the Board in compliance with the Company’s LLC Agreement and the committee’s charter.

The Nominating and Corporate Governance Committee will submit to the Board annually (and at any additional times that any committee members are to be selected) recommendations regarding candidates for membership on each committee of the Board.

The Board has adopted charters setting forth the purposes, goals and responsibilities of each of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and will adopt charters for any other committees the Board deems appropriate, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The chairperson of each committee, after consultation with the appropriate members of management and staff, will prepare the agenda for each committee meeting.

D. Attendance at Meetings

While it is understood that practical considerations may limit a director from attending each Board meeting and each meeting for those committees on which he or she serves, it is expected that each director will endeavor to attend substantially all of such meetings and to attend in person whenever possible. In addition, directors are encouraged to attend each annual meeting of the Company’s Shareholders. Finally, to ensure compliance with Item 407(b) of Regulation S-K, it is expected that each director will, at an absolute minimum, for each fiscal year of such director’s service, attend at least 75% of the aggregate of (i) the total number of meetings of the Board (held during the period for which such director served as a director), and (ii) the total number of meetings held by all committees of the Board on which such director served (during the periods that such director served).



E. Meetings of Non-Management Directors

The non-management directors will meet without management directors at regularly scheduled executive sessions at least quarterly and at such other times as they deem appropriate. To the extent that any non-management directors are not independent directors, as discussed below, the independent directors of the Company will meet in regularly scheduled executive sessions at least once annually.

The Chair of the Board, Audit Committee, Nominating and Corporate Governance Committee or Compensation Committee, or the Independent Lead Director, will preside at executive sessions of non-management directors and/or independent directors, as determined by the independent directors based upon the subject matter to be discussed.

F. Access to Independent Advisors

The Board and each committee may hire independent legal, financial or other advisors as they may deem necessary in the performance of their duties. The Audit Committee shall have the sole authority to retain and terminate the Company's independent auditor. The Compensation Committee and Nominating and Corporate Governance Committee shall have authority to retain, engage and terminate, consultants, search firms or other third-party advisors as each committee deems advisable to carry out its duties, at the Company's sole expense. Each committee shall communicate to the full Board its intent to hire an independent advisor; however, prior Board approval is not required

G. Access to Management and Employees

Directors shall have meaningful access to officers and employees of the Company, its subsidiaries and the Company's Manager. The Board encourages management to, from time to time, bring into meetings of the Board officers, employees and representatives of the Company, its subsidiaries and the Company's Manager.

H. Director Orientation and Continuing Education

The Company has and will continue to maintain an orientation program for all new directors that includes written materials, oral presentations and meetings with management and appropriate outside advisors as soon as practicable after the date on which such new directors are elected. The Company conducts director continuing education programs from time to time and regularly seeks the input of outside advisors in connection with current developments in applicable law, including the U.S. federal securities laws and the requirements of the NYSE. Moreover, management is responsible for advising the Board on an ongoing basis of significant changes in the Company's business and in assisting the Board in keeping abreast of developments in applicable law, as well as their fiduciary duties and responsibilities as directors.



The Nominating and Corporate Governance Committee and management of the Company (whether or not utilizing appropriate outside advisors) are responsible for director orientation and continuing education programs.

IV. Evaluation and Succession Policies

A. Manager Evaluation

The Compensation Committee will review the performance of the Manager under the Management Services Agreement, review and approve the calculations of fees and components thereof payable under the Management Services Agreement to the Manager and evaluate and make recommendations to the Board regarding non-management director compensation and equity plans.

B. Succession Planning

In the event the Management Services Agreement is terminated, the Nominating and Corporate Governance Committee shall develop a policy regarding succession planning for senior management. In addition, the Chief Executive Officer of the Company reports periodically to the Board on succession planning and makes available to the Board, on a continuing basis, his recommendation on succession in the event of his death or disability.

C. Annual Performance Evaluation

The Nominating and Corporate Governance Committee shall conduct an annual performance evaluation of the Board and each of its committees and shall report to the Board the results of such evaluation.

Each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall conduct an annual performance self-evaluation of its performance relative to the requirements of its charter. Each performance self-evaluation shall be discussed with the Board following the end of each fiscal year.

V. Miscellaneous

A. Director Insurance, Indemnification and Exculpation

The Company has purchased, and the directors will be entitled to have the Company purchase, reasonable directors' and officers' liability insurance on behalf of the directors to the extent reasonably available. In addition, the directors will receive the benefits of indemnification provided by the Company's LLC Agreement, as well as the provisions regarding absence of personal liability contained in the Company's LLC Agreement.



B. Internal Reporting Procedures

The Audit Committee has established procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters pertaining to the Company or its subsidiaries and shall review reports regarding alleged violations of the Code of Ethics, or other Company policies, as reported to the Company's Legal Department or via the Company's confidential and anonymous financial concern hotline (the "**Financial Concern Hotline**"). Additional information regarding the Company's Financial Concern Hotline is available at: www.compassdiversified.com.

C. Board Interaction with Investors, Research Analysts and the Media

As a general rule, certain management members designated by the CEO and CFO will speak on behalf of the Company. The Company has established guidelines to avoid selective disclosure of material non-public information. A copy of the Company's Regulation FD Disclosure Policy is available at: www.compassdiversified.com.

In addition, our Board has established processes to receive Shareholder input. Our Chair and Independent Lead Director, as applicable, have Shareholder engagement roles and are available for appropriate engagement. Shareholders can interact with our directors at our Annual Meeting of Shareholders. Shareholders can send emails to the Board via BOD@compassdiversified.com. In addition, communications to our Board, to non-management directors as a group, or to any director individually may be made by writing to: Attention: [Board of Directors] [Board Member], c/o Ms. Carrie W. Ryan, Secretary, 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880.

Communications sent to the physical mailing address are forwarded to the relevant director, if addressed to an individual director, or to the Chair of our Board, if addressed to the Board.
