

CARLYLE

Better Businesses

Better Results

IMPACT REVIEW 2021

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# Better Businesses, Better Results

While 2020 was a challenging year, it underscored that our focus on building better businesses is more important than ever.

As I laid out in our strategic plan during our [2021 Investor Day](#), Carlyle is focused on accelerating growth for an accelerating world; nowhere is this more true than in our approach to impact. In a rapidly changing world, we believe impact is a lens for finding efficiencies and capitalizing on new growth, as we see the market valuing a wider set of business models and competencies. By helping our portfolio companies improve across these dimensions—from creating sustainability-driven growth strategies to building more diverse teams—we believe we will build more valuable businesses and deliver better results for all stakeholders.

Impact generation is value creation for the 21st century, and we clearly highlight those results in our 2021 Impact Review. From our sale of [Liberty Tire Recycling](#), where sustainability helped drive buyer demand, to our investment in [Amp Energy](#), which is accelerating the low-carbon energy transition, we see opportunities for better results across industries and geographies.

As a firm, we also had several notable milestones over the past year. We published our first [Taskforce on Climate-related Financial Disclosures \(TCFD\)](#) report on climate-related financial risks and opportunities, became a founding member

of the One Planet Private Equity Funds Initiative, initiated carbon footprinting across several of our investment strategies, and completed more than \$6.5 billion in ESG-linked financings. This included the formation of the largest ESG-linked private equity credit facility in the U.S., a \$4.1 billion vehicle with the price of debt directly tied to our goal of having 30% diverse directors on the boards of Carlyle-controlled companies within two years of ownership.

As I said last year, at Carlyle, impact isn't a product; it is a process. This year, I add that impact is also a mindset, as we continually look to find ways to build better businesses and ultimately, better results. While 2020 was a year of significant progress, our work and commitment to these efforts continue in 2021 and beyond. We are grateful for the partners we have in this important journey and look forward to sharing more with you in the year to come.



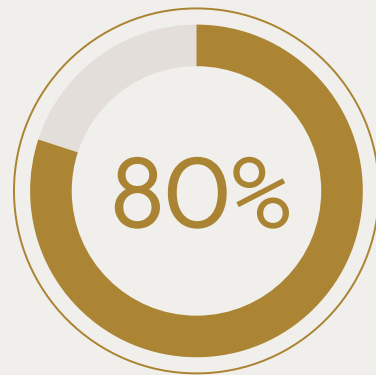
**KEWSONG LEE**  
Chief Executive Officer  
June 30, 2021



2020 AND EARLY 2021  
IMPACT HIGHLIGHTS



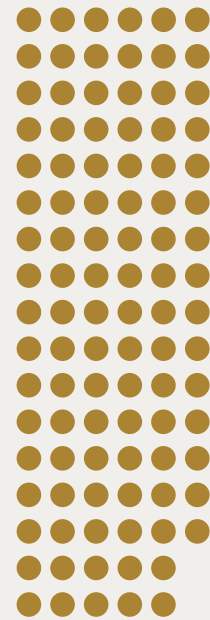
*of our employees work from offices with major green-building certifications*



*of our employees participated in unconscious bias training*



*score for the fourth year in a row on the HRC Corporate Equality Index*



*Partnered with*  
**100+**  
*organizations to address the impact of the COVID-19 pandemic on vulnerable communities*

*Published our*  
**First**  
*Taskforce on Climate-related Financial Disclosures report*

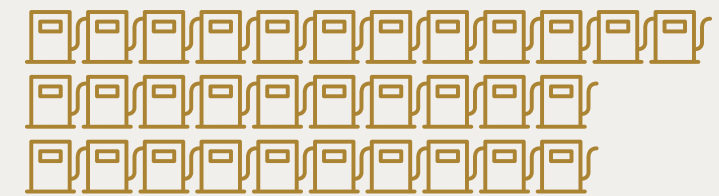
**\$6.5BN**  
*reached in ESG-linked financings*

**\$382MN**  
*in capital committed to renewable and sustainable energy companies*

**\$4.1BN**  
*largest ESG-linked U.S. private equity line of credit*



*of new renewable energy capacity installed...*



*...these investments save the equivalent of 32MN gallons of gas annually*

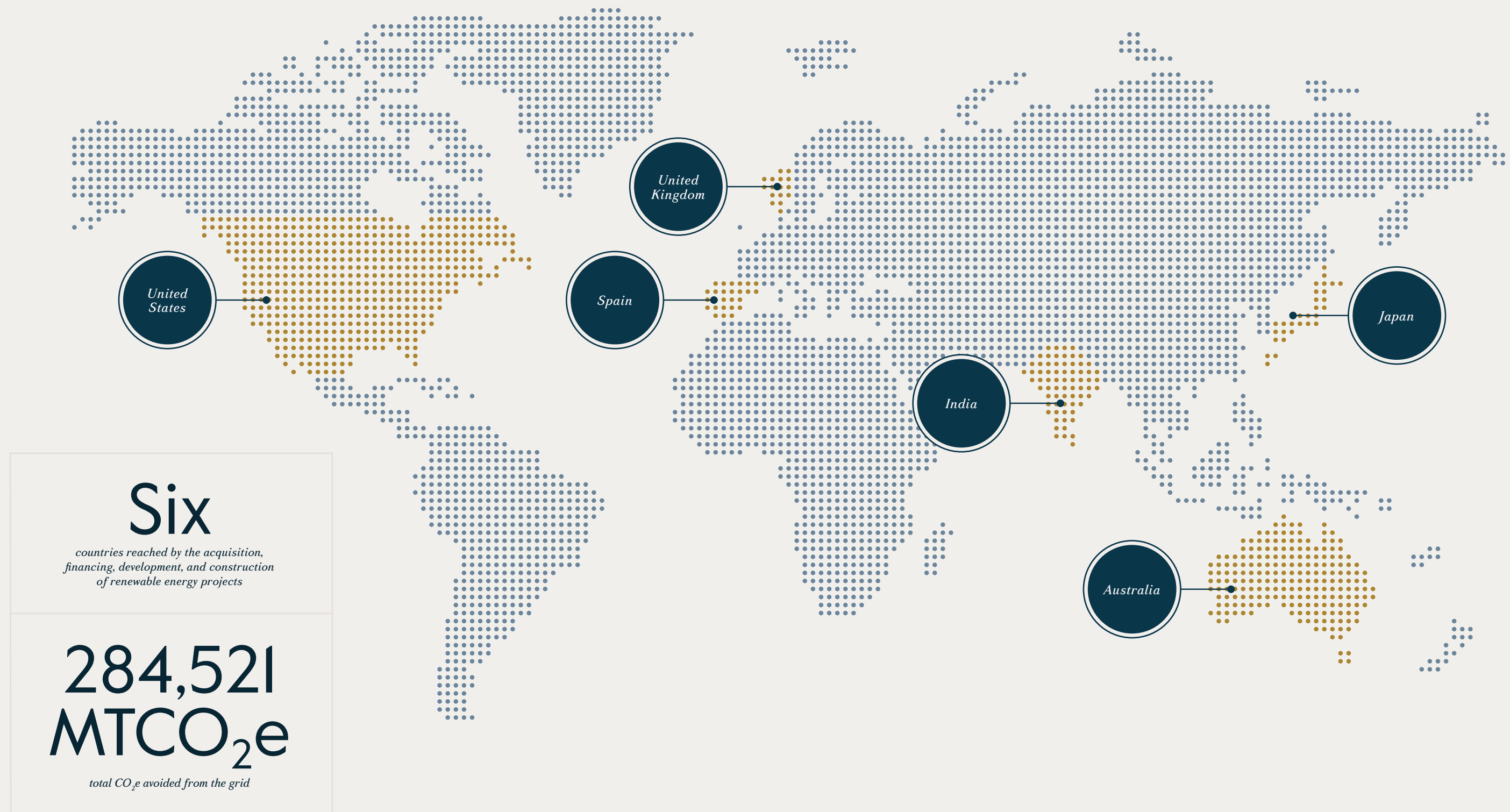
**32MN**

**Fourth**  
*year of corporate carbon neutrality*

**Five**  
*full time ESG & Impact professionals*

**The *only* private equity firm**  
*included in the [Bloomberg Gender-Equality Index](#)*

## GLOBAL REACH OF RENEWABLE ENERGY INVESTMENTS IN 2020



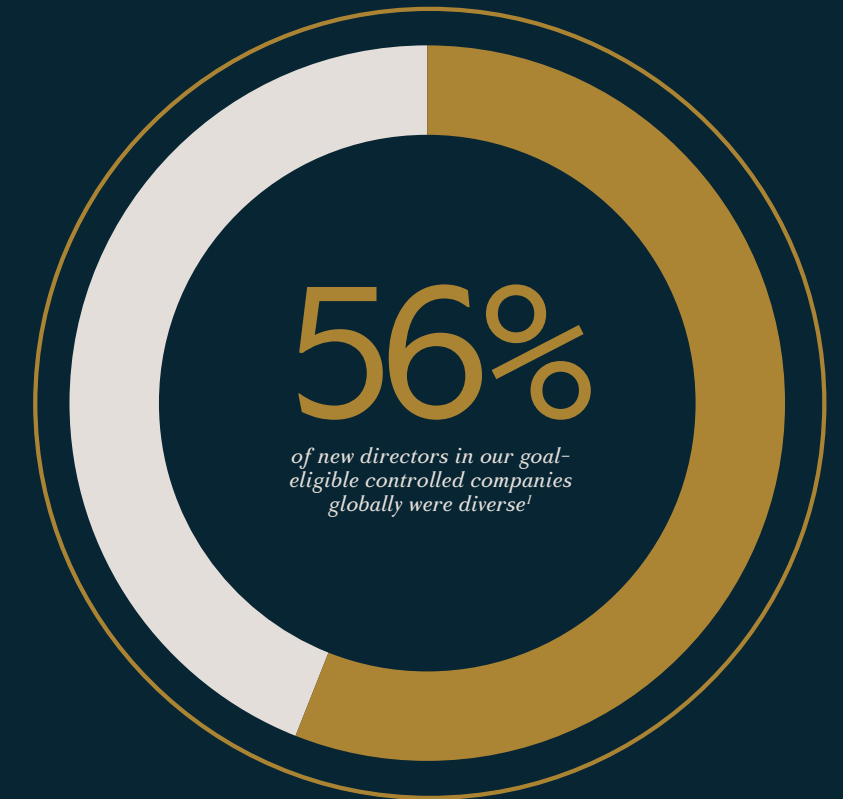
DIVERSITY, EQUITY & INCLUSION

At Carlyle, we know that diverse teams perform better, so we seek to create a community where we continually exchange insights, embrace different perspectives, and challenge the status quo. We believe diverse teams ask better questions and inclusive teams find better answers.

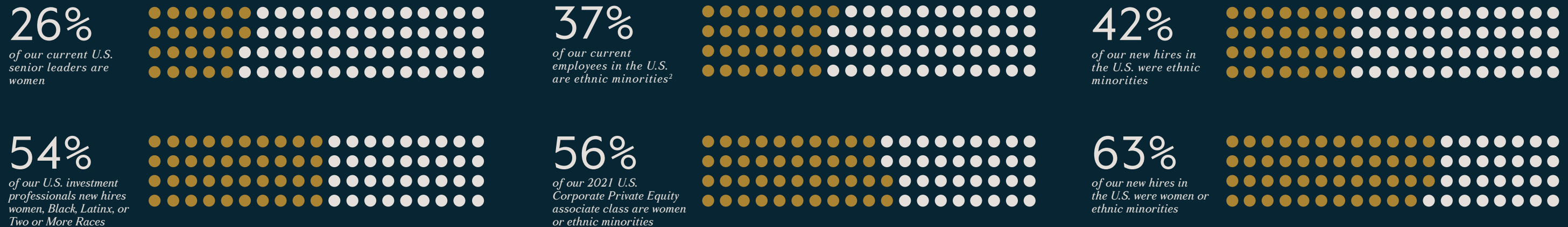
GLOBAL DIVERSITY



BOARD DIVERSITY



U.S. EMPLOYEE DIVERSITY



<sup>1</sup>Directors added to Corporate Private Equity-controlled portfolio companies that were held for two years as of Dec. 31, 2020. Diversity data by gender women (globally) and race/ethnicity data is represented in the U.S. and where local regulations allow.  
<sup>2</sup>U.S. ethnic minorities include American Indian/Alaskan Native, Asian, Black, Hispanic, Native Hawaiian, other and two or more races.  
 Representation data as of 1/1/21. Hire data as of 12/31/20.



SECTION TWO

# Our Approach to Impact

A process is only as good as its results. Our [2020 Impact Review](#) described how we embed impact into our investment processes by reimagining our core Environmental, Social, and Governance (ESG) integration, focusing on systemically important issues—such as climate change, ESG data, and diversity, equity, and inclusion—and using the levers of private capital in new and innovative ways.

Last year's report focused on *how* we embed impact; the 2021 Impact Review focuses on *what* results that leads to. The key dimensions of impact at Carlyle are sustainable growth, climate resilience, strong stakeholder ties, engaged employees, and diverse and inclusive teams. We believe businesses that excel along these dimensions increasingly outperform their competitors. In addition, we believe that as our firm excels along these dimensions, we will consistently build on our capabilities to deliver results for our stakeholders. Some highlights from our work this year include:

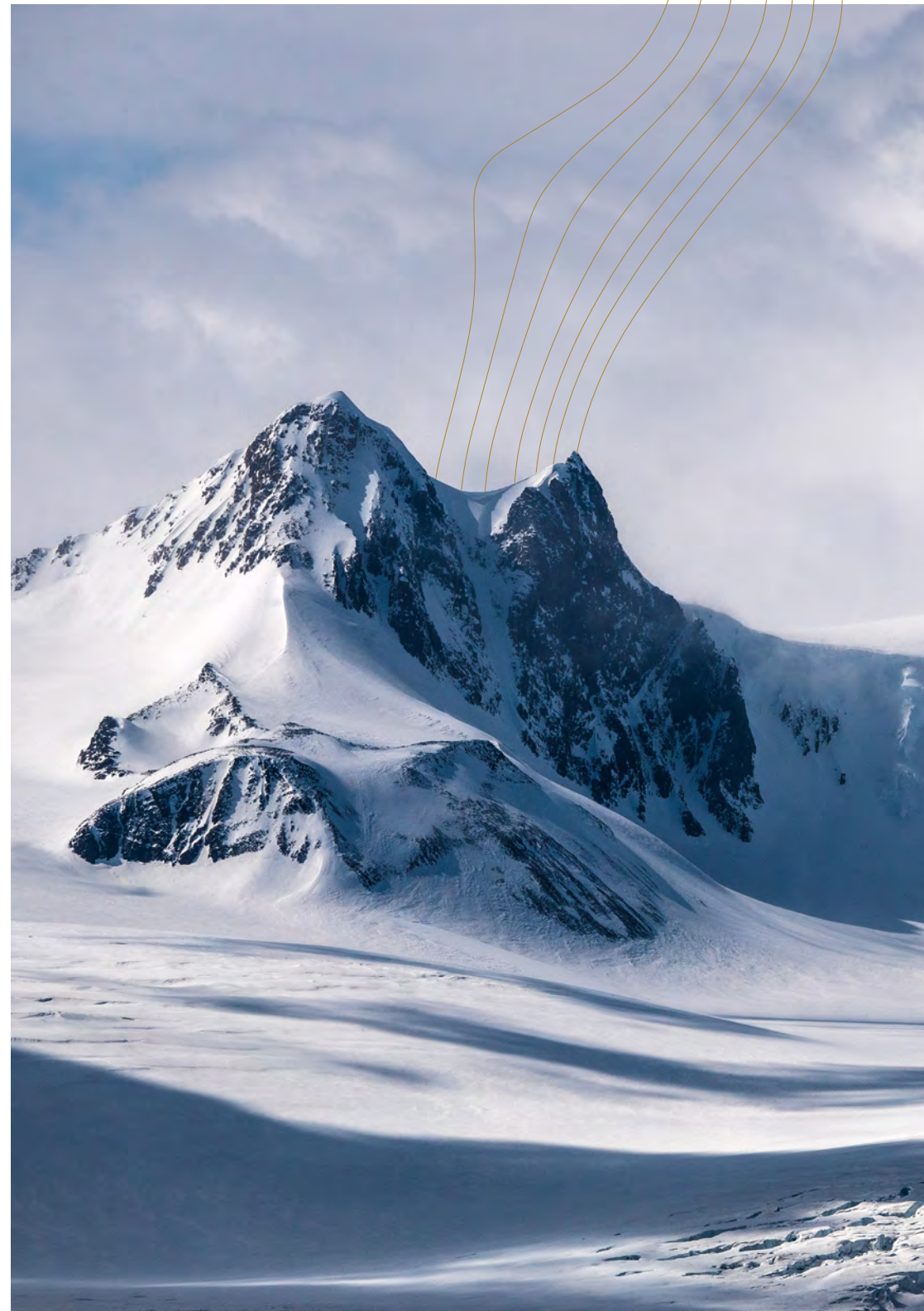
#### SUSTAINABLE GROWTH

- We continued to strengthen the firm's governance on sustainability, with regular updates to the Carlyle Board of Directors on our strategy and oversight from Janet Hill, Carlyle independent director and Board lead on ESG and Impact.
- We expanded our dedicated ESG

and Impact team globally, adding new expertise in EMEA and the U.S., along with hiring our first dedicated professional focused solely on ESG in Global Credit.

- We revised and refreshed our firmwide [ESG Policy](#) and our Investment Exclusions and Parameters policy, which provide guiding frameworks to enable more efficient and effective decision-making.
- We reimagined our approach to core ESG integration by building a new ESG assessment for our private equity investments, engaging in a host of value creation activities across our portfolio companies highlighted through case studies in [section 7](#) and designing a proprietary ESG materiality analysis tool to support our Global Credit platform highlighted in [section 3](#).

► **THE RESULT:** We developed robust governance and effective ESG integration, which we believe drive better-informed investment decisions, more avenues for value creation, and stronger risk management at Carlyle.



#### CLIMATE RESILIENCE

- We led our peers as one of the first global investment firms to publish a [TCFD report](#) on the climate-related risks and opportunities we see across our business.
  - We participated as a founding member of the One Planet Private Equity Funds Initiative (OPPEF) with a group of investors committed to integrating climate change analysis across our investment processes.
  - We closed several investments through our Renewable and Sustainable Energy platform, a dedicated team addressing the energy transition by investing globally in the renewable energy and sustainable resources sector, such as our investment in Amp Energy profiled on [page 24](#).
  - We initiated bottom-up carbon footprinting for our majority-owned companies in the latest generation funds in our three primary Corporate Private Equity strategies: US Buyout, Europe Buyout, and Asia Buyout. Carbon footprints are used to inform work across portfolio companies, such as Novolex's carbon reduction targets highlighted on [page 30](#).
  - We hosted a climate scenario workshop to model the potential impact on Carlyle's investment portfolio under different climate scenarios.
  - We achieved our fourth year of carbon neutrality across our own corporate activities.
- **THE RESULT:** We positioned Carlyle and our portfolio companies to better mitigate the risks and capture the opportunities from climate change and the energy transition.





► At our Sustainability Workshop, companies learned about creating climate-resilient strategies, how to build and retain a diverse and inclusive workforce, and best practices in building board-level ESG competencies.

#### STRONG STAKEHOLDER TIES

- We published our second year of Corporate ESG Disclosures in [section 8](#) of this report, which draw from best practices across the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks. For the first time in 2021, we incorporated guidance from the World Economic Forum's International Business Council's work on common standards for ESG.
- We hosted several ESG and impact events for our fund investors, including thematic sessions, such as our "Not Another ESG Data Call" in December 2020, geographic gatherings, such as a remote event for our Japanese investors, and ESG presentations at several Investor Advisory Committees (IACs) as well as at our 2021 Investor Day.
- We published regular ESG reporting, including bespoke ESG reports for several of our largest strategies, as well as thought leadership such as a [podcast](#) and [white paper](#) on integrating ESG in Global Credit.
- We participated in a variety of industry conferences on ESG and impact, such as Financial Times' Investing For Good, SuperInvestor, SuperReturn, Pension

Bridge, Responsible Investment Forum, Business for Social Responsibility, Ceres, and more. We also are an active member of the AIMA Global Responsible Investment Committee, the Emerging Markets Private Equity Association (EMPEA), the European Leveraged Finance Association (ELFA) ESG Working Group, the Private Equity GP ESG Working Group, and became a formal supporter of the TCFD in 2020.

- We hosted a Sustainability Workshop with more than 60 attendees from our portfolio companies to help inform and create connectivity across our platform. Companies learned about creating climate-resilient strategies, how to build and retain a diverse and inclusive workforce, and best practices in building board-level ESG competencies.

► **THE RESULT:** We clearly communicated with our key stakeholders and contributed to significant developments in the ESG and impact sector.

#### ENGAGED EMPLOYEES

- We provided resources to our portfolio companies designed to benefit employees and enhance their experiences. Our Talent and Organization Performance team works with portfolio company management to maximize organizational and leadership effectiveness, as profiled through our work with Pharmapacks on [page 32](#). Our Healthy Benefits Initiative helps drive better healthcare outcomes for portfolio company employees at lower costs, demonstrated through our work with PPD on [page 34](#).
- We further strengthened Carlyle's own human capital best practices through facilitating an annual employee feedback survey and providing significant remote wellness services to employees, such as

meditation and yoga classes throughout the pandemic. Our fulsome approach to human capital is further detailed in our [Corporate ESG disclosures](#).

- We hosted regular trainings for employees on ESG integration and emerging thematic ESG issues. The ESG and Impact team hosted trainings for new employees, as well as ongoing education for members of our workforce, several internal events, such as remote lunches on the topics of ESG and impact investing, climate change and renewable energy.

- We organized an array of volunteering activities across our global offices.

► **THE RESULT:** We developed and launched an evolving toolkit to help drive value through better human capital practices at Carlyle and across our portfolio companies.

#### DIVERSE AND INCLUSIVE TEAMS

- More than 80% of our employees participated in virtual Better Decisions: Mitigating Unconscious Bias training sessions facilitated by leaders from across the firm. The initiative seeks to build awareness of unconscious bias and provides concrete tools and practices to mitigate the negative effects of bias.

- More than 600 of our employees globally participated in listening sessions where employees shared their unique experiences with multicultural differences. This inspired our people to expand beyond the lens of their own perspective and build a deeper understanding to be more effective allies.

- We made inclusion a core management and leadership competency central in the development and assessment of our

people. All nominees for promotion to Managing Director in 2020 took part in a full-360 assessment that included an evaluation of their skills in inclusive leadership and management.

- We made continued progress in cultivating a diverse workforce at our firm. 63% of new hires in the U.S. were women or ethnic minorities; 58% of new hires in Europe and 52% in Asia were women.

- We expanded our board diversity goal to 30% of all directors in Corporate Private Equity-controlled portfolio companies by 2023. In 2020, 56% of new directors in our goal-eligible controlled companies globally were women, Asian, Black, or Hispanic.

- We achieved a perfect score for the fourth year in a row on the [HRC Corporate Equality Index](#).

- Carlyle and AlpInvest became signatories to the Institutional Limited Partners Association Diversity in Action initiative, representing our commitment to advancing diversity, equity, and inclusion (DEI) in the workplace with our investment partners and the broader global investment management industry.

- We partnered with [Ascend and 100 other organizations](#) to support an action agenda to address the adverse impact of the pandemic on vulnerable communities.

► **THE RESULT:** We achieved clear progress toward increasing the diversity of our teams and portfolio company boards. The data from our own companies support the growing consensus that diversity improves decision making and financial outcomes. 2020 was a year of disruption in many

#### WORKFORCE DIVERSITY AROUND THE GLOBE

63%

*of new hires in the U.S. were women or ethnic minorities*

58%

*of new hires in Europe were women*

52%

*of new hires in Asia were women*



ways, but it also highlighted one of the most important components of our ESG work—dynamic materiality. ESG issues are always evolving and changing. Carlyle and our portfolio companies therefore must constantly look for new, emerging material issues to continue to manage risks and opportunities. Throughout the COVID-19 pandemic, we saw business models rapidly and often significantly shift to adapt to new circumstances. Over the past year, we observed that agile, forward-thinking, and focused management teams with a broad range of stakeholders better navigated the significant disruption. We believe these characteristics are indicative of ESG competencies

and indeed indicative of overall management excellence.

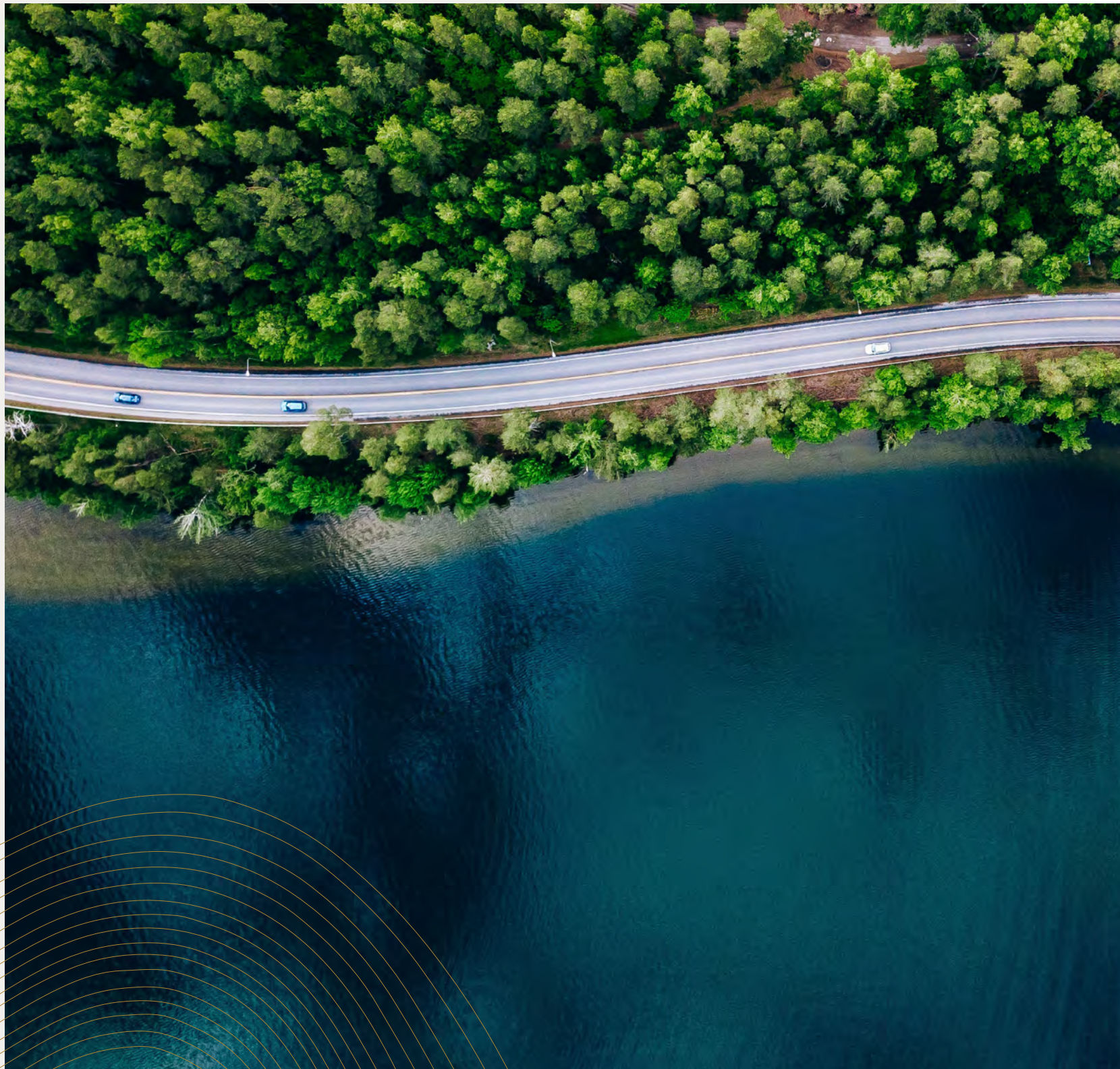
We like to say that we will never reach “ESG nirvana” and conclude our work. We look forward to continued collaboration with our portfolio companies and partners in this ongoing quest to better understand and manage the material ESG issues we face in a rapidly accelerating world, as we believe this will enable us to drive long-term, sustainable value.

► We build better businesses because we believe they deliver better results.



SECTION THREE

# ESG Integration in Global Credit



The field of ESG has long been a focus for equity markets, but in the past few years we've seen its growing importance for credit markets, alongside a heightened focus on ESG from other credit market participants, such as management teams and financial sponsors.

In our Global Credit business, we use differentiated data sets that provide us with the information needed to make better decisions—we have found that ESG data are increasingly one of those differentiated tools. However, credit presents unique challenges for good ESG integration. When compared to private equity, credit frequently has higher deal volume, shorter diligence windows, less access to management and data, and fewer high-quality ESG tools to analyze investments. Based on the foregoing, we knew we needed a systematic approach that could integrate into our fundamental credit investment processes, and which would help us efficiently and effectively identify and analyze material ESG issues for a given investment.

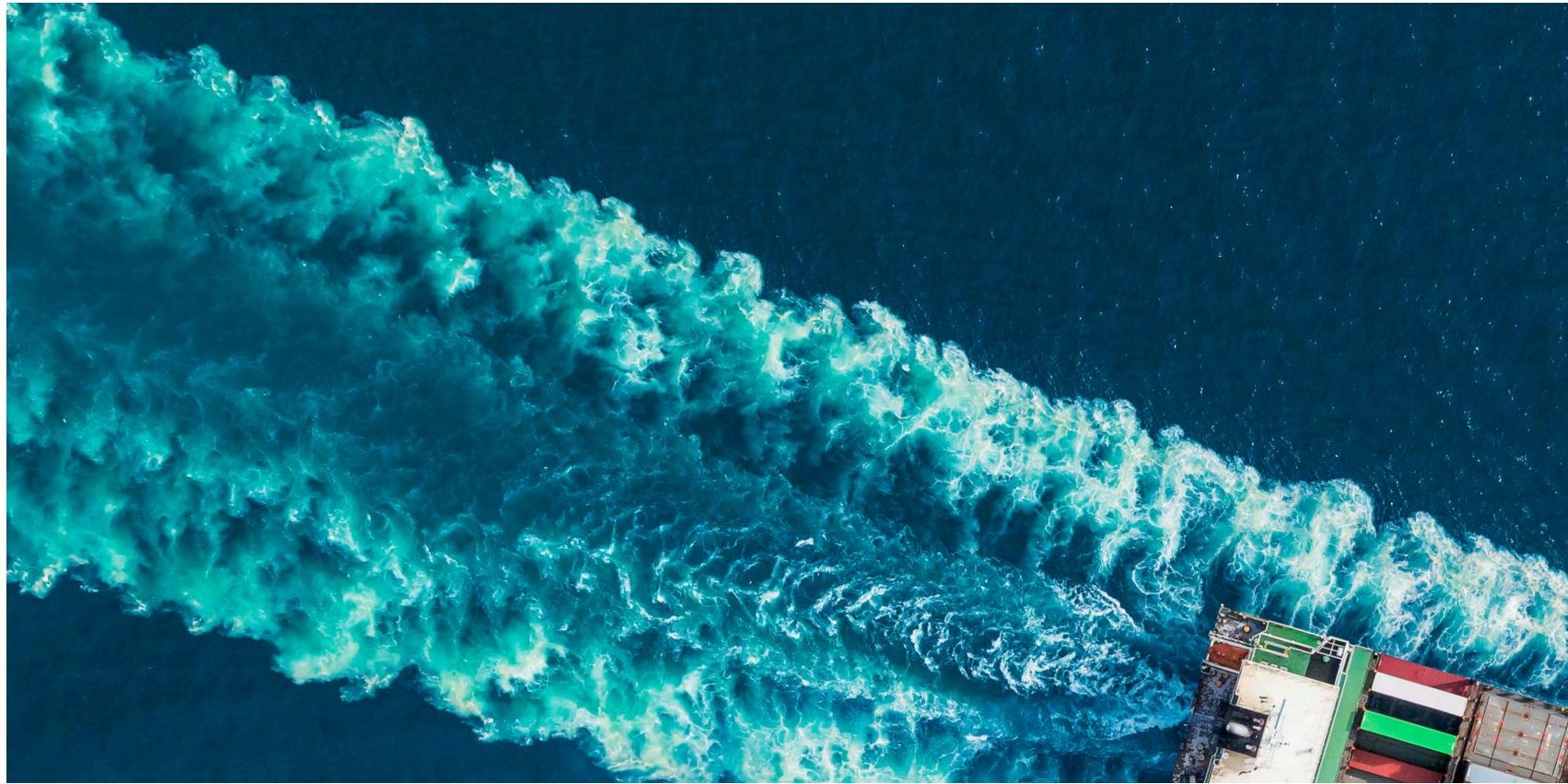
Led by a cross-platform ESG working group, we rigorously surveyed the field of available ESG resources for our Global Credit platform, but couldn't find existing tools fit for our purposes. Over the course of 2020, we built a proprietary ESG materiality analysis tool using the [Sustainability Accounting Standards Board \(SASB\) standards](#), which helps us focus in on an industry and sector's most material ESG issues. Launched across most of our Global Credit platform in January 2021, the tool also integrates

several country-level ESG risk data sets for geographies where an asset has major operations or supply chains. This gives additional color on issues such as corruption, anti-money laundering, and the physical risks of climate change.

Credit research analysts use our tool as an input to their fundamental diligence to help efficiently understand a company's or asset's exposure to material ESG risks, as well as determine how well risks are managed. Using the SASB data and our own proprietary inputs, the tool also guides credit research analysts through potential engagement topics and questions and offers tailored metrics tied to material ESG issues. As of January 2021, this ESG materiality analysis is performed for each new investment our Global Credit Investment Committee considers, and a summary of the ESG analysis is included in the Investment Committee memorandums<sup>1</sup>. We constantly refine our proprietary tool as we gather feedback from our investment professionals and incorporate new data sets and emerging thought leadership.

While we have traditionally evaluated many of these risks during our diligence process, this new proactive and systematic approach helps pull to the forefront of the investment process some of the less

<sup>1</sup> This does not include Carlyle's Aviation and Structured Credit strategies. These teams have tailored ESG processes more relevant to their distinct strategies.



obvious, but potentially significant risk factors for a new investment. Integrating ESG data and analysis gives us the ability to properly price deals and ensure we are compensated as investors for the associated risks, and in certain cases determine not to make an investment. We believe this approach, paired with our dedicated internal ESG expertise, provides us with a consistent and advantaged footing to assess, monitor, and manage these highly relevant risks, and ultimately make better investment decisions.

Integrating ESG represents an evolution in our investment process. These factors do not necessarily eliminate or prevent us from considering certain investments, but instead help us to increase the nuance with which we can underwrite and price risk.

For example, one of our Global Credit teams analyzed an investment located on coastal real estate and identified potential material downside physical risks from climate change, such as the impact from sea level rise or an increase in extreme weather events. These material risks were one of the factors that led to us declining to pursue that particular investment.

Our access to better ESG data and information could lead us to develop strategies to mitigate the associated risks, or ultimately lead our team to pass on an investment if we do not believe we are appropriately compensated for those risks. ESG is a lens through which we can focus on material information that when considered and integrated with other

diligence information can promote better investment decisions over time.

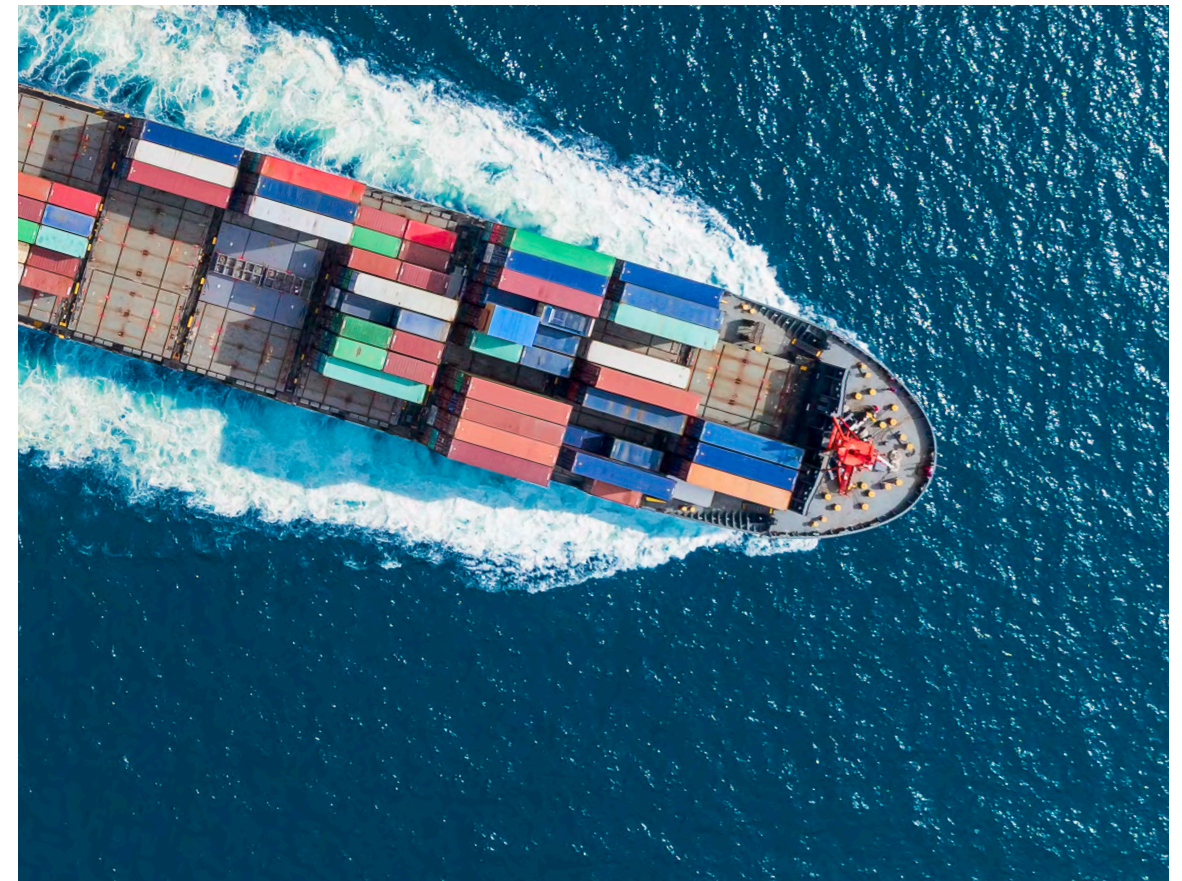
Our Direct Lending team evaluated another opportunity in 2020 alongside several sponsors to provide financing to a direct-to-consumer marketer and installer of home repair and remodeling services. The company's target demographic was seniors; 81% of customers were older than age 55 with lower-than-average FICO scores. Relative to the target customer demographic, the cost of revenue from the company's average job—\$10,000—was very expensive, representing more than 10% of the average consumer's annual income and 5 to 10% of the average overall home costs. After various channel checks and diligence

with third-parties, we discovered that the target company employed aggressive lead generation and marketing practices to secure new customers. Given the target demographic was both older and lower-income, and the aggressive sales practices uncovered, our team declined to pursue the transaction.

Lastly, one of our credit investments in a shipping company was impacted by significant travel restrictions during the COVID-19 pandemic. This presented difficulties in conducting timely crew changes and led to extended crew stays on board. The team monitored the situation and helped to provide additional mental health support to the seafarers. While we frequently have

less control over our credit investments than our equity investments, we seek to monitor emerging ESG risks in our credit investments over our investment period and engage with equity sponsors and management teams where appropriate.

A common misconception is that ESG is an "end state" or that there is a rules-based implementation for sustainability. At Carlyle, we focus on how to make better decisions over time in pursuit of exceptional outcomes. As our Global Credit platform continues to grow, we have found that ESG integration continues to be a valuable tool that can give us a more fulsome set of data to make better decisions and mitigate downside risks.





SECTION FOUR

# Global Investment Resources

## A NETWORK OF SUBJECT-MATTER EXPERTS

The ESG acronym spans so many topics, it would be impossible for any one person or team to be an expert in all of them—from energy management to environmental liabilities, diversity and inclusion, anti-corruption and bribery, cybersecurity, and more.

At Carlyle, our dedicated ESG and Impact team serves a connective function—ensuring the most material ESG topics are covered during diligence, engaging with third-party specialized expertise as appropriate, advising companies on sustainability strategies, and tracking and reporting on ESG data—but we also have specialized teams of in-house experts for critical functional areas.

While these areas are sometimes grouped under the ESG “umbrella,” we believe they are distinct fields which require skilled specialists. To drive better results, Carlyle has institutionalized a number of these important areas to enhance our competitive “edge” in sourcing, diligence, and value creation at portfolio companies. Our Global Investment Resources (GIR) team is a group of more than 20 professionals dedicated to strengthening operations and creating growth with our portfolio companies. Carlyle’s ESG and Impact function sits within our GIR team, alongside other areas of functional expertise.

The GIR team works collaboratively with Carlyle investment professionals during the deal lifecycle and focuses on creating value during the transaction process and through our partnership. During diligence, the GIR team seeks to understand the

investment thesis and identify potential opportunities to improve portfolio company operations. Post-investment, the GIR team also seeks to support portfolio company management teams to execute these objectives, which in some cases may mean driving transformational change at a portfolio company.

The GIR team has several critical functional areas in addition to ESG and impact, including talent and organizational performance, digital transformation, information technology, procurement, transaction support, revenue growth, and government affairs. In addition to our ESG and Impact team, Carlyle has a dedicated Diversity, Equity and Inclusion (DEI) team. We believe ESG is a team sport, and Carlyle’s Global Investment Resources capabilities work to ensure that we have our bases covered.

20+

*professionals make up our GIR team,  
dedicated to strengthening and growing  
our portfolio companies*





SECTION FIVE

# Perspectives on ESG-linked Financing Tools

A CONVERSATION WITH **MEGAN STARR**,  
GLOBAL HEAD OF IMPACT, AND **SAM LUKAITIS**,  
DIRECTOR, CAPITAL MARKETS GROUP



ESG-linked financing aligns investment and sustainability outcomes in innovative ways. We're proud to be an early adopter of integrating environmental and social considerations into financing arrangements. Megan Starr, Carlyle's Global Head of Impact, and Sam Lukaitis, a Director in Carlyle's Capital Markets Group, discuss our firm's evolution in the ESG space and the impact the firm has on elevating the ESG agenda across the private equity industry.



**MEGAN STARR**  
Global Head  
of Impact at Carlyle



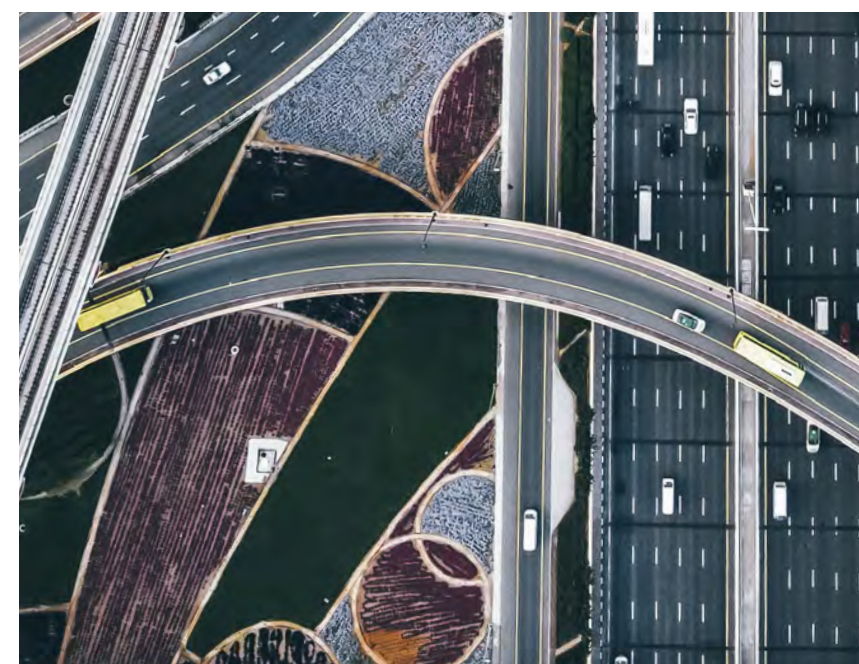
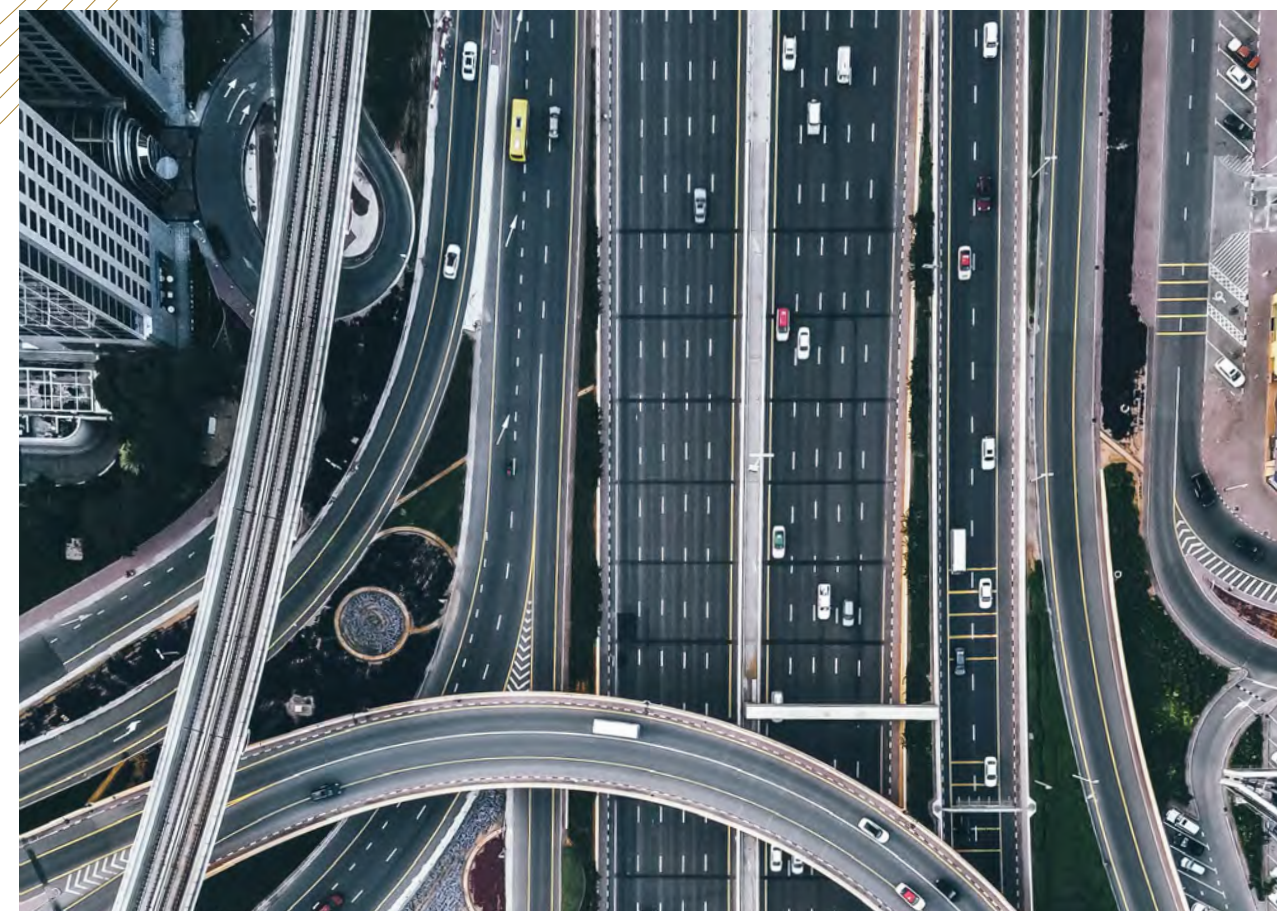
**SAM LUKAITIS**  
Director, Carlyle  
Capital Markets Group

## Q • Why is Carlyle interested in integrating ESG considerations into its financing arrangements?

**SAM LUKAITIS** We increasingly see ESG incorporated into financings across the corporate investment grade world demonstrated by the growing number of green bonds, green loans, and other green "use of proceeds" deals. But the leveraged debt issuance coming out of the private equity ecosystem has been historically slower to engage with ESG themes in the same way. That has changed over the last couple of years as

ESG continues to grow in prominence across industries, a trend that has accelerated recently with the pandemic.

At the same time, we work alongside several portfolio companies with sophisticated sustainability strategies, such as [Jeanologia](#), a developer of eco-efficient technologies for the denim industry, and Logoplaste, a manufacturer of rigid packaging solutions, and consistently consider how to drive further progress. We therefore saw a real opportunity to take these strategies and formalize them into the portfolio companies' capital structures for the first time, and thus created new, financially accretive methods to incentivize even stronger performance on quantitative ESG metrics.



PORTFOLIO AND FUND-LEVEL TRANSACTIONS SINCE 2018

2018	2020
<p><b>JEANOLOGIA</b></p> <p>Margin ratchet linked to water savings.</p> <p>Represented the first European sponsor-backed financing with debt pricing directly linked to ESG factors.</p>	<p><b>LOGOPLASTE</b></p> <p>Margin ratchet linked to CO2 savings.</p> <p>Represented the first institutional term loan with ESG metrics issued by a private equity sponsor.</p>
2021	
<p><b>FLENDER</b></p> <p>Margin ratchet linked to the installation of new gearboxes in wind turbines. Company also plans to pass on a portion of interest savings to environmental charities.</p> <p>Represented one of the largest ESG-linked loans in the Term Loan B market at the time.</p>	<p><b>ACROTEC</b></p> <p>“Use of proceeds” margin ratchet which can be accessed for initiatives that improve environmental performance.</p>
<p><b>ESG-LINKED CREDIT FACILITY FOR CARLYLE'S AMERICAS CORPORATE PRIVATE EQUITY PLATFORM</b></p> <p>Margin ratchet linked to board diversity of portfolio companies.</p> <p>Represented the largest ESG-linked private equity credit facility in the U.S. (\$4.1 billion).</p>	<p><b>ESG-LINKED CREDIT FACILITY FOR ALPINVEST CO-INVESTMENT FUND VIII</b></p> <p>Margin ratchet linked to ESG metrics at both the Fund and Alpinvest level.</p> <p>Represented the first ESG-linked credit facility for a private equity fund-of-fund.</p>

■ Portfolio Transaction ■ Fund Level Transaction

**MEGAN STARR** These financings are prime examples of three of our ESG priorities. First, our firmwide framework for identifying material ESG issues in due diligence is grounded in the Sustainability Accounting Standards Board (SASB) standards. This framework provides our investment professionals with a structured guide for focusing on the most material ESG issues during the investment process. These issues, in turn, have formed the basis for many of the ESG-linked financings we've structured.

Second, Carlyle is focused on driving positive ESG change over time at our portfolio companies and we believe ESG-linked financings provide an effective tool to further structure that change thesis into our deals. This is how we incentivize additional progress on material ESG issues that are important across our portfolio, from climate change and the energy transition to diversity and inclusion, and resource efficiency.

And finally, we continuously assess what is next in the ESG space. As previously mentioned, there is a concept of dynamic materiality in the field of ESG as new, important issues constantly emerge for companies to notice and manage. We're eager to innovate by using the traditional tools of private equity and these financings are a great example of how we take a creative lens to advance the intersection between profitability, environmental, and social outcomes.

Q • How long has Carlyle focused on ESG integration and what are the milestones achieved so far?

**SAM LUKAITIS** In the last few years, we believe Carlyle has really pioneered integrating environmental and social considerations into financing arrangements of portfolio companies in Europe. Examples include Jeanologia (2018), Logoplaste (2020), Flender (2021), and Acrotec (2021) highlighted on to the left.

There has been a unique angle to each of these transactions. We secured pricing on the company's debt tied directly to material environmental ESG factors, such as water (Jeanologia) and CO2 (Logoplaste) savings. On the Flender transaction, we incentivized management to accelerate a business line that helps to deploy wind power, while at Acrotec a “green use of proceeds” was structured into its revolving credit facility to help incentivize capital expenditure projects with a significant environmental benefit.

While each financing was structured differently, these loans all seek to align incentives and reward management teams for positive environmental progress.

**MEGAN STARR** More recently, we have looked at ESG-linked financings at the fund level. In February 2021, we secured the largest ESG-linked private equity credit facility in the U.S.—a \$4.1 billion facility for our Americas Corporate Private Equity platform. In this facility, the price of debt is directly tied to our goal of having 30% diverse directors on the boards of Carlyle-controlled companies within two years of ownership. We believe this is the first facility of its kind to focus exclusively on advancing

board diversity and we believe it is a critical issue for us to prioritize.

Alpinvest has also secured an ESG-linked credit facility for its Co-Investment Fund VIII. The results are tied to objectives at both the fund and Alpinvest level, providing an effective incentive to further ESG integration across Alpinvest's business and through its wider spheres of influence.

Q • What are the benefits of these transactions for the different stakeholders?

**MEGAN STARR** On a macro level, ESG-linked financings further incentivize strong progress on material ESG issues and drive better financial outcomes for our portfolio companies and our key stakeholders. Our portfolio companies are excited by these structures. Management teams are increasingly focused on sustainability and recognize its importance in creating business value. These transactions create tangible examples of aligning business priorities with quantitative ESG metrics. We believe that progress on environmental and social targets clearly leads to costs savings. We're excited by the broad uptake and to see companies using these transactions to further their sustainability strategies. Anecdotally, we've also seen increased demand for debt issuances that have this ESG linkage, which is another helpful outcome.

**SAM LUKAITIS** Management teams across our portfolio are keen to strengthen and highlight their impressive sustainability credentials. Now, we can provide them with an effective tool to formalize these concepts into capital structures and the increased external visibility has been empowering and rewarding for these businesses.



SECTION SIX

# Our Impact at Carlyle

## ADDRESSING CYBER THREATS

As the world recovers from the challenges presented by COVID-19, businesses are experiencing a rapid transformation in how their customers, employees, and suppliers interact. While these changes have unlocked new opportunities, we also believe they have enabled an unprecedented number of cyber threats.

Carlyle seeks to ensure that our portfolio companies have the capabilities necessary to protect against and respond to cyber threats. This key tenant of our technology strategy is also embedded across multiple material-issue categories in the SASB framework, from data security to customer privacy and critical-incident risk management.

We've made cybersecurity a central focus of how we evaluate investments and support our portfolio companies in developing their technology strategies. Our Global Investment Resources (GIR) Technology team established a cybersecurity platform for our portfolio companies that enhances their internal capabilities with a global network of experts, risk transfer tools, and leveraged supplier agreements. Through continuous engagement, we provide portfolio companies with support to assess their level of cyber risk, protect critical assets, and implement programs for ongoing improvement.

### ASSESSING CYBER RISK

In a constantly evolving threat environment, understanding cyber risk is

a prerequisite for executing an effective cybersecurity strategy. Starting in the diligence process, we take a standardized approach to assessing cyber risk in potential investments within our Global Private Equity portfolio. Our findings are fed into a value creation plan that provides a prioritization summary and roadmap for addressing opportunities for improvement. To ensure that these efforts are having a material effect, several portfolio companies are regularly scored and benchmarked against their industry peers by an independent third party. At the portfolio level, these evaluations are combined with other key business metrics to provide an overall threat assessment that is leveraged for data-driven decision-making.

### PROTECTING CRITICAL ASSETS

Occasionally, cyber incidents still occur despite the measures in place to prevent them. We partner with leading insurance carriers to provide our portfolio companies with best-in-class cyber policies and resources to respond and recover. We recognize that the ability to quickly restore business operations



and minimize the impact of critical exfiltration are important attributes of a successful cyber-attack response. We work closely with companies to ensure that effective business continuity plans and data protection programs are in place. Our experience with cyber threats has also taught us that education is key in the ability to effectively respond to and mitigate the harmful effects of a cyber incident. To ensure an effective and coordinated response to cyber incidents, we provide training and support resources tailored to our technical, financial, and operational portfolio company leaders.

### IMPLEMENTING ONGOING IMPROVEMENT

We do not view cybersecurity as a one-time exercise and recognize that cyber threats will increase in frequency and complexity. To meet these challenges, we have established a program for continuous improvement anchored by an interconnected community of portfolio company cybersecurity professionals. Resources available through our program include leveraged agreements with providers of security products and services, expert-led webinars on critical cyber issues, playbooks and standardized guidance for cybersecurity strategy and architecture, a collaboration platform for cybersecurity professionals, and an in-house intelligence function for soliciting and sharing best practices. Our offering in this area continues to grow guided by cyber experts from leading advisors and direct feedback from the portfolio companies combatting threats daily.

IMPACT AT CARLYLE

Carlyle’s purpose is to invest wisely and create value on behalf of our investors, portfolio companies, and the communities we serve.

In addition to capital raised and donated by our employees for COVID-19 relief efforts profiled in last year’s Impact Review and the work done in partnership with our portfolio companies to provide support in local communities during the pandemic, we donated more than \$580,000 to over 250 non-profit organizations during the pandemic. Carlyle matched over 800 of these donations up to \$2,000 in philanthropic gifts to charitable organizations per employee each year under our corporate matching policy. We also instituted a special program to provide an additional \$1,000 in matching funds for each employee for donations to a set of social justice and criminal reform non-profits in response to recent events.

Our employees also participated in a variety of volunteer activities across our global offices, including:

- 1 **WASHINGTON, DC** Community of Hope back-to-school drive and a holiday toy drive for Boys & Girls Club of Greater Washington, DC.
- 2 **NEW YORK** Holiday toy drive to support the students at Carter G. Woodson School in Brooklyn, NY.
- 3 **HONG KONG** Junior Achievement virtual volunteer workshop.
- 4 **LONDON** Fundraisers for multiple organizations and virtual tutoring for students.

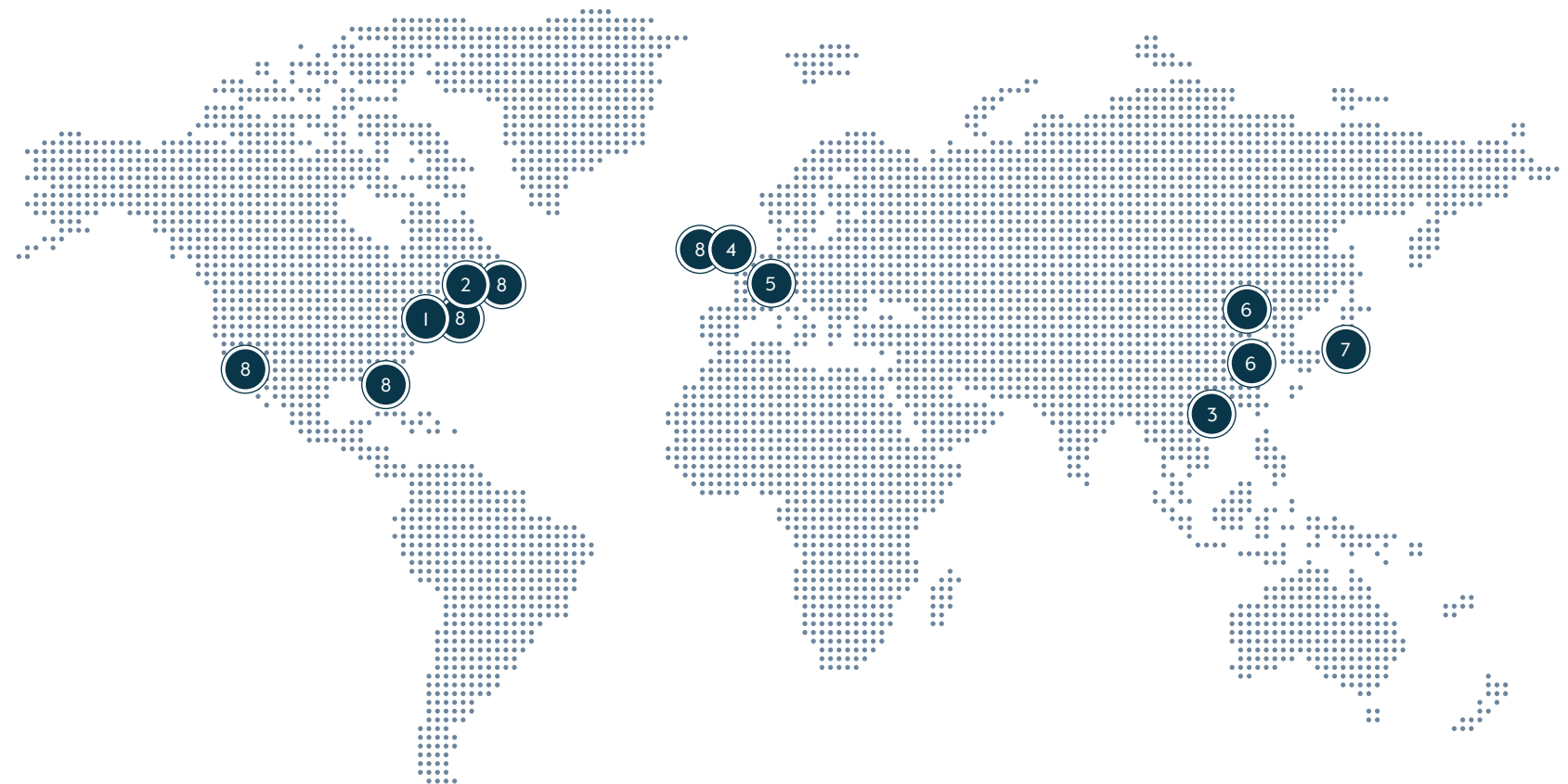
LOCAL COMMUNITY SUPPORT



- 5 **LUXEMBOURG** Holiday food and toy drives.
- 6 **BEIJING & SHANGHAI** Fundraisers to buy hand wash for Tibetan children during the pandemic.
- 7 **TOKYO** Junior Achievement and Learning for All collaboration to provide educational services to low-income families; Food drive and online charity run.
- 8 **GLOBAL** Virtual volunteer workshops with Rumie in Washington, DC, New York, London, Miami, and Los Angeles.

We furthered our partnership with Year Up, an organization that provides young adults from underserved communities with the skills, experience, and support to help reach their full potential through professional careers and higher education. Carlyle has provided more than a hundred Year Up internships since 2007. While this partnership originated with our Global Technology & Solutions (GTS) team, Carlyle expanded the internship program to additional teams in 2018. As of 2020, 38 employees have been hired full-time or brought on in extended contract positions at Carlyle through the Year Up partnership.

VOLUNTEER ACTIVITIES ACROSS THE GLOBE



CARLYLE'S ANNUAL SUSTAINABILITY WORKSHOP

Our ESG and Impact team's strategy includes building connectivity across our portfolio companies and sharing best practices and collaborative problem-solving techniques.

In April 2021, we hosted our Annual Sustainability Workshop and welcomed more than 60 guests from over 30 portfolio companies. Our virtual format allowed us to host the event with a larger reach and include companies from across the globe. The workshop covered some of the most pressing ESG topics facing companies today such as Diversity, Equity, and Inclusion (DEI), the evolving ESG

regulatory landscape, climate strategy development, energy management, sustainability strategy talent and organization performance, and board-level ESG competencies. Speakers included our Chief DEI Officer Kara Helander, Chief Performance Officer Mindy Mackenzie, Board of Directors member Janet Hill, as well as external partners such as Business for Social Responsibility, Ropes & Gray, and Latham & Watkins.

The event served as an opportunity to discuss a broad range of ESG topics, but also spurred specific value creation work for our portfolio companies. For example, following the workshop our team started to work with a portfolio company in the shipping industry to define a robust sustainability strategy as they face the material impacts of climate change on their business, and a rising influx of ESG questions from their stakeholders.

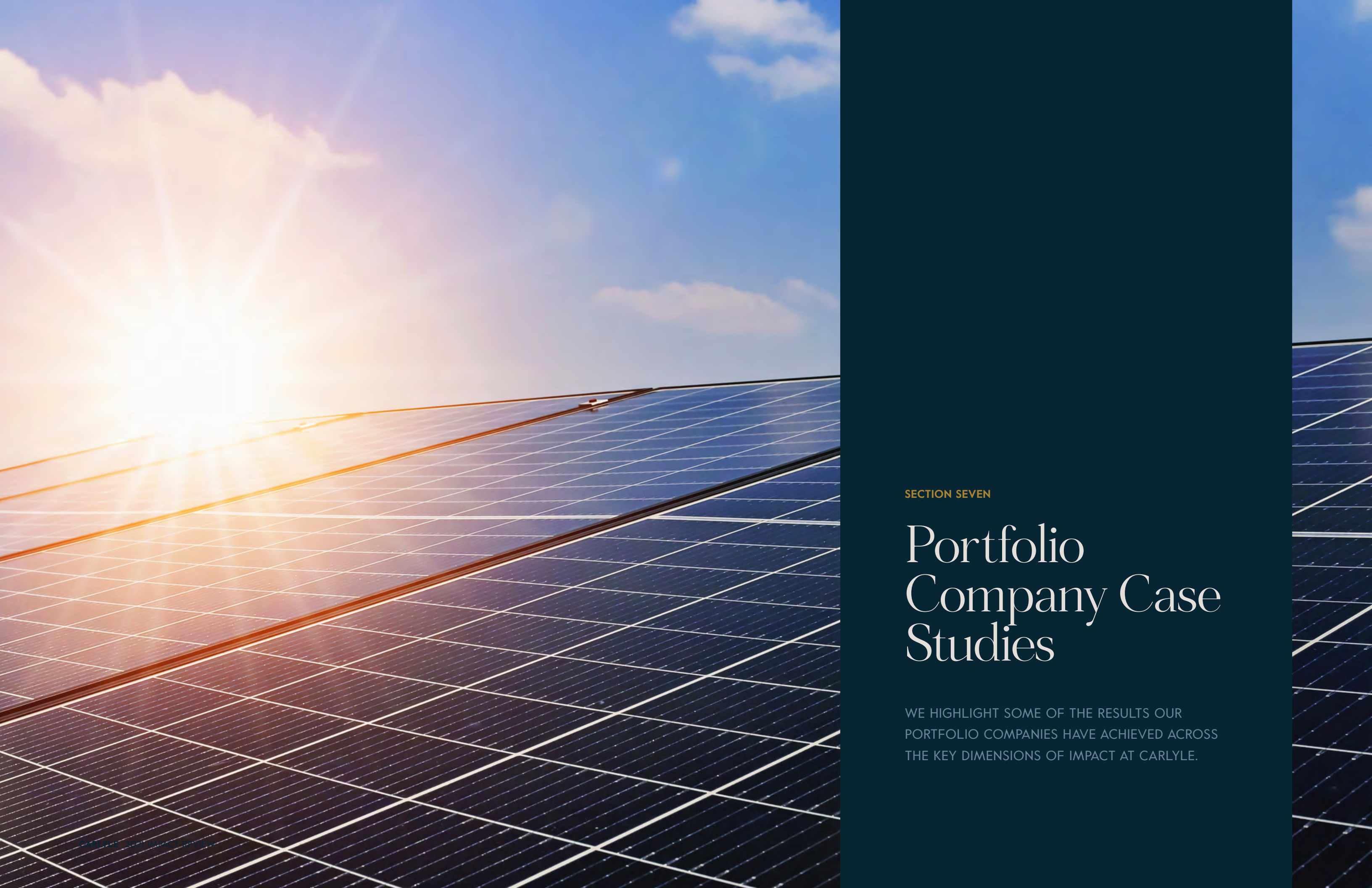
60+

*attendees at the Sustainability Workshop*

30+

*portfolio companies attended the Sustainability Workshop*





SECTION SEVEN

# Portfolio Company Case Studies

WE HIGHLIGHT SOME OF THE RESULTS OUR  
PORTFOLIO COMPANIES HAVE ACHIEVED ACROSS  
THE KEY DIMENSIONS OF IMPACT AT CARLYLE.

## CLIMATE RESILIENCE

# Amp Energy

Amp is a global energy transition platform that develops, builds, owns and operates renewable energy and battery storage projects, in addition to serving as a disruptive grid-edge technology platform, reimagining the future of the grid. Amp has become one of the leading global renewables companies having successfully developed over 1.8 gigawatts of distributed and utility-scale renewable generation, hybrid generation plus storage, and standalone battery storage projects around the world.

<i>Sector</i> <b>RENEWABLE AND SUSTAINABLE ENERGY</b>	
<i>Region</i> <b>NORTH AMERICA</b>	<i>Acquisition Date</i> <b>DECEMBER 2020</b>
<i>Lead Fund</i> <b>GLOBAL INFRASTRUCTURE OPPORTUNITY FUND AND RENEWABLE &amp; SUSTAINABLE ENERGY FUND</b>	





## AMP ENERGY 2020 METRICS

192,551  
MTCO<sub>2</sub>e*CO<sub>2</sub>e averted from the grid**This is equivalent to...*

212,823,442

*pounds of coal burned*

21,666,592

*gallons of gasoline consumed*

445,796

*barrels of oil consumed*

41,876

*vehicles driven for one year*

34,975

*homes' electricity use for one year*249,222  
MWh*total energy generated*

Climate change is one of the most pressing issues of our time, creating unprecedented risks as well as opportunities for businesses across all industries. As a firm, we believe that better understanding and managing these emerging risks and opportunities is integral to creating long-term value for our investors and shareholders. As a core pillar of our firmwide strategy on climate change, we launched our Renewable and Sustainable Energy Fund (RSEF) to capture the opportunities created by the energy transition and commit to invest globally in the renewable and sustainable resources sector.

The RSEF team is focused on identifying investment opportunities where a successful financial outcome is convergent with a successful climate outcome: the more renewable energy and storage projects successfully developed and operationalized, the more megawatt hours (MWh) of clean energy generated for the grid, and the more greenhouse gas (GHG) emissions avoided from carbon-intensive energy sources.

In 2020, RSEF announced a \$47 million strategic growth investment in Amp Energy as part of Carlyle's total \$374 million commitment to Amp, an international renewables development and energy transition company. Amp's core business is to develop, build, own, and operate renewable energy and battery storage projects globally.

Since 2009, Amp Energy has successfully developed over 1.8 gigawatts of distributed and utility-scale renewable generation projects, hybrid generation plus storage projects, and stand-alone battery storage projects around the world. Amp Energy's proprietary digital energy platform, Amp X, also provides a diverse portfolio of disruptive and interoperable solutions, including a

state-of-the-art smart transformer that enables real-time autonomous management and optimized dispatch of all forms of distributed generation and loads across the grid. RSEF and CGI's investment will help catalyze the continued rapid growth of both Amp's asset base and Amp X, within its core markets of North America, Japan, Australia, Spain, and the UK.

Amp's core strategy—to develop, own and operate, global solar and wind power generation assets and associated utility scale battery energy storage systems (BESS)—is consistent with RSEF's overarching impact thesis. BESS helps mitigate some of the existing constraints for large-scale deployment of renewables, allowing greater penetration of solar and wind electricity on the grid, and a reduction in overall carbon emissions. For example, BESS in conjunction with Amp X's autonomous platform solution can be used to store excess electricity and bridge intermittency issues inherent to renewable power sources and enable connectivity to grids that would otherwise be inaccessible.

## COVID-19 RESPONSE

In April 2020, Amp introduced Employee Health & Wellness Benefits to assist with the physical, mental and general wellbeing challenges caused by the COVID-19 global pandemic. An allowance of 100 CAD per month was allocated to all members of the team globally, with a bonus of three months upfront to be used for purchasing home fitness equipment. The allowance continues to date and can be used for health and wellness-related activities at the employee's discretion. At the same time, Amp also introduced Virtual Thursday meetings with scheduled

games and trivia to serve as a networking and socializing space for employees.

Seeing the impact of COVID in the communities in which Amp operates, during the end-of-year 2020 holiday season, Amp supported three organizations operating in the community:

- **FRED VICTOR, HOMELESS SHELTER** In-kind food and clothing donations collected from Amp employees and a cash donation of \$10,000.
- **HORIZONS FOR YOUTH, YOUTH SHELTER** Amp provided a \$5,000 cash donation and \$5,000 in public transportation cards.
- **SECOND HARVEST FOOD RESCUE AND DELIVERY** Amp purchased turkeys for 400 families for the end-of-year festivities.

247 MW

*total installed capacity*

199 MW

*new installed capacity*

58

*full-time jobs created*

**PROJECT SPOTLIGHT:  
NEMAIAH VALLEY**

Nemaiah Valley is a remote community located 250km north of Vancouver and approximately 100km from the nearest electricity grid. A centralized diesel Genset house generator is the main electricity source for the community, which consists of 74 active residents and a commercial/administrative subdivision zone located in the center of the valley.

In 2015, the First Nation community contacted Amp to explore ways of developing a micro-grid on-site to reduce their diesel dependency. Upon extensive due diligence, Amp determined that a commercial arrangement was not feasible with the community. Amp, however, decided to provide pro bono support for the development of the micro-grid, bringing on board additional development partners, acting as their Engineering, Procurement and Construction (EPC) manager and supporting submissions for grants and debt.

In March 2021, the micro-grid system became operational, consisting of a 250kW solar photovoltaic (PV) system. The micro-grid reduces the community's dependency on diesel by over 50%, or by roughly 150 liters of diesel fuel daily.

# 250kW

*solar photovoltaic (PV) system  
installed in March 2021*

# 50%

*reduction in Nemaiah Valley's  
diesel dependency*

► “This transaction demonstrates our continued focus on identifying and executing upon attractive investment opportunities such as solar projects and battery storage technologies around the world that are being propelled by the energy transition.”



**POOJA GOYAL**  
Co-Head of Carlyle  
Infrastructure Group



**STRONGER COMMUNITIES,  
ENGAGED EMPLOYEES**

# Dept

Based in Amsterdam, Dept is an award-winning international agency with over 1,500 experienced thinkers and makers in 13 countries across Europe and the Americas. One agency uniting creativity, technology, and data.

<i>Sector</i> <b>TECHNOLOGY AND BUSINESS SERVICES</b>	<i>Region</i> <b>EUROPE</b>
<i>Acquisition Date</i> <b>JANUARY 2020</b>	
<i>Funds</i> <b>CARLYLE EUROPE TECHNOLOGY PARTNERS IV AND CARLYLE EUROPE PARTNERS V</b>	

**BETTER BUSINESSES | BETTER RESULTS:  
BECOMING A CERTIFIED B CORPORATION**



**MEGAN STARR**  
*Global Head  
of Impact at Carlyle*



**DIMI ALBERS**  
*Chief Executive  
Officer at Dept*

A Conversation with Megan Starr, Global Head of Impact at Carlyle, and Dimi Albers, CEO at Dept.

[Listen to a podcast](#) about the why of Dept's sustainability strategy and in particular, why they focused on B Corp certification. Megan Starr and Dimi Albers discuss the results a business can expect from obtaining B Corp certification and our impact through partnership.



## SUSTAINABLE GROWTH

# Liberty Tire Recycling

Liberty Tire Recycling is the premier provider of tire recycling services, based in the United States. By reclaiming more than 33% of the nation's discarded tires, Liberty Tire annually transforms more than 190 million tires per year into raw materials for smart, sustainable products that improve people's lives.

<i>Sector</i> <b>INDUSTRIAL</b>	<i>Region</i> <b>NORTH AMERICA</b>
<i>Acquisition Date</i> <b>DECEMBER 2017</b> <i>Exited</i> <b>2021</b>	
<i>Lead Fund</i> <b>CARLYLE STRATEGIC PARTNERS IV</b>	



Resource efficiency and the circular economy—designing out waste and keeping products and materials in the value chain through multiple use cycles—are concepts that have surged to the forefront of sustainability discussions. The challenge to implementing these concepts, however, has been finding ways to profitably recycle and reuse a broad range of goods. The ability to successfully implement this concept was a key component of Carlyle’s investment thesis when we acquired Liberty Tire Recycling (LTR) in 2017, and a significant part of our sale of the business to Energy Capital Partners, completed earlier this year.

LTR was a premier provider of tire recycling services in the United States and Canada. With innovative tools, technologies, and processes, LTR was dedicated to finding new and better ways to reclaim, recycle, and reuse scrap tires for eco-friendly products, keeping billions of pounds of waste material out of landfills. LTR’s core business of recycling tires was predicated on the sustainability growth theme of resource efficiency. Under Carlyle’s ownership, the company achieved meaningful impact by diverting waste from landfills, collecting and recycling 190 million tires per year, and transforming more than three billion pounds of rubber into innovative, sustainable products.

The company has increasingly received questions from customers to demonstrate the performance of its ESG program, with a focus on sustainable practices in the supply chain, operations, packaging, and product footprint. In response, Carlyle’s ESG and Impact team partnered with LTR to enhance the company’s sustainability strategy while quantifying the footprint of their products and operations, which we believed would strengthen their core business and potentially increase the company’s attractiveness to a wider range of potential buyers.

As a first step, LTR and Carlyle developed an Impact Opportunities Assessment with the support of Bridge House Advisors, an ESG and sustainability advisory firm who specializes in the measurement of impact. The goal of the assessment was to define the company’s impact pathways, and then determine and measure performance on key, material ESG and impact metrics to better understand the operational and product environmental footprint. This data provided three main benefits to the company:

- Identified opportunities to reduce carbon emissions and energy usage;
- Enabled LTR to better articulate the sustainable value proposition of its products and services; and
- Helped LTR address customer inquiries on ESG, which are increasingly an important part of how customers select partners.

#### BETTER RESULTS

These results have the potential to generate cost savings and provide a more fulsome picture of the company’s overall footprint—an important requirement of LTR’s strategic customers and potential buyers. The analysis revealed that:

- LTR recycled over **135,000,000 tires in 2019 and over 190,000,000 tires in 2020**, which helps preserve landfill capacity.
- From 2019 to 2020, the application of LTR’s Playground Mulch product **helped avoid approximately 41 injuries** due to falls from height.
- In 2020, the use or application of LTR’s products (88% of total volume sold) **avoided almost 900,000 metric tons of CO<sub>2</sub>-e**.

Ultimately, the quantification of environmental impacts was an important part of the sale process.

With an improved understanding of its operational and product level footprint, LTR utilized the findings to enhance its overall sustainability strategy. Carlyle collaborated with a cross-functional LTR team to identify long-term sustainability objectives and develop a renewed corporate level sustainability vision. This effort enabled the company to clarify key focus areas and ensure alignment with evolving customer expectations.

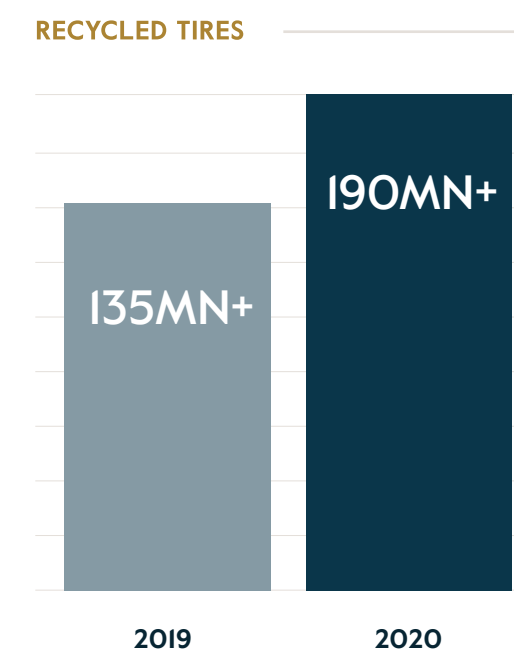
LTR CEO Thomas Womble believes that “while sustainability has always been paramount to us, the partnership with Carlyle has helped the firm to employ a more comprehensive approach with the recognition that going forward, this will increasingly hold an even closer tie to profitability.”

While ESG has long been a part of Carlyle’s investment due diligence and value creation over the hold period, its relevance continued to expand out to other parts of the investment lifecycle—LTR is an example of how ESG growth themes are increasingly influencing deal sourcing, and potential exit viability and pricing as well. Resource efficiency is increasing investment efficiency.

► “By working with the Carlyle ESG and Impact team and Bridge House Advisors, we were able to successfully position Liberty Tire as a leading ESG platform able to divert tire waste from landfills and produce higher value beneficially reusable products. That positioning was key to our successful sale of the business.”



**EVAN MIDDLETON**  
Co-Head of North America for  
Carlyle Strategic Partners



CLIMATE RESILIENCE,  
DIVERSE AND INCLUSIVE TEAMS

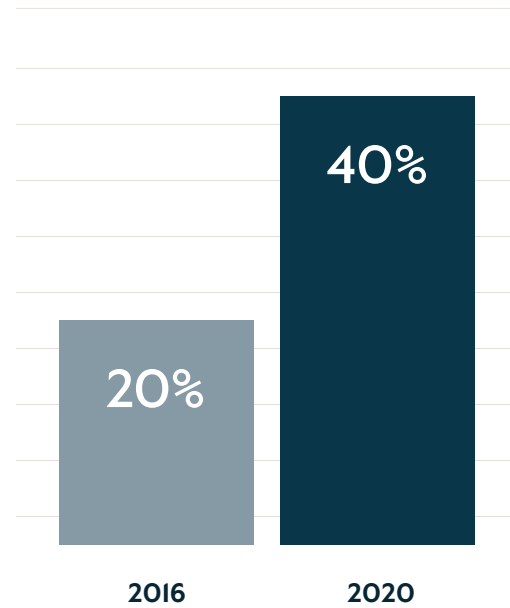
## Novolex

Novolex is a leading manufacturer of paper and plastic flexible packaging products, primarily serving customers in the food service, grocery, retail, and commercial end markets.

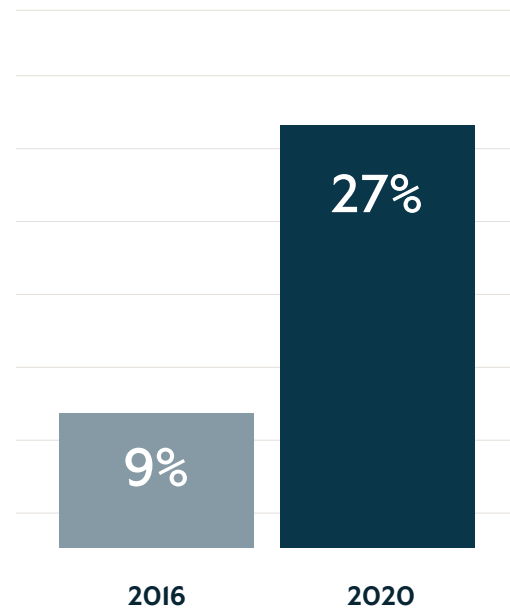
<i>Sector</i> <b>INDUSTRIAL</b>	<i>Region</i> <b>NORTH AMERICA</b>
<i>Acquisition Date</i> <b>DECEMBER 2016</b>	
<i>Lead Fund</i> <b>CARLYLE PARTNERS VI</b>	



**REPRESENTATION OF WOMEN & ETHNIC MINORITIES AMONG TOP 60 LEADERS**



**REPRESENTATION OF WOMEN & ETHNIC MINORITIES AMONG PLANT MANAGERS**



While there are a vast number of ESG issues for companies to consider, we believe two categories rise above the rest:

- 1) Bespoke, financially material ESG topics for a company’s specific sector and industry, and;
- 2) Select issues we see as systemically important across most companies, such as diversity and inclusion and climate change.

We profiled Novolex in 2020 for its commitment to the first category of issues. The company has focused heavily on waste and resource efficiency, which are material issues for the packaging industry. Novolex has also focused on two issues we see as systemically important across a broad array of industries in driving long-term value: climate resilience, and diversity and inclusion.

**CLIMATE RESILIENCE**

Manufacturers of packaging products are actively seeking ways to mitigate their environmental footprint, predominantly by decreasing downstream Scope 3 emissions through wider adoption of products that can be recycled or composted and the use of recycled content. However, companies can also significantly reduce their Scopes 1 and 2 greenhouse gas (GHG) emissions while driving cost savings by developing a focused energy procurement strategy.

In 2020, Novolex announced a goal of reducing its GHG emissions intensity by 20% by 2025. This target positions Novolex as a leader in the packaging space, and supports the environmental objectives of some of its largest food service customers, including globally recognized restaurant, grocery, and retail brands. Novolex’s

emissions strategy was developed by a cross-functional team, in partnership with Insight Sourcing Group, an energy management consulting firm, with counsel and strong encouragement from Carlyle’s Global Investment Resources (GIR) Real Estate & Energy team.

Novolex has pursued a number of energy improvement initiatives, including increased purchasing of competitive renewable power, and entering into contracts in multiple states where Novolex operations are based. To date, Novolex’s energy procurement improvement efforts have already reduced emissions intensity by 12%, and resulted in contract-over-contract savings.

To further support its GHG reduction goal, Novolex is implementing energy efficiency programs across its manufacturing footprint. The company is evaluating a multi-facility LED retrofit program, which would drive an estimated incremental 3% emissions reduction and contribute to lower operating costs. Novolex is also leveraging the audits underway for lighting projects and will explore upgrades to compressed air systems, chiller-systems, and motor-driven equipment in its facilities that would result in additional energy savings and contribute to its emissions goal.

“By prioritizing cost-competitive renewable power contracts and high return-on-investment energy efficiency projects, Novolex is making significant progress toward its 20% emissions reduction target, and simultaneously driving bottom-line impact,” Novolex’s CEO, Stanley Bikulege explained.

**DIVERSITY AND INCLUSION**

Novolex has also done substantial work over the five years since Carlyle’s acquisition to drive improvements in diversity across

its workforce of over 10,000 employees, creating a more inclusive workplace culture. Novolex started at the Board level in 2016 at the time of Carlyle’s acquisition, when the firm brought on Sandra Horbach, Carlyle’s Co-Head of US Buyout and Growth, as a Director, building on a tradition of diverse leadership. Carlyle tapped its network of diverse executives to identify and add Hala Modellmog in 2020, an executive with deep experience in packaging choice and sustainability, who was previously CEO and President of Arby’s Restaurant Group. In 2021, Carol Lowe, Executive Vice President and Chief Financial Officer of FLIR Systems, Inc. (NASDAQ: FLIR), joined the Board at Novolex.

Since 2016, Novolex’s CEO Stanley Bikulege led the firm to double the number of senior leaders who are women or ethnic minorities; more than 40% of the individuals in Novolex’s top 60 leadership positions are now diverse. Novolex has also extended that focus throughout the organization. Five years ago, three of Novolex’s 33 plant leaders were ethnic minorities and zero were women—the company has now more than tripled that percentage, while simultaneously growing the number of plants. Novolex’s Human Resources team has been critical to this effort, broadening its candidate pools, educating its own recruiting staff, and pushing its search firms to expand the number of applicants it considers for open positions.

In March 2020, Bikulege had the idea to host the company’s first-ever International Women’s Day conference. Wes Bieligk, a Novolex Board member and Partner on Carlyle’s US Buyout team, asked Kara Helander to be the keynote at the conference. More than 80 women from across Novolex traveled to Cincinnati for the event, which Novolex plans to continue. The second annual conference was held

virtually in 2021. Helander has continued to advise the Novolex team, who also recently brought on an external consultant to help formalize and further advance its diversity and inclusion goals and action plan.

Novolex has deftly sorted through the array of ESG topics confronting companies to focus on the most important issues to its business—and in the process, has driven significant long-term value.

► “We see the power of having diverse leadership at the Board of Directors level. It enhances the effectiveness of that Board in terms of advising the organization and also signals to the rest of the company that this is important.”



**KARA HELANDER**  
*Chief Diversity, Equity, and Inclusion Officer at Carlyle*

ENGAGED EMPLOYEES

# Pharmapacks

Pharmapacks is a leading e-commerce enablement platform and retail seller for brands across major e-commerce marketplaces with proprietary technology that empowers brands with a complete and cost-effective logistics, fulfillment, marketing, and sales solution.

<i>Sector</i> <b>CONSUMER, MEDIA, AND RETAIL</b>	
<i>Region</i> <b>NORTH AMERICA</b>	<i>Acquisition Date</i> <b>NOVEMBER 2020</b>
<i>Lead Fund</i> <b>CARLYLE PARTNERS VII</b>	





Of all of the letters in the sustainability acronym soup, the “S” in ESG—which stands for “social”—is probably one of the least well-understood. While diversity, equity, and inclusion has emerged as a core area of focus, it has historically been challenging for businesses to sort through other factors in the “S” bucket to understand where there are levers for change, what can be quantified, and how to tie this work to long-term value creation.

At Carlyle, we use the SASB framework to guide our diligence and value creation toward the most material “S” topics for a given investment—from occupational health and safety, to attrition and turnover, employee feedback and engagement mechanisms, compensation, and health and wellness programs. One topic in particular has emerged as systemically important across all of our investments is human capital. Academic research has found that 80% of talent-centric portfolio companies hit their first-year targets and go on to achieve an average 2.5x return on initial investment.<sup>1</sup>

To properly address this critical issue, Carlyle has invested significantly in a dedicated Talent and Organization Performance (TOP) team, which works with our management teams to maximize organizational, operational, and leadership effectiveness, including supporting C-Suite recruitment and build-out. The “S” factor is no longer unclear—in fact, we believe that people leading our portfolio companies are one of the most important drivers of the success of an investment.

We put this into practice in a 2020 investment led by our Consumer, Media, and Retail sector investment team into Pharmapacks, a leading e-commerce marketplace retailer and enablement platform for consumer packaged goods (CPG) brands in the beauty, personal care, consumer health, and home care

categories. Our investment team believes Pharmapacks will benefit from highly attractive industry dynamics including the rapid growth and penetration of e-commerce, proliferation of online marketplaces, and the ever-increasing importance of a robust omni-channel presence for CPG brands. Our investment thesis is to help position Pharmapacks to execute a multi-dimensional growth strategy, capturing a robust pipeline of new CPG and emerging brand partners, extending into naturally adjacent product categories where Pharmapacks has already seen early success, and diversifying into additional digital marketplaces. We believe people are core to that strategy.

TOP kicked into gear quickly during diligence, completing fulsome assessments of the Pharmapacks’ management team and identifying opportunities to enhance capabilities through improved organizational design and additional talent. TOP implemented a core part of their toolkit—their Connecting Talent

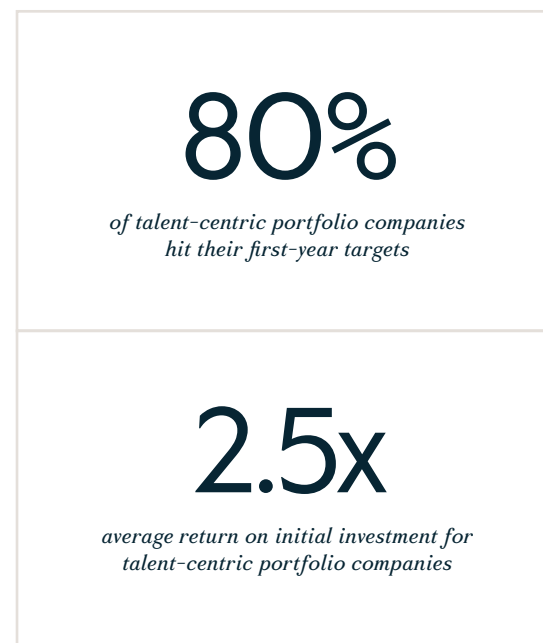
to Value Creation methodology—in partnership with Pharmapacks’ CEO Andrew Vagenas to provide clarity on the roles that were most important to driving the business forward. The TOP team works closely with the CEO and other executives on key new leadership hires, as well as to provide coaching to members of the C-Suite on scaling best practices.

There are both new, important issues that are constantly emerging for companies to be aware of and manage, what we refer to as dynamic materiality, and other issues such as human capital, that have always been critical to company success. The TOP team takes a rigorous, data-driven, strategic approach to helping companies maximize their human capital, and drive lasting value creation in the process—enabling businesses to demystify the “S” at last.

► “We are focused on identifying companies that are growing significantly faster than the market and benefiting from strong secular tailwinds. As a company sitting at the cross section of a number of attractive trends, including the massive and rapid expansion of ecommerce, we have strong conviction in Pharmapacks’ ability to achieve sustainable growth.”



**JAY SAMMONS**  
Head of Global Consumer,  
Media and Retail at Carlyle



<sup>1</sup>Ogg, S. (2018). “Connecting Talent to Value” CEO works

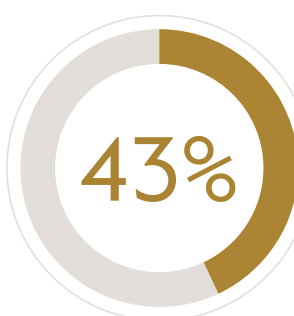
## ENGAGED EMPLOYEES

## PPD

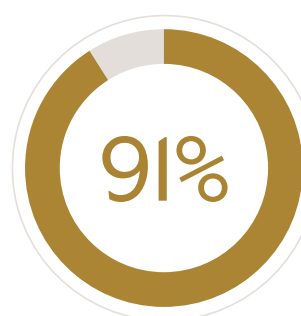
Pharmaceutical Product Development, Inc. (PPD) is a leading global contract research organization. The company provides outsourced clinical trial management and laboratory services primarily to large pharmaceutical and biotechnology companies, as well as governments, non-profits, and academic institutions.

<i>Sector</i> <b>HEALTHCARE</b>	<i>Region</i> <b>NORTH AMERICA</b>
<i>Acquisition Date</i> <b>MAY 2017</b>	
<i>Funds</i> <b>CARLYLE PARTNERS V AND CARLYLE PARTNERS VI</b>	





*of PPD's employees enrolled in the new consumer-driven health plan*



*of employees signaling positively that PPD is responding appropriately to the COVID-19 pandemic*

**\$13MN+**

*realized in plan savings in 2020, a 15% decrease over projected costs*

PPD, Inc. (Nasdaq: PPD), is a portfolio company profiled in our [2019 report](#) for its innovative work accelerating patient enrollment and the use of digital trials to increase patient access, retention, and engagement in vital medical research, and in our [2020 report](#) for its work to create a diverse pipeline of non-traditional talent.

PPD is profiled for a third year because it embodies what continuous ESG improvement looks like; PPD has routinely found different dimensions of its business where it can drive profitability that is convergent with positive outcomes for its stakeholders. In 2019 to 2020, PPD partnered with Carlyle's Healthy Benefit's Initiative—a part of Carlyle's Global Investment Resources (GIR) team—to reimagine how PPD provides healthcare to its 11,000+ U.S. employees.

PPD takes an expansive view of employee wellness, focusing not only on the physical, but also on the financial, emotional, and social wellbeing of its employees. For this first phase of transformation work, PPD concentrated on delivering benefits and coverage that their employees value. PPD's workforce is around 70% women and 55% millennials, so the company focused on offering rewards programs tailored to meet the needs of this important demographic while expanding choices and ensuring market competitiveness.

The results of the work were significant. In 2020, PPD realized more than \$13 million in plan savings, or an over 15% decrease in projected costs. In the first year, just over 43% of PPD's employees enrolled in the new consumer-driven health plan, beating initial expectations. Importantly, based on the updated slate of offerings, PPD estimates that the 2021 per employee healthcare cost will be less than the cost in 2018, which is even more significant for PPD's cost structure given

how fast it is growing. PPD added more than 2,600 new employees over the last year, approximately an 11% increase in headcount.

But PPD didn't just take costs out of the system, it also reinvested some of those savings in areas like mental health programs such as a global employee assistance program and Headspace, a mobile application that promotes mindfulness through meditation. PPD believes these investments drive longer term value through reduced stress, increased focus, and improved employee productivity. In the context of the recent pandemic, employees have been highly appreciative of these additional support services, with 91% of employees signaling positively that PPD is responding appropriately to the COVID-19 pandemic.

We believe key to PPD's success was designing their reward and healthcare system with the employee experience at the center. Scott Allen, Vice President of Total Rewards at PPD, calls it the company's "triple win," noting that "by partnering with Carlyle's Healthy Benefit's initiative PPD was able to lower costs for employees while improving coverage and providing more choice, and most critically, driving better health outcomes and support for our people."

In the year ahead, PPD has even more work planned by focusing on enhanced care management, pharmacy benefits managers, and specialty pharmacy programs, which PPD estimates will save millions more dollars in 2021. PPD is also focused on additional components of employee wellness, and is also partnering with Fidelity to offer financial wellbeing and training programs for employees. According to research, healthier employees are better employees and PPD has a demonstrated track record of making that happen.



SECTION EIGHT

# Corporate ESG Disclosures

## MATERIALITY ASSESSMENT METHODOLOGY

For this year’s report, we used the Global Reporting Initiative (GRI) Standards, which provides an internationally recognized framework to communicate our material ESG issues as a firm to our stakeholders with improved disclosure and transparency.

Additionally, 2021 marks our first year of reporting according to the World Economic Forum’s (WEF) ESG metrics. The WEF metrics were developed in an effort to identify a core set of material ESG metrics that can be reported on a consistent basis across industries, sectors, and countries. In our 2020 Impact Review, we developed a materiality assessment that we continue to employ. As part of our initial materiality assessment, we took into account the expectations and requirements of our stakeholders, the knowledge and experience of our in-house ESG and Impact team members, and the Sustainability

Accounting Standards Board (SASB) Asset Management & Custody Activities Standards. These inputs helped us identify the material topics to be covered in this report, while also taking into account the degree to which Carlyle has control over each issue. We also included topics that are important to Carlyle and aligned with our culture and values (for example, through enhanced disclosures on diversity, equity, and inclusion, and climate change). Details of the material issues we identified for our firm can be found below.

### ECONOMIC

Economic issues are core to our business. As a global investment firm we work together to create long-term value for our investors, companies, shareholders, people, and communities. Economic factors have the potential to impact both our own operations, as well as our investment portfolio. Stewarding capital is a key aspect creating both opportunities and risks. We therefore believe that the following GRI “economic

topics” are the most material to our organization:

- Direct economic value generated and distributed.
- Infrastructure investments and services supported.
- Communication and training about anti-corruption policies and procedures.

### ENVIRONMENTAL

As a global investment firm, the majority of our direct operations are office-based; hence we are keenly aware that our environmental impacts as a firm are relatively small. However, as referenced in the Climate Resilience section of this report and in our [Taskforce on Climate-Related Financial Disclosures report](#), Carlyle believes that climate change is one of the most pressing issues of our time, creating unprecedented risks and opportunities for businesses across all industries. To respond to this challenge

and to provide greater transparency on our direct environmental impacts, we believe the following GRI “environmental topics” are the most material to our organization:

- Energy consumption within the organization.
- Energy intensity.
- Direct (Scope 1) GHG emissions.
- Energy indirect (Scope 2) GHG emissions.
- Other indirect (Scope 3) GHG emissions.
- Non-compliance with environmental laws and regulations.

### SOCIAL

We aim to ensure that every colleague feels that they matter, are valued, and have access to high quality benefits and opportunities for learning and development—so we can all contribute. We believe that the continued development

of our employees at every level in our organization, as well as our focus on enhancing diversity and inclusivity, are areas of competitive strength at Carlyle. We therefore consider that the following GRI “social topics” are the most material to our organization:

- Benefits provided to fulltime employees that are not provided to temporary or part-time employees.
- Programs for upgrading employee skills and transition assistance programs.
- Percentage of employees receiving regular performance and career development reviews.
- Diversity of governance bodies and employees.
- Incidents of noncompliance concerning marketing communications.

## STAKEHOLDER ENGAGEMENT

The graphic on the right illustrates our key stakeholders, as well as our channels for directly engaging with each of those stakeholders on ESG-related matters. Our direct stakeholders are increasingly interested in understanding more about the broader environmental and social impacts of our business and our portfolio companies, and to see Carlyle leadership on key global challenges such as climate change, and diversity and inclusion. Our progress on these topics is highlighted in this report.

### CARLYLE’S STAKEHOLDERS AND RESPECTIVE CHANNELS OF ENGAGEMENT



# General Disclosures

The table below indicates where information relating to the Global Reporting Initiative Standards is located in The Carlyle Group's 2021 Impact Review report, the Annual Report on Form IO-K for the year ended December 31, 2020, the Form ADV, or the Proxy Report for the year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission and/or in other The Carlyle Group materials.

DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
I02-1	<b>Name of the organization</b>	The reporting organization shall report the following information: a. Name of the organization.	The Carlyle Group
I02-2	<b>Activities, brands, products, and services</b>	The reporting organization shall report the following information: a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	Please see pages 6-11 in The Carlyle Group's <a href="#">Form IO-K Report</a> .
I02-3	<b>Location of headquarters</b>	The reporting organization shall report the following information: a. Location of the organization's headquarters.	Washington, D.C.
I02-4	<b>Location of operations</b>	The reporting organization shall report the following information: a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Please see page 6 in The Carlyle Group's <a href="#">Form IO-K Report</a> and a list of our global offices <a href="#">here</a> .
I02-5	<b>Ownership and legal form</b>	The reporting organization shall report the following information: a. Nature of ownership and legal form.	Please see page 16 in The Carlyle Group's <a href="#">Form IO-K Report</a> and page 62 of our <a href="#">Proxy Statement</a> .
I02-6	<b>Markets served</b>	The reporting organization shall report the following information: a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries	Please see pages 6-19 in The Carlyle Group's <a href="#">Form IO-K Report</a> and page 13 of our <a href="#">Form ADV</a> .
I02-7	<b>Scale of the organization</b>	The reporting organization shall report the following information: a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided	Please see pages 16-19 and the audited financial statements included in The Carlyle Group's <a href="#">Form IO-K Report</a> .
I02-8	<b>Information on employees and other workers</b>	The reporting organization shall report the following information: a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures I02-8-a, I02-8-b, and I02-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	Please see information on diversity within our teams <a href="#">here</a> .
I02-9	<b>Supply chain</b>	The reporting organization shall report the following information: a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	As a global investment firm, The Carlyle Group works with a number of third party service providers that support its day-to-day business operations. In our dealings with third party vendors, The Carlyle Group applies the principles, values, standards, and norms of behaviour as summarized in our <a href="#">Code of Conduct</a> . Our <a href="#">Form ADV</a> provides additional information.

DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
I02-I0	<b>Significant changes to the organization and its supply chain</b>	The reporting organization shall report the following information: a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	Please see pages 6-I0 & 96 in The Carlyle Group's <a href="#">Form IO-K report</a> .
I02-I2	<b>External initiatives</b>	The reporting organization shall report the following information: a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	The Carlyle Group is currently a member of Businesses for Social Responsibility (BSR), Sustainability Accounting Standards Board (SASB) Alliance, and Renewable Energy Buyers Association (REBA). In 2020, we became founding members of the One Planet Private Equity Funds Initiative (OPPEF), with a group of private investors committed to integrating climate change analysis into our investments. In 2021, we became supporters of the Taskforce on Climate-related Financial Disclosures (TCFD) and published our inaugural <a href="#">TCFD report</a> .
I02-I3	<b>Membership of associations</b>	The reporting organization shall report the following information: a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	The Carlyle Group is currently a member of or affiliated with the American Investment Council, Alternative Investment Management Association (AIMA) Global Responsible Investment Committee, Invest Europe, the European Leveraged Finance Association, the EU Sustainability Regulatory Working Group, the British Private Equity & Venture Capital Association (BVCA), the German Private Equity and Venture Capital Association (BVK), and the Emerging Markets Private Equity Association (EMPEA). Additionally, we are involved in a number of working groups organized by our peer private investment firms covering topics such as the evolving regulatory landscape.
I02-I4	<b>Statement from senior decision-maker</b>	The reporting organization shall report the following information: a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Please see page 3 of this report.
I02-I5	<b>Key impacts, risks, and opportunities</b>	The reporting organization shall report the following information: a. A description of key impacts, risks, and opportunities	<p>Please see pages 28 - 96 in The Carlyle Group's <a href="#">Form IO-K Report</a>.</p> <p>As a global investment firm, a key focus of ours is cybersecurity. At The Carlyle Group, information security is everyone's responsibility. In an environment in which cyber threats continue to increase in number and sophistication, we recognize that it takes cooperation and effort from everyone at The Carlyle Group to keep the company, our staff, and our investors safe. To this end, we foster a security-aware culture that recognizes that our information assets – and their protection – are foundational elements of our business strategy and vital for engendering stakeholder trust and confidence. The Carlyle Group personnel receive regular cyber security training and annually certify their compliance with firm policies, such as its Acceptable Use Policy.</p> <p>To protect the security and privacy of our people, information, and systems, The Carlyle Group invests in layers of protections to manage cyber risks. Under the leadership of our Chief Information Security Officer (CISO), the firm's cyber security program ("program") provides security governance, security awareness and training, security engineering and architecture, security risk management, vulnerability management, security monitoring, and incident response. Underpinning the program is the implementation of security best practices, such as the use of multi-factor authentication for remote access; privileged access management for system administrators; application whitelisting, laptop encryption, and advanced malware defenses on endpoints; and recurring phishing simulations to improve users' security acumen and resistance to harm.</p> <p>The Carlyle Group's program continues to evolve and grow in response to the ever-changing threat landscape. Over the past year, for example, new capabilities were emplaced to securely manage contractor access to firm systems using secure virtual machine technology; The Carlyle Group personnel benefited from enhanced mobile device management features in support of our remote workforce; and we improved detection and response capabilities through the build out of our Security Information and Event Management (or SIEM) and Security Orchestration and Automated Response platforms. Our Security Operations Center (or SOC) provides Tier I coverage 24x7 to ensure we stay on top of any threat within our environment.</p> <p>To measure the effectiveness of our security program, independent third parties and internal audit perform penetration testing and risk assessments of our network and systems. Our information security steering committee ensures that our cybersecurity initiatives are in alignment with The Carlyle Group's strategic priorities; and our CISO provides regular reporting to our Board of Directors on the program's status. The Carlyle Group is also a member of the Financial Services Information Sharing and Analysis Center.</p> <p>Complementing our cyber security program, we continue to focus on strengthening our processes in data privacy through our Data Protection &amp; Privacy Committee and maintain physical security controls within our offices and data centers so that only authorized individuals have access to The Carlyle Group assets. The Carlyle Group's Privacy Notice as well as helpful information for recognizing, avoiding, and reporting upon fraudulent activity is available <a href="#">here</a>.</p>

DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
I02-16	<b>Values, principles, standards, and norms of behaviour</b>	The reporting organization shall report the following information: a. A description of the organization's values, principles, standards, and norms of behaviour.	The Carlyle Group Inc.'s Global Code of Conduct is available to all employees and all Fund Investors <a href="#">here</a> . Additionally, please see our Guidelines for Responsible Investment <a href="#">here</a> .
I02-17	<b>Mechanisms for advice and concerns about ethics</b>	The reporting organization shall report the following information: a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behaviour, and organizational integrity; ii. reporting concerns about unethical or unlawful behaviour, and organizational integrity.	The mechanisms for advice and reporting concerns are summarized in our <a href="#">Code of Conduct</a> and our <a href="#">Process for Reporting of Concerns Regarding Accounting and Other Matters</a> . Our whistleblower policy is published internally for employees to review. This policy is included as part of training during onboarding. Additionally, an Ethics and Compliance hotline is available to all employees, as noted on page 4 of our Proxy Statement. The requirements for reporting of known or suspected violations of The Carlyle Group's Code of Conduct or illegal or unethical behavior are detailed below.  <b>Reporting of Known or Suspected Violations or Illegal or Unethical Behavior</b> Employees must either (1) promptly contact The Carlyle Group's Office of the General Counsel or Chief Compliance Officer or (2) submit an anonymous report using one of the alternative reporting options outlined in The Carlyle Group Whistleblower Policy if they are concerned that a Covered Party may have violated this Code or that other illegal or unethical conduct by a Covered Party has occurred or may occur. The Carlyle Group will take measures to protect the confidentiality of any report made, subject to applicable law, regulation or legal proceedings. The Carlyle Group will not permit or tolerate retaliation of any kind by or on behalf of The Carlyle Group and its personnel against employees who make good faith reports or complaints regarding violations of this Code or other illegal or unethical behavior.
I02-18	<b>Governance structure</b>	The reporting organization shall report the following information: a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	Please see page 25 in The Carlyle Group's <a href="#">Form 10-K Report</a> . The Carlyle Group's Global Head of Impact reports directly to the firm's Chief Operating Officer & The Carlyle Group's Board of Directors. The Carlyle Group's Board of Directors maintain oversight for ESG and impact activities. We have designated an independent board lead on ESG, <a href="#">Janet Hill</a> .  During 2020, the Board of Directors held 9 meetings, the Audit Committee held 9 meetings, the Compensation Committee held 7 meetings and the Nominating and Corporate Governance Committee held 3 meetings.
I02-19	<b>Delegating authority</b>	The reporting organization shall report the following information: a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	The Carlyle Group's Board of Directors receives information about material ESG issues for the firm. The Board of Directors are publicly listed <a href="#">here</a> . Janet Hill is The Carlyle Group's Board lead for ESG.  The Carlyle Group's Global Head of Impact reports directly to the firm's Chief Operating Officer & The Carlyle Group's Board of Directors. ESG topics are covered in at least one board meeting annually, with written updates on ESG provided to the Board at least bi-monthly. Additionally, The Carlyle Group's ESG and Impact team provides regular updates on the firm's ESG and impact work to Kewsong Lee (Chief Executive Officer). There is a firmwide ESG Review Committee comprised of the Chief Operating Officer, the Chief Risk Officer, the Global General Counsel for Investments, and the Global Head of Impact.
I02-20	<b>Executive-level responsibility for economic, environmental, and social topics</b>	The reporting organization shall report the following information: a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body	The Carlyle Group's Board of Directors oversee the Firm's ESG and impact strategy. The Board of Directors are publicly listed <a href="#">here</a> . Janet Hill is The Carlyle Group's Board lead for ESG.  The Carlyle Group's Global Head of Impact who oversees the Global ESG team reports directly to the firm's Chief Operating Officer & The Carlyle Group's Board of Directors. ESG topics are covered in at least one board meetings annually, with written updates on ESG provided to the Board at least bi-monthly.
I02-21	<b>Consulting stakeholders on economic, environmental, and social topics</b>	The reporting organization shall report the following information: a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	The Carlyle Group's Board of Directors receives information about material ESG issues for the firm. The Board of Directors are publicly listed <a href="#">here</a> . Janet Hill is The Carlyle Group's Board lead for ESG. The Carlyle Group's Global Head of Impact, who oversees the Global ESG team reports directly to the firm's Chief Operating Officer & The Carlyle Group's Board of Directors. ESG topics are covered in at least one board meeting annually, with written updates on ESG provided to the Board at least bi-monthly.
I02-22	<b>Composition of the highest governance body and its committees</b>	The reporting organization shall report the following information: a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	The Carlyle Group's Board of Directors oversees our business and affairs and consists of 12 directors. Currently, half of the directors on our Board are independent. Over time, we intend to transition to a majority independent Board. Two of our founding partners, David M. Rubenstein and William E. Conway, Jr., currently serve as non-executive Co-Chairmen of the Board. Our Chief Executive Officer, Kewsong Lee, also serves as a Board member. Janet Hill serves as our Board lead for ESG.  Lawton Fitt serves as our Lead Independent Director. She presides at executive sessions of the independent directors and engages with them between Board and Committee meetings. As our Lead Independent Director, Ms. Fitt, works closely with the independent directors to provide essential objective oversight of our business. She facilitates communications with the Board, the identification of matters for consideration by the Board and management, and the formulation of appropriate guidance to be suggested by the independent directors. The Carlyle Group's Board of Directors is comprised of 30%+ diverse directors.  Additional information on our Board of Directors can be found on P. 7-19 of our <a href="#">Proxy Statement</a> .  The Carlyle Group representatives from across the organization, including those who sit on the highest governance body, routinely talk to shareholders, LPs, NGOs and government on economic, environmental and social topics.



DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
102-23	<b>Chair of the highest governance body</b>	The reporting organization shall report the following information: a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	The Carlyle Group's Board of Directors oversees our business and affairs and consists of 12 directors. Currently, half of the directors on our Board are independent. Over time, we intend to transition to a majority independent Board. Two of our founding partners, David M. Rubenstein and William E. Conway, Jr., currently serve as non-executive Co-Chairmen of the Board. Our Chief Executive Officer, Kewsong Lee, also serves as a Board member. Lawton Fitt serves as our Lead Independent Director. She presides at executive sessions of the independent directors and engages with them between Board and Committee meetings. As our Lead Independent Director, Ms. Fitt, works closely with the independent directors to provide essential objective oversight of our business. She facilitates communications with the Board, the identification of matters for consideration by the Board and management, and the formulation of appropriate guidance to be suggested by the independent directors. We believe this leadership structure for the Board has served us well. Our CEO can utilize the Board as a resource for insights and advice, and under this leadership structure he is able to focus his efforts on operating the business and leading the management team. We benefit from our founders' extensive knowledge and experience in the alternative asset investment management industry, and the continuity they have provided as The Carlyle Group transitioned from a private partnership to a public company. At the same time, we benefit from the perspectives of a diverse group of independent directors with a strong Lead Independent Director. Additional information on our Board of Directors can be found on P. 7 - 19 of our <a href="#">Proxy Statement</a> .
102-24	<b>Nominating and selecting the highest governance body</b>	The reporting organization shall report the following information: a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	Please see pages 9-15 of The Carlyle Group's 2021 <a href="#">Proxy Statement</a> . The Nominating and Corporate Governance committee considers ESG as part of its analysis of potential candidates.
102-25	<b>Conflicts of interest</b>	The reporting organization shall report the following information: a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	The Carlyle Group is a publicly traded company which requires a high standard in terms of identifying, mitigating and disclosing conflicts of interest. In addition, the funds we manage are advised by investment advisers registered with the US Securities and Exchange Commission as registered investment advisers (RIAs). As such, these RIAs are also subject to high standards in terms of identifying, mitigating and disclosing conflicts of interest.
102-26	<b>Role of highest governance body in setting purpose, values, and strategy</b>	The reporting organization shall report the following information: a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	<p>The Carlyle Group's Board of Directors and its senior executives, including CEO Kewsong Lee, are responsible for the approval of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics. The Carlyle Group developed its Guidelines for Responsible Investment in 2008, which the firm retains to this day. These guidelines were approved by The Carlyle Group's Board of Directors, are used in our investment decision-making, monitoring, and post-investment activity. Our Guidelines can be found on our website <a href="#">here</a>.</p> <p>The Carlyle Group's dedicated ESG team is responsible for developing and updating The Carlyle Group's approach to ESG issues, in conjunction with senior executives across the firm. Any material updates or changes to The Carlyle Group's approach to ESG are reviewed and approved by The Carlyle Group's CEO, and in some cases, The Carlyle Group's Board of Directors. The Carlyle Group's Board of Directors is responsible for the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics. The Board of Directors has formal oversight for the firm's approach to ESG. It receives an overview of the firm's approach to ESG issues at least on an annual basis and annually reviews and approves the firm's ESG report.</p>
102-27	<b>Collective knowledge of highest governance body</b>	The reporting organization shall report the following information: a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	<p>The Carlyle Group's Board of Directors receives updates on material issues for the firm and education on emerging topics, including on certain economic, environmental, and social issues such as diversity and inclusion, cybersecurity, and more.</p> <p>Carlyle's Board of Directors receives an overview of the firm's approach to ESG issues at least on an annual basis. This overview includes information on how Carlyle is actively managing the most material ESG issues for itself as a corporation, as well as how Carlyle integrates ESG across its investment processes in order to drive long-term, sustainable value in its investments. The Carlyle Group Board of Directors also receives education on emerging ESG issues of important to the firm on at least an annual basis. The Board of Directors annually reviews and approves the firm's ESG report and has formal oversight for the firm's approach to ESG. In some cases, we include The Carlyle Group's Board of Directors in ESG events or conferences, further enhancing the highest governance body's knowledge of economic, environmental, and social topics. For example, we hosted our annual portfolio company sustainability workshop, welcoming 61 portfolio company attendees for a day of discussion ESG issues. Our Board lead for ESG, Janet Hill, was featured in a mainstage presentation regard ESG board competencies, and attended additional sessions throughout the day.</p>

DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
I02-28	<b>Evaluating the highest governance body's performance</b>	The reporting organization shall report the following information: a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	Each year The Carlyle Group Board of Directors and its Committees conduct an assessment of its performance against the objectives and goals that they set for themselves as well as the requirements of their charter documents. As part of this assessment, the Board considered its strengths and areas for improvement. Among other topics, the Board considers whether it has the right mix of skills and experience on the Board.  The Nominating and Corporate Governance committee considers ESG as part of its analysis of potential candidates.  While ESG factors have been a part of compensation decisions previously, we have formally tied ESG to compensation. The Carlyle Group's Compensation Committee has established that diversity, equity, and inclusion will be one of the factors that will inform a portion of CEO compensation, as well as a factor for all employees. Year-end bonuses for all employees across all levels will be set according to performance, which includes meeting previously-set individual diversity, equity, and inclusion objectives. Linking compensation to DEI metrics allows us to further embed inclusive leadership and management into our organization, and the foundation of great leaders. We are also launching a new The Carlyle Group DEI Incentive Award Program. Specifically, this program will reward a select group of employees who have gone above and beyond to contribute to DEI progress. Formally linking incentive awards to progress on the firm's DEI efforts underscores that these components are key to honing our competitive edge. This strategy is designed to incent inclusive behavior, drive progress on key metrics, and align with our strategy and values while prioritizing accountability from all employees of the firm.
I02-29	<b>Identifying and managing economic, environmental, and social impacts</b>	The reporting organization shall report the following information: a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	The Carlyle Group's Board of Directors oversees The Carlyle Group's ESG and impact strategy. At least annually, the ESG team presents developments in ESG integration and impact strategy and process to The Carlyle Group's Board of Directors.
I02-30	<b>Effectiveness of risk management processes</b>	The reporting organization shall report the following information: a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	We have formally tied ESG to compensation. The Carlyle Group's Compensation Committee has established that diversity, equity, and inclusion will be one of the factors that will inform a portion of CEO compensation. Formally linking incentive awards to progress on the firm's DEI efforts underscores that these components are key to honing our competitive edge. This strategy is designed to incent inclusive behavior, drive progress on key metrics, and align with our strategy and values.
I02-31	<b>Review of economic, environmental, and social topics</b>	The reporting organization shall report the following information: a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	The Carlyle Group has reported on economic, environmental and social topics since 2010 on an annual basis. Please see our historical ESG reporting archive <a href="#">here</a> .
I02-32	<b>Highest governance body's role in sustainability reporting</b>	The reporting organization shall report the following information: a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	The Carlyle Group's sustainability report, titled The Carlyle Group's 2021 Impact Review, is reviewed and approved by multiple senior stakeholders in the firm. The report is ultimately reviewed and approved by The Carlyle Group's CEO, Kewsong Lee, who is also a member of The Carlyle Group's Board of Directors. The Carlyle Group's Board of Directors ESG lead annually reviews the firm's ESG report. The Board has formal oversight for the firm's approach to ESG.
I02-33	<b>Communicating critical concerns</b>	The reporting organization shall report the following information: a. Process for communicating critical concerns to the highest governance body	Any person may report directly to the Audit Committee and/or the management by contacting the General Counsel in relation to any accounting allegation, legal allegation or to report a retaliatory act by addressing such report in writing. The Carlyle Group has a <a href="#">Ethics and Compliance hotline</a> that is available to all employees and other processes for submitting concerns anonymously. The General Counsel reports each meeting to the Audit Committee of the Board of Directors on any whistleblower activity.  Additionally, an Ethics and Compliance hotline is available to all employees, as noted on page 4 of our <a href="#">Proxy Statement</a> .
I02-35	<b>Remuneration policies</b>	The reporting organization shall report the following information: a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	Please view page 25-56 of The Carlyle Group's <a href="#">Proxy Statement</a> for additional information.  Please see GRI disclosure I02-28 in this document for information on how ESG impacts remuneration decisions.

DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
I02-36	<b>Process for determining remuneration</b>	The reporting organization shall report the following information: a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization	The Carlyle Group believes quality compensation and incentive programs are critical to hiring and retaining highly qualified individuals. Please see GRI disclosure I02-28 in this document for information on how ESG impacts remuneration decisions.  Base pay is provided to each salaried employee in the form of a base salary and to each hourly employee in the form of compensation per hour to compensate employees for satisfying the daily expectations of their role. We strive to provide base pay to our employees that is competitive with the local marketplace for our industry and so we may attract and retain top talent.  The annual discretionary performance-based cash bonus program is a significant component of our compensation program. The plan is based on the Firm, funds, and departments achieving expected performance results in order to fully fund the bonus awards. The plan provides for direct alignment with the Firm's financial performance and expectations. Please see pages in 25-56 in The Carlyle Group's <a href="#">Proxy Report</a> for information regarding The Carlyle Group's executive compensation, the role of The Carlyle Group's compensation committee of the Board of Directors and The Carlyle Group's compensation consultant.  To further align the interests of our employees with our shareholders and to cultivate a strong sense of ownership and commitment to our firm, certain employees also are eligible to receive awards of restricted stock units or participate in our other long-term incentive programs. The success of our business is fundamentally connected to the well-being of our people. We are committed to their health, safety and wellness and seek to provide benefits that are locally relevant for our global employees. Following the start of the COVID-19 pandemic, during 2020, we offered enhanced support to our employees by partnering with external wellness providers to host dedicated sessions on mental and physical well-being.
I02-37	<b>Stakeholders' involvement in remuneration</b>	The reporting organization shall report the following information: a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	Please see pages 6-10 of The Carlyle Group's <a href="#">Form IO-K Report</a> .
I02-38	<b>Annual total compensation ratio</b>	The reporting organization shall report the following information: a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	For 2020, the annual total compensation for our principal executive officer was \$16,384,203 and our median employee's annual total compensation was \$248,521. Based on the CEO's annual total compensation, our CEO Pay Ratio for 2020 was 65.9:1.
I02-40	<b>List of stakeholder groups</b>	The reporting organization shall report the following information: a. A list of stakeholder groups engaged by the organization.	Please see the materiality assessment methodology on page 37 of this document.
I02-42	<b>Identifying and selecting stakeholders</b>	The reporting organization shall report the following information: a. The basis for identifying and selecting stakeholders with whom to engage	Please see the materiality assessment methodology on page 37 of this document.
I02-43	<b>Approach to stakeholder engagement</b>	The reporting organization shall report the following information: a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Please see the materiality assessment methodology on page 37 of this document.
I02-44	<b>Key topics and concerns raised</b>	The reporting organization shall report the following information: a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	Please see the materiality assessment methodology on page 37 of this document.
I02-45	<b>Entities included in the consolidated financial statements</b>	The reporting organization shall report the following information: a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Please see pages 154-163 in The Carlyle Group's <a href="#">Form IO-K Report</a> .
I02-46	<b>Defining report content and topic Boundaries</b>	The reporting organization shall report the following information: a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	Please see the materiality assessment methodology on page 37 of this document.
I02-47	<b>List of material topics</b>	The reporting organization shall report the following information: a. A list of the material topics identified in the process for defining report content	Please see the materiality assessment methodology on page 37 of this document.
I02-48	<b>Restatements of information</b>	The reporting organization shall report the following information: a. The effect of any restatements of information given in previous reports, and the reasons for such restatements	No significant restatements of our Corporate Sustainability reporting compared to the previous reporting period.

DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
I02-49	<b>Changes in reporting</b>	The reporting organization shall report the following information: a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries	The Carlyle Group's sustainability reports have previously considered GRI and SASB standards, but this year we have included reporting against the World Economic Forum's (WEF) proposed metrics as well. Please see additional information on the WEF metrics <a href="#">here</a> .
I02-50	<b>Reporting period</b>	The reporting organization shall report the following information: a. Reporting period for the information provided.	January 2020-December 2020
I02-51	<b>Date of most recent report</b>	The reporting organization shall report the following information: a. If applicable, the date of the most recent previous report.	June 2020
I02-52	<b>Reporting cycle</b>	The reporting organization shall report the following information: a. Reporting cycle.	The Carlyle Group has produced an annual sustainability report since 2010. Previous reports can be found <a href="#">here</a> .
I02-53	<b>Contact point for questions regarding the report</b>	The reporting organization shall report the following information: a. The contact point for questions regarding the report or its contents.	Meg Starr at <a href="mailto:Megan.Starr@Carlyle.com">Megan.Starr@Carlyle.com</a>
I02-54	<b>Claims of reporting in accordance with the GRI Standards</b>	The reporting organization shall report the following information: a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	This report has been prepared in accordance with the GRI Standards: Core option.
I02-55	<b>GRI content index</b>	The reporting organization shall report the following information: a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	The GRI content index (this document) is in accordance with the GRI Standards.
I02-56	<b>External assurance</b>	The reporting organization shall report the following information: a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	At this time, The Carlyle Group does not seek external assurance for its Impact Review report. The document is reviewed by The Carlyle Group's CEO, COO, CRO, Legal, Compliance, and our Global Head of Impact. The Carlyle Group's consolidated financial statements are externally audited by Ernst and Young LLP.

# Economic Disclosures

The table below lists the material economic topics identified during The Carlyle Group's materiality assessment process (see Impact Review, pg. 37). All topics identified pertain directly to The Carlyle Group.

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	The reporting organization shall report the following information: a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	Please see pages I54-I63 in The Carlyle Group's <a href="#">Form IO-K Report</a> .
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	The reporting organization shall report the following information: a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	We view climate change as systemically important across our portfolio, and are committed to understanding and addressing material climate risks and opportunities. We were one of the first major private equity firms to publish a <a href="#">Taskforce on Climate-related Financial Disclosures report</a> which details our approach to navigating climate risks and opportunities.  <b>Highlights of progress from the past year include:</b> - Completed bottom-up carbon footprinting of our majority-owned companies in our three primary corporate private equity strategies (US, Europe, and Asia) - Hosted a climate scenario workshop to model the potential impacts on The Carlyle Group's investment portfolio under different climate scenarios, led by Business for Social Responsibility (BSR) - Integrated diligence of physical climate risk into select investments to better understand the risk of sea level rise, extreme weather events and insurability of assets - Completed our fourth year of carbon neutrality in our operations
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	The reporting organization shall report the following information: a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements.	Please see The Carlyle Group's <a href="#">infrastructure website</a> .
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	The reporting organization shall report the following information: a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	Our Anti-Bribery & Corruption (ABC) Policy is shared with all employees globally. Additionally, training is provided to all The Carlyle Group employees globally on ABC. An internal audit function also carries out periodic monitoring activity. The Carlyle Group does not routinely share our ABC Policy with our business partners. However, we do require representation and certificates on their own compliance with ABC requirements in our contracts.

# Environmental Disclosures

The table below lists the material environmental topics identified during The Carlyle Group's materiality assessment process (see Impact Review, pg. 37). All topics identified pertain directly to The Carlyle Group.

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 302	Energy	302-1	Energy consumption within the organization	The reporting organization shall report the following information: a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used	(a, b) The Carlyle Group has no direct fuel consumption as a part of its operations (c) Total estimated electricity & heating consumption: 11,392 MWH. Cooling not separated; zero steam consumption. (d) Zero energy sold (e) 12,388 MWH (f,g) Sources: US DoE "eGrid", International Energy Agency, US EPA. Procedures align with WRI GHG Protocol, verified by Apex Companies (formerly known as Bureau Veritas). We offset our emissions by purchasing truck stop electrification and waste-to-energy landfill projects in the US through The Carbon Fund, which were verified by the American Carbon Registry, as well as agroforestry projects in Laos through Varo, a The Carlyle Group portfolio company.  We undertake a number of initiatives to reduce our overall environmental footprint. Please see details <a href="#">here</a> .  Additionally, the landlord of our New York City office space, SL Green publishes an <a href="#">annual sustainability report</a> .
GRI 302	Energy	302-3	Energy intensity	The reporting organization shall report the following information: a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	(a) 6.81 MWH per employee of energy use. 3.6 MT of CO2e per employee of GHG emissions. (b) Employee headcount (c) All energy types included (d) Energy use refers specifically to Scope 2, while the GHG footprint includes all scopes
GRI 303	Water and Effluents	303-5	Water consumption	The reporting organization shall report the following information: a. Total water consumption from all areas in megaliters. b. Total water consumption from all areas with water stress in megaliters. c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact. d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors	We believe our water consumption is de minimis as we lease our ~30 office spaces - the majority of our buildings are outfitted with water efficiency measures such as low-flow toilets. As tenants, we are unable to obtain the data to undertake a comprehensive analysis of our water consumption across our global offices.
GRI 305	Emissions	305-1	Direct (Scope I) GHG emissions	The reporting organization shall report the following information: a. Gross direct (Scope I) GHG emissions in metric tons of CO2 equivalent. b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Biogenic CO2 emissions in metric tons of CO2 equivalent. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	(a) Zero material Scope I emissions

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	The reporting organization shall report the following information: a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent. c. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used	(a) 4,999 MT of CO2e (b) N/A (c) All included (d) First year of GHG accounting was 2017. Current reporting covers the 2020 emissions year. (e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors (f) Financial control (g) WRI GHG Protocol. Verified by Apex Companies.
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	The reporting organization shall report the following information: a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent. b. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Biogenic CO2 emissions in metric tons of CO2 equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used.	(a) 1,553 MT of CO2e (b) N/A (c) All included (d) First year of GHG accounting was 2017. Current reporting covers the 2019 emissions year. No methodological changes in that time. Due to the COVID-19 pandemic and enforced work from home, we have excluded employee commuting from our footprint for 2020. We will resume the inclusion of commuting as we transition back into the office but anticipate that the data for 2020 and 2021 may not be comparable to prior years. Our Scope 3 emissions are significantly lower in 2020 due to reduced business travel. (e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors (f) Financial control (g) WRI GHG Protocol. Verified by Apex Companies.
GRI 305	Emissions	305-4	GHG emissions intensity	The reporting organization shall report the following information: a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	(a) 3.6 (b) Number of employees (c) Scope 2 and Scope 3 (d) All included
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	The reporting organization shall report the following information: a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) c. How the waste disposal method has been determined: i. Disposed of directly by the organization, or otherwise directly confirmed ii. Information provided by the waste disposal contractor iii. Organizational defaults of the waste disposal contractor	As a financial services firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of properly and recycle.

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 306	Effluents and Waste	306-3	Significant spills	The reporting organization shall report the following information: a. Total number and total volume of recorded significant spills. b. The following additional information for each spill that was reported in the organization's financial statements: i. Location of spill; ii. Volume of spill; iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). c. Impacts of significant spills.	As a financial services firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of properly and recycle.
GRI 306	Effluents and Waste	306-4	Transport of hazardous waste	The reporting organization shall report the following information: a. Total weight for each of the following: i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used.	As a financial services firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of properly and recycle.
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	The reporting organization shall report the following information: a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	We are not aware of any material fines for non-compliance with environmental laws or regulations within our operations.



# Social Disclosures

The table below lists the material environmental topics identified during The Carlyle Group's materiality assessment process (see Impact Review, pg. 37). All topics identified pertain directly to The Carlyle Group.

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>The reporting organization shall report the following information:</p> <p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <ul style="list-style-type: none"> <li>i. life insurance;</li> <li>ii. health care;</li> <li>iii. disability and invalidity coverage;</li> <li>iv. parental leave;</li> <li>v. retirement provision;</li> <li>vi. stock ownership;</li> <li>vii. others.</li> </ul> <p>b. The definition used for 'significant locations of operation'.</p>	<p>The Carlyle Group currently provides the following benefits to full and part-time employees for our significant offices locations in Washington DC, New York, London and Hong Kong:</p> <ul style="list-style-type: none"> <li>• life insurance</li> <li>• health care</li> <li>• disability and invalidity coverage</li> <li>• parental leave</li> <li>• retirement provision</li> <li>• stock ownership (for certain grades)</li> <li>• tuition reimbursement</li> <li>• commuter allowance</li> <li>• childcare backup or vouchers</li> <li>• dental care insurance</li> </ul> <p>In the U.S., our full-time employees generally are eligible for the benefits listed above, while part-time employees typically only are eligible for retirement benefits, which retirement benefits are the same for full-time and part-time employees.</p> <p>Almost 100% of our full-time employees are eligible for coverage under the benefit and leave plans offered in their respective geographies.</p>
GRI 401	Employment	401-3	Parental leave	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> <li>a. Total number of employees that were entitled to parental leave, by gender.</li> <li>b. Total number of employees that took parental leave, by gender.</li> <li>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</li> <li>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</li> <li>e. Return to work and retention rates of employees that took parental leave, by gender.</li> </ul>	<p>In April 2019, for employees in our U.S. offices, we revamped the parental leave policy to include 16 weeks of paid parental leave for primary caregivers. During 2020, almost 100% of our global employees were entitled to parental leave. We offer parental leave to employees of all genders.</p>
GRI 403	Occupational Health and Safety	403-6	Promotion of worker health	<p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> <li>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</li> <li>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</li> </ul>	<p>We are committed to the health, safety, and wellness of our employees. Following the start of the COVID-19 pandemic, during 2020, we offered enhanced support to our employees by partnering with external wellness providers to host dedicated sessions on mental and physical well-being. We invested in developing a global five-pillar wellbeing plan, with the support of our senior management team. This plan focuses on the emotional, physical, social, financial, and environmental wellness of our employees. It includes webinar presentations by experts on topics including health, nutrition, resilience, and longevity, movement programs and challenges, and putting tools in place to help our employees feel safe and productive while working in a remote or hybrid work environment. As part of these efforts, we partnered with an external wellness provider to lead mindfulness and wellness webinars and meditation and yoga classes. We also centralized COVID-19 resources on our intranet page, including tips for managers and working parents, and access to our Employee Assistance Program.</p> <p>In the U.S., we provided access to a membership for full-time employees and their families to One Medical, a The Carlyle Group portfolio company. One Medical is a primary care practice that is focused on patient comfort and convenience. One Medical provides 24/7 virtual care via video, phone, and email, as well as online appointment booking and prescription renewals via an application or website.</p> <p>The Carlyle Group considered equity and inclusivity as we worked to redesign some of our employee benefits. In January 2020, we partnered with Progyny, a leading fertility benefits provider, to offer inclusive family building benefits and support to our employees and their partners, including single parents by choice and LGBTQ individuals.</p>

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 403	Occupational Health and Safety Continued	403-6	Promotion of worker health Continued		<p>and couples. Based on feedback and suggestions from our LGBTQ and Working Parents employee resource groups (ERGs), in partnership with our Human Capital Management team, this benefit is available to all full-time employees versus traditional benefits that require evidence of infertility. The benefit provides access to a large network of fertility specialists, and support for adoption or surrogacy options, as well as coverage for family planning processes.</p> <p>Commencing in 2021, we are providing an annual wellbeing stipend for employees at the level of Principal/Director and below that can be used in the employee's discretion for health and wellness related items or services. Suggested uses for this stipend include gym memberships and class fees, meditation or sleep apps, exercise equipment, a commuting bike, fees for a nutrition coach, a massage therapist, and other related items or services.</p> <p>During the COVID-19 pandemic, we formed a special committee tasked with monitoring developments and hosted informational presentations. For example, a member of the COVID-19 Prevention Network, presented to our employees on the SARS-COV-2, recent mutations, global vaccine development, deployment, and efficacy.</p> <p>In addition to the benefits outlined above, we are especially focused on employee satisfaction and mental health during the pandemic. We implemented global manager trainings to train managers to recognize symptoms of burnout versus stress in themselves and their staff with subsequent training on how to respond in a motivating and inspiring way. Further, in recognition of employee feedback regarding difficulties in disconnecting while working from home, our senior management team has decided to close our offices globally for one week in August 2021. This closure will not count towards our employees' regularly allotted vacation days. Similarly, the firm closed for one week in December 2020 to allow employees to disconnect. This decision was made, in part, in response to the results of our annual employee engagement survey. The survey is an integral part of our Human Capital Management development strategy. An overview of the results of the employee engagement survey is shared with all global employees.</p> <p>Our focus on employee health and wellness extends to our physical offices as well. All of our Washington, D.C. and New York, New York offices are equipped with motorized standing desks.</p>
GRI 404	Training and Education	404-1	Average hours of training per year per employee	<p>The reporting organization shall report the following information:</p> <p>a. Average hours of training that the organization's employees have undertaken during the reporting period, by:</p> <p>i. gender;</p> <p>ii. employee category</p>	<p>During 2020, we did not track the hours and cost for employee training programs on a per employee basis. However, in 2021 we have implemented a new learning management system, EMPOWER, which we anticipate will allow us to gather data regarding the cost and hours of training completed during 2021. We anticipate that the EMPOWER system also will assist us in tracking learning metrics and improving our training offerings for employees.</p> <p>We are committed to ensuring that our employees have the relevant knowledge, skills, and expertise to perform their roles at high standards and achieve their full potential. The EMPOWER system provides our global employees with access to training and learning resources on demand at their convenience.</p>
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	<p>The reporting organization shall report the following information:</p> <p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p>	<p>We provide a broad range of training programs to assist employees in upgrading their skills. These include:</p> <p><b>1. Instructor-led Training Delivery/Facilitation</b></p> <ul style="list-style-type: none"> <li>• Full curriculum of scheduled training with CPE credits available, typically focused on professional and leadership skills.</li> <li>• Technical Training, such as programs on fundamental and advanced Excel.</li> </ul> <p><b>2. eLearning Programs</b></p> <p>eLearning programs are offered to both full-time and part-time employees:</p> <ul style="list-style-type: none"> <li>• LinkedIn Learning provides an extensive online library of instructional videos on professional and leadership skills taught by industry experts.</li> <li>• GetAbstract provides book summaries of over 13,000 current and classic best sellers and hundreds of summaries and links to TED Talks.</li> <li>• Blue Ocean Brain provides short articles, tips, and brain performance challenges focused on critical thinking skills and building brain-healthy habits.</li> <li>• Corporate Executive Board Accounting &amp; Controls Roundtable provides accounting specific best practice research, templates, accounting research tools, and a policy library, as well as access to over 200 self-paced online courses and webcasts, with CPE credit available.</li> </ul> <p><b>3. Onboarding</b></p> <ul style="list-style-type: none"> <li>• Learning &amp; Development Overview during week 1 orientation.</li> <li>• Monthly Global Employee Orientation sessions providing overviews of different areas of the firm.</li> </ul>

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 404	Training and Education Continued	404-2	Programs for upgrading employee skills and transition assistance programs Continued		<p><b>4. Annual training programs</b></p> <ul style="list-style-type: none"> <li>Analyst, Associate, and Senior Associate Program and Associate Continuing Education.</li> <li>Global VP/Associate Director Forum.</li> <li>Finance Training Day, which focuses on training for those in investor services roles (for example finance or technology), with CPE credit available.</li> </ul> <p><b>5. Leadership Programs</b></p> <ul style="list-style-type: none"> <li>Better Managers Program, which focuses on building core, foundation management behaviors and skills and addresses topics such as increasing self-awareness, transitioning to management, setting goals, giving and receiving feedback, building trust, delivering change, and driving collaborative solutions.</li> <li>Better Leaders Program, which focuses on advanced management behaviors and skills such as leading change efforts, driving decision quality, effectively delegating, inspiring followership, building high-performing teams, leading difficult conversations, performance coaching, and managing upwards. Participants complete both MBTI and Hogan assessments.</li> <li>Career Strategies Initiative, which provides underrepresented professionals with the access, inspiration, and support needed to advance and expand their impact and scope; builds inclusive teams and boosts the effectiveness of the participants' managers as leaders; includes a robust assessment center, assigned Career Coach and Executive Sponsor, peer learning cohorts, bi-monthly skill building workshops, and career action planning.</li> <li>Quarterly Learning Sessions for People Managers, which provide sessions on best practices research and interactive exercises.</li> </ul> <p><b>6. Formal Mentorship Program</b></p> <p>To provide career development guidance to gain knowledge, skills, experience, information, and advice.</p> <p><b>7. Training Tuition Reimbursement Program</b></p> <p>We reimburse eligible employees for a portion of the cost of external training programs, including: undergraduate coursework, graduate coursework, various professional certifications, standardized test preparation, or academic seminars.</p>
GRI 405	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	The reporting organization shall report the following information: a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	<p>All global employees receive an annual performance review which includes discussion of career development. We use a single performance evaluation process for employees. The key features of our performance evaluation process, which are tracked in our performance feedback system, include team and individual goal setting with employees setting one goal specifically focused on diversity, equity, and inclusion, gathering stakeholder feedback, conducting mid-year reviews of progress toward goals, gathering additional stakeholder feedback, and conducting year-end performance evaluations.</p> <p>Business leaders also review goals with a focus on creating opportunities for their team member to grow and advance over time. These discussions help to identify future leaders and build a talent bench.</p> <p>Based on employee feedback, we have our Human Capital Management team that has worked to communicate further transparency in our promotions process. For example, the HCM team provided information regarding the process and criteria for promotion on our internal employee website. Each team is assigned a Human Resources Business Partner who is responsible for responding to questions employees may have about promotions.</p>
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	The reporting organization shall report the following information: a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	<p>Our Board of Directors oversees our business and affairs and consists of 12 directors. Currently, half of the directors on our Board are independent. Over time, we intend to transition to a majority independent Board. Two of our founders, David M. Rubenstein and William E. Conway, Jr., currently serve as non-executive Co-Chairmen of the Board. Our Chief Executive Officer, Kewsong Lee, also serves as a Board member. Janet Hill serves as our Board lead for ESG. Lawton Fitt serves as our Lead Independent Director. She presides at executive sessions of the independent directors and engages with them between Board and Committee meetings. As our Lead Independent Director, Ms. Fitt, works closely with the independent directors to provide essential objective oversight of our business. She facilitates communications with the Board, the identification of matters for consideration by the Board and management, and the formulation of appropriate guidance to be suggested by the independent directors.</p> <p>The Carlyle Group's Board of Directors is comprised of 30%+ diverse directors. The Board of Directors believes that diversity is an important component of a board, which includes such factors as background, skills, experience, expertise, gender, race, and culture. Further, the Board of Directors does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual preference in selecting director candidates.</p> <p>Please view pages 7-13 of <a href="#">The Carlyle Group's Proxy Statement</a> for additional information on the Board of Directors including biographies.</p>

GRI STANDARD NUMBER	GRI STANDARD TITLE	DISCLOSURE NUMBER	DISCLOSURE TITLE	DESCRIPTION	LOCATION OR RELEVANT INFORMATION
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	<p>The reporting organization shall report the following information:</p> <p>a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:</p> <ul style="list-style-type: none"> <li>i. social impact assessments, including gender impact assessments, based on participatory processes;</li> <li>ii. environmental impact assessments and ongoing monitoring;</li> <li>iii. public disclosure of results of environmental and social impact assessments;</li> <li>iv. local community development programs based on local communities' needs;</li> <li>v. stakeholder engagement plans based on stakeholder mapping;</li> <li>vi. broad-based local community consultation committees and processes that include vulnerable groups;</li> <li>vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;</li> <li>viii. formal local community grievance processes.</li> </ul>	<p>Please view the following page for information on our response to the <a href="#">COVID-19 pandemic</a>.</p> <p>Please see pages 20-22 in <a href="#">The Carlyle Group's Form 10-K</a>.</p> <p>We are currently focused on responding to the surge of COVID-19 cases in India. Carlyle and some of our portfolio companies are partnering with a consortium of government, private companies, and charities to source and import necessary oxygen concentrators and oxygen bottles.</p>
GRI 417	Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications	<p>The reporting organization shall report the following information:</p> <p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	<p>No instances of noncompliance with regulations and/or voluntary codes concerning marketing activities resulting in fines or non-monetary sanctions from competent authorities were identified during the reporting period.</p>

# World Economic Forum

## SUB-THEMES, CORE METRICS & DISCLOSURES

## LOCATION OR RELEVANT INFORMATION

### Setting purpose

Whether the company has a stated purpose linked to societal benefit and their core business

An important component of Carlyle's mission statement is to be responsible and respected members of the global community. As stated on [our firm's landing page](#), as a global investment firm we work together to create long-term value for our investors, companies, shareholders, people and communities. Further, our CEO Kewsong Lee signed the Business Roundtable's Statement on the Purpose of a Corporation in 2019, reaffirming our commitment to all of our stakeholders.

The Statement on the Purpose of a Corporation is focused on a commitment to: Deliver value to customers; Invest in employees through fair compensation and provision of benefits; Deal fairly and ethically with suppliers; Provide support to the communities in which a company operates; and, Generate long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. This includes transparency and effective engagement with shareholders.

The full Statement on the Purpose of a Corporation can be found [here](#).

### Board composition

Composition of the highest governance body and its committees by: executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; competencies relating to economic, environmental and social topics; stakeholder representation

Please see GRI disclosure I02-22 in this document.

### Impact of material issues on stakeholders

A list of the material topics identified in the process of defining report content and how they impact stakeholders

100% of Carlyle's employees receive training on the organization's anti-corruption policies and procedures.

### Protected ethics advice and reporting mechanisms

A description of internal and external mechanisms for:  
1. seeking advice about ethical and lawful behaviour, and organizational integrity;  
2. reporting concerns about unethical or unlawful behaviour, and organizational integrity

Please see GRI disclosure I02-17 in this document. Disclosure I02-17 details our Code of Conduct, Whistleblower Policy and Ethics and [Compliance Hotline](#).

### Integrating risk and opportunity into business process

Company risk factor disclosures clearly identify the principal risks facing the company specifically (as opposed to generic sector risks), the Board appetite in respect of these risks, how these risks have moved over time and the response to those changes. These should include discussion of data security and other emerging principal risks and should disclose the number of data breaches in the reporting period

Please see GRI disclosure I02-15 in this document.

## SUB-THEMES, CORE METRICS & DISCLOSURES

## LOCATION OR RELEVANT INFORMATION

### Greenhouse Gas (GHG) emissions

Report GHG Protocol Scope 1 and 2 emissions in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) and estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where material.

No material Scope 1 emissions  
Scope 2 emissions: 4,999 MTCO<sub>2</sub>e  
Scope 3 emissions: 1,553 MTCO<sub>2</sub>e

### TCFD-aligned reporting on material climate risks and opportunities TCFD-aligned reporting on governance and risk management for all.

If climate change is material in short, medium or long term, disclose strategy and metrics/ targets as well, including whether the company has committed to set a science-based target in line with net zero by 2050.

Climate change is material in the short, medium, and long term. Our strategy to addressing climate risks and opportunities is available publicly in our [TCFD report](#).

### Diversity and inclusion (%)

Percentage of employees per employee category, by age group, gender and other indicators of diversity

Please see information on diversity within our teams [here](#).

### Training provided (#)

1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees)  
2. The average training and development expenditure per full time employee

Please see GRI disclosure 404-I in this document.

### Net Economic Contribution

1. Direct economic value generated and distributed (EVG&D) – on an accruals basis, covering the basic components for the organization's global operations, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government  
2. Financial assistance received from the government (e.g. tax breaks, subsidies, investment grants etc.)  
3. Net Economic Contribution = (EVG&D) minus (Financial assistance received from the government)

Please see GRI disclosure 201-I in this document.

### Community investment (%)

A percentage breakdown of community investment, including monetary contributions such as charitable gifts and community partnerships; time contributions such as staff volunteering in paid time; in-kind contributions from services or equipment; and management costs, normalized as a percentage of pre-tax profit

In 2020, The Carlyle Group matched 803 donations to 250 charitable organizations. In total, ~\$925,000 were donated in 2020.

Additionally, we engaged in a number of volunteering and fundraising initiatives:  
· Our New York, D.C., London, Miami, and Los Angeles offices participated in a Rumie virtual volunteer workshop, focused on advancing microlearning initiatives to remove barriers to learning  
· Our D.C. office hosted a Community of Hope back-to-school drive and a holiday toy drive for the Boys & Girls Club of Greater Washington  
· For the past ten years, The Carlyle Group has gathered a team to participate in Cycle for Survival, a cycling event to raise money for rare cancer research. To date, we have raised over \$265,000 for the organization

SUB-THEMES, CORE METRICS & DISCLOSURES

LOCATION OR RELEVANT INFORMATION

**Community investment (%) Continued**

A percentage breakdown of community investment, including monetary contributions such as charitable gifts and community partnerships; time contributions such as staff volunteering in paid time; in-kind contributions from services or equipment; and management costs, normalized as a percentage of pre-tax profit

- Our New York office hosted a holiday toy drive to support children that attend Carter G. Woodson school in Brooklyn NY
- Our Hong Kong office participated in a Junior Achievement virtual volunteer workshop
- Our London office spent time providing virtual tutoring for students during the COVID-19 pandemic
- Our Luxembourg office hosted a food and toy drive
- Our Beijing & Shanghai offices jointly made donations to buy 213 bottles of hand wash for Tibetan children during the COVID-19 pandemic
- Our Tokyo office worked with Social Investment Partner, Junior Achievement, and Learning for All, which provide educational services to low-income families. Additionally, the Tokyo office hosted a food drive and online run to support charitable organizations.

Our response to the COVID-19 pandemic can be found [here](#).

**Country by country tax reporting**

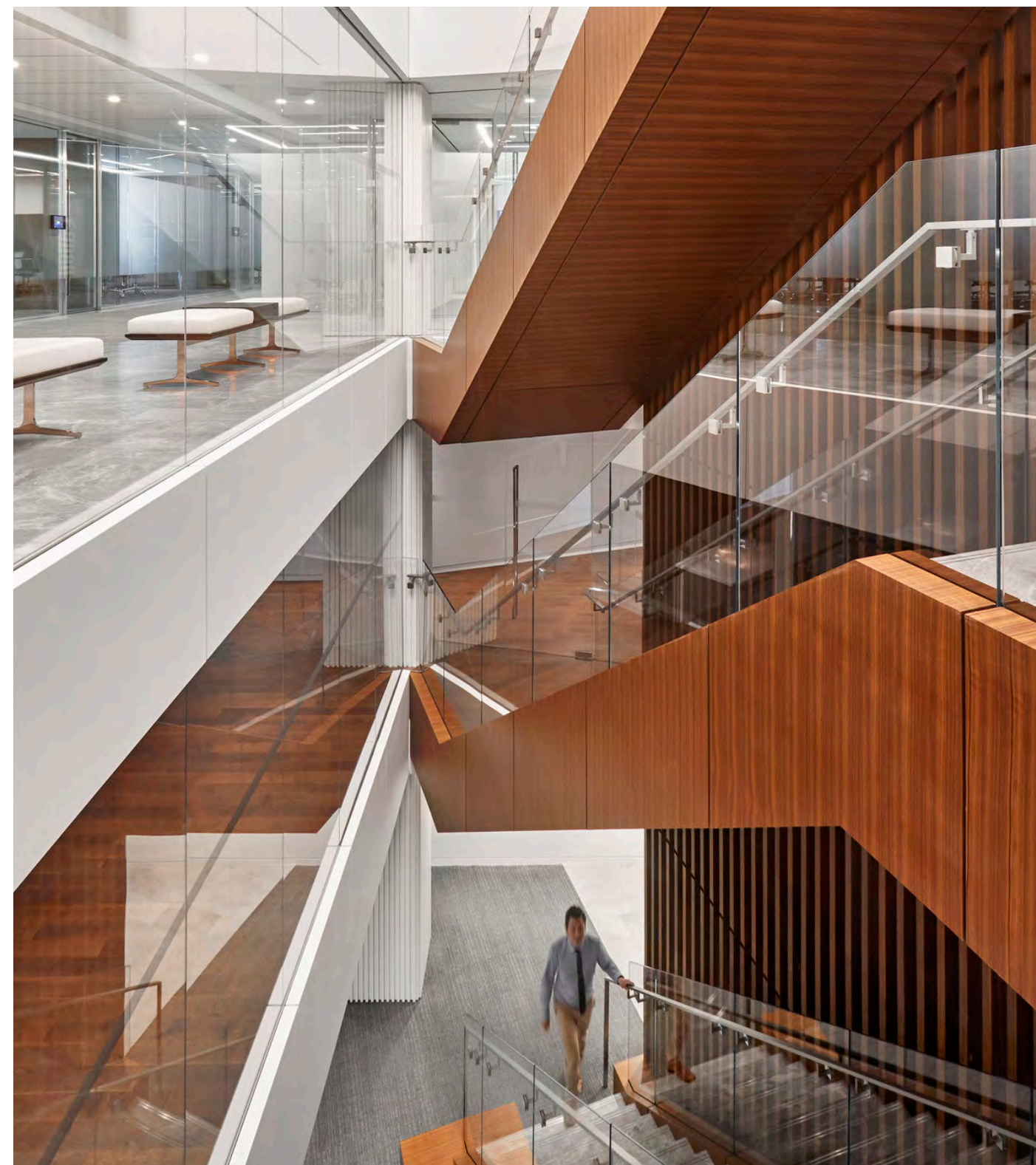
1. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.

2. For each tax jurisdiction reported in Disclosure 207-4-a:

- Names of the resident entities
- Primary activities of the organization
- Number of employees and the basis of calculation of this number
- Revenues from third-party sales
- Revenues from intra-group transactions with other tax jurisdictions
- Profit/loss before tax
- Tangible assets other than cash and cash equivalents
- Corporate income tax paid on a cash basis
- Corporate income tax accrued on profit/loss
- Reasons for the difference between corporate income tax accrued on profit/ loss and the tax due if the statutory tax rate is applied to profit/loss before tax

3. The time period covered by the information reported in Disclosure 207-4.

Please view pages 206-207 of The Carlyle Group's [Form 10-K report](#).





## GENERAL DISCLOSURES

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Investors should read this Corporate Citizenship Report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments listed herein. Investors should also review Carlyle's annual, quarterly, and other reports filed with the Securities and Exchange Commission (SEC). Certain of the information contained in this Corporate Citizenship Report represents or is based upon forward-looking statements or information. Forward-looking statements are inherently uncertain, and changing factors, such as those affecting the markets generally, or those affecting particular industries or issuers, may cause events or results to differ from those discussed. Therefore, undue reliance should not be placed on such statements or the conclusions

drawn therefrom, which in no event shall be construed as a guarantee of future performance, results or courses of action. Carlyle believes these factors include, but are not limited to, those described under "Risk Factors" in Carlyle's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC, as such factors may be updated from time to time in its periodic filings, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements. References to portfolio companies are intended to illustrate the application of Carlyle's investment process only and should not be viewed as a recommendation of any particular security or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by any fund or other product. The information provided herein is for informational purposes only and is not and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle or any of its affiliates. Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. Please see Carlyle's

public filings for the definition of "carry funds" and "Assets under Management" or "AUM."

Please note that certain energy funds described herein are jointly advised with Riverstone Holdings LLC and its affiliates. Carlyle does not serve as an adviser to any of the NGP Energy Capital Management investment funds. None of the employee metrics included herein includes the employees of Riverstone or NGP. For purposes of the non-financial operating and statistical data included herein, foreign currencies have been converted to US dollars at the spot rate as of the last trading day of the reporting period when presenting period end balances, and the average rate for the period has been utilized when presenting activity during such period.

# CARLYLE

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Any person receiving this Corporate Citizenship Report is permitted to copy and print individual pages for informational, non-commercial use. These copies must not alter the original report's content, including all legal notices and legends. There can be no assurances that Carlyle's investment objectives will be achieved or that our investment programs will be successful. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Investors should read this Corporate Citizenship Report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments listed herein. Investors should also review Carlyle's annual, quarterly and other reports filed with the Securities and Exchange Commission (SEC). Certain of the information contained in this Corporate Citizenship Report represents or is based upon forward-looking statements or information. Forward-looking statements are inherently uncertain, and changing

factors, such as those affecting the markets generally, or those affecting particular industries or issuers, may cause events or results to differ from those discussed. Therefore, undue reliance should not be placed on such statements or the conclusions drawn therefrom, which in no event shall be construed as a guarantee of future performance, results or courses of action. Carlyle believes these factors include, but are not limited to, those described under "Risk Factors" in Carlyle's Annual Report on Form IO-K for the year ended December 31, 2019, filed with the SEC, as such factors may be updated from time to time in its periodic filings, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements. References to portfolio companies are intended to illustrate the application of Carlyle's investment process only and should not be viewed as a recommendation of any particular security or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by

any fund or other product. The information provided herein is for informational purposes only and is not and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle or any of its affiliates. Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. Please see Carlyle's public filings for the definition of "carry funds" and "Assets under Management" or "AUM." Please note that certain energy funds described herein are jointly advised with Riverstone Holdings LLC and its affiliates. Carlyle does not serve as an adviser to any of the NGP Energy Capital Management investment funds. None of the employee metrics included herein includes the employees of Riverstone or NGP. For purposes of the non-financial operating and statistical data included herein, foreign currencies have been converted to US dollars at the spot rate as of the last trading day of the reporting period when presenting period end balances, and the average rate for the period has been utilized when presenting activity during such period.

**The Carlyle Group™ 2021**