

This strategy applies to The Carlyle Group and to its group of entities, not including fund investments and is being voluntarily published under the possible applicability of Schedule 19 of the UK Finance Act 2016 to activities of The Carlyle Group. A list of entities to which this strategy applies is set out below. References to “Carlyle”, “the firm” or “the group” are applicable for all these entities. This strategy has been published in accordance with paragraph 22(5) of the Schedule through publication on The Carlyle Group website and it complies with Carlyle’s obligations under the Schedule.

This strategy is in force from publication date. References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax. References to ‘tax’, ‘taxes’ or ‘taxation’ are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which Carlyle has legal responsibilities.

OUR GOAL

Carlyle is committed to compliance with all statutory obligations and full disclosure to tax authorities. Our tax affairs are managed and in alignment with Carlyle’s overall approach to corporate reputation and our high standards of governance & transparency.

HOW WE MANAGE OUR TAX AFFAIRS

Our approach to tax is based on the following principles:

Commitment to compliance

We are committed to ensuring we are in compliance with tax laws in all the jurisdictions where we operate. This also includes providing information to our stakeholders so that they can also report and pay appropriate taxation in jurisdictions where required. Additionally Carlyle’s Business Code of Conduct mandates that “all Carlyle Personnel should respect and comply with applicable laws, rules and regulations of the U.S. and other countries, states, counties, cities and other jurisdictions in which Carlyle and Carlyle Personnel conduct business.” Carlyle is also in the process of finalizing its documentation and training policy to prevent its employees or other associated persons from criminal facilitation of tax evasion.

Responsible approach to investing and planning

An important part of our business is managing investments from our investors and other stakeholders through investment vehicles. These vehicles are typically fund vehicles designed to provide a cost efficient, diversified pooling vehicle to facilitate investment and savings. Funds are widely accepted and used by a variety of investors for a number of reasons:

- Asset management-investing directly requires considerable time and expertise. Our asset managers have the skill set to keep on top of appropriate business decisions and market timing.
- Reduced costs and market access-by pooling investor’s money. Our funds provide for the opportunity to pool capital to access investments that wouldn’t otherwise be available to investors. Given Carlyle doesn’t invest in primarily liquid securities, the need for efficient pooling is essential for investor returns.
- Risk mitigation. Our funds help mitigate risks through investments in multiple assets of a diversified portfolio.

It is common for funds to be established in countries that do not impose an additional layer of tax on the fund itself. Every investor is subject to tax reporting on income and capital returns from the fund based on their specific tax profile. Most commonly held fund vehicles seek to ensure that the investors' tax position would be the same as if they had invested directly.

Carlyle's portfolio of assets are typically held by funds which can include private equity, real estate, infrastructure and energy or credit products. Investments are typically made through a layered fund structure with special purpose vehicles to hold the underlying assets. With respect to structuring investments, Carlyle will seek appropriate advice to ensure that investments are structured appropriately in light of relevant applicable legal, tax and regulatory considerations. In this regard, Carlyle will engage professional advisers to assist with determining appropriate compliant investment structures.

Planning efforts both for Carlyle and for our investors are always based on sound commercial and financial principles. These efforts will focus on the structuring of activities based on existing tax laws with a view to maximizing value for our stakeholders on a sustainable basis. Our primary goal is to ensure we effectively integrate legal, operational, commercial and reputational considerations.

Effective Risk Management

Given the size, scale and decentralized nature of our operations, risks will inevitably arise periodically in relation to interpretation of complex tax arrangements. With guidance from our tax advisors, we always seek to identify, evaluate, monitor and manage these risks to ensure they remain in line with our objectives. Where significant uncertainty or complexity relates to a particular situation, we will escalate to our business, legal, risk and finance teams. Our general risk management policy is also influenced by our overall business Code of Conduct to act ethically and in compliance with local country laws and regulations. We don't seek external tax opinions for every transaction however we work continuously with our advisors to ensure we deliver an appropriate level of reassurance in relation to its risk potential.

Engagement with tax authorities, including the UK's HMRC

Our engagement with all tax authorities is based on the following principles: honesty; integrity; respect; transparency and fairness with our shared goal of cooperative compliance. Wherever possible and practical, we do so proactively in order to minimize risk. We also seek to resolve any disputed matters through open and respectful discussions. In our experience disagreements can be resolved through effective collaboration. Our dealings with HMRC are typically managed through our Client Relationship Manager; we believe we have an open, transparent relationship and typically discuss risks and other tax-related issues when appropriate.

Internal Governance

Ownership for Carlyle's tax strategy, along with our overall business strategy, sits with our senior leadership and the Carlyle Board of Directors. Carlyle's CFO and other senior leaders are regularly briefed on material tax issues, legislative changes and significant disputes. Day to day responsibility for implementation is in our individual businesses and funds. They receive regular updates on material tax risks, disputes and other relevant tax policy developments.