
CARLYLE

# FROM DATA TO ACTION

*Better Impact, Better Results*

IMPACT REVIEW 2022

# Inside the Impact Review



*Click on buttons and underlined hyperlinks throughout the Impact Review to quickly explore new sections and additional content.*

There can be no assurance that Carlyle's ESG policies and procedures as described in this report, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment.

# At Carlyle, our mission is to invest wisely and create value.

# Introduction by Kewsong Lee

Carlyle has made significant progress in our Environmental, Social and Governance (ESG) efforts, seeking to lead by example in the global investment industry. To demonstrate these efforts and our remarkable achievements, we're proud to publish our 2022 Impact Review. As you review the report, I would like to highlight two major areas of focus for the firm – Energy Transition and Diversity, Equity and Inclusion (DEI).

As the global economy continues to endure a host of disruptive forces – from geopolitical decoupling and conflict, to inflation and market volatility – we believe energy transition is an increasingly important issue to secure a lower-carbon future and provide reliable, affordable energy at scale.

Carlyle's approach to this massive ongoing industry shift is grounded in the need to *invest* as opposed to *divest*. We've outlined in detail our view in a recent Fortune column I wrote, as well as in *The Inclusive Approach to Energy Transition* by Jason Thomas and Megan Starr. In the 2022 Impact Review, we provide additional examples of our work in renewable and sustainable energy development, such as our partnership with AlphaStruxure, as well as our efforts to help businesses across sectors – including in traditional energy – decarbonize, such as our partnership with Cepsa.

The recently announced integration of our global infrastructure and energy platform centralizes our capabilities and brings together the firm's vast resources and talent. The new structure enables us to seek to accelerate our investment behind the energy transition in a more coordinated way, which we expect will help achieve even greater success. Macky Tall and Pooja Goyal highlight how our global platform combines Carlyle's expertise in energy and infrastructure investing on the *What's Next for Impact?* podcast.

Furthermore, Carlyle is taking decisive action to drive the global investment industry to a more sustainable value-creation approach. In 2020, we were the first major private equity firm to publish a *Task Force on Climate-related Financial Disclosures* (TCFD) report, the industry-leading framework for climate reporting. In 2021, we led a partnership with the California Public Employees' Retirement System (CalPERS), collaborating with many of our private equity General Partner (GP) and Limited Partner (LP) peers to help create the ESG Data Convergence Project. This initiative seeks to standardize ESG metrics and provide a mechanism for comparative reporting for the global investment industry by creating the first ESG benchmark for private markets data. As of June 2022, more than 190 GPs and LPs, representing over $22 trillion in assets, are participating, and the inaugural benchmark now has ESG data from over 1,800 private companies. This year, we are pleased to be among the first major global private equity firms to make public our intention to play our part in contributing to the transition to a net zero economy with the establishment of both short- and long-term climate goals, with an overall aim of reaching net zero greenhouse gas emissions by 2050 across our direct investments.

In our 2022 Impact Review, you will also read about our commitment and efforts to develop more diverse, equitable, and inclusive teams. Our focus on DEI is based on evidence and our view that more diverse teams deliver better results for our stakeholders.[1] We also support applicable company boards in the U.S., Europe, and Asia through ESG-linked financings tied to achieving board diversity goals. Earlier this year, I proudly partnered with our Chief Diversity, Equity, and Inclusion Officer Kara Helander to spearhead the creation of the

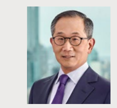
"

From our net zero goals, to the ESG Data Convergence project, to our DEI Leadership Network and beyond, Carlyle is using the key dimensions of ESG to build better impact and deliver better results, paving the way for the industry to do the same.

**KEWSONG LEE**
*Chief Executive Officer*

1 From Impact Investing to Investing for Impact

> Our focus on DEI is based on evidence and our view that more diverse teams deliver better results for our stakeholders.



**KEWSONG LEE**
*Chief Executive Officer*

Carlyle DEI Leadership Network, a coalition of several portfolio companies' CEOs, to provide tools and tangible strategies to effectively lead with DEI at the forefront. Carlyle is also the inaugural underwriter of The Milken Institute's DEI in Asset Management Program, with the goal of influencing collective progress across the industry.

From our net zero goals, to the ESG Data Convergence project, to our DEI Leadership Network and beyond, Carlyle is using the key dimensions of ESG to build better impact and deliver better results, paving the way for the industry to do the same. We hope the 2022 Impact Review gives you an overview of some of the most important topics and themes we are currently focused on as a firm.

As always, we are grateful for our partners in this work. We welcome continued dialogue and engagement on these vital topics as we strive to improve how we operate our business, deliver impact, and increase our transparency.

**KEWSONG LEE**
*Chief Executive Officer*
*June 30, 2022*

## Nine

*full time ESG & Impact and DEI professionals*

## $20 BN+

*reached in ESG-linked financings*

## $1.4 BN+

*in capital committed to renewable and sustainable energy companies*

## Net Zero

*Announced both short- and long-term climate goals with firmwide Climate Strategy*

## Third Year

*of bottom-up carbon footprinting for companies in the most recent vintages of our major buyout funds (US Buyout, Europe Buyout, and Asia Buyout)*

## Six Playbooks

*dedicated to value creation to date, including Energy and Carbon Management and ESG Strategy Development*

## 289 MW

*of renewable energy capacity installed...*

*...these investments saved the equivalent of 39 million gallons of gas annually*[1]

## Published our **second** annual

*Task Force on Climate-related Financial Disclosures (TCFD) report*

## 5th Year

*of corporate carbon neutrality*

Data as of 5/31/2022.

1 The Environmental Protection Agency (EPA)

# >50%

*of our total assets under management are managed by women*[5]

# Five

*years in a row with a 100% score on the Human Rights Campaign Corporate Equality Index*

# 66%

*of 2021 U.S. new hires were women or ethnic minorities*[2]

# 62%

*of 2021 U.S. Investment Professional new hires were women or ethnic minorities*[2]

# 59%

*of new board directors added to goal-eligible*[3] *companies were diverse globally*

# 53%

*of 2022 class of Associates in U.S. Corporate Private Equity are women, Black/African American, Latinx, or two or more races*

# 29%

*of board directors in goal-eligible*[3] *portfolio companies are diverse, up from 16% in 2020*

# 222

*portfolio company board seats filled with diverse executives since establishing a board diversity goal in 2016*

# 50+

*employees globally awarded a total of $2 MN in 2021 for going above and beyond to advance DEI at Carlyle*

# 87%

*of employee respondents agree that Carlyle values diversity*[1] *according to annual employee engagement survey*

# 82%

*of employee respondents agree their managers take action to develop a diverse and inclusive team*[4]

*Representation data as of 1/1/2022. Hire data from 1/1-12/31/21. Board data as of 12/31/2021.*

*Diverse is defined as female, Asian, Black, Latinx, Native Alaskan/America, Native Hawaiian/Pacific Islander or Two or More Races. Ethnicity/race data is represented where available. Due to differences in local laws, some boards do not report on race/ethnicity. Data excludes Asians in Asia Region and Latinx in S. America.*

1 +8% higher than industry benchmark
2 U.S. only with ethnic minorities defined as Asian, Black, or African American, Hispanic, or Latin, American Indian, or Alaska Native, Native Hawaiian, or Other Pacific Islander, Two or More Races
3 Goal-eligible companies are controlled companies acquired from 2016 forward and held for two years
4 According to annual employee engagement survey
5 Based on the Total AUM by fund data, including funds classified as US Buyout (Sandra Horbach), Global Investment Solutions (Ruulke Bagijn), Europe Structured Credit, US Structured Credit (Lauren Basmadjian), and Infrastructure, Power, Renewable Energy (Pooja Goyal)

# The Private Equity Industry's First-Ever Partnership to Standardize ESG Reporting

*Q&A featuring:*

**MEGAN STARR**
*Global Head of Impact*

**KARISHMA AHUJA**
*ESG Associate*

**GREG RUIZ**
*Managing Investment Director, CalPERS*

**JULIA JASKÓLSKA**
*Lead, ESG & Co-Investments, CalPERs*

Investors and companies are increasingly applying environmental, social and governance (ESG) factors to their business processes to better assess risks and identify growth opportunities. We believe data is critical to driving improvements on various ESG issues over time.

There are challenges, however, associated with converging on data that is comparable, performance-based, meaningful, and quantitative. In a new partnership, Carlyle and the California Public Employees' Retirement System (CalPERS) collaborated with a group of global general partners (GPs) and limited partners (LPs) to help form the ESG Data Convergence Project, the private equity industry's first-ever collaboration to standardize ESG metrics. We announced earlier this year the milestone commitment of over 100 leading GPs and LPs, and as of June 2022, the partnership now includes more than 190 investors, representing over $22 trillion in assets with ESG data from over 1,800 private companies.

Carlyle's Megan Starr and Karishma Ahuja join CalPERS' Greg Ruiz and Julia Jaskólska to share insights on the ESG Data Convergence Project, discuss how key industry stakeholders can benefit, and what to expect from the project in the future.

### *What was the genesis of the ESG Data Convergence Project? What problems did you aim to solve?*

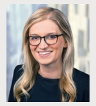
**GREG RUIZ** The genesis of this project was a disconnect. We saw a number of our GPs actively engaging ESG factors within their portfolio companies and driving positive changes. And yet, as an LP, we did not have the ability to track ESG performance across our portfolio in a consistent, longitudinal manner. We believe GPs and LPs alike benefit from having a well-defined set of ESG metrics which demonstrate the evolution of performance on these important factors over time.

**MEGAN STARR** When we first talked about this over a year ago, Greg asked how we advised portfolio companies on their sustainability reporting. We responded with a long, complicated list that was a combination of several ESG frameworks, depending on a company's stakeholders, industry, and more. Across the industry, we have a similar aim – we want better, more meaningful, more quantitative ESG performance data – but because we were spread out across a variety of ESG frameworks, there was a lack of critical mass in any single framework or data point. We've historically had anecdotal data, but we lacked statistically significant industry-wide ESG data for private markets, which made it more difficult to interpret and use in a meaningful way.

### *What differentiates this effort from other efforts in the ESG space? Is this just another ESG framework?*

**MEGAN** One of the key differentiators of this project is that it was created at the GP-LP nexus, and so we had to collaborate on what ESG data was feasible to collect, but also ambitious enough to drive progress. We started with a small set of initial key performance indicators (KPIs) – all drawn from existing, market-leading frameworks – to get convergence and more quickly get to a critical mass of private companies reporting those same data. The approach is focused on being nimble and agile by annually reviewing what we learn each reporting year, and adapting together as needed.

> This is not a new framework or standard; it's about harnessing the collective energy of investors to converge on existing ESG metrics. The intention is not to give a score or a ranking, but instead to provide better information about progress over time; it's one quantitative input to help track how we're driving improvements on critical ESG issues.



**MEGAN STARR**
*Global Head of Impact*

### *What metrics are measured and how were these determined?*

**MEGAN** We aligned six categories of ESG metrics where we had a common foundation as GPs and LPs. They also represent a strong cross-section of important issues across the ESG spectrum: greenhouse gas emissions, renewable energy, board diversity, work-related injuries, net new hires, and employee engagement. We wanted to converge on the ESG data that we saw as important across sectors and industries, as well as be inclusive and lower the barrier of entry for investors to share and report data.

### *What are the benefits of the project for both investors and portfolio companies?*

**JULIA JASKÓLSKA** Investors will benefit from ESG data, which shows the evolution of performance within their portfolio while highlighting risks and value creation opportunities. We believe aligning on a core, standardized set of metrics and mechanisms for comparative reporting will significantly reduce the time and resources required to understand critical ESG metrics and complete requests for data, as well as provide insights into how an investment partner operates, invests, and adds value during their ownership period. Lastly, we believe it serves as a starting point to inform an investor's overall ESG strategy.

**KARISHMA AHUJA** Many portfolio companies are just getting started on which ESG reporting frameworks and metrics they should prioritize. This project provides founders and management teams with guidance on which ESG metrics to focus on as they quantify their performance for key stakeholders. The project could also lead to benefits such as lower cost of capital for companies through ESG-linked financings tied to this data. And for the first time, both investors and portfolio companies have the ability to benchmark against a more relevant and accurate set of peers, where previously many industry averages were oriented solely towards public companies.

### *What results can key stakeholders expect after the initiative is put into practice?*

**MEGAN** A really hot topic of conversation in the industry is greenwashing, which happens when companies or investors write their own report card. We believe the antidote to greenwashing is having a standard set of metrics to compare, which creates real industry accountability and benchmarking. As more stakeholders join this initiative and work together, we believe better and more useful data will be gathered to inform deeper research insights, and ultimately, drive greater progress on critical ESG issues.

**JULIA** This initiative is expected to provide general insights into the operational health of a company, informed by the context of their sector, stage, and relevant peers. We also believe this project will reduce the ESG reporting burden and allow investors to focus on driving value across their portfolio.

### *How can other investors get involved?*

**MEGAN** This is a collaboration open to any investor that wishes to join, and agrees to support the principles of the work. As mentioned earlier, we want to be as inclusive as possible. Industry stakeholders are encouraged to join this partnership of over 180 members to gather better, more informed ESG data, and, in turn, collectively drive greater progress on critical ESG issues. To learn more about this initiative and how to get involved, visit ilpa.org.

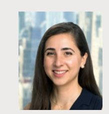
**JULIA** And there's no cost to participate!

### *What's next for the ESG Data Convergence Project?*

**GREG** We are beginning to aggregate data from 2021 and look forward to sharing our research insights.

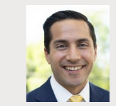
**MEGAN** We're also exploring expanding the momentum we've seen for this project into other asset classes such as credit. Additionally, we're determining how we can best include other stakeholders such as consultants and advisors, which have an important role in our ecosystem. Lastly, we are considering what ESG metrics should be explored for deeper analysis and potential addition to the core KPIs in our next round of reporting, such as metrics on climate, human rights, or material ESG factors by sector.

> Over the long term, we believe the project will help companies get rewarded for improved ESG performance. Converging on common ESG metrics will highlight companies' progress in a transparent, quantitative way.



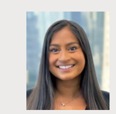
**JULIA JASKÓLSKA**
*Lead, ESG & Co-Investments, CalPERS*

> Data is the heart of this project – standardized, longitudinal ESG data.



**GREG RUIZ**
*Global Head of Private Equity, CalPERS*

> Sustainability is critical to review over time, and we believe we are accelerating the industry by gathering actual data to understand industry trends and correlations between financial performance and ESG performance.



**KARISHMA AHUJA**
*ESG Associate*

# The Inclusive Approach to Energy Transition

*Insights from:*

**JASON THOMAS**
*Head of Global Research*

**MEGAN STARR**
*Global Head of Impact*

We believe that to reach global climate change goals, divesting from fossil fuel companies is not the solution. In our view, decarbonizing individual companies with the greatest carbon intensity is likely to yield the greatest planetary benefits. As the world seeks to decarbonize over the long term, research insights derived from our portfolio data support that you must go where the carbon is and focus on emissions reduction.

At Carlyle, we believe that investment, not divestment, will help decarbonize the global economy and reach international climate change goals. Insights from Carlyle Research reveal the limitation of the portfolio exclusion approach to accelerating the energy transition. *The Inclusive Approach to Energy Transition* is a Global Insights report from Head of Global Research Jason Thomas and Global Head of Impact Megan Starr that outlines an alternative approach to measuring climate impact and progress in terms of change at the individual company level.

Our research provides an empirical assessment of the efficacy of the well-intentioned efforts of divestment from fossil fuels. With 80% of U.S. economic life still powered by fossil fuels, including over 95% of all transportation (Figure 1), our analysis demonstrates the need for more energy to come from carbon-free sources, and reinforces how a focus on decarbonizing individual companies with the greatest fossil fuel appetites is key to addressing climate change.

In February 2022, Carlyle announced our goal to achieve net zero greenhouse gas emissions by 2050 or sooner across direct investments. Our aspiration not only establishes the ultimate goal of net zero, but also sets forth near-term goals across our majority-owned corporate private equity, power and energy portfolio companies. We expect 75% of these portfolio companies' Scopes 1 and 2 emissions to be covered by Paris-aligned climate goals by 2025; after 2025, we expect all new majority-owned portfolio companies in this category to set Paris-aligned climate goals within two years of ownership.

Carlyle is among the first major global private equity firms to join the call to accelerate the transition to a net zero economy with the establishment of both short- and long-term climate goals. Importantly, these aspirations are not driven solely by portfolio allocation decisions; rather, our approach is grounded in driving real emissions reductions within our portfolio companies. In order to create decarbonization pathways across our portfolios, we will continue to partner with companies to drive better data collection and clear progress on reducing greenhouse gas emissions.

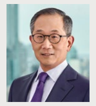
DOWNLOAD THE REPORT

***Fig. 1: U.S. Transportation Energy Sources***

| | |
|---|---|
| GASOLINE (PETROLEUM) | 56% |
| DISTILLATES (PETROLEUM) | 24% |
| JET FUEL (PROPULSION) | 9% |
| NATURAL GAS | 4% |
| BIOFUELS | 5% |
| OTHER | 2% |

Source: U.S. EIA, 2022. Data as of 2020. There is no guarantee any trends will continue.

> Investors need to be at the vanguard of helping companies decarbonize across all sectors of the economy. We believe that not only does this strategy have a higher carbon reduction potential, but also we believe it is key to making companies more competitive in a decarbonizing world – leading to better performance and better results for our investors.



**KEWSONG LEE**
*Chief Executive Officer*

# Building an Integrated Energy and Carbon Management Program

Climate change and the energy transition are core business issues across industries with both significant risks and opportunities ahead. Companies are faced with the challenge of managing energy and carbon, which are often directly connected. Carbon can be an output of energy production from fossil fuels, and a company's energy mix between renewables and fossil fuels directly impact its carbon footprint.

Factors such as rising energy costs or increased customer sensitivity towards climate-friendly products have motivated companies to develop energy and carbon management strategies in order to transition to a pathway towards net zero. Many businesses, including Carlyle, have set net zero goals, while several countries have set goals to reduce greenhouse gas emissions to achieve climate neutrality in accordance with the COP 21 Paris Agreement 2015.

Companies are increasingly pursuing renewable energy targets and other sustainability pledges. Over 300 companies representing approximately 7% of global GDP joined the RE 100 coalition and committed to source 100% of their power from renewable sources, which signals wider adoption of renewable energy as cost-effective sources of power.[1] Despite many companies establishing net zero aspirations, we noticed a need for a roadmap to build an integrated energy and carbon management strategy.

Carlyle's ESG and Impact team supports many of our portfolio companies to understand and develop solutions to energy and carbon challenges, as well as navigate the energy transition using our Energy-to-Carbon Management Playbook. Launched in 2021, the Playbook's purpose is to help improve existing energy and carbon management programs or create new programs.

We provide resources designed to help company management teams and executives:

→ Gain a basic understanding of the energy transition and climate change, as well as evaluate potential risks and opportunities that could have an impact on the business

→ Develop a business case for taking action

→ Build and implement an integrated energy and carbon management program

→ Identify options for reducing energy and carbon emissions, as well as the associated cost savings

→ Demystify the carbon jargon by providing a resource guide of the most commonly used terms

300+

*Companies joined the RE 100 coalition in 2021, committing to source 100% of their power from renewable resources*

1 The Climate Group (RE100) - re100.org

Regardless of the level of progress made on a company's sustainability journey, we recommend a five-step process in the pursuit of an effective, integrated energy and carbon management strategy:

## 1. *Perform diligence and gain senior leadership buy-in*

Understand the relevant risks and opportunities facing their industry and communicate findings with senior leadership to determine if further analysis is required

## 2. *Calculate the carbon footprint and establish a baseline*

Develop an energy and carbon baseline by collecting data to determine the most significant areas of impact

## 3. *Evaluate current progress and set targets*

Determine the company's status against the integrated framework and identify gaps in order to set a carbon reduction target

## 4. *Identify carbon reduction initiatives and prioritize*

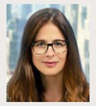
Highlight and sequence the most effective, relevant activities that can reduce carbon

## 5. *Implement the strategy, monitor, and report*

Calculate the investment required, set the plan into motion, and disclose their progress against targets to key stakeholders

Our ESG and Impact team is proud to support many of Carlyle's portfolio companies with developing and operationalizing a tailored approach to navigating both the challenges and opportunities ahead in the energy transition.

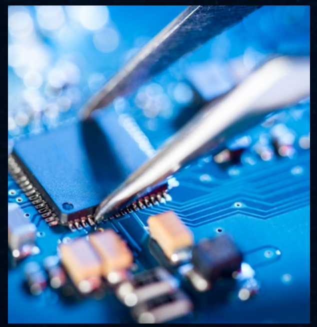
> The Playbook has motivated our portfolio companies to be more methodical around their carbon management programs and encouraged the acceleration of initiatives related to climate change. We have seen businesses achieve cost savings through the enhancement of their energy management programs, as well as extend their sustainability efforts into their partnerships and procurement processes to better align with customer expectations.



**ASHLEY EVANS**
*Managing Director, U.S. Buyout – Technology*

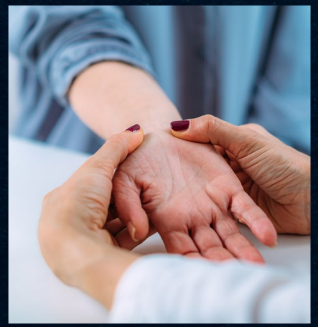
# Portfolio Company Case Studies

*Defining an ESG Program:*



**HEXAWARE TECHNOLOGIES**

**IRCA**



**SEDGWICK**

*Case Study features:*

**ALPHASTRUXURE**

**CEPSA**

**PA CONSULTING**



*Descriptions of any ESG or impact achievements or improved practices or outcomes of Carlyle's portfolio companies herein are not necessarily intended to indicate that Carlyle has been the sole or primary contributor to such achievements, practices or outcomes. Carlyle's ESG engagement may have been one of many factors, including other factors such as engagement by portfolio company management and other key third parties and advisors, that may have contributed to the success described in each of the selected case studies. References to these particular portfolio companies should not be considered a recommendation of any particular security, investment, 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.*

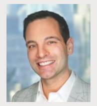
# Defining an ESG Program

Our ESG and Impact team developed a systematic approach that focuses on partnering with applicable management teams to craft purpose-built ESG strategies.

Key programs may include hosting vision workshops, performing customer and competitor benchmarking, conducting gap analyses and materiality assessments, and developing implementation roadmaps in partnership. We synthesized our findings from developing this process with dozens of portfolio companies over time into an easily accessible playbook on "How to Create an ESG Strategy," as an additional resource for our portfolio companies.

Our partnership with several portfolio companies demonstrates our approach to creating ESG strategies.

> Companies aim to create sustainable value in today's rapidly changing business environment through the strategic development of an ESG program. We believe a structured program is crucial to defining ESG priorities and coordinating key initiatives to drive forward progress.



**STEVE HATFIELD**
*Head of ESG & Impact for U.S.*

# Hexaware Technologies

HEXAWARE.COM →

***Sector:*** *Technology*

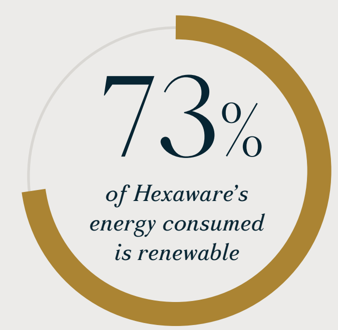
***Region:*** *Asia*

***Acquisition Date:*** *October 2021*

Hexaware is a leading global IT services provider based in India with a strong focus on next-generation digital solutions. Hexaware serves customers in the growing digital solutions strategy space within the IT services industry, including digital product engineering, digital core transformation, enterprise and next-generation services, cloud transformation, and data analytics. Among other services, the company also provides platform-led ESG integration services to enable their clients to assess and manage ESG risks, and comply with regulatory requirements.

Carlyle's ESG and Impact team partnered with our investment team to support Hexaware in developing their ESG initiatives into a strategy fit for a global IT services provider. Our team co-created a sustainability workshop with over 30 senior managers and business leaders at Hexaware to launch a six month strategy development process. Through benchmarking and a competitor analysis, we helped Hexaware shape their ESG ambitions and sharpen the approach to establish both DEI and climate goals.

With over 24,000 employees across 40 offices in Europe, Asia, and the Americas, Hexaware is also focused on employee engagement and wellbeing. In 2021, 70% of Hexaware employees in APAC regions were recruited locally, thus creating job opportunities and digital skills training in the locations in which it operates. Hexaware also maintains a strong focus on the environment, with 73% of energy consumed from renewables in its three largest locations.[1]

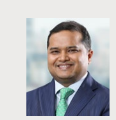

**24K+**

*total Hexaware employees globally*

**Forty**

*Hexaware offices in Europe, Asia and the Americas*

"We are very proud of the strong focus on social value at Hexaware by providing quality jobs and digital training to thousands of young graduates and the strong focus to give back to local communities. In 2021, the company spent over $1.5 million to support communities with skills such as development, healthcare, education, and sponsored a number of athletes to train and participate in the Paralympics. We are very excited to build on this work with a new strategic approach that will include our ESG product suite as well as corporate initiatives.



**KAPIL MODI**
*Managing Director, Asia Buyout*

1 Hexaware Sustainability Report 2021

# IRCA

IRCA.EU →

***Sector:*** *Consumer, Media & Retail*

***Region:*** *Europe*

***Acquisition Date:*** *June 2017*

IRCA is a leading Italian producer of specialty ingredients for artisanal pastries, cakes, and gelato markets. The company's "one-stop-shop" strategy provides high-quality, professional solutions for the preparation of products that would otherwise be far more complex, costly, and time-consuming for businesses, such as patisseries, gelato parlors, hotels, restaurants, and confectionery manufacturers, to produce.

Over 12 weeks of vision workshops with the environmental consulting firm Ramboll, our teams supported IRCA to build an ESG strategy, define ESG targets, and determine corresponding key performance indicators. Together, we also redefined the company's vision and mission, established ESG pillars around the themes of people, community, and planet, and set goals for DEI, waste management, and energy and carbon emissions reduction.

IRCA participates in collaborative efforts, such as the World Cocoa Foundation, to join other companies to drive sustainability themes. Our partnership enabled IRCA to formalize and operationalize an overarching ESG strategy, an important consideration for customers, employees, and investors.

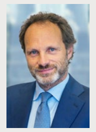
**Twelve**

*Weeks of vision workshops with Ramboll assisted in building an ESG strategy*

**900+**

*IRCA employees across Europe, Asia and the Americas*

> We are proud to have partnered with IRCA and their outstanding management team to help transform the business over the past five years. We've supported the business to become a contributing European B2B manufacturer in its sector, underpinned by their sustainability efforts with a focus on product quality, community, supply chain, and the environment.



**FILIPPO PENATTI**
*Managing Director, Carlyle Europe Partners investment advisory team*

# Sedgwick

SEDGWICK.COM →

***Sector:*** *Healthcare*

***Region:*** *North America*

***Acquisition Date:*** *December 2018*

Sedgwick is a leading global provider of technology-enabled risk, benefits, and integrated business solutions. The company provides a broad range of resources tailored to clients' specific needs in casualty, property, marine, benefits, and other areas. The company helps to mitigate and reduce risks and losses, promote health and productivity, protect brand reputations, and contain costs that can impact the bottom line. Sedgwick is a values-driven company with a shared goal of taking care of people by mitigating and reducing risks and losses, promoting health and productivity, protecting brand reputations, and containing costs that can impact the bottom line.

Sedgwick made a conscious decision to prioritize ESG as part of their global business strategy. Our ESG and Impact team partnered to develop a vision statement, comprehensive strategy, and determined goals through a methodical approach of collaborative workshops, benchmarking assessments, and surveys to amplify Sedgwick's existing efforts. The ESG strategy is a priority for the company, as it directly relates to the ability to deliver on its core values of taking care of communities around the world and doing the right thing to help people, protect and restore property, preserve brands, and empower performance.

30K+

*Total Sedgwick employees globally*

65

*Countries with Sedgwick offices*

Sedgwick's world-class management team has built the company into an industry leader over the last two decades. We are excited to be partnered with Sedgwick, which has distinguished itself by constantly driving innovation across its businesses to the benefit of all key stakeholders, including colleagues, clients, and communities. Sedgwick approaches ESG with the same vigor as with other businesses, and the company aspires to make a positive impact through its ESG initiatives and continue its philosophy of 'caring counts'.

**STEVE WISE**
*Managing Director, Head of Global Healthcare*

# AlphaStruxure

ALPHASTRUXURE.COM →

***Sector:*** *Global Infrastructure*

***Region:*** *North America*

***Acquisition Date:*** *Semptember 2019*

## Reducing Carbon Emissions and Bolstering Grid Resilience in Montgomery County, MD.

AlphaStruxure is a leading Energy as a Service (EaaS) provider that designs, builds, owns, operates, and maintains tailored energy infrastructure, including microgrids. AlphaStruxure aims to drive long-term outcomes on resilience, reliability, emissions reduction, and cost stability on behalf of its clients. Based in Boston and operating across North America while leveraging global capabilities, AlphaStruxure is a joint venture combining Schneider Electric's smart energy management and track record as a microgrid technology provider with Carlyle's financial backing and comprehensive structuring capabilities.

Global Head of Impact Megan Starr and AlphaStruxure's CEO Juan Macias discuss how the company's partnership has combined technical, financial, transactional, and structural expertise to develop an innovative, integrated energy and financial solution to enable Montgomery County Maryland's transit fleet to start to transition from diesel to electric, a critical step in the county's goal to reach net zero carbon emissions by 2035.

Commercial and industrial businesses, as well as municipalities face rising energy costs, power reliability and resilience challenges, pressure to reduce carbon emissions, and government regulations. Meanwhile, global electricity demand is forecast to double by 2040, driven partly by increased electric vehicle use, electric conversion of heating and cooling, and digital infrastructure power demands.[1]

The drive for sustainability has gained significant momentum across the U.S., with 75% of states establishing clean power generation goals. Technology for on-site power generation assets has improved, as solar and battery storage costs have both declined approximately 90% over the last decade.[1] At the same time, energy security continues to become an increased focus driven by aging infrastructure, more constant natural disasters, and geopolitical concerns such as the conflict in Ukraine. However, many organizations face capital constraints and lack the capabilities required to deploy their own comprehensive energy solutions on-site.

In 2018, Carlyle estimated the U.S. commercial and industrial market opportunity for microgrid installations in the U.S. at approximately $380 billion of capital expenditures across 85 gigawatts of potential site capacity.[1]

Against this backdrop, the EaaS delivery model has emerged as a solution to help meet the growing demand for sustainable energy systems. Through Carlyle's partnership, the Brookville Smart Energy Bus Depot project established AlphaStruxure's foothold as an EaaS provider for public fleet owners. The project also establishes a competitive moat and positions AlphaStruxure to capitalize on strong market tailwinds with other potential customers.

In 2021, AlphaStruxure began construction on an integrated microgrid and electric bus charging infrastructure project for Montgomery County. The project will enable 70 buses in Montgomery County's transit fleet to transition from diesel to electric, and is projected to reduce lifetime emissions by more than 160,000 tons while delivering resilience to climate events and power outages. The Brookville Smart Energy Bus Depot is a first-of-its-kind integration of microgrid and EV charging infrastructure, delivering sustainability, reliability, and resilience for Montgomery County's public transportation system. It represents an EaaS fleet electrification infrastructure project that integrates solar photovoltaic canopies, on-site generation, battery energy storage, microgrid controls, and electric bus chargers to ensure the fleet's continuous operation through utility outages. With support from Carlyle's Global Infrastructure platform and ESG and Impact team, AlphaStruxure developed an innovative solution to help Montgomery County meet its clean energy needs.

The EaaS business model eliminates the upfront cost to the County for the project, including all microgrid and charging infrastructure, allowing the County to make this transition with no impact to the farebox or tax payers. The project provides long-term cost predictability for energy supply over a 25-year contract, and ensures that their bus fueling operations are not exposed to increasing utility tariffs. The Electric buses are also nearly silent, which improves the quality of life for anyone who rides the bus, walks, bikes, or lives near the bus route.

Electrifying Montgomery County's bus fleets will bring the county one step closer to meeting their ambitious climate goals. Furthermore, the Brookville Smart Energy Bus Depot, set to come online in 2022, marks a major milestone for the industry and demonstrates a sustainable path for other counties and cities to follow in the energy transition.

**160,000**

*metric tons of greenhouse gas emissions are projected to reduce over the lifetime of the project*

WATCH ON YOUTUBE

1 BloombergNEF, McKinsey & Company, EIA, National Conference of State Legislatures, SE, U.S. Department of Energy, Wood Mackenzie, publicly available information.

# Cepsa

CEPSA.COM →

***Sector:*** *Industrial*

***Region:*** *Europe*

***Acquisition Date:*** *October 2019*

## Compañía Española de Petróleos, S.A.U (Cepsa) is a global integrated energy company headquartered in Madrid, Spain.

Cepsa is one of Europe's largest privately-owned energy companies and operates across value chains in oil, gas, refined products, biofuels, solar power, mobility, and chemical products. The company combines technical excellence and adaptability in a business that has over 90 years of experience and more than 10,000 employees across five continents.

Carlyle invested in Cepsa in 2019 and, together with the company's management team and our co-shareholder Mubadala, we defined an ambitious strategic plan to position the business as a major contributor to the global energy transition, sustainable mobility, biofuels, and green hydrogen in Iberia. Cepsa offers its customers and partners sustainable energy solutions to help in their decarbonization efforts.

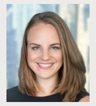
Carlyle's Guido Funes Nova, a Managing Director on the Carlyle International Energy Partners (CIEP) investment team, and Katharina Kumar, Head of ESG & Impact for EMEA and APAC, discuss the partnership with Cepsa to develop a business strategy to reduce emissions, reposition the company towards greener energy sources to meet its net zero goals, and increase diversity within the organization.

### *How does the partnership with Cepsa demonstrate Carlyle's approach to investing in the energy transition?*

**KATHARINA KUMAR** At Carlyle, we believe an effective approach to the energy transition is to invest across the full energy system, supporting companies to reduce their carbon footprint. A large part of our focus is on transitioning large, integrated chemicals and energy companies that have the in-house capabilities and the technical knowledge to help shift the global economy toward net zero. We believe Cepsa possesses the expertise to navigate the energy transition effectively and spearhead innovation within the industry. We recognized an opportunity to help one of Europe's largest oil and gas companies develop and implement a scalable business and sustainability strategy, and have already begun to see early positive results.

**GUIDO FUNES NOVA** The global economy depends on traditional energy providers for power, and we believe in the importance of managing these providers while transitioning to new sources of energy generation. It is important to achieve the objectives of providing reliable and affordable energy, while making the entire system more sustainable. Cepsa leverages its existing assets and infrastructure while pivoting to a new energy system through investments in hydrogen, biofuels, vehicle charging, and new mobility.

> A large part of our focus is on transitioning large, integrated chemicals and energy companies that have the in-house capabilities and the technical knowledge to help shift the global economy toward net zero. We recognized an opportunity to help one of Europe's largest oil and gas companies develop and implement a scalable business and sustainability strategy, and have already begun to see early positive results.



**KATHARINA KUMAR**
*Head of ESG & Impact for EMEA and APAC*

Our experience shows that upgrading existing infrastructure is a less climate-intensive approach than building new infrastructure from the ground up. For example, the assets where crude oil is refined into diesel and gasoline today can strategically shift to produce renewable fuels tomorrow, with the required ports, pipelines, and power supplies already in place. A similar example is electric vehicle charging stations. Cepsa has approximately 2,000 petroleum gas stations in Spain and Portugal. Earlier this year, our business plan outlined the delivery of 8,600 ultra-fast chargers across our network by 2030 at a rate of 20 chargers per week.

### *How did Carlyle help build and implement Cepsa's sustainability strategy?*

**GUIDO** Together with Mubadala, we acted as an agent of change by partnering with the company to develop and implement Cepsa's new sustainability strategy. We sourced advisors and contributed our energy and sustainability expertise, as well as identified and recruited talent with the skills needed to help shape the company's sustainable future.

> "The global economy depends on traditional energy providers for power, and we believe in the importance of managing these providers while transitioning to new sources of energy generation. It is important to achieve the objectives of providing reliable and affordable energy, while making the entire system more sustainable.

**GUIDO FUNES NOVA**
*Managing Director, CIEP investment advisory team*

We helped catalyze the development of a differentiated sustainability strategy and set ambitious, climate goals. Cepsa aims to reduce Scope 1 and 2 carbon emissions by 55% by 2030, as well as reduce the carbon intensity of its sold products, a category of Scope 3 emissions, by up to 20%. The company expects to generate the majority of EBITDA from sustainable energy businesses by 2030. Cepsa also has a goal to reach net zero emissions by 2050 and ultimately to become net positive.

Cepsa expects to also invest between €7 billion and €8 billion over the next decade as part of its new strategic plan, as well as allocate 60% of its budget to sustainable areas starting in 2023. Carlyle's investment team has a deep understanding of the complexities in new energy markets and the investment expertise required to help navigate industry regulations, global supply-demand imbalances, feedstock availability, and other sustainability considerations.

**KATHARINA** We also recognized the need for Cepsa's leadership and management team to spearhead diversity efforts across the company. We supported the appointment of Carmen de Pablo, from our global talent network, as the new Chief Financial Officer in 2022. Carmen has great financial and capital markets experience, and also brings an appreciation for traditional energy companies' need to pivot their businesses toward sustainable models and the significant investment required. Carmen will be one of the leaders at Cepsa that can champion the company's energy transition goals.

### *Aside from supporting Cepsa's energy transition, what other strategic initiatives has Carlyle led through the partnership?*

**KATHARINA** We are helping Cepsa increase diversity throughout the organization. For example, we implemented a board committee responsible for sustainability at Cepsa, which also includes the company's DEI efforts. Furthermore, the company ties between 15% and 25% of C-suite level remuneration to meeting ESG goals.

Our DEI team worked with Cepsa's board to establish actionable goals to hold the organization accountable to progress on diversity. Cepsa aims to have women occupy 30% of management positions by 2025. Two recent executive hires, the CFO and the Head of Chemicals, are both women who joined from industry leaders in their respective fields. Cepsa also has a goal to hire more employees with different abilities, including deaf and neurodiverse employees, by 2025. The company has a 2% goal for their internal workforce, and a 1% goal for their target for their outsourced workforce. In recognition of these and other efforts, Cepsa is ranked a Top Employer in Spain for the seventh year in a row by the Top Employers Institute, and The Financial Times rated Cepsa as a leading energy company for diversity in Spain.

### *What have been some of the initial achievements from these initiatives so far?*

**KATHARINA** While Cepsa's push toward net zero is ongoing, we've seen some early positive results with respect to its ESG ratings. The CDP, the world's largest climate-reporting initiative, rated Cepsa an "A-" in their leadership category. Additionally, Morningstar's Sustainalytics has ranked Cepsa as the fifth-lowest ESG risk among the 253 oil and gas producers globally. These early achievements demonstrate that the initial years of hard work through our partnership and support, together with Mubadala, had a positive impact on Cepsa's business.

**2,000+**

*Petroleum gas stations in Spain and Portugal are owned by Cepsa*

**8,600**

*Ultra-fast chargers are expected to be delivered to Cepsa by 2030*

# PA Consulting

PACONSULTING.COM →

***Sector:*** *Technology*

***Region:*** *Europe*

***Exit Date:*** *March 2021*

PA Consulting is a global innovation and transformation consultancy with a focus on helping companies find creative solutions to major technological challenges.

In March 2021, Carlyle Europe Partners sold its stake in PA Consulting and concluded its five-year investment period. Carlyle supported the company's strong growth and PA's EBITDA more than doubled during the period. From the proceeds of the transaction, we committed to make a charitable donation of £5m, which was matched by PA employees, to help the company establish and manage the PA Foundation, a charity with a mission to develop and inspire people, particularly those facing disadvantages, to be the innovators and leaders of tomorrow by applying their ingenuity to solve the world's biggest challenges.

## 2X+

*PA Consulting's EBITDA more than doubled under Carlyle's investment period*

## €5MN

*Committed by Carlyle as a charitable donation from the sale of PA Consulting*

## 4,000+

*Total PA Consulting employees operating from 22 global locations*

> In addition to helping build PA Consulting as a global leader in its field, Carlyle was also delighted to partner with the company to form this charitable foundation, which aims to promote access to work opportunities through education, skills and employability programs globally.

**WILLIAM WOOLSEY**
*Director, Carlyle Europe Partners investment advisory team*

# *What's Next for Impact?* Podcast Series

*Moderated by:*

**MEGAN STARR**
*Global Head of Impact*

*Interviews featuring:*

**AARON WURST**
*VP, Carlyle Healthy Benefits Lead*

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

**MACKY TALL**
*Chair, Global Infrastructure*

**POOJA GOYAL**
*Chief Investment Officer, Global Infrastructure*

## At Carlyle, we focus on the key dimensions of ESG that we believe drive better businesses.

01 *Engaged Employees*

02 *Diverse and Inclusive Teams*

03 *Sustainable Growth*

04 *Climate Resilience*

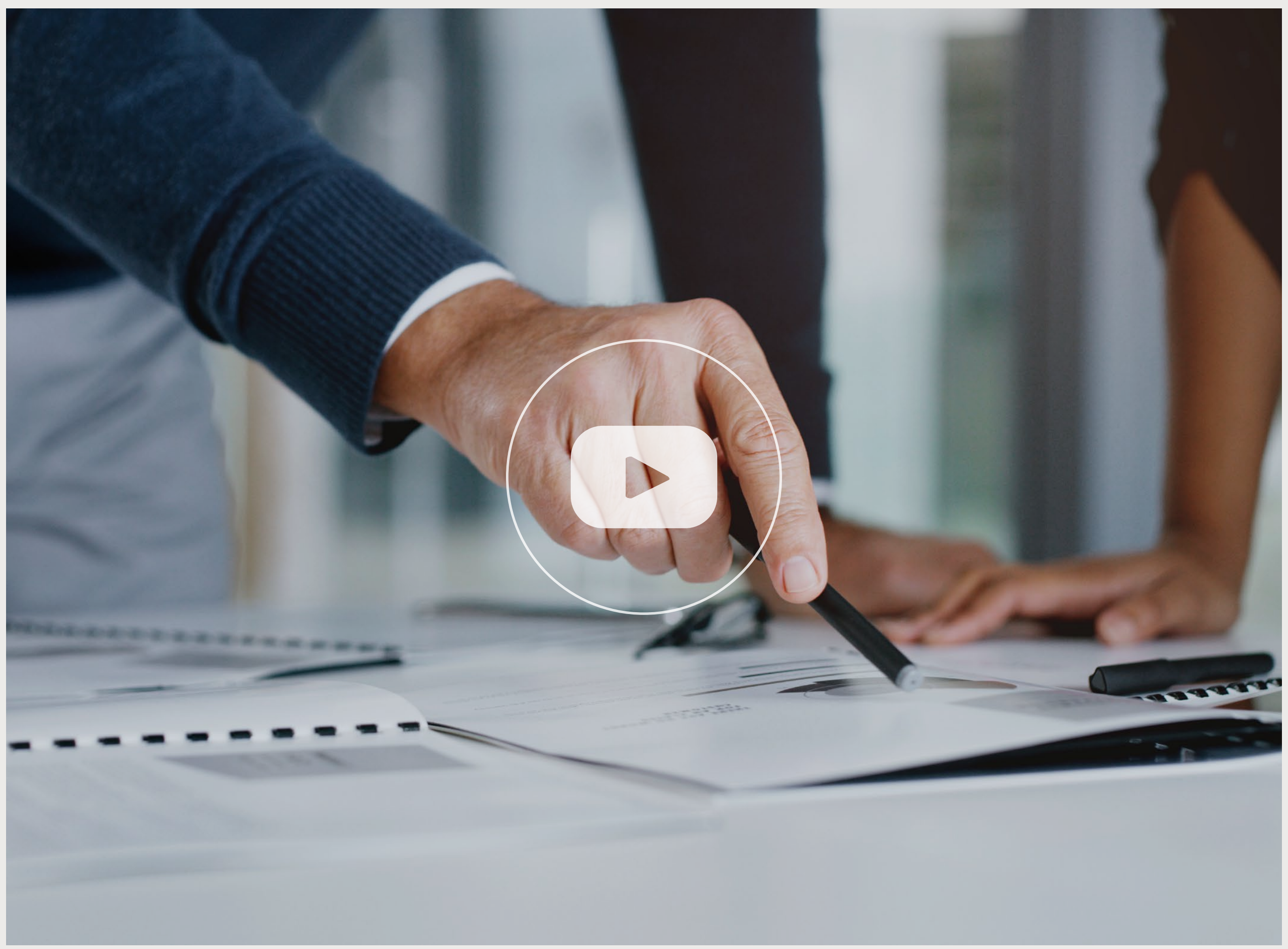
05 *Strong Stakeholder Ties*

*What's Next for Impact?* is a podcast series exploring how these key dimensions will evolve over the next few years. Hear perspectives from Carlyle thought leaders on how businesses can build for a more sustainable future.


WATCH ON YOUTUBE

LISTEN ON SPOTIFY

# Engaged Employees



Carlyle's Healthy Benefits Initiative helps portfolio companies manage their healthcare benefits and represents approximately 180,000 employees across $1.4 billion in healthcare claims as of December 31, 2021.

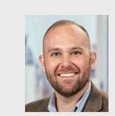
We estimate that we help our participating portfolio companies save over $100 million annually through the initiative. Our Global Head of Impact, Megan Starr, joins Carlyle's Healthy Benefits Initiative Lead, Aaron Wurst, to discuss how mental health and other progressive healthcare solutions can increase employee engagement for businesses in the long term.

The importance of businesses supporting the mental health of their employees has increased over time as a result of the rising demand for mental health solutions. In addition to the critical human impact, we believe poor employee mental health can negatively affect business outcomes. In our view, poor mental health can also lead to challenges with physical health and ultimately burnout. Aaron references some of the challenges businesses encounter today, discusses how the pandemic has amplified reports of symptoms of anxiety and depressive disorder, and highlights how many employers have responded by incorporating high-quality, cost-effective mental health solutions to bolster employee health and wellbeing, productivity, and retention.

So, what's next for employee engagement? The intersection of physical and mental health is rapidly converging and we believe offering integrated healthcare solutions will evolve into a necessity for employers. Businesses will need to lean further into mental health as a key aspect to drive employee engagement and productivity, but also because our portfolio company data shows that a healthier workforce can result in lower healthcare costs. Aaron examines how businesses can evolve discussions about employee engagement from HR professionals to the CFO.

We continue to gather and analyze data across our diverse set of portfolio companies and partner with founders and management teams to go beyond checking the box on employee benefits. The data and collaboration will help to implement effective, comprehensive healthcare solutions and demonstrate the relationship between improved workforce mental health and positive business outcomes.

> Providing employee mental health benefits is becoming a necessity for our companies. We believe mental healthcare can improve physical health, increase employee engagement, and decrease turnover. We aim to provide CHROs with the data they need to build a case for their CFOs to invest in these solutions and demonstrate their importance to the company's overall growth.



**AARON WURST**
*VP, Carlyle Healthy Benefits Lead*

WATCH ON YOUTUBE

LISTEN ON SPOTIFY

# Diverse Teams

## Carlyle is committed to cultivating diverse teams that will drive change across our spheres of influence. Megan Starr speaks with Carlyle's Chief Diversity, Equity, and Inclusion Officer Kara Helander about ways to advance diversity and inclusion efforts in the industry.

An abundance of research from world-class organizations demonstrates the link between diverse teams and better performance on a host of measures. As an example at Carlyle, Kara highlights how our portfolio companies with more diverse boards reported 12% higher average annual earnings growth than those lacking board diversity.

In our view, companies that capture the performance benefits of DEI are intentional in their efforts with leadership from the CEO and other senior executives. These businesses use metrics to understand where they are, set measurable goals, monitor and refine efforts.

Kara reinforces the importance of embedding DEI into a company's strategy as a driver of business performance. This includes clarifying the DEI mission's compelling "why", to create long-term, sustainable change.

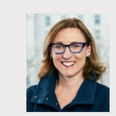
So, what's next for diverse teams? Leaders should seek to accelerate progress as they learn to not treat DEI metrics and data as an end in themselves, but rather as a tool to help create both the kind of diverse workforce that they want to achieve, and a culture that brings out the best in that diversity.

**12%+**

*higher average annual earnings growth in Carlyle portfolio companies with diverse boards*[1]

We believe progress in DEI is not tied to one program or initiative, but is achieved through a long-term strategy that should be embedded into everything the company does. Effective leaders refer back to their compelling "why" as they measure and continuously refine their DEI strategy.

> We often hear from executives that they feel almost hesitant to start because they're not proud of where their starting point is. And we encourage them, saying it doesn't matter what your starting point is. It's really about taking steps to improve.



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

WATCH ON YOUTUBE

LISTEN ON SPOTIFY

1 From Impact Investing to Investing for Impact

# Climate Resilience

## Carlyle's Global Infrastructure platform brings together our substantial resources, scale, and capabilities to capture significant opportunities around the world.

One of the key themes underpinning our approach is investing in opportunities created by the energy transition, such as renewable power generation, battery storage solutions, the electrification of the transportation fleets, carbon capture and storage solutions, and decarbonization. Carlyle's Chair of Global Infrastructure, Macky Tall, and Chief Investment Officer of Global Infrastructure, Pooja Goyal, discuss how Carlyle is navigating the challenges and opportunities of climate change and the energy transition, including the firm's invest as opposed to divest approach.

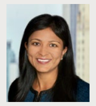
We believe climate resilience is critical for companies to successfully navigate the energy transition. With an integrated, global energy and infrastructure investment platform, Carlyle's approach to working with many of our portfolio companies is grounded in seeking to drive real emissions reductions within businesses, underscored by our goal to reach net zero greenhouse gas emissions by 2050 across our direct investments.

At Carlyle, we seek to help businesses drive better data collection and, in turn, make progress with emissions reductions. We believe this forms a strong foundation to evaluate their transition pathway from a risk management perspective and capitalize on the opportunities ahead in the energy transition. As Pooja explains, the energy transition presents an exciting investment opportunity across industries – from investing in companies that provide critical ancillary equipment and services, to investing directly into renewable and sustainable energy assets, as well as into companies that develop, maintain, and update these assets.

Macky and Pooja reiterate our team's belief that *investing*, rather than *divesting*, is important to a successful energy transition. Pooja discusses why we seek to partner with management teams, leveraging our capital and expertise, to create meaningful plans to reduce emissions and meet climate goals for certain portfolio companies.

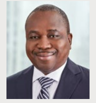
So, what's next for climate resilience? Macky and Pooja believe that companies using innovative technologies and business models are positioned to help accelerate the energy transition. Additionally, carbon and energy should be managed together, and emerging technology addressing both may be highly relevant to the transition. Macky highlights the importance of accurate data, measurement, and benchmarks, as more corporations and governments establish net zero goals.

> It's a transition, not a revolution. The shift in our global energy system will play out over several decades and will result in both serious challenges and opportunities. Navigating the next 5, 10 and 20 years requires resilience and planning, and Carlyle's integrated, global infrastructure and energy platform offers our clients a broad range of sector expertise and leadership under one roof.

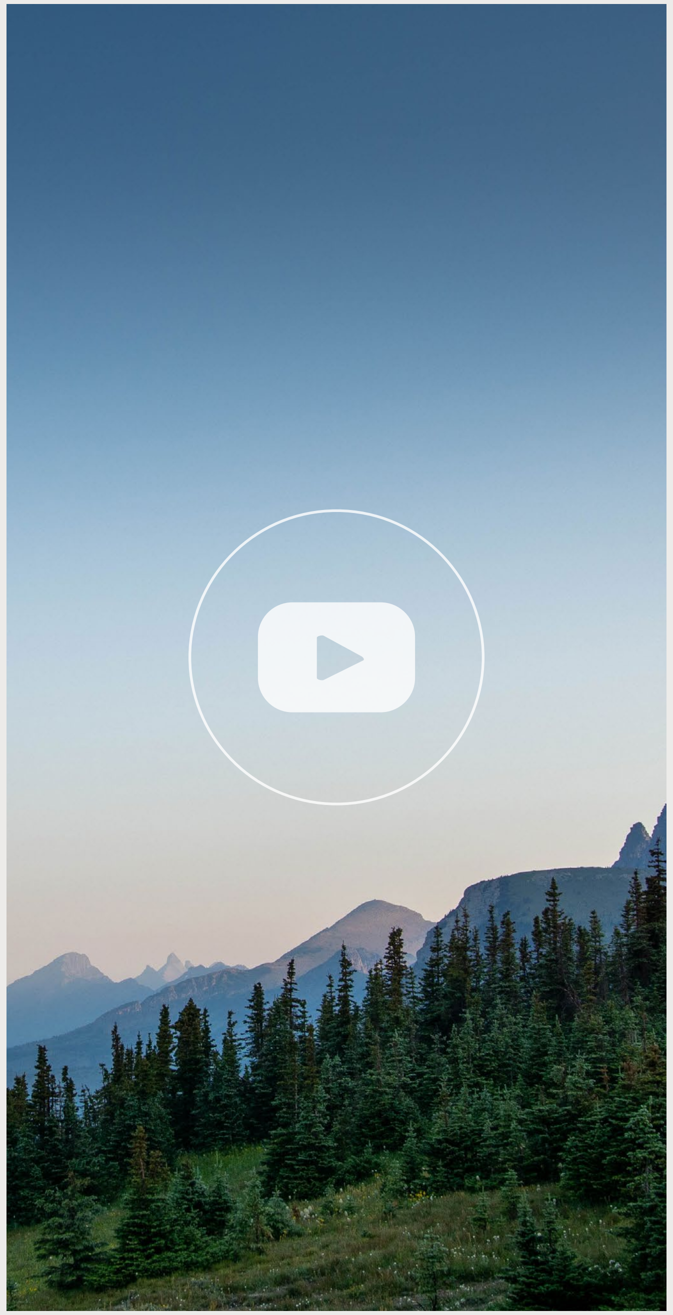


**POOJA GOYAL**
*Chief Investment Officer, Global Infrastructure*

> When you choose to invest, not divest, you need to do so responsibly. We make it a priority to evaluate efficient and effective pathways to decarbonization for energy intensive assets.



**MACKY TALL**
*Chair, Global Infrastructure*



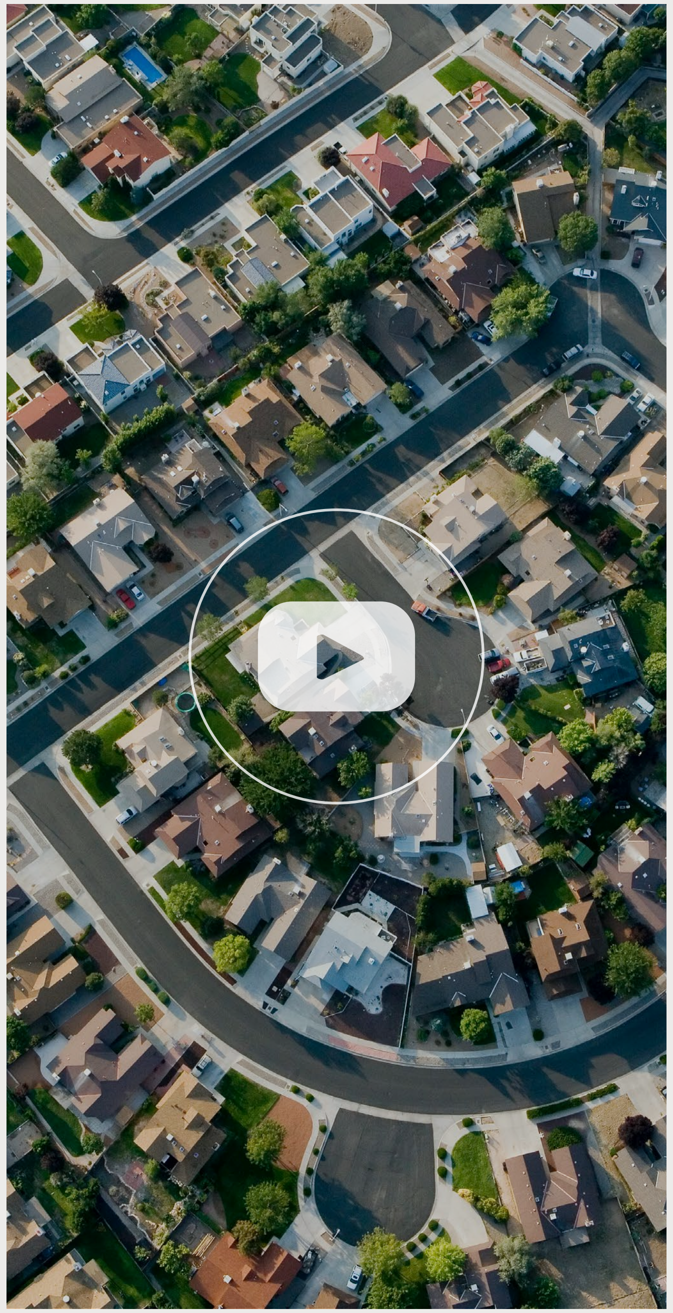
WATCH ON YOUTUBE

LISTEN ON SPOTIFY

# Stronger Communities

> The idea of strong communities has morphed from physical volunteering and philanthropy into this idea of how do you think more holistically about the stakeholders that are core to your business, and how do you form strong, strategic relationships with them in a symbiotic way that can drive business value.

**MEGAN STARR**
*Global Head of Impact*



Many companies have expanded their mission to help build stronger communities over time. Once limited to philanthropic engagements and local volunteer activities, community-strengthening efforts today for many companies are tied to their core business models.

The term "community" itself has grown beyond a company's surrounding physical property to include the communities of employees, industry-specific non-governmental organizations (NGOs), and other key stakeholders. This expansion has forced companies to think more holistically about stakeholders who are core to their business and how to form deep, strategic, and more symbiotic relationships with their communities. Jonathan Blank, Head of Digital Marketing, speaks with Megan Starr about effective ways businesses are integrating ESG considerations strategically to drive value and profitability.

Megan identifies three pillars for how companies can harness community engagement as a business priority. The first involves channeling community engagement to preserve and enhance an organization's license to operate. For example, businesses building infrastructure assets should exercise care and be thoughtful about safety, pollutants, habitat issues, land use concerns, and how they engage with local communities to ensure the investments work for everyone.

Second, community engagement can have a powerful impact on employees looking to work at a business that aligns with their values and offers them opportunities to interact with different groups of people. In a tight labor market, scores of studies have shown that a strong company purpose can play an important role in motivating employees, crucial for employee morale, loyalty, and retention.

Finally, Megan notes that community engagement can help raise brand value, awareness, and loyalty, as people in the community who know about your business will be more likely to advocate for your products and services. Establishing goodwill and a presence in a community, dedicating meaningful time and resources, and giving back can position a company more clearly as trustworthy, and as an organization that prioritizes its values.

So, what's next for building stronger communities? Megan notes that the most successful approaches to community engagement that she has observed tend to be more specific to the company, localized by geography, or center on an issue important to a region. Going forward, expect more companies to design these initiatives to include harnessing a core skill set to help a nonprofit or NGO, championing local tech talent, or stimulating economies in historically underrepresented regions.

Looking ahead, companies in close dialogue with their local communities—listening, learning, and responding to specific needs—represent the future of community engagement. We believe this connection will help generate long-term, sustainable value creation for businesses and all of the communities they engage.

WATCH ON YOUTUBE

LISTEN ON SPOTIFY

# Using Our Spheres of Influence to Advance Diversity, Equity, and Inclusion

# Our Firm

At Carlyle, we continuously strive to embed diversity, equity, and inclusion (DEI) into everything we do. This requires us to be actively inclusive, rewire processes, practices and norms, and leverage our spheres of influence to make progress against our goals. By igniting action within our firm, our investments, and our community, we are making strides in DEI in the near term and laying the foundation for even greater impact into the future.

### *Global DEI Leadership*

We recognize that our firm is on a DEI journey alongside all our people who contribute to our success. We are grounded in our 'why' and understand through data from our own portfolio company boards that DEI is not just the right thing to do, but it can contribute to strong business outcomes. We believe the steps we have taken collectively as a firm are driving awareness and inspiring further action.

Led by our CEO Kewsong Lee and comprised of 17 additional senior leaders, Carlyle's DEI Council meets at least three times a year to review and refine the firmwide DEI Strategy, help create inclusive environments, and work to build the systems needed to embed diversity and inclusion across our business segments. Each of our business segments has a DEI Business Lead who helps to shape a customized plan and executes against diversity goals, with progress assessed during quarterly business reviews.

For example, this year DEI Business Leads in our Tokyo office hosted an educational session facilitated by ReBit, a non-profit organization that supports and empowers LGBTQ+ youth through education, training and career support. The session covered workplace challenges the LGBTQ+ community faces and how to seek an inclusive working environment for all employees. Within our Finance function, our DEI Business Lead created a committee of employees who volunteer to help drive progress and set a goal to collect diverse referrals for their open positions, creating a strong pipeline of top talent.

### *Career Strategies Initiative*

Since the launch our our Career Strategies Initiative (CSI) in December 2020, a virtual sponsorship program for underrepresented professionals, we've had 70 participants paired with Executive Sponsors who help the participants develop and advocate on their behalf, providing enhanced growth opportunities. Previous cohorts of CSI participants have shown twice the promotion rate of the firm average and half the turnover rate. We believe the impact of this program reaches beyond the participants and provides inclusive leadership skill building to both managers and sponsors.

### *Employee Resource Groups*

We also believe in the importance of engaging our people throughout the firm to take action to drive DEI progress. Employee Resource Groups (ERGs) are essential to Carlyle's diversity strategy, as they provide the opportunity for colleagues to share ideas, engage, and offer professional development. Over the past year, our ERGs have evolved tremendously due to the leadership and concerted effort of our people. As of June 2022, ERG membership has risen 45%, representing an increase in employee engagement and allyship. Some of the efforts over the past year include the creation of a Multicultural ERG in EMEA and the launch of a DiverseAbility ERG. Colleagues have created sub-groups, further supporting the various cultures and identities of our people. This year, our Multicultural ERG coordinated events to celebrate Lunar New Year in five offices around the globe and partnered with Covington & Burling LLP to host a Black History Month discussion with Nikole Hannah-Jones, a Pulitzer Prize-winning journalist, and Eric Holder, Former United States Attorney General. Our Veterans ERG coordinated efforts across continents to educate our people about the plight of Afghan refugees and mobilize support.

**45%**

*increase in ERG membership since year-end 2021*

| CARLYLE EMPLOYEE RESOURCE GROUPS |
| --- |
| DiverseAbility |
| LGBTQ+ |
| Multicultural |
| NextGen |
| Veterans |
| Womens |
| Working Parents |

## *DEI Changemakers*

Carlyle's DEI Incentive Award was created to encourage colleagues to nominate and recognize their peers for the impact they make within DEI across levels, business segments, and geographies. In the second year, peer-submitted nominations have increased 26%, providing more visibility to all of the actions taken within the areas of attracting top talent, development, board diversity, and actively building an inclusive culture. Our colleagues also take action within their communities to support DEI efforts at large as exemplified by our DEI Changemakers.

In 2021, we recognized over 50 of our people for their work to advance diversity at Carlyle. Meet several of our DEI Changemakers:

**SAMIRA MADHANY**
*Principal, US Real Estate*

Built a diverse team by ensuring that **interview slates** included talent from **various backgrounds**.

CARLYLE

**DAVID MAZAIRA**
*Director, Europe Buyout*

**Gave up his board seat** in a portfolio company to accelerate board diversity, and actively mentors women investors.

CARLYLE

**NAIMA GARVIN**
*Principal, Legal & Compliance*

Co-leads the **Multicultural Employee Resource Group**, recently started **Black / Latinx Women's Group**, and played a key role in implementing Listening Sessions held in 2020 in the wake of racial injustices.

CARLYLE

**MAAIKE VAN DER SCHOOT**
*Vice President, Investment Solutions*

Led the inclusion of **ESG and diversity-linked KPIs** in the credit facility for an AlpInvest co-investment fund.

CARLYLE

**RIEKO FUJI**
*Senior Office Manager, Japan Buyout*

Enrolled **100% of Tokyo employees** in *Better Decisions: Mitigating Unconscious Bias* training and delivered sessions in Japanese.

CARLYLE

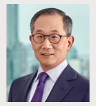
**ALEXANDER DEADERICK**
*2-Year Associate, AlpInvest*

**Mentors a cohort of seven** underrepresented undergraduate students pursuing careers in finance through SEO.

CARLYLE

"

Teams with diverse perspectives, knowledge bases, interests and cultural identities are key to our edge. Such teams can examine ideas from every angle to generate competitive business insights and make better decisions. We are on a journey to create a culture that seeks out diversity and fosters inclusion at Carlyle – and in the companies we touch – because it is the right thing to do and it is the smart thing to do. Diverse teams ask better questions and inclusive teams find better answers.



**KEWSONG LEE**
*Chief Executive Officer*

## CARLYLE'S DEI COUNCIL

*Global Chair*

**KEWSONG LEE**
*Chief Executive Officer*

*Europe*

**HEATHER MITCHELL**
*Chief Risk Officer and Head of EMEA*

**JONATHAN ZAFRANI**
*Co-Head of Carlyle Europe Partners*

*Asia*

**KAZUHIRO YAMADA**
*Head of Carlyle Japan*

**X.D. YANG**
*Chairman, Carlyle Asia*

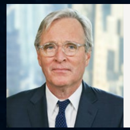
*United States*

**RUULKE BAGIJN**
*Head of Global Investment Solutions*

**CURT BUSER**
*Chief Financial Officer*

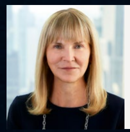
**PETER CLARE**
*Chief Investment Officer for Corporate PE and Chairman of Americas PE*

**LEIGH FARRIS**
*Global Head of Corporate Communications*



**CHRISTOPHER FINN**
*Chief Operating Officer*

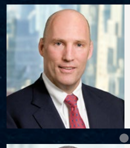
**KARA HELANDER**
*Chief Diversity, Equity, and Inclusion Officer*



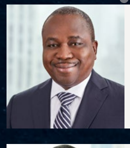
**SANDRA HORBACH**
*Co-Head of U.S. Buyout and Growth*

**MARK JENKINS**
*Global Head of Credit*

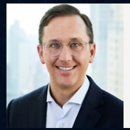
**BRUCE LARSON**
*Chief Human Resources Officer*



**ROB STUCKEY**
*Head of US. Real Estate*



**MACKY TALL**
*Chair of Global Infrastructure*



**NATHAN URQUHART**
*Global Head of Investor Relations*

**REGGIE VAN LEE**
*Chief Transformation Officer*

# Our Investments

## By embedding DEI into many of our investments, we signal the significant role it plays in building better businesses. In 2020, we set a goal to achieve 30% diverse directors on the boards of our controlled companies by 2023.

As of March 31, 2022, over 200 portfolio company board seats have been filled with diverse directors. Our progress is due, in part, to tying incremental milestones to credit facilities totaling over $8 billion in the U.S., Europe, and Asia. Cost savings are produced when progress is made against our goal.

Our Global Investment Solutions segment launched a section dedicated to DEI in its responsible investment questionnaire. This information is collected when we are seeking to make a commitment to a General Partner (GP) and allows us to better focus our engagement efforts to progress DEI within the GPs we allocate funds to. In 2021, 77% of commitments went to GPs who we rated as intermediate or higher based on their DEI efforts.

In addition, as a founding signatory to the Institutional Limited Partners Association (ILPA) Diversity in Action Initiative upon its launch in December 2020, we continue to advance internal practices in line with the Initiation Framework, and work with other signatories to provide the industry with greater transparency on the state of DEI today.

### *Empowering CEOs to Advance DEI Across Our Portfolio*

We heard from our portfolio company CEOs that they wanted additional insight and the ability to network with peers to share best practices. In March 2022, Carlyle launched the DEI Leadership Network, a coalition of 45 portfolio company CEOs around the globe representing over 140,000 employees, to develop a peer group for shared resources and insights that can help advance DEI within their respective companies.

Carlyle's CEO Kewsong Lee and Chief Diversity, Equity and Inclusion Officer Kara Helander convened the first-of-its-kind network to provide management teams with tools and insights needed to help foster inclusive, equitable, and diverse teams that, in turn, make better decisions. Key components of the network include an annual meeting with participating CEOs, a quarterly expert speaker series, a dedicated communications channel, and access to resources to help leaders drive meaningful change.

In April 2022, our DEI Leadership Network met for the inaugural quarterly expert speaker series. CEOs heard how power and status differences affect the brain, behavior, and performance. Most importantly, they learned how leaders can use their power to unlock performance within their teams.

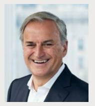
We are committed to supporting each of our portfolio companies as they cultivate and maintain cultures that seek out diversity and foster inclusion, and recognize that it is important for management teams to have the tools they need to drive actionable change. Carlyle developed a DEI Playbook that is available to portfolio companies, outlining foundational standards and providing resources to support effective action.

Carlyle seeks to challenge the status quo and refine our efforts within the firm, the companies we touch, and our communities. Through this network of industry leaders, we strive to facilitate an open forum for honest conversations, exchange ideas on pressing DEI issues, and inspire actionable change.

> Our DEI Playbook has added an incredible amount of value to many of our portfolio companies already. It is a well-balanced collection of helpful communications, actionable business plans, and clear measures to help guide initiatives. I look forward to empowering more of our management teams with tools needed to drive progress in DEI across our portfolio.

**GREG NIKODEM**
*Managing Director, U.S. Buyout*

> Achieving true diversity begins with collaboration. The DEI Leadership Network is a great example of businesses coming together to share successes and challenges, working together to be part of the solution and to make measurable progress.



**MARC REY**
*Chief Executive Officer, Beautycounter*

> Real progress happens when leaders drive organizational change, while empowering each person in the business to own their role in making a difference. We are very proud to be part of Carlyle and the broader network of CEOs putting this work front and center of the boardroom agenda.

**ROBERT FOYE**
*Chief Executive Officer, Accolade Wines*

# Our Communities

The communities we touch provide us with an opportunity to drive change. As part of ongoing efforts to elevate DEI within our industry, Carlyle strives to improve diversity and promote an inclusive culture for women and underrepresented professionals within the industry.

### *Carlyle and The Milken Institute Launch Initiative to Increase Diverse Talent in the Asset Management Industry*

Carlyle and The Milken Institute recently launched the DEI in Asset Management Program to improve diversity and promote inclusive cultures within asset management for women and Black, Indigenous, and People of Color (BIPOC). As part of the program, an executive council of more than 20 leading asset management firms, academic institutions, and foundations have convened to focus on action-oriented initiatives including the establishment of issue-specific research, a Fellows Program for undergraduate students, a public policy agenda, and a series of roundtable discussions.

Carlyle's Chief Diversity Equity and Inclusion Officer Kara Helander and Senior Director of The Milken Institute Center for Financial Markets Blair Smith discuss the initiative and how the DEI in Asset Management Program plans to increase diverse talent within the industry.

### *What inspired the creation of the DEI in Asset Management Program?*

**KARA HELANDER** At Carlyle, we believe there is a direct correlation between diversity and positive financial results, and that having diverse people involved in decision-making leads to more effective outcomes. While we have taken intentional measures to provide our portfolio companies with the tools to lead with DEI at the forefront, we also recognize the opportunity to create meaningful change at an even larger scale. Women currently represent less than 20% of asset management roles[1] in the industry, and the BIPOC community represents 2% of asset management roles[2]. Therefore, it is imperative that leaders in the asset management industry work together to break down barriers and increase inclusion, not only because it is the right thing to do, but because diverse teams result in better business decisions.

There is power in collective action and that is why we joined The Milken Institute to empower our industry with the research, resources, and tools to lead with inclusion at the core. The DEI in Asset Management Program aims to achieve greater diversity across the industry from the entry-level to the executive level. Carlyle is thrilled to partner with Milken as the inaugural underwriter for this impactful program.

**BLAIR SMITH** Financial inclusion provides greater opportunity for success. It doesn't just benefit women and Black, Indigenous, and People of Color - it also benefits the institutions that hold inclusion as a core principle. We wanted to partner with a firm that is a leader in the industry and has been intentional in showing its commitment to change. Together with Carlyle, we developed a program that aims to level the playing field in asset management by spurring action-oriented solutions and setting attainable industry standards. We want to go deeper in order to peel back the blind spots and bottlenecks so that diverse leaders can thrive across the industry.

### *What progress has been achieved already?*

**BLAIR** At its core, our program will focus on identifying and addressing impediments to investing in asset management firms with diverse founders and providing more diverse candidates with opportunities to join top financial institutions. Among the initiatives launched through the program are issue-specific research, the establishment of a high-level Advisory Council, and a series of roundtable discussions focused on advancing diversity in asset management, with a particular focus on women and Black, Indigenous, and People of Color. The DEI in Asset Management Executive Council convenes leaders across the industry to track industry activities and outputs, create a baseline measurement of industry standards, and develop a public policy agenda. With 20 council members thus far, we hold regular meetings and develop industry research reports. Our first report, expected to be published later this year, will outline the state of play in the industry, and the second will outline specific strategies for inclusion.

### *How can organizations collectively drive impact across the asset management industry?*

**KARA** We believe it is important to track measures of inclusion to ensure that change is being implemented at every level. In our view, the more that organizations start to put real intention behind their efforts, the greater success we will have in achieving collective progress – building healthier businesses and creating a more inclusive society. While change does not happen overnight, we believe that leveraging our spheres of influence to keep ourselves and our industry accountable is integral to foster inclusive and equitable workplaces that propel diverse talent forward.

To learn more about the initiative or join, please visit the Milken Institute's Diversity, Equity, and Inclusion in Asset Management landing page at milkeninstitute.org.

> At its core, our program will focus on identifying and addressing impediments to investing in asset management firms with diverse founders and providing more diverse candidates with opportunities to join top financial institutions.

**BLAIR SMITH**
*Senior Director of The Milken Institute Center*

1 Prequin Pro, December 2020
2 FundFire, Fall 2017

# Corporate ESG Disclosures

**GRI 102**
General Disclosure is used to report contextual information about an organization and its sustainability reporting practices. This includes information about an organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process.

**GRI 103**
Management Approach is used to report information about how an organization manages a material topic. It is designed to be used for each material topic in a sustainability report, including those covered by the topic specific GRI Standards (series 200, 300, and 400) and other material topics.

**Topic-specific Standards 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics)**
The 200, 300, and 400 series include numerous topic-specific Standards. These are used to report information on an organization's impacts related to economic, environmental, and social topics (e.g., Indirect Economic Impacts, Water, or Employment).

# 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. In 2021, we began 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 on the right.

### *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) greenhouse gas (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**

| SHAREHOLDERS |
|---|
| Annual Impact Review |
| GRI reporting and ESG data |
| Public filings and one-to-one conversations |
| Investor Day |

| BROADER PUBLIC |
|---|
| Annual Impact Review |
| Regulatory compliance and audits |
| Engagement with industry and issue groups |
| Investor Day |

| EMPLOYEES |
|---|
| ESG trainings across functional teams |
| Centralized ESG resources on firm intranet |
| Dedicated internal personnel on ESG, diversity and inclusion, human capital, cyber security, and more |
| Ongoing mentoring and employee engagement programs (detailed in GRI Standard 404-2) |
| ESG-linked compensation |

| LIMITED PARTNERS |
|---|
| LP meetings and engagements |
| Updates via our LP Connect portal |
| ESG research publications |
| Investor Conferences |
| Quarterly and ad-hoc reporting |

| PORTFOLIO COMPANIES |
|---|
| Annual Sustainability Workshop |
| ESG data collection and analysis |
| One-to-one engagement with ESG team |
| ESG Action Plan and value creation support |
| Quarterly ESG updates via newsletter |
| Thematic webinars |

## General Disclosures

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-1** | Name of the organization | The reporting organization shall report the following information:<br>a. Name of the organization. | The Carlyle Group Inc. |
| **102-2** | Activities, brands, products, and services | The reporting organization shall report the following information:<br>a. A description of the organization's activities.<br>b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets. | Please see pages 7-11 in Carlyle's Form 10-K Report. |
| **102-3** | Location of headquarters | The reporting organization shall report the following information:<br>a. Location of the organization's headquarters. | Washington, D.C. |
| **102-4** | Location of operations | The reporting organization shall report the following information:<br>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 7 in Carlyle's Form 10-K Report and a list of our global offices here. |
| **102-5** | Ownership and legal form | The reporting organization shall report the following information:<br>a. Nature of ownership and legal form. | Please see page 16-17 in Carlyle's Form 10-K Report. |
| **102-6** | Markets served | The reporting organization shall report the following information:<br>a. Markets served, including:<br>i. geographic locations where products and services are offered;<br>ii. sectors served;<br>iii. types of customers and beneficiaries | Please see pages 7-20 in Carlyle's Form 10-K Report. |
| **102-7** | Scale of the organization | The reporting organization shall report the following information:<br>a. Scale of the organization, including:<br>i. total number of employees;<br>ii. total number of operations;<br>iii. net sales (for private sector organizations) or net revenues (for public sector organizations);<br>iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;<br>v. quantity of products or services provided | Please see pages 16-20 and the audited financial statements included in Carlyle's Form 10-K Report. |
| **102-8** | Information on employees and other workers | The reporting organization shall report the following information:<br>a. Total number of employees by employment contract (permanent and temporary), by gender.<br>b. Total number of employees by employment contract (permanent and temporary), by region.<br>c. Total number of employees by employment type (full-time and part-time), by gender.<br>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<br>workers who are not employees.<br>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).<br>f. An explanation of how the data have been compiled, including any assumptions made. | Please see information on diversity within our teams here.<br><br>Please see pages 20-21 in Carlyle's Form 10-K Report. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-9** | Supply chain | The reporting organization shall report the following information:<br>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, Carlyle works with a number of third party service providers that support its day-to-day business operations. Please see our Supplier Code of Conduct. Additionally, in our dealings with third party vendors, Carlyle applies the principles, values, standards, and norms of behaviour as summarized in our Code of Conduct. |
| **102-10** | Significant changes to the organization and its supply chain | The reporting organization shall report the following information:<br>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:<br>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;<br>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);<br>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination. | As a global investment firm, we have a small operational footprint, and as a result, supply chain. Please see pages 7-11, 100, and 166 in Carlyle's Form 10-K report. |
| **102-12** | External initiatives | The reporting organization shall report the following information:<br>a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses. | Carlyle is currently a member of Businesses for Social Responsibility (BSR), Value Reporting Foundation (VRF), Sustainability Accounting Standards Board (SASB) Alliance, initiative climat UK, ILPA Diversity in Action initiative, 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 TCFD report In 2021, we co-founded the ESG Data Convergence Project, the private equity industry's first-ever GP-LP partnership to standardize ESG reporting. Please see more information on the project here. In 2022, we became a signatory of the United Nations Principles for Responsible Investment (UNPRI). Additionally, we are a signatory of the CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclsuion in the workplace. |
| **102-13** | Membership of associations | The reporting organization shall report the following information:<br>a. A list of the main memberships of industry or other associations, and national or international advocacy organizations. | Carlyle 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, Carlyle is involved in a number of working groups organized by our peer private investment firms covering topics such as the evolving regulatory landscape. |
| **102-14** | Statement from senior decision-maker | The reporting organization shall report the following information:<br>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<br>its strategy for addressing sustainability. | Please see page 4 of this report. |
| **102-15** | Key impacts, risks, and opportunities | The reporting organization shall report the following information:<br>a. A description of key impacts, risks, and opportunities | Please see pages 22-24 and 30-93 in Carlyle's Form 10-K Report. Additional key risks and impacts are covered elsewhere in this report. Please also see pages 5-6 and pages 20-21 of our Proxy Statement for additional information on impacts and risks. |
| **102-16** | Values, principles, standards, and norms of behaviour | The reporting organization shall report the following information:<br>a. A description of the organization's values, principles, standards, and norms of behaviour. | Carlyle Inc.'s Global Code of Conduct is available to all employees and all Fund Investors. We train both full-time and part-time employees on the Code of Conduct. Additionally, please see our ESG policy and Guidelines for Responsible Investment. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-17** | Mechanisms for advice and concerns about ethics | The reporting organization shall report the following information:<br>a. A description of internal and external mechanisms for:<br>i. seeking advice about ethical and lawful behaviour, and organizational integrity;<br>ii. reporting concerns about unethical or unlawful behaviour, and organizational integrity. | The mechanisms for advice and reporting concerns are summarized in our Code of Conduct and our Process for Reporting of Concerns Regarding Accounting and Other Matters.<br><br>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 7 of our Proxy Statement. The requirements for reporting of known or suspected violations of Carlyle's Code of Conduct or illegal or unethical behavior are detailed below.<br><br>Reporting of Known or Suspected Violations or Illegal or Unethical Behavior<br>Employees must either (1) promptly contact Carlyle'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 Carlyle 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.<br><br>Carlyle will take measures to protect the confidentiality of any report made, subject to applicable law, regulation or legal proceedings. Carlyle will not permit or tolerate retaliation of any kind by or on behalf of Carlyle and its personnel against employees who make good faith reports or complaints regarding violations of this Code or other illegal or unethical behavior. |
| **102-18** | Governance structure | The reporting organization shall report the following information:<br>a. Governance structure of the organization, including committees of the highest governance body.<br>b. Committees responsible for decision-making on economic, environmental, and social topics. | Carlyle Inc.'s Board of Directors oversees the business and affairs of Carlyle, and has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. See pages 22-24 of our Proxy Statement.<br><br>Carlyle's Global Head of Impact reports directly to the firm's Chief Operating Officer & provides regular updates to Carlyle's Board of Directors. Carlyle's Board of Directors maintain oversight for ESG and impact activities. Carlyle has designated an independent board lead on ESG, Linda Filler.<br><br>See page 19 of our Proxy Statement. |
| **102-19** | Delegating authority | The reporting organization shall report the following information:<br>a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees. | Carlyle's Board of Directors receives information about material ESG issues for the firm. The members of the Board of Directors are publicly listed here and on pages 10-15 of our Proxy Statement. In April 2022, Linda Filler was appointed to serve as the ESG and Impact Lead to enhance the Board's oversight of ESG and Impact efforts. See page 22 of our Proxy Statement.<br><br>Carlyle's Global Head of Impact reports directly to the firm's Chief Operating Officer & provides regular updates to Carlyle'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, Carlyle's ESG and Impact team provides regular updates on the firm's ESG and impact work to Kewsong Lee (Chief Executive Officer). See page 22 of our Proxy Statement.<br><br>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. |
| **102-20** | Executive-level responsibility for economic, environmental, and social topics | The reporting organization shall report the following information:<br>a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.<br>b. Whether post holders report directly to the highest governance body | Carlyle Inc.'s Board of Directors receives information about material ESG issues for the firm. The members of the Board of Directors are publicly listed here and on pages 10-15 of our Proxy Statement. In April 2022, Linda Filler was appointed to serve as the ESG and Impact Lead to enhance the Board's oversight of ESG and Impact efforts. See page 22 of our Proxy Statement.<br><br>Carlyle's Global Head of Impact reports directly to the firm's Chief Operating Officer & provides regular updates to Carlyle'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, Carlyle's ESG and Impact team provides regular updates on the firm's ESG and impact work to Kewsong Lee (Chief Executive Officer). See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report.<br><br>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. See page 22 in our Form 10-K Report. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-21** | Consulting stakeholders on economic, environmental, and social topics | The reporting organization shall report the following information:<br>a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.<br>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body. | Carlyle Inc.'s Board of Directors receives information about material ESG issues for the firm. The members of the Board of Directors are publicly listed here and on pages 10-15 of our Proxy Statement. In April 2022, Linda Filler was appointed to serve as the ESG and Impact Lead to enhance the Board's oversight of ESG and Impact efforts. See page 22 of our Proxy Statement.<br><br>Carlyle's Global Head of Impact reports directly to the firm's Chief Operating Officer & provides regular updates to Carlyle'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, Carlyle's ESG and Impact team provides regular updates on the firm's ESG and impact work to Kewsong Lee (Chief Executive Officer). See page 22 and page 25 of our Proxy Statement and pages 22-24 in our Form 10-K Report. |
| **102-22** | Composition of the highest governance body and its committees | The reporting organization shall report the following information:<br>a. Composition of the highest governance body and its committees by:<br>i. executive or non-executive;<br>ii. independence;<br>iii. tenure on the governance body;<br>iv. number of each individual's other significant positions and commitments, and the nature of the commitments;<br>v. gender;<br>vi. membership of under-represented social groups;<br>vii. competencies relating to economic, environmental, and social topics;<br>viii. stakeholder representation. | Carlyle's Board of Directors oversees our business and affairs and consists of 13 directors. The Company's Board of Directors is majority independent, and the committees of the Board of Directors are entirely independent. Please see pages 10-18 (including the Board Diversity Matrix on page 16) of our Proxy Statement for additional information Two of our founding partners, David M. Rubenstein and William E. Conway, Jr., currently serve as non-executive Co-Chairmen of the Board, and another founding partner, Daniel A. D'Aniello, serves as Chairman Emeritus and as a member of the Board of Directors. Our Chief Executive Officer, Kewsong Lee, and our Chief Investment Officer of Corporate Private Equity and Chairman of the Americas, Peter Clare, also serve as Board members.<br><br>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.<br><br>Carlyle representatives from across the organization, including those who sit on the highest governance body, routinely talk to shareholders, LPs, NGOs and government bodies on economic, environmental and social topics. |
| **102-23** | Chair of the highest governance body | The reporting organization shall report the following information:<br>a. Whether the chair of the highest governance body is also an executive officer in the organization.<br>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 co-chairmen of Carlyle Inc.'s Board of Directors, David M. Rubenstein and William E. Conway, Jr., are not executive officers. See page 22 of our Proxy Statement. |
| **102-24** | Nominating and selecting the highest governance body | The reporting organization shall report the following information:<br>a. Nomination and selection processes for the highest governance body and its committees.<br>b. Criteria used for nominating and selecting highest governance body members, including whether and how:<br>i. stakeholders (including shareholders) are involved;<br>ii. diversity is considered;<br>iii. independence is considered;<br>iv. expertise and experience relating to economic, environmental, and social topics are considered. | The Board of Director's Nominating and Corporate Governance Committee is responsible for reviewing the qualifications of potential director candidating and recommending to the Board of Directors those candidates to be nominated for election to the Board of Directors. Please see pages pages 9, 15-16 of Carlyle's 2022 Proxy Statement.<br><br>The Nominating and Corporate Governance committee considers certain ESG factors as part of its analysis of potential candidates. See pages 15-16 of Carlyle's 2022 Proxy Statement for the skills, qualifications and traits considered by the Nominating and Corporate Governance Committee. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-25** | Conflicts of interest | The reporting organization shall report the following information:<br>a. Processes for the highest governance body to ensure conflicts of interest are avoided<br>and managed.<br>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:<br>i. Cross-board membership;<br>ii. Cross-shareholding with suppliers and other stakeholders;<br>iii. Existence of controlling shareholder;<br>iv. Related party disclosures. | Carlyle is a publicly traded company and is subject to the SEC's rigorous standards in terms of identifying, mitigating and disclosing conflicts of interest. In addition, the funds we manage are advised by investment advisers registered with the SEC 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.<br><br>The other boards on which the members of our Board of Directors serve (if any) are disclosed on pages 10-15 of our Proxy Statement.<br><br>Effective in August 2021 we ceased to be a controlled company. For more information regarding the ownership of our significant shareholders, see page 69 of our Proxy Statement.<br><br>For information regarding related parties and related transactions, see pages 65-68 of our 2022 Proxy Statement. |
| **102-26** | Role of highest governance body in setting purpose, values, and strategy | The reporting organization shall report the following information:<br>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. | Carlyle developed its Guidelines for Responsible Investment in 2008, which the firm retains to this day. These guidelines were approved by Carlyle's Board of Directors, are used in in our investment decision-making, monitoring, and post-investment activity. Our Guidelines can be found on our website.<br><br>Carlyle's dedicated ESG team is responsible for developing and updating Carlyle's ESG policy and approach to ESG issues, in conjunction with senior executives across the firm. Any material updates or changes to Carlyle's approach to ESG are reviewed and approved by Carlyle's CEO, and in some cases, Carlyle's Board of Directors. Our ESG policy can be found here.<br><br>Carlyle'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. See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report. |
| **102-27** | Collective knowledge of highest governance body | The reporting organization shall report the following information:<br>a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics. | Carlyle'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.<br><br>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 seeks to integrate ESG across its investment processes in order to drive long-term, sustainable value in its investments. Carlyle 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. See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report. |
| **102-28** | Evaluating the highest governance body's performance | The reporting organization shall report the following information:<br>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.<br>b. Whether such evaluation is independent or not, and its frequency.<br>c. Whether such evaluation is a self-assessment.<br>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 Carlyle's Board of Directors and its Committees conduct an assessment of their performance against the objectives and goals that they set for themselves as well as the, including 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.<br><br>The Nominating and Corporate Governance committee considers ESG as part of its analysis of potential new director candidates. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-28** | Evaluating the highest governance body's performance | The reporting organization shall report the following information:<br>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.<br>b. Whether such evaluation is independent or not, and its frequency.<br>c. Whether such evaluation is a self-assessment.<br>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. | While ESG factors have been a part of compensation decisions previously, we have formally tied ESG to compensation. Carlyle'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 (including our other executives). 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. Additionally, we recently launched a new Carlyle 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. |
| **102-29** | Identifying and managing economic, environmental, and social impacts | The reporting organization shall report the following information:<br>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.<br>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. | Carlyle's Board of Directors oversees Carlyle's ESG and impact strategy. At least annually, the ESG team presents developments in ESG integration and impact strategy and process to Carlyle's Board of Directors. See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report. See also page 25 of our Proxy Statement for more information on stakeholder engagement. |
| **102-30** | Effectiveness of risk management processes | The reporting organization shall report the following information:<br>a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics. | Please see page 20-22 of our Proxy Statement. |
| **102-31** | Review of economic, environmental, and social topics | The reporting organization shall report the following information:<br>a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities. | Carlyle's Global Head of Impact reports directly to the firm's Chief Operating Officer & and also provides direct updates to Carlyle'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, Carlyle's ESG and Impact team provides regular updates on the firm's ESG and impact work to Kewsong Lee, Carlyle's CEO. See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report.<br><br>In additon, Carlyle has reported on economic, environmental and social topics since 2010 on an annual basis. Please see our historical ESG reporting archive.<br><br>Carlyle's Global Head of Impact reports directly to the firm's Chief Operating Officer & provides regular updates to Carlyle'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, Carlyle's ESG and Impact team provides regular updates on the firm's ESG and impact work to Kewsong Lee (Chief Executive Officer). See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report. |
| **102-32** | Highest governance body's role in sustainability reporting | The reporting organization shall report the following information:<br>a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered. | Carlyle's sustainability report, titled Carlyle's 2022 Impact Review, is reviewed by multiple senior stakeholders in the firm. The report is ultimately reviewed by Carlyle's CEO, Kewsong Lee, who is also a member of Carlyle's Board of Directors.<br><br>Carlyle'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. See page 22 of our Proxy Statement and pages 22-24 in our Form 10-K Report. |
| **102-33** | Communicating critical concerns | The reporting organization shall report the following information:<br>a. Process for communicating critical concerns to the highest governance body | Carlyle has a Ethics and Compliance hotline that is available to all employees, and has other processes for submitting concerns anonymously. The General Counsel reports on any whistleblower activity at each meeting to the Audit Committee of the Board of Directors. The Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal accounting controls or auditing matters. See page 7 of our Proxy Statement. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-35** | Remuneration policies | The reporting organization shall report the following information:<br>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:<br>i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;<br>ii. Sign-on bonuses or recruitment incentive payments;<br>iii. Termination payments;<br>iv. Clawbacks; | Please see pages 31-62 of Carlyle's Proxy Statement for information on Carlyle Inc.'s remuneration policies for senior executives and Board members.<br><br>Please see GRI disclosure 102-28 in this document for information on how ESG impacts remuneration decisions.<br><br>While ESG factors have been a part of compensation decisions previously, we have formally tied ESG to compensation. Carlyle's Compensation Committee has established that diversity, equity, and inclusion will be one of the factors that will inform a portion of CEO compensation, and it has also informed compensation decisions for other employees (including our other executives). Year-end bonuses for 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 objectives allows us to further embed inclusive leadership and management into our organization, and the foundation of great leaders. Additionally, we recently launched a new Carlyle 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. |
| **102-36** | Process for determining remuneration | The reporting organization shall report the following information:<br>a. Process for determining remuneration.<br>b. Whether remuneration consultants are involved in determining remuneration and whether<br>they are independent of management.<br>c. Any other relationships that the remuneration consultants have with the organization | Carlyle believes quality compensation and incentive programs are critical to hiring and retaining highly qualified individuals. Please see GRI disclosure 102-35 in this document for information on how ESG impacts remuneration decisions.<br><br>Please see pages 31-62 of Carlyle's Proxy Statement for information on Carlyle Inc.'s remuneration policies for senior executives and Board members.<br><br>The Compensation Committee engages a compensation consultant, Pay Governance, and the Compensation Committee considered the independence of such compensation consultant and determined that its work during 2021 did not raise any conflicts of interest. Please see page 35 of Carlyle's Proxy Statement for information on the Compensation Committee's engagement of a compensation consultant.<br><br>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.<br><br>The annual discretionary performance-based cash bonus program is a significant component of our compensation program. The program is based on the Firm, funds, and departments achieving expected performance results in order to fully fund the bonus awards. The program provides for direct alignment with the Firm's financial performance and expectations. Please see pages in 31-63 in Carlyle's Proxy Report for information regarding Carlyle's executive compensation, the role of Carlyle's compensation committee of the Board of Directors and Carlyle's compensation consultant.<br><br>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.<br><br>The Company has implemented Executive Stock Ownership Guidelines as well as an Incentive Compensation Clawback Policy.Please see page 49 of our Proxy Statement. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-37** | Stakeholders' involvement in remuneration | The reporting organization shall report the following information:<br>a. How stakeholders' views are sought and taken into account regarding remuneration.<br>b. If applicable, the results of votes on remuneration policies and proposals. | Carlyle Inc.'s approach to stakeholder engagement is described on page 25 of Carlyle's Proxy Statement.<br><br>The results of the ""say-on-pay"" vote for the 2022 annual meeting of shareholders are reported on the following Form 8-K and the results of the ""say-on-pay"" and ""say-on-frequency"" vote for the 2021 annual meeting of shareholders are reported on the following Form 8-K. |
| **102-38** | Annual total compensation ratio | The reporting organization shall report the following information:<br>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 2021, the annual total compensation for our principal executive officer was $42,322,501 and our median employee's annual total compensation (identified based on our global employee population, excluding our principal executive officer) was $278,833. Based on the CEO's annual total compensation, our CEO Pay Ratio for 2021 was 151.8:1. See page 60 of Carlyle's Proxy Statement. |
| **102-40** | List of stakeholder groups | The reporting organization shall report the following information:<br>a. A list of stakeholder groups engaged by the organization. | Please see our Materiality Assessment Methodology.<br><br>Carlyle Inc.'s approach to stakeholder engagement is described on page 25 of Carlyle's Proxy Statement. |
| **102-42** | Identifying and selecting stakeholders | The reporting organization shall report the following information:<br>a. The basis for identifying and selecting stakeholders with whom to engage | There is a de minimis number of employees covered by collective bargaining agreements. |
| **102-43** | Approach to stakeholder engagement | The reporting organization shall report the following information:<br>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<br>undertaken specifically as part of the report preparation process. | Please see our Materiality Assessment Methodology.<br><br>Carlyle Inc.'s approach to stakeholder engagement is described on page 25 of Carlyle's Proxy Statement. |
| **102-44** | Key topics and concerns raised | The reporting organization shall report the following information:<br>a. Key topics and concerns that have been raised through stakeholder engagement, including:<br>i. how the organization has responded to those key topics and concerns, including through its reporting;<br>ii. the stakeholder groups that raised each of the key topics and concerns. | Please see our Materiality Assessment Methodology.<br><br>Carlyle's approach to stakeholder engagement is described on page 25 of Carlyle's Proxy Statement. |
| **102-45** | Entities included in the consolidated financial statements | The reporting organization shall report the following information:<br>a. A list of all entities included in the organization's consolidated financial statements or equivalent documents.<br>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. | Please see pages 152, 158-165, 167 in Carlyle's Form 10-K Report. |
| **102-46** | Defining report content and topic Boundaries | The reporting organization shall report the following information:<br>a. An explanation of the process for defining the report content and the topic Boundaries.<br>b. An explanation of how the organization has implemented the Reporting Principles for defining report content. | Please see our Materiality Assessment Methodology.<br><br>Carlyle's approach to stakeholder engagement is described on page 25 of Carlyle's Proxy Statement. |
| **102-47** | List of material topics | The reporting organization shall report the following information:<br>a. A list of the material topics identified in the process for defining report content | Please see our Materiality Assessment Methodology.<br><br>Carlyle's approach to stakeholder engagement is described on page 25 of Carlyle's Proxy Statement. |

| DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|
| **102-48** | Restatements of information | The reporting organization shall report the following information:<br>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. |
| **102-49** | Changes in reporting | The reporting organization shall report the following information:<br>a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries | No significant changes. |
| **102-50** | Reporting period | The reporting organization shall report the following information:<br>a. Reporting period for the information provided. | Except as otherwise indicated, the reporting period is January 1, 2021 through December 31, 2021. |
| **102-51** | Date of most recent report | The reporting organization shall report the following information:<br>a. If applicable, the date of the most recent previous report. | Jun-21 |
| **102-52** | Reporting cycle | The reporting organization shall report the following information:<br>a. Reporting cycle. | Carlyle has produced an annual sustainability report since 2010. Previous reports can be found here. |
| **102-53** | Contact point for questions regarding the report | The reporting organization shall report the following information:<br>a. The contact point for questions regarding the report or its contents. | Meg Starr Megan.Starr@Carlyle.com |
| **102-54** | Claims of reporting in accordance with the GRI Standards | The reporting organization shall report the following information:<br>a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either:<br>i. 'This report has been prepared in accordance with the GRI Standards: Core option';<br>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. |
| **102-55** | GRI content index | The reporting organization shall report the following information:<br>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.<br>b. For each disclosure, the content index shall include:<br>i. the number of the disclosure (for disclosures covered by the GRI Standards);<br>ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;<br>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. |
| **102-56** | External assurance | The reporting organization shall report the following information:<br>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.<br>b. If the report has been externally assured:<br>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;<br>ii. The relationship between the organization and the assurance provider;<br>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, Carlyle does not seek external assurance for its Impact Review report. The document is reviewed by Carlyle's CEO, COO, CRO, Legal, Compliance, and our Global Head of Impact. Carlyle's consolidated financial statements are externally audited by Ernst and Young LLpage |

# Economic Disclosures

| 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:<br>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:<br>i. Direct economic value generated: revenues;<br>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;<br>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.<br>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance. | Please see pages 158-165 in The Carlyle Group's Form 10-K Report. |
| **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:<br>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:<br>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;<br>ii. a description of the impact associated with the risk or opportunity;<br>iii. the financial implications of the risk or opportunity before action is taken;<br>iv. the methods used to manage the risk or opportunity;<br>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 Taskforce on Climate-related Financial Disclosures report which details our approach to navigating climate risks and opportunities. |
| **GRI 203** | Indirect Economic Impacts | **203-1** | Infrastructure investments and services supported | The reporting organization shall report the following information:<br>a. Extent of development of significant infrastructure investments and services supported.<br>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.<br>c. Whether these investments and services are commercial, in-kind, or pro bono engagements. | Please see The Carlyle Group's infrastructure website. |
| **GRI 205** | Anti-corruption | **205-2** | Communication and training about anti-corruption policies and procedures | The reporting organization shall report the following information:<br>a. Total number and percentage of governance body members that the organization' anti-corruption policies and procedures have been communicated to, broken down by region.<br>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.<br>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.<br>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.<br>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 certain business partners to certify that they are in compliance with ABC minimum standards set forth in our commercial contracts. |

# Environmental Disclosures

| 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:<br>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.<br>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.<br>c. In joules, watt-hours or multiples, the total:<br>i. electricity consumption<br>ii. heating consumption<br>iii. cooling consumption<br>iv. steam consumption<br>d. In joules, watt-hours or multiples, the total:<br>i. electricity sold<br>ii. heating sold<br>iii. cooling sold<br>iv. steam sold<br>e. Total energy consumption within the organization, in joules or multiples.<br>f. Standards, methodologies, assumptions, and/or calculation tools used.<br>g. Source of the conversion factors used | (a, b) Carlyle has no direct fuel consumption as a part of its operations<br><br>(c) Total estimated electricity & heating consumption: 11,392 MWH. Cooling not separated; zero steam consumption.*<br><br>(d) Zero energy sold*<br><br>(e) 12,388 MWH*<br><br>(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 Carlyle portfolio company.<br><br>We undertake a number of initiatives to reduce our overall environmental footprint. Please see details here.<br><br>Additionally, the landlord of our New York City office space, SL Green publishes an annual sustainability report. Our New York City office building, One Vanderbilt, was recently named the first WELL V2 certified Platinum project in New York City. This distinction is based on seven categories of building performance including air, water, light, nourishment, fitness, comfort, and mind.<br><br>""One Vanderbilt is a landmark example of prioritizing people-first places. SL Green Realty's achievement of WELL V2 Core at the Platinum level signals a commitment to going above and beyond in design and protocols that enhance human health and well-being."" - Rachel Hodgdon, International WELL Building Institute (IWBI) President, and CEO.<br><br>*Please note: this data is as of 12/31/2020. We are currently transitioning our approach to measuring and offsetting our operational carbon footprint and are in process with this. We anticipate having the updated figures by 4Q2022.<br><br>Additional information on our approach to climate change and the energy transition within our investment portfolios can be found in our most recent Taskforce on Climate-related Financial Disclosures (TCFD) report.<br><br>In 2022, we announced firmwide climate goals inclusive of a Net Zero by 2050 goal and corresponding near-term goals.<br><br>Additionally, we published a 70-page Carbon and Energy Management playbook for our portfolio companies providing a step-by-step resource to design, create, and execute robust decarbonization strategies. We rolled this out to our portfolio companies via a webinar in 2021. |

# Environmental Disclosures

| GRI STANDARD NUMBER | GRI STANDARD TITLE | DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|---|---|
| **GRI 302** | Energy | **302-3** | Energy intensity | The reporting organization shall report the following information:<br>a. Energy intensity ratio for the organization.<br>b. Organization-specific metric (the denominator) chosen to calculate the ratio.<br>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.<br>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.*<br><br>(b) Employee headcount<br><br>(c) All energy types included<br><br>(d) Energy use refers specifically to Scope 2, while the GHG footprint includes all scopes<br><br>*Please note: this data is as of 12/31/2020. We are currently transitioning our approach to measuring and offsetting our operational carbon footprint and are in process with this. We anticipate having the updated figures by 4Q2022. |
| **GRI 303** | Water and Effluents | **303-5** | Water consumption | The reporting organization shall report the following information:<br>a. Total water consumption from all areas in megaliters.<br>b. Total water consumption from all areas with water stress in megaliters.<br>c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact.<br>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 1) GHG emissions | The reporting organization shall report the following information:<br>a. Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent.<br>b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.<br>c. Biogenic CO2 emissions in metric tons of CO2 equivalent.<br>d. Base year for the calculation, if applicable, including:<br>i. the rationale for choosing it;<br>ii. emissions in the base year;<br>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.<br>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.<br>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.<br>g. Standards, methodologies, assumptions, and/or calculation tools used. | (a) Zero material Scope 1 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:<br>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.<br>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.<br>c. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.<br>d. Base year for the calculation, if applicable, including:<br>i. the rationale for choosing it;<br>ii. emissions in the base year;<br>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.<br>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.<br>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.<br>g. Standards, methodologies, assumptions, and/or calculation tools used | (a) 4,999 MT of CO2e*<br>(b) N/A<br>(c) All included<br>(d) First year of GHG accounting was 2017. Current reporting covers the 2020 emissions year.<br>(e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors<br>(f) Financial control<br>(g) WRI GHG Protocol. Verified by Apex Companies.<br><br>*Please note: this data is as of 12/31/2020. We are currently transitioning our approach to measuring and offsetting our operational carbon footprint and are in process with this. We anticipate having the updated figures by 4Q2022. |
| **GRI 305** | Emissions | **305-3** | Other indirect (Scope 3) GHG emissions | The reporting organization shall report the following information:<br>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent.<br>b. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.<br>c. Biogenic CO2 emissions in metric tons of CO2 equivalent.<br>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.<br>e. Base year for the calculation, if applicable, including:<br>i. the rationale for choosing it;<br>ii. emissions in the base year;<br>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.<br>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.<br>g. Standards, methodologies, assumptions, and/or calculation tools used. | (a) 1,553 MT of CO2e*<br>(b) All included<br>(c) N/A<br>(d) First year of GHG accounting was 2017. Current reporting covers the 2020 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.<br>(e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors<br>(f) Financial control<br>(g) WRI GHG Protocol. Verified by Apex Companies.<br><br>*Please note: this data is as of 12/31/2020. We are currently transitioning our approach to measuring and offsetting our operational carbon footprint and are in process with this. We anticipate having the updated figures by 4Q2022. |
| **GRI 305** | Emissions | **305-4** | GHG emissions intensity | The reporting organization shall report the following information:<br>a. GHG emissions intensity ratio for the organization.<br>b. Organization-specific metric (the denominator) chosen to calculate the ratio.<br>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).<br>d. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. | (a) 3.6*<br>(b) Number of employees<br>(c) Scope 2 and Scope 3<br>(d) All included<br><br>*Please note: this data is as of 12/31/2020. We are currently transitioning our approach to measuring and offsetting our operational carbon footprint and are in process with this. We anticipate having the updated figures by 4Q2022. |

| GRI STANDARD NUMBER | GRI STANDARD TITLE | DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|---|---|
| **GRI 306** | Effluents and Waste | **306-2** | Waste by type and disposal method | The reporting organization shall report the following information:<br>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:<br>i. Reuse<br>ii. Recycling<br>iii. Composting<br>iv. Recovery, including energy recovery<br>v. Incineration (mass burn)<br>vi. Deep well injection<br>vii. Landfill<br>viii. On-site storage<br>ix. Other (to be specified by the organization)<br>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:<br>i. Reuse<br>ii. Recycling<br>iii. Composting<br>iv. Recovery, including energy recovery<br>v. Incineration (mass burn)<br>vi. Deep well injection<br>vii. Landfill<br>viii. On-site storage<br>ix. Other (to be specified by the organization)<br>c. How the waste disposal method has been determined:<br>i. Disposed of directly by the organization, or otherwise directly confirmed<br>ii. Information provided by the waste disposal contractor<br>iii. Organizational defaults of the waste disposal contractor | As a global investment firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of in a responsible way and recycle. |
| **GRI 306** | Effluents and Waste | **306-3** | Significant spills | The reporting organization shall report the following information:<br>a. Total number and total volume of recorded significant spills.<br>b. The following additional information for each spill that was reported in the organization's<br>financial statements:<br>i. Location of spill;<br>ii. Volume of spill;<br>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).<br>c. Impacts of significant spills. | We have had no significant spills as a result of our direct operations during the reporting period. |
| **GRI 306** | Effluents and Waste | **306-4** | Transport of hazardous waste | The reporting organization shall report the following information:<br>a. Total weight for each of the following:<br>i. Hazardous waste transported<br>ii. Hazardous waste imported<br>iii. Hazardous waste exported<br>iv. Hazardous waste treated<br>b. Percentage of hazardous waste shipped internationally.<br>c. Standards, methodologies, and assumptions used. | As a global investment firm, we do not transport hazardous waste directly. |
| **GRI 307** | Environmental Compliance | **307-1** | Non-compliance with environmental laws and regulations | The reporting organization shall report the following information:<br>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:<br>i. total monetary value of significant fines;<br>ii. total number of non-monetary sanctions;<br>iii. cases brought through dispute resolution mechanisms.<br>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

| 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 | The reporting organization shall report the following information:<br>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:<br>i. life insurance;<br>ii. health care;<br>iii. disability and invalidity coverage;<br>iv. parental leave;<br>v. retirement provision;<br>vi. stock ownership;<br>vii. others.<br>b. The definition used for 'significant locations of operation'. | Globally, dependent on eligibility and geographic location, Carlyle may offer the following benefits to full and/or part-time employees<br><br>Generally in its United States offices, Carlyle provides the following benefits to its full-time employees.<br><br>• life insurance<br>• health care<br>• mental health<br>• behavioral health<br>• disability and invalidity coverage<br>• parental leave<br>• retirement provision<br>• stock ownership (for certain grades)<br>• tuition reimbursement<br>• commuter allowance<br>• childcare backup or vouchers<br>• dental care insurance<br>• healthcare advocacy service<br><br>In the United States, part time employees (which generally include employees working less than 30 hours per week), typically only are eligible for retirement benefits, which are the same across full-time and part-time employees.<br><br>Almost 100% of The Carlyle Group full-time employees are eligible for coverage on the benefit and leave plans offered in their respective geographies.<br><br>An Employee Assistance Program (EAP) was implemented across all Carlyle locations. In the U.S., the EAP includes a virtual platform and a new network of mental health providers. This network was also added to the U.S. medical plan as an in-network resource for more mental health provider options. |
| **GRI 401** | Employment | **401-3** | Parental leave | The reporting organization shall report the following information:<br>a. Total number of employees that were entitled to parental leave, by gender.<br>b. Total number of employees that took parental leave, by gender.<br>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.<br>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.<br>e. Return to work and retention rates of employees that took parental leave, by gender. | 100% of full-time employees are eligible for parental leave. We offer parental leave to employees of all genders.<br><br>In 2022, Carlyle implemented minimum global standards for fully-paid maternity and paternity caregiver leave, which are 20 weeks and 4 weeks of leave, respectively. Generally, this was an increase in leave for most Carlyle offices. Local customizations to account for local needs were also taken into consideration. For example, in the U.S., birth mothers are eligible to up to 26-28 weeks of fully-paid leave. |
| **GRI 403** | Occupational Health and Safety | **403-6** | Promotion of worker health | 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:<br>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.<br>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. | At The Carlyle Group, keeping our employees healthy is front of mind, particularly during the COVID-19 pandemic. We invested in developing a global five-pillar wellbeing plan, which has support from the highest levels of the firm. This plan is focused on the emotional, physical, social, financial and environmental wellness of our employees, which includes experts presenting webinars on health, nutrition, resilience and life longevity, movement programs and challenges, and putting tools in place so that our employees feel safe and productive while working in a hybrid environment. We also concentrated COVID-19 resources on our internal web page, including tips for managers and working parents, access to our Employee Assistance Program, and more. |

## Social Disclosures

| GRI STANDARD NUMBER | GRI STANDARD TITLE | DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|---|---|
| **GRI 403** | Occupational Health and Safety | **403-6** | Promotion of worker health | 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:<br>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.<br>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. | In the U.S. we provide access to a membership for full-time employees and their families to One Medical, which is a Carlyle portfolio company. One Medical is a primary care practice that is focused on patient comfort and convenience. Importantly, One Medical provides 24/7 virtual care via video, phone, and email, as well as online appointment booking and prescription renewals via the app or web. 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 and couples. Brought forth by the LGBTQ and Working Parents employee resource groups (ERGs) in partnership with our Human Capital Management team, this benefit is available to all (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. This benefit is available to all participants of the Carlyle medical plan who work 30+ hours a week.<br><br>Commencing in 2021, we provide an annual wellbeing stipend for employees at the level of Principal 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, equipment such as a weight set, a commuting bike, fees for a nutrition coach or a massage therapist and other related items or services.<br><br>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 staff on the SARS-COV-2, recent mutations, global vaccine development, deployment, and efficacy.<br><br>In addition to the benefits outlined above, we are especially focused on employee satisfaction and mental health during the pandemic. Global manager trainings were implemented to train managers to recognize burnout versus stress in themselves and their staff with subsequent training on how to respond in a motivating and inspiring way. Further, we understand that it is more difficult to disconnect while working from home, so we have made the decision to close our offices globally for a week in August 2022 in order for Carlyle employees to fully disconnect. The week-long closing will not count towards employees' regularly allotted vacation days. Similarly, we had a week-long closing at the end of December 2021 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 are shared with all global employees.<br><br>The focus on worker health extends to our physical offices as well. All of our DC and NYC offices have motorized standing desks. |

## Social Disclosures

| GRI STANDARD NUMBER | GRI STANDARD TITLE | DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|---|---|
| **GRI 404** | Training and Education | **404-1** | Average hours of training per year per employee | The reporting organization shall report the following information:<br>a. Average hours of training that the organization's employees have undertaken during the reporting period, by:<br>i. gender;<br>ii. employee category | Currently, we do not track the hours and cost for employee training programs per employee systematically across all programs. However, in 2021 we implemented a new learning management system, EMPOWER, which has equipped us to track hours and cost for a portion of these programs. We are working to more comprehensively capture the hours and cost of training across our trainng programs. More generally, the learning management system will equip us to report on learning metrics and improve our offerings for employeees.<br><br>The Carlyle Group is committed to ensuring that its employees have the relevant knowledge, skills, and expertise to perform their work at high standards and achieve their full potential. Global employees can access training and learning resources by visiting EMPOWER. |
| **GRI 404** | Training and Education | **404-2** | Programs for upgrading employee skills and transition assistance programs | The reporting organization shall report the following information:<br>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.<br>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. | The Carlyle Group provides a range of programs to assist employees to upgrade their skills. These programmes include:<br><br>1. Instructor-led Training Delivery/Facilitation<br>• Full curriculum of scheduled training with CPE credits available – These trainings are typically focussed on professional and leadership skills<br>• Technical Training: Fundamental and Advanced Excel<br><br>2. eLearning Programs from Top Vendors:<br><br>eLearning programs are offered to both full-time and part-time employees of The Carlyle Group.<br><br>• LinkedIn Learning provides an extensive online library of high-quality instructional videos on professional and leadership skills. Videos and courses are taught by industry experts and designed to keep you engaged<br>• GetAbstract provides book summaries of over 13,000 current and classic best sellers and hundreds of summaries and links to TED talks. Find popular content related to economics, finance, leadership, and self-development<br>• Blue Ocean Brain provides short articles, tips, and brain performance challenges that elevate your critical thinking skills and build brain-healthy habits. This is an interactive application that offers brand new, daily experiences<br><br>3. Onboarding<br>• Learning & Development Overview during week 1 orientation<br>• Monthly Global Employee Orientation sessions providing overviews of different areas of the firm<br><br>4. Annual training programs:<br>• Analyst and Associate Program and Associate Continuing Education<br>• Finance Training Day - A day of training specifically for those in support functions (for example finance or technology). CPE credit is offered for the majority of the sessions<br><br>5. Leadership Programs<br>• Better Managers Program: Focuses on building core, 'foundation' management behaviors and skills;<br>Topics include: increasing self-awareness, transitioning to management, setting goals, giving and receiving feedback, building trust, delivering change, and driving collaborative solutions |

## Social Disclosures

| GRI STANDARD NUMBER | GRI STANDARD TITLE | DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|---|---|
| **GRI 404** | Training and Education | **404-2** | Programs for upgrading employee skills and transition assistance programs | The reporting organization shall report the following information:<br>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.<br>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. | • Better Leaders Program: Focuses on more advanced management behaviors and skills; Topics include: leading change efforts, driving decision quality, effectively delegating, inspiring followership, building high-performing teams, leading difficult conversations, performance coaching, and managing upwards<br>Includes the key elements of the previously offered VP Forum focused on advancing investing skills, but provides additional opportunities to assess and refine leadership skills<br>Participants complete MBTI assessments<br>• Leadership Principles program: 3-day Residential Experience to network and build relationships. Sessions focus on: building resilience, strategic networking, delegating, coaching, managing conflict, strategic communications. Following the residential program, participants work with a communications coach over the course of 3 virtual sessions to assess and enhance their executive presence. Participants complete the Hogan assessment, receive a debrief and work on an action plan.<br>• Future Leaders Academy: Recent promotes to Managing Director receive hands-on mentoring from CEO & CHRO and participate in sessions focusing on developing your leadership point of view, taking decisive action, building strategic networks, inspiring followership, innovating & leading change, and leading across One Carlyle<br>• Career Strategies Initiative: Provides underrepresented professionals with the access to expand their 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<br>• Quarterly Learning Sessions for People Managers: Provides open-enrollment sessions to all people managers globally in the form of two-hour virtual learning sessions that offer the latest best practices research and interactive exercises that will provide participants with opportunities to learn and practice using concepts, tools and techniques<br><br>6. Formal Mentorship Program: Mentoring is a career development method whereby less experienced employees are matched with more experienced colleagues for guidance in order to gain knowledge, skills, experience, information and advice. Mentorship is extremely important at The Carlyle Group.<br><br>7. Training Tuition Reimbursement Program: The Carlyle Group reimburses 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. |

## Social Disclosures

| GRI STANDARD NUMBER | GRI STANDARD TITLE | DISCLOSURE NUMBER | DISCLOSURE TITLE | DESCRIPTION | LOCATION OR RELEVANT INFORMATION |
|---|---|---|---|---|---|
| **GRI 404** | Training and Education | **404-3** | Percentage of employees receiving regular performance and career development reviews | The reporting organization shall report the following information:<br>a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period. | Global employees receive an annual performance and career development review. The Carlyle Group uses a single Performance Evaluation process for the firm's employees. This includes the following key features that are implemented in our feedback system, Perform Yard:<br><br>Q1: Team & Individual Goal Setting. Employees are expected to set one goal specifically focused on diversity, equity, and inclusion<br>Ongoing: Gather stakeholder feedback<br>June: Mid-Year Review of Progress of Goals<br>Ongoing: Gather stakeholder feedback<br>November: Year End Evaluation<br><br>Business leaders meet regularly to discuss how the organization's growth goals will create opportunities for each team member to grow and advance over time. These discussions ensure that we are identifying and grooming future leaders and building bench strength across The Carlyle Group. Managers share the insights and outputs from these discussions with their respective team members.<br><br>Additionally, The Carlyle Group is focused on transparency in the promotion process. In an Employee Engagement survey, employees asked for additional information on the process. In response, our Human Capital Management team communicated both the process and criteria for advancement. Documents detailing both the process and criteria are published 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. |
| **GRI 405** | Diversity and Equal Opportunity | **405-1** | Diversity of governance bodies and employees | "The reporting organization shall report the following information:<br>a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:<br>i. Gender;<br>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;<br>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).<br>b. Percentage of employees per employee category in each of the following diversity categories:<br>i. Gender;<br>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;<br>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). " | Our Board of Directors oversees our business and affairs and consists of 13 directors. We have 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.<br><br>Linda Filler serves as our Board lead for ESG.<br><br>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.<br><br>Carlyle'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.<br><br>Please view pages 7-17 of The Carlyle Group's Proxy Statement for additional information on the Board of Directors including biographies. |

# Social Disclosures

| 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 | The reporting organization shall report the following information:<br>a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:<br>i. social impact assessments, including gender impact assessments, based on participatory processes;<br>ii. environmental impact assessments and ongoing monitoring;<br>iii. public disclosure of results of environmental and social impact assessments;<br>iv. local community development programs based on local communities' needs;<br>v. stakeholder engagement plans based on stakeholder mapping;<br>vi. broad based local community consultation committees and processes that include vulnerable groups;<br>vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;<br>viii. formal local community grievance processes. | Please view this page for information on how we are helping local communities to respond to the COVID-19 pandemic. |
| **GRI 417** | Marketing and Labelling | **417-3** | Incidents of non-compliance concerning marketing communications | The reporting organization shall report the following information:<br>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:<br>i. incidents of non-compliance with regulations resulting in a fine or penalty;<br>ii. incidents of non-compliance with regulations resulting in a warning;<br>iii. incidents of non-compliance with voluntary codes.<br>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient. | 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. |

# World Economic Forum Disclosures

| SUB-THEMES, CORE METRICS & DISCLOSURES | LOCATION OR RELEVANT INFORMATION |
|---|---|
| **Setting purpose**<br>Whether the company has a stated purpose linked to societal benefit and their core business | An important component of The Carlyle Group'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.<br><br>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.<br><br>The Statement on the Purpose of a Corporation is focused on a commitment to:<br><br>Deliver value to customers;<br>Invest in employees through fair compensation and provision of benefits;<br>Deal fairly and ethically with suppliers;<br>Provide support to the communities in which a company operates; and,<br>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.<br><br>The full Statement on the Purpose of a Corporation can be found here. |
| **Board composition**<br>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;<br>competencies relating to economic, environmental and social topics; stakeholder representation | Please see GRI disclosure 102-22 in this document. |
| **Impact of material issues on stakeholders**<br>A list of the material topics identified in the process of defining report content and how they impact stakeholders | Please see our Materiality Assessment Methodology. |
| **Anti-corruption**<br>1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region<br>2. Total number and nature of incidents of corruption confirmed during the current year but related to previous years<br>3. Total number and nature of incidents of corruption confirmed during the current year, related to this year" | 100% of The Carlyle Group's employees receive training on the organization's anti-corruption policies and procedures. Our Anti-Bribery & Corruption (ABC) Policy is shared with all employees globally. 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 certain business partners to certify that they are in compliance with ABC minimum standards set forth in our commercial contracts. |
| **Protected ethics advice and reporting mechanisms**<br>A description of internal and external mechanisms for:<br>1. seeking advice about ethical and lawful behaviour, and organizational integrity;<br>2.reporting concerns about unethical or unlawful behaviour, and organizational integrity | Please see GRI disclosure 102-17 in this document. Disclosure 102-17 details our Code of Conduct, Whistleblower Policy and Ethics and Compliance Hotline. |
| **Integrating risk and opportunity into business process**<br>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 102-15 in this document. |
| **Greenhouse Gas (GHG) emissions**<br>Report GHG Protocol Scope 1 and 2 emissions in tonnes of carbon dioxide equivalent ($tCO_2e$) and estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where material. | No material Scope 1 emissions<br>Scope 2 emissions: 4,999 $MTCO_2e$*<br>Scope 3 emissions: 1,553 $MTCO_2e$*<br><br>*Please note: this data is as of 12/31/2020. We are currently transitioning our approach to measuring and offsetting our operational carbon footprint and are in progress with this. We anticipate having the updated figures by 4Q2022. |

# World Economic Forum Disclosures

| SUB-THEMES, CORE METRICS & DISCLOSURES | LOCATION OR RELEVANT INFORMATION |
|---|---|
| **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. We recently announced our firmwide climate strategy and correpsonding near- and long-term goals.<br><br>Our strategy to addressing climate risks and opportunities is available publicly in our TCFD report. |
| **Diversity and inclusion (%)**<br>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 (#)**<br>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)<br>2. The average training and development expenditure per full time employee | Please see GRI disclosure 404-1 in this document. |
| **Net Economic Contribution**<br>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<br>2. Financial assistance received from the government (e.g. tax breaks, subsidies, investment grants etc.)<br>3. Net Economic Contribution = (EVG&D) minus (Financial assistance received from the government)" | Please see GRI disclosure 201-1 in this document. |
| **Community investment (%)**<br>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 2021, Carlyle matched 532 donations to 264 charitable organizations. In total, $735,763.55 were donated.<br><br>Additionally, we engaged in a number of volunteering and fundraising initiatives. Select examples include:<br><br>DC office:<br>• Hosted a Global Charity Month, and 10 volunteers helped pack 945 emergency food boxes at the Capital Area Food Bank<br>• Held a Junior Achievement trivia night fundraiser; 38 employees rasied $5,122<br>• Additionally, the office held gift drives for Community of Home and So Others May Eat<br><br>London office:<br>• Volunteers committed to an 18-month mentorship to guide young people through the university application proces and preparing for university life<br>• Raised £1,000 for Impetus<br><br>Hong Kong office:<br>• Volunteered and raised money for children at The Hub Hong Kong Centre; led a craft class and baking class; and raised 50,000 HKD to support music classes<br><br>Tokyo office:<br>• Over 20 activities in 2021, more than half of employees participated<br>• Catch Your Dream program by Junior Achievement Japan<br>• Social Investment Partnership, a philantropic venture funding charities in Japan |

# World Economic Forum Disclosures

| SUB-THEMES, CORE METRICS & DISCLOSURES | LOCATION OR RELEVANT INFORMATION |
|---|---|
| **Country by country tax reporting**<br>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.<br><br>2. For each tax jurisdiction reported in Disclosure 207-4-a:<br>– Names of the resident entities<br>– Primary activities of the organization<br>– Number of employees and the basis of calculation of this number<br>– Revenues from third-party sales<br>– Revenues from intra-group transactions with other tax jurisdictions<br>– Profit/loss before tax<br>– Tangible assets other than cash and cash equivalents<br>– Corporate income tax paid on a cash basis<br>– Corporate income tax accrued on profit/loss<br>– 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<br><br>3. The time period covered by the information reported in Disclosure 207-4. | Please view pages 205-210 of The Carlyle Group's Form 10-K report. |

CARLYLE



Similarly, there can be no assurance that Carlyle's ESG policies and procedures as described in this report, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment. Carlyle is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG goals, initiatives, policies, and procedures based on cost, timing, or other considerations. Statements about ESG initiatives or prac¬tices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of or, control or influence exercised by Carlyle with respect to the portfolio company; and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis. ESG factors are only some of the many factors Carlyle considers in making an investment, and there is no guarantee that Carlyle will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for limited partners. To the extent Carlyle engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial, climate, sustainability, impact or ESG performance of the investment. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by Carlyle will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends. There can be no assurance that the operations and/or processes of Carlyle as described herein will continue, and such processes and operations may change, even materially. The actual investment process used for any or all of Carlyle's investments may differ materially from the process described herein.

Investors should read this 2022 Impact 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 2022 Impact Report represents or is based upon forward-looking statements or information. Any statements that are not statements of historical facts may be deemed to be forward-looking statements. When used in this 2022 Impact Review, the words "may," "could," "anticipate," "target," "plan," "continue," "goal," "commit," "achieve," "project," "impact," "intend," "estimate," "believe," "expect," "potential," "will", "should," "seeks" and similar expressions (or the negatives thereof) are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: continued uncertainties related to the impact of the COVID-19 pandemic, as well as those described under "Risk Factors" in Carlyle's Annual Report on Form 10-K for the year ended December 31, 2021, 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. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this 2022 Impact Report and Carlyle's other periodic filings with the SEC. 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. Any forward-looking statement speaks only as of the date on which such statement is made, and Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements. Additionally, terms such "ESG," "impact" and "sustainability" can be subjective in nature, and there is no representation or guarantee that these terms, as used by Carlyle, or judgment exercised by Carlyle Partner or its affiliates or advisors in the application of these terms, will reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular investor or other third-party or reflect market trends.

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. Goals and commitments are aspirational and not guarantees or promises that all goals and commitments will be met. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards. Certain information contained herein has been obtained from third parties, and in certain cases have not been updated through the date hereof. While these third party sources are believed to be reliable, Carlyle makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor. Actual results may differ materially from any forward-looking statements.

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.