

2020 IMPACT REVIEW

CARLYLE
2020 IMPACT REVIEW

Building Better Businesses

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Letter from our Co-CEOs

Kewsong Lee & Glenn Youngkin

From due diligence through exit, our impact approach at The Carlyle Group is rooted in building better businesses.

This year's publication, renamed the Carlyle 2020 Impact Review, speaks to our expanded focus on pushing this long-term strategy forward. We believe that taking a comprehensive approach to driving impact within businesses leads to better investment results and more sustainable returns for our investors and shareholders.

While we've been at this for over a decade, never has the importance of this work been more clear than in our response to COVID-19. Our platform has mobilized rapidly and effectively to help our portfolio companies and communities navigate the rapidly changing global situation on pages [6-14](#). This work remains grounded in our long history of ESG integration, as we believe that strong ESG competencies are hallmarks of management excellence. This commitment is critical for investment performance, particularly in moments of dislocation and exogenous shocks, as experienced during the COVID-19 crisis or climate-related extreme weather events.

The 2020 Impact Review focuses on the core of our impact investing approach, the five key facets we believe drive better businesses –

diverse and inclusive teams, engaged employees, sustainable growth, climate resilience, and strong community ties – for which we have clear investment theses and specific case studies of value-creation in our investments. We have also doubled down on integrating these factors into our own practices as a corporation, highlighted within the “Our Impact at Carlyle” section per theme. With our conversion to a C-corporation at the beginning of this year, we have increased the transparency and detail of our own corporate ESG disclosures through our first Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) disclosures on pages [89-112](#).

We believe that by building better businesses across our full \$217B portfolio we can generate more resilient economic returns alongside significantly greater impact. Simply put, at Carlyle, impact isn't a product; it's a process – the process of building better businesses. We have much work yet to do, but we are clear about where we are headed, and appreciate the partners who have helped us push forward on this journey.



Kewsong Lee
Co-Chief
Executive Officer



Glenn Youngkin
Co-Chief
Executive Officer

*AUM as of 3/31/20

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BY
Meg Starr

Global Head of Impact

Throughout its history, Carlyle has worked to be at the vanguard of ESG integration. We codified our Guidelines for Responsible Investment in 2008, published the first private equity sustainability report in 2010, hired our first dedicated ESG professional in 2014, and have since expanded the ESG team globally. In 2018, we hired our first Chief Inclusion and Diversity Officer and became the earliest major private equity firm to go carbon neutral ([page 85](#)). In 2019, we sought to propel our work even further, and decided to leave the lexicon aside and return to our core: at Carlyle, our impact is grounded in building better businesses.

The 2020 Impact Review focuses on two main approaches of our impact strategy:

- 1** Investments in which Carlyle – through expertise, resources, capital, and time – partnered with management teams to drive measurable change on material ESG issues, such as our work driving sustainable growth with Weiman ([page 39](#)); and
- 2** Investments with a growth thesis predicated on an impact macro-theme, such as our investment in Cardinal Renewable Energy ([page 46](#)), capitalizing on the opportunities of the global energy transition

Building off our core work of ESG integration, we believe our focus on the below three priorities will allow us to address the most pressing issues as we continue to push forward:

Collecting better data – for specific ends:

While we track bespoke ESG key performance indicators (KPIs) for certain investments (e.g. Carlyle Europe Partners is in its fourth year collecting company-specific material ESG KPIs), we have expanded this approach to track broad-based KPIs that are relevant across diverse geographies and assets. Both approaches play different but increasingly vital roles in our investment process. Tailored company-specific data helps identify risks and opportunities,

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Global Head of Impact

create value-creation plans, and measure progress over time, while cross-portfolio information helps us understand and manage systemic risks and perform comprehensive research on value creation drivers. Notably, we recently identified the correlation between board diversity and annual earnings growth across our portfolio companies, highlighted in the [Impact Report](#).

Setting and achieving ambitious goals for systemically important issues:

We continue to work with individual portfolio companies – through diligence, the investment period, and exit – to drive value on material ESG issues. We also recognize the need for systematic and strategic action across our global portfolio. We believe mobilizing the unique tools of private capital across our full \$217B portfolio creates scalable impact, while ensuring companies are well-positioned to navigate emerging challenges. To that end, knowing empirically from our data that portfolio companies with diverse boards perform better, we have set ambitious goals on board diversity across some of our largest investments ([page 84](#)). We continually evolve our approach of balancing company-specific work with broad-based portfolio-wide action to address our companies' most pressing challenges.

Innovating on the impact of private capital:

As we push forward, we are committed to creatively designing new approaches to driving impact, from strategic resourcing to novel financial structures. We highlight examples in this Impact Review, including Jeanologia's ESG-linked term loan ([page 33](#)), and Carlyle's significant commitment to identifying investment opportunities in emerging impact growth markets, as seen through the Renewable and Sustainable Energy platform launched in 2019.

Our impact as a firm is grounded in collaboration across our Carlyle community. We look forward to expanding this work and engaging our external partners to continuously improve the strategy, application, and tools that drive value and have the maximum impact to build better businesses together.



Meg Starr

Global Head of Impact

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Carlyle companies combating COVID-19

Carlyle's capital, network and resources have empowered our portfolio companies to deploy innovative products, services and initiatives to directly combat the spread of COVID-19, enable business continuity and support their communities.

This is a selection of initiatives we are proud to support across the globe.



Our Response

ARIZONA: Walbro – CJP II –

Global provider of engine management and fuel systems

Walbro is using its engineering and manufacturing capacity to develop ventilators and equipment to protect healthcare providers during the intubation of patients.

BRAZIL: Rede D'Or Sao Luiz – CP VI/CSABF –

Largest private hospital chain in Brazil

Rede D'Or Sao Luiz is providing care for COVID-19 patients in its hospitals and is working with state governments to expand capacity for the public health system. Rede D'Or is helping the Brazilian government build and manage temporary field hospitals to treat the increasing number of COVID-19 patients. The Company is also donating ventilators and medical supplies to the Brazilian public healthcare system.

CALIFORNIA: One Medical – CP VII –

Operator of membership-based primary care practices

One Medical is providing critical front-line healthcare services across the United States. During the early days of the pandemic, the Company created virtual COVID-19 screening services and physical drive-up testing sites across its key geographies. One Medical also made its services available across the U.S. on a virtual-only basis, significantly expanding access to critical primary care services for patients. Most recently, One Medical developed comprehensive clinical protocols and technology solutions for its employer clients to implement "Return to Work" strategies, which include screening, testing, and counseling services.

CALIFORNIA: Veritas – CP VI –

Data management and storage

Veritas is helping assure the continued, unimpeded global flow of information and transactions during the crisis and offering its clients pro-active protection against the spike in opportunistic ransomware and cybersecurity attacks.

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CHINA: Adicon – CAP V –

Large independent clinical laboratory company

Adicon is conducting COVID-19 polymerase chain reaction (PCR) and antibody testing, contributing its efforts in the fight against the COVID-19 pandemic. Twenty of its diagnostic laboratories received approvals to perform COVID-19 testing and have been operating since the early days of the pandemic.

CHINA: JD Logistics – CAP IV –

Leading integrated warehouse and delivery player in China

JD Logistics transported over 30,000 tons of medical supplies (over 70 million items) to Wuhan City. During the early days of the pandemic, the Company provided free delivery for all donated items to Wuhan, including medicine, masks and protection gear, prioritized its orders designated for medical institutions, and opened a dedicated channel for relief materials across the country to assist Wuhan. In response to the Hubei government’s call for prevention and control, JD Logistics used its advanced supply chain technology and experience to build a supply chain management platform, which helped manage emergency supplies and ensure their delivery to the front line medical staff in Hubei.

CHINA: Luolai – CAP V –

Chinese home textile company

Luolai upgraded and built production lines to manufacture protective masks for its employees and customers. After making these adjustments, the total production volume increased from 8,000 pieces per day to 40,000 pieces per day. The Company also donated RMB 1 million to the Hubei Charity Federation and 37,000 protective masks to frontline medical staff.

CHINA: McDonald’s China – CAP IV –

Quick service restaurant chain operator in China

McDonald’s China together with its partners, franchisees and suppliers, provided nearly 2,000 safety goggles and 200,000 medical masks to local hospitals in Wuhan. Through more than 1,400 McDelivery hubs nationwide, McDonald’s China also donated RMB 1 million and over 110,000 free, hot meals to local medical staff and the Chinese Center for Disease Control and Prevention.

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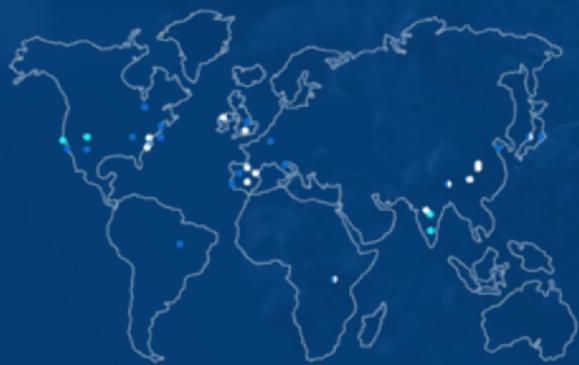
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CHINA: OneSmart Education – CAP IV K-12 tutoring company

OneSmart Education partnered with Zhenwei Education Technology Special Fund, under the China Next Generation Education Foundation, to donate online courses that enabled primary and secondary school students in Wuhan to continue their studies during the challenging time. The Company also established the Medical Angel Hero Charity Fund to support front-line medical professionals and their children as they battled the coronavirus outbreak in China. Additionally, the Company partnered with Shanghai Women's Federation, Shanghai Health Commission and Shanghai Children's Fund to donate online classes to children of medical staff in Shanghai, and to children of the Shanghai medical team who traveled to Hubei. In addition, OneSmart and Weiyi Group, China's leading eHealth company, built a free online diagnosis platform, with 15,000 doctors offering free consultations for teachers and students in a 3-minute response window.

GERMANY: Atotech – CP VI/CAP IV/CEP IV – Specialty chemicals and equipment

Atotech adjusted their chemical manufacturing processes to produce hand sanitizer which it has donated to hospitals in Germany and Slovenia.

INDIA: Delhivery – CAP IV – India's third-party express delivery company

Delhivery launched a COVID-19 interactive map to provide the latest information on restricted localities in India amid the lockdown. This information is processed by its data team, synchronized with public sources and updated on a daily basis. The firm also distributed masks and hand sanitizers, and supported local authorities in distributing essentials such as food, across different parts of India, including Telangana, West Bengal, Assam, Odisha, Haryana and Chennai.

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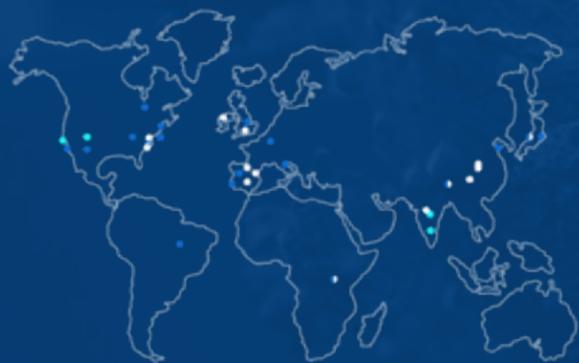
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INDIA: SBI Life Insurance – CAP IV

India’s largest private sector life insurance company

SBI Life Insurance launched the ‘WE CAN, WE WILL!’ initiative. In coordination with local health departments, SBI Life provided grocery kits to many marginalized families, especially those with pregnant women and young children, during the lockdown. The company’s employees also volunteered to contribute one day of leave, with the company donating an equivalent amount of the employee salary to support the COVID-19 relief efforts, in addition to other donations of medical supplies - personal protective equipment (PPE) kits, face masks, hand gloves and hand sanitizers - for the frontline healthcare workers. Furthermore, SBI Life launched the ‘protect those who protect us’ social media initiative, providing a platform where individuals can send words of encouragement to the frontline healthcare workers, with messages delivered along with PPE kits. As part of this effort, the company released the ‘WE CAN, WE WILL!’ anthem in nine different languages to invigorate the nation to fight against COVID-19.

IRELAND: AA Ireland Limited – CCI/CGFSP II – Insurance (including motoring) provider

AA Ireland Limited has granted free motor rescue to all health workers and vulnerable people for the duration of the pandemic. The Company is also foregoing all charges for hotel inspection and grading during the crisis to support the hospitality industry, which has been particularly impacted.

ITALY: IRCA – CEP IV –

Italian producer of artisanal pastry, ice-cream and baking products

IRCA has donated €100,000 to a hospital near its headquarters in Gallarate (Lombardy region), Italy as well as raising a further €700,000. The funds will be used for PPE, ventilators and intensive care beds.

JAPAN: TOKIWA – CJP III –

A global cosmetics company engaging in the research, development and manufacturing of cosmetic products

TOKIWA has used its manufacturing facilities in the U.S. to produce hand sanitizers, responding to the request from Middlesex County Regional Chamber of Commerce (MCRCC), a premier business organization located in the Middlesex county region, New Jersey. They also donated approximately 6,000 protective masks to hospitals and police departments in the U.S.

JAPAN: WingArc1st – CJP III –

Provider of Enterprise Output Management and Business Intelligence software

WingArc1st used its MotionBoard analytical application to create a COVID-19 map, utilizing open data to provide an update on the latest COVID-19 situation in Japan.

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NEW JERSEY: Ortho Clinical Diagnostics – CP VI – Global provider of in vitro diagnostics

Ortho Clinical Diagnostics released two antibody tests for COVID-19. Both tests have received FDA Emergency Use Authorization (EUA). Ortho’s tests are accurate and production is highly scalable. Ortho’s tests both have 100% specificity, which represents the highest possible specificity. Ortho has begun shipping its antibody tests to hospitals and labs. Antibody tests provide critical information on potential immunity status (including for healthcare workers and other essential employees) and will help guide return to work planning for the broader population.

NEW JERSEY: Thomas Scientific – CEOF II – Provider of equipment and supplies to the science community

Thomas Scientific has worked to get PPE to front line healthcare workers, first responders and at-risk workers. Carlyle also worked with Thomas Scientific directly to support logistics to ensure 4 million testing swabs got to the US market in order to build coronavirus test kits and to secure 16 million viral transport media tubes in direct support of FEMA.

NORTH CAROLINA CommScope – CP VII – Global provider of infrastructure solutions for broadband networks

CommScope donated over \$900,000 of wireless routers and access points to support wireless systems in new hospitals, pop-up centers for emergency healthcare delivery, and school districts for virtual learning. Additionally, the Company’s 3D laser printers are being used to create much-needed face shields for healthcare workers. The global Commscope team has also donated safety glasses and masks to local healthcare facilities.

NORTH CAROLINA: PPD – CP VI – Global contract research organization

PPD has played a meaningful role in the development of COVID-19 related vaccines and treatments with 39 program awards to date. The Company expects its role to continue to grow as sponsors launch new programs and ongoing programs move into later stage trials. The current slate includes a number of the most promising current candidates on both the treatment & vaccine sides of therapy development.

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OHIO: Claritas – CEOF II

Market research company

Claritas immediately responded to a Twitter request from the White House requesting data companies to help with the COVID-19 crisis. Claritas donated current 2020 demographic data and critical healthcare facility data to MIT’s COVID-19 Policy Alliance (www.covidalliance.com). Its predictive models, partially powered by Claritas data, are now being used by multiple government entities to identify the locations of the most vulnerable in our society and to manage hospital load balancing.

PNB Housing Finance – CAP IV –

A housing finance company in India

PNB Housing Finance has signed an agreement with IIT-Delhi, one of the premier institutes in India, to support research and development of a distinctive prototype material that will be used in manufacturing sustainable PPE including surgical gowns and masks. The PPE kits will be supplied to government hospitals.

PORTUGAL: Logoplaste – CEP IV –

Global packaging container manufacturer

Logoplaste has produced and donated bottles for hand sanitizer which are being distributed to policemen, firefighters and bus drivers as well as pharmacies and health facilities nationwide.

SPAIN: CEPSA – CEP V/CIEP/CIEP II/CP VII –

Spanish multi-national oil and gas company

CEPSA has been utilizing its petrochemical facilities in Spain to produce certain raw materials used in the production of pharmaceutical, medical, hygiene and high-tech products. Its production lines are helping to meet the increased global demand for items such as PPE, detergents and ventilators. The Company is also donating household supplies to 18,000 families in Spain at risk of social exclusion due to COVID-19.

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SPAIN: Cordonú – CEP IV –

The oldest winery in Spain

Cordonú has donated the use of its facilities and equipment to manufacture hand sanitizer, repurpose protective equipment and support city governments with public space sanitation.

SPAIN: CUPA – CEP IV –

Manufacturer of roof tiles

CUPA donated 2,400 protective masks to two local hospitals, Cruz Roja (NGO) and one nursing home.

SPAIN: Jeanologia – CEP V –

Manufacturer of industrial laser machinery for the textile industry

Jeanologia has repurposed its ozone-based G2 technology, which it uses for the sustainable treatment of jeans, into an innovative method for sanitizing face protection masks, and has disinfected over 200,000. Furthermore, the company recently launched an environmentally friendly cleaning technology for manufacturers, distribution centers and retailers that is certified to eliminate COVID-19 from textiles, apparel, work wear and footwear in a fast and safe way.

SOUTH CAROLINA: Novolex – CP VI –

Manufacturer of plastic and paper packaging products

Novolex donated significant quantities of both paper and plastic packaging bags to community organizations such as food banks as well as plastic sheeting that could be cut into visors to make face shields. Novolex has retooled six of its manufacturing facilities in North America to produce PPE – both visors and fully assembled face shields as well as isolation gowns - for first responders and other front line workers.

TENNESSEE: Sedgwick – CPVII/CGFSP III –

Global provider of technology-enabled claims and productivity management solutions

Sedgwick has been a valuable partner to businesses during the pandemic, helping administer and manage COVID-19 medical leaves, workers’ compensation claims, and business interruption claims, as well as facilitating the cleaning and disinfection of affected buildings. During the COVID-19 pandemic, Sedgwick expanded its clinical services to provide continuous support to employees with health concerns through 24/7 telephonic nurse triage services. Sedgwick is working collaboratively with employers to design return to work programs as they look to resume operations safely.

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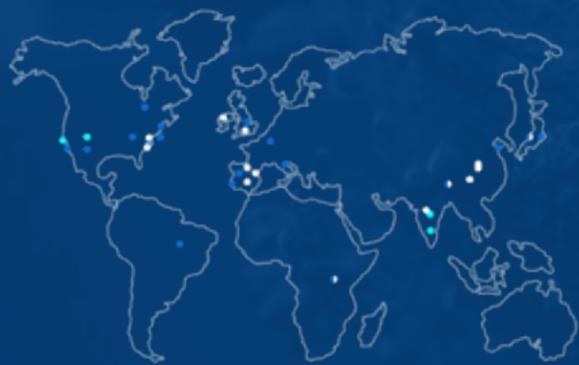
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Our Response

UGANDA: ABACUS HEALTHCARE – CSSAF –

Distributor and manufacturer of pharmaceutical products in Eastern Africa

Working closely with the Ugandan Ministry of Health, Abacus donated 15,000 units of IV fluids, 100,000 doses of paracetamol and 5,000 pairs of examination gloves to support COVID-19 relief efforts. Furthermore, the company donated food and essential drugs to assist vulnerable families and market vendors near its Ugandan manufacturing facility. These donations included 5,000 kgs of maize flour, 1,000 kgs of beans, hand sanitizers, 3,000 pairs of gloves, 2,000 facemasks, and tents.

UK: PA Consulting – CEP IV –

Innovation and transformation consultancy

PA Consulting is coordinating a multi-company taskforce producing ventilators in the UK to help the NHS meet heightened healthcare requirements due to the COVID-19 pandemic. The Company has been providing technology, sourcing, engineering, healthcare and project management expertise as part of the government’s Ventilator Challenge program. PA is working with some of the UK’s leading technology and engineering firms alongside smaller specialist manufacturers to rapidly build and dispatch the much needed ventilators.

UK: Akari Care – CSP IV –

Provider of care homes across the UK

Akari Care has been performing the essential task of caring for the most vulnerable population throughout the COVID-19 crisis. Recognizing many of its care workers were dealing with direct and indirect effects of COVID-19, either personally or within their families, the CSP team: i) sourced emergency PPE supplies to enable nursing staff to continue to provide care in a safe manner, and ii) established the Akari Care Home Support Fund for those care workers most affected by the crisis. Within one week, Carlyle’s London employees had donated over \$30,000. These funds are being allocated towards essential food deliveries to the families of care workers most in need.

UTAH: HireVue – CP VII –

Disruptive video interviewing technology provider

HireVue is supporting Fortune 500 companies to continue to recruit candidates during the pandemic across a wide variety of entry level and experienced roles. Its support of companies who rely on university recruiting is helping to minimize the impact to graduate job seekers. Additionally, HireVue is offering free on-demand services to hospitals across the nation until this crisis has passed.

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2020 IMPACT THEME

Diverse Teams

CASE STUDIES FEATURED

HireVue
PPD

“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 & Glenn Youngkin, Co-Chief Executive Officers

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Sector: Technology

Region: United States

Lead Fund: CP VII (Carlyle Partners VII)

Acquisition Date: 10/1/2019

DIVERSE TEAMS

HireVue

Case Study

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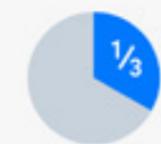
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Diversity is a central priority for many companies – however, businesses frequently struggle to find ways to expand their hiring pipeline, find more diverse candidates, and reduce unconscious bias in hiring decisions. HireVue’s core business model helps solve these challenges.

In October 2019, Carlyle Partners VII partnered with HireVue, a tech company which provides virtual interviewing and assessment technologies to help companies find the most qualified and diverse candidates more quickly.



of all Fortune 100 companies use HireVue

Companies with a Chief Diversity Officer are

4x

more likely to purchase the technology.

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- And finally, HireVue reduces unconscious bias: HireVue’s technology seeks to eliminate unreliable and inconsistent variables, such as which university or college was attended or grade-point average, neither of which has been proven to be predictive of job success.
- Candidate assessments aren’t impacted by conscious and unconscious human biases that can have an adverse impact on even the most highly qualified candidates based on factors such as race, age, or gender. Each candidate is evaluated in precisely the same way based solely on job-specific competencies. The technology provides unbiased and highly predictive information that human recruiters then use to make hiring decisions.

One of HireVue’s 700+ customers is Unilever, a large, global consumer-packaged goods company, which achieved 50/50 gender balance across its global management team in 2020. In their first year as a HireVue customer, Unilever increased the diversity of its hires by 16%, while also saving more than a million British sterling pounds a year and reducing time spent recruiting by more than 75%.

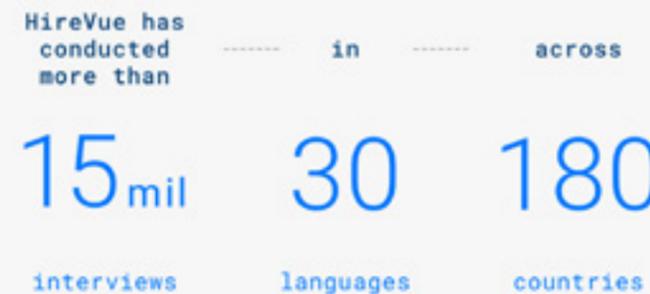
Diversity and inclusion has become a business priority across industries, which in turn has created a compelling new growth market for a business such as HireVue, which is distinctively positioned to address this challenge effectively, leading to a better – and more diverse – hiring process.

The effectiveness of the technology is core to HireVue’s value proposition, which has several distinctive components:

- HireVue’s tech platform helps companies cast a wider net: instead of only sending recruiters to top tier universities for example, HireVue customers can screen video interviews from a wider array of potential applicants – their customers see up to 2x more candidates because they’re not limited by geography or scheduling issues.
- HireVue creates a more consistent process: traditional screening practices, such as resume scans, are inconsistent. Structuring the interview process from the start brings consistency and fairness resulting in better, more inclusive hiring.

The results have been clear: more than one third of companies in the Fortune 100 use HireVue, and companies with a Chief Diversity Officer are 4x more likely to purchase the technology.

As of June 2020, HireVue has conducted more than 15M interviews in 30 languages across 180 countries and is experiencing exponential growth, in no small part because they reduce the cost per hire by almost 25% on average, for their customers.



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DIVERSE TEAMS

PPD

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Diversity is core to PPD’s business model and success – PPD, Inc. (Nasdaq:PPD), is a Carlyle portfolio company profiled in [last year’s report](#) for its innovative work accelerating patient enrollment and the use of digital/virtual trials to increase patient access, retention and engagement in vital medical research.

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Critical thinking around diversity and inclusion has also given PPD an edge in recruiting and retaining top talent for key roles in the company. In fact, Forbes named PPD to the magazine’s 2019 list of America’s Best Employers for Diversity. One role remained tricky to fill, however: Clinical research associates (CRAs) are healthcare professionals who help organize, monitor and administer clinical trials; they are critical to the pharmaceutical and biotech industry, ensuring safety and integrity in clinical research. Given steep industry competition, CRAs are also a notoriously hard role to recruit for and fill, however.

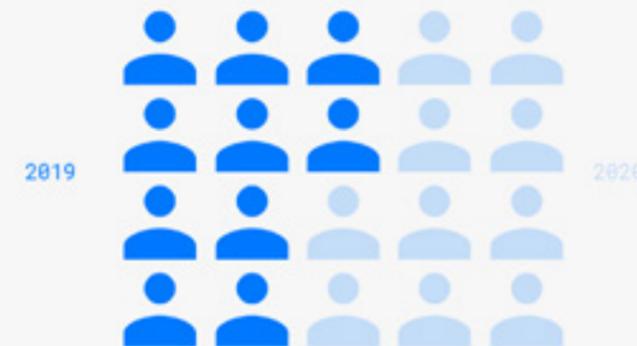
After attending the Carlyle-sponsored Veterans Initiative Summit in 2015, PPD leaders saw an opportunity to create a non-traditional talent pipeline to help fill their CRA ranks by developing an apprenticeship program to enable healthcare-trained military service members (such as medics, hospital corpsmen and others) to transition to high-quality civilian careers at PPD, while helping to address one of the business’s most critical hiring needs.

In the spring of 2017, PPD launched a first-of-its kind apprenticeship program in conjunction with the departments of labor in North Carolina, Texas and California, later expanding to Pennsylvania. The apprenticeship is an accelerated 12-month training program that provides a seamless transition for healthcare-trained military members into the CRA role, with the goal of becoming long-term employees and eventual clinical leaders at PPD. PPD hired 10 veterans into the apprenticeship in 2019 and looks to double that total in 2020.

“Transitioning veterans bring readily identifiable and transferrable skills, traits, qualities and an ethos to win that perfectly fits with our focus on talent, culture and defining principles,” says David Simmons, PPD’s chairman and chief executive officer. “This program is a win-win in our view. For our veterans, it provides a potential pathway for a successful and seamless transition into new, important and fulfilling professional careers.. For PPD, it affords us access to a pool of extremely talented, well-trained professionals to help us execute on our mission to improve health.”

Not only are PPD’s innovations designed to reduce the time it takes for patients to be enrolled in a clinical trial, they also remove geographic barriers and constraints associated with the process, enabling a wider array of patients to participate in clinical trials – more diverse trial populations help ensure that critical medical therapies work for more people.

PPD has hired 10 veterans into the apprenticeship in 2019 and looks to double this in 2020



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2020 IMPACT THEME

Engaged Employees

One of the top priorities for the CEOs of our portfolio companies is people – and building the best team possible. It’s no wonder. Ensuring employees are healthy, engaged, productive and have the right skills for their job are essential components to business success. Investing in people can pay dividends – both for financial returns, and for the well-being of the 900k+ individuals employed across our portfolio companies.

CASE STUDIES FEATURED

Veritas

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[GRI Disclosures](#)

Sector: Technology

Region: United States

Lead Fund: CP VI (Carlyle Partners VI)

Acquisition Date: 1/29/2016

ENGAGED EMPLOYEES

Veritas

Case Study

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The health and wellbeing of employees are vital to a company's business performance. A healthier workforce helps a company's most critical resources – its human capital – thrive.

Veritas Technologies LLC, an international data management company headquartered in Santa Clara, CA, has made the health of their employees a core focus. Better healthcare seems as though it has higher costs – Veritas, however, focused on improving healthcare outcomes for its workers, which ultimately drove cost savings for the firm and better employee experiences.

[Inside the Impact Review](#)

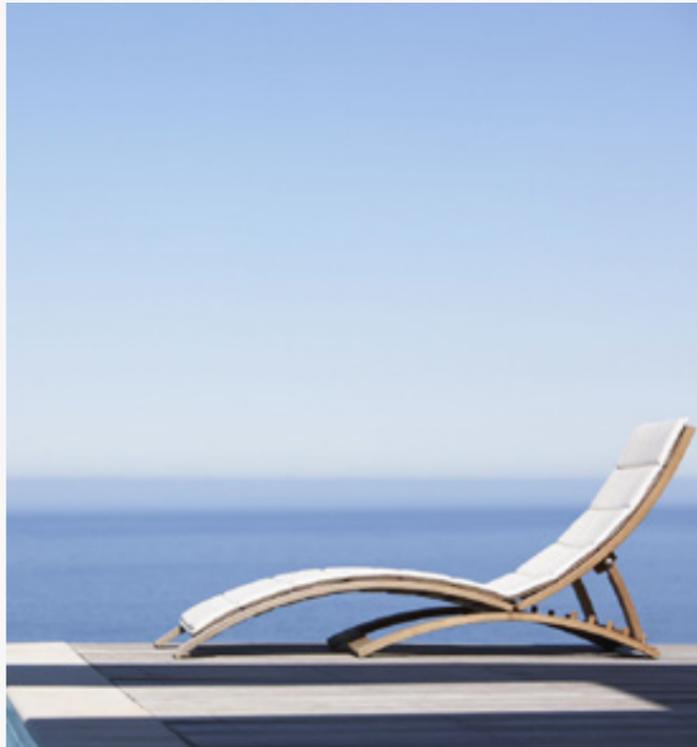
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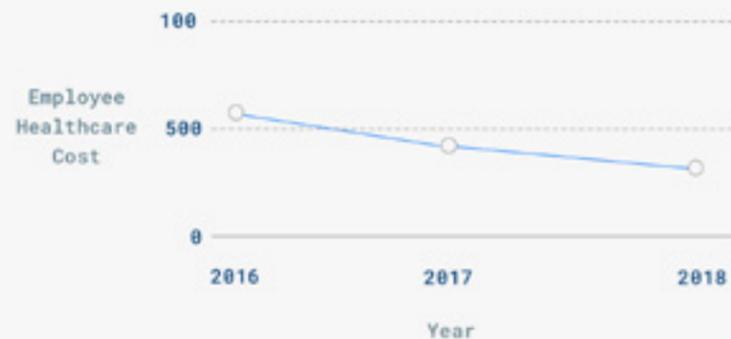
Early on, Veritas consulted with Carlyle’s Global Investment Resources team to transition their healthcare approach from a traditional carrier arrangement to a care concierge model in order to drive better health outcomes more effectively and efficiently for their employees.

The Veritas care concierges are compassionate, knowledgeable healthcare advocates that guide employees and their families to high quality and cost-effective providers and facilities.

The Veritas care concierges are compassionate, knowledgeable healthcare advocates that guide employees and their families to high quality and cost-effective providers and facilities.

Rob Wheeler, who leads Carlyle’s Healthy Benefits Initiative on Carlyle’s Global Investment Resources team, notes, “When an employee or family member at a Carlyle portfolio company experiences a life-changing diagnosis, they face a complex, opaque, expensive system during an incredibly stressful time. Our focus is on working with our portfolio companies to make clinical resources and compassionate support available to their employees to help take care of them when they need support the most. Doing this has been a win-win, improving healthcare outcomes for employees, while reducing costs for companies and employees alike.”

Verita’s Healthcare Cost Per Employee



Employee engagement is crucial to the success of the program – which has in turn led to significant results. Veritas has seen higher than average annual physicals—which are linked to early disease detection; lower than average specialty drug spend; greater than average usage of pricing transparency tools; and high ongoing engagement with the care concierge along a healthcare journey.

This differentiated approach to healthcare coverage has not only improved the ability of Veritas’ workforce to make educated and informed decisions about their healthcare needs, it also positively affected its bottom line — per employee healthcare costs went down 25 percent from 2016 to 2018 while health and well-being outcomes have improved.

“At Veritas, we care about the moments that mean the most to our employees. Aligning the right resources for our benefit program is crucial to our employee experience and culture of savvy consumerism. Having a supportive partner help our employees and their families navigate the complexity of the healthcare system at a time when they are most vulnerable is paramount to the success of our program,” says Veritas Senior Vice President and Chief Human Resources Officer Sophie Ames.

It’s easy to assume that better healthcare is just more expensive. By focusing on providing more effective, more comprehensive, and more accessible healthcare to their employees, Veritas focused on driving better health outcomes for their people, which in the end, was better for their employees, and better for business.

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Q & A

You Build the Team & the Team Builds the Business

WITH:

Chris Smith & Mindy Mackenzie

CEO of Ortho Clinical Diagnostics

Chief Performance Officer, The Carlyle Group

MODERATED BY:

Meg Starr

Global Head of Impact, The Carlyle Group

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You Build the
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A fireside chat with Chris Smith, CEO of Ortho Clinical Diagnostics, and Mindy Mackenzie, Chief Performance Officer, The Carlyle Group, moderated by Meg Starr, Global Head of Impact, The Carlyle Group

Chris leads Ortho Clinical Diagnostics, a leading global provider of in vitro diagnostics, and a Carlyle portfolio company.

As Chief Performance Officer of Carlyle's global corporate private equity portfolio companies, Mindy's mission is to help accelerate performance – whether by presenting at company leadership conferences to bring another lens into how individuals can unlock their performance and impact, or by partnering with CEOs on other strategic talent and organizational issues.

Chris and Mindy have worked collaboratively to maximize organizational, operational and leadership effectiveness at Ortho. The following conversation offers an inside look at these efforts along with rich perspective on what it takes to drive a high performance culture within an organization.

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MEG *HR can sometimes be bucketed as a functional part of a business model – how do you think about people and culture as part of your business strategy?*

CHRIS At the end of the day a leader builds a team, and then the team builds a business – so it all starts with people. One of the first things we did at Ortho was change the nomenclature from “HR” to “People and Culture” because if you start with people and culture, then the business flows from there. I have been lucky to have a fantastic partnership with our Head of People and Culture, Gary Passman. You need a great partner because as CEO you’re making tough decisions all the time when it comes to people, and you need a person to be transparent and honest with you.

MINDY There is a term in the market called a “golden triangle,” which I think is spot on. Well-run, well-performing companies which work for all stakeholders have a really strong CEO, CFO, and human capital leader working together. Those three enterprise-wide leaders form the cornerstone of the company, which you then build the team around. The CFO and human capital lead are the independent advisors that are looking company-wide and serve as counselors to the CEO. Together that strong ‘golden triangle’ leads to better results, because they bring three distinct lenses on company performance – and the alchemy of that combination is really powerful.

MEG *How do you build a strong culture, particularly in an organization as large and as global as Ortho, which has operations in over 130 different countries?*

CHRIS I can’t do it alone, but I can do it with my leadership team. We have a G-100, or our top 100 leaders globally. Getting this group to agree on four things – mission, culture, strategy and execution – is key, then it is all about high levels of communication and transparency. When people understand where the organization is going and why, then it becomes a brick on brick process. We have to celebrate wins, be transparent on challenges, and have the mindset of “there’s no bad idea.”

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MEG *If you put all of these approaches in place so that employees feel empowered – they know where the organization is going and why – how have you seen CEOs effectively think about engaging employees in the mission of organizations, as opposed to feeling like they’re just clocking in and out?*

MINDY Companies underestimate how important two-way communication is – it’s not enough to have CEOs transmitting messages one-way out to employees through emails and town halls and power points. How are you listening in real time? We live in a society where people are instantaneously providing feedback in every area of their life, but then they get to work and no one is asking their opinion or taking input, certainly not in real time so that they can metabolize that input and influence the decisions of the company. There need to be listening mechanisms so that there is an ethos of “you spoke, we listened – even if we don’t agree.” Another point is that mission alone isn’t enough without educating your organization on the financials. It is critical to teach your team members how to ‘follow the dollar’ so that they understand how a dollar of revenue flows through the organization, and their function specifically. It’s leadership’s responsibility to educate so that team members can understand the context they operate in and understand that they can make a difference. Then they can get excited about the corporate mission and excited about delivering profitable growth. That is the magic – leadership has to bring folks along on the total journey.

CHRIS I totally agree that little things start to add up into big things. As mentioned earlier transparency and communications are key. So walk the manufacturing floor or the office hallways, every week, talk to the team – it won’t take that long to say hello to everyone – and call people teammates or colleagues not employees. Instead of asking people to raise their hands at the end our town halls if they have a question (this was early on and pre-COVID), we put an index card and pen at every seat and ask people to write down their questions and put it in a basket. In front of the whole group read the questions and start answering them – no matter how hard they are. After doing that two or three times people start to have a sense that there is transparency. Sharing information on financial performance is key for employees to understand how and where they contribute to the company’s growth, and how the company is performing.

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MEG *Chris, what has Mindy taught you that has been most surprising?*

CHRIS Earlier this year we had our annual leadership meeting, which was focused on the future strategy of the company and key initiatives as well as financial results and some pretty intense topics – and we asked Mindy to attend to present on leadership. Mindy’s whole talk was about if you’re not a complete person then you can’t do your role, and you can’t lead people. You have to balance and center yourself. It helped us realize that if you’re not doing all of the intangibles, you’re not going to get to the tangibles. She spoke to our G-100, our top 100 leaders across the globe, who each then took the skills Mindy taught them back to their direct reports. As a result, you quickly had hundreds of people around the globe practicing these approaches. Some of the simple suggestions were so powerful, for example try asking the people who report to you how they view your relationship on a 1-10 scale on a regular basis. You’d be surprised how much information comes from that question.

Some of our team mates had the perception that private equity doesn’t care about the people in the organization, which can create an “us against them” mentality. Mindy’s whole presentation was about the person, the human being. Having a senior executive at a global investment firm advocating those concepts makes a real impact. Our team knows that we have to deliver financially, but in order to do that we have to get the human side of the business right. To me, that concept is very different from the typical perceptions of private equity.

MEG *How should investors think about human capital as an asset in its own right?*

MINDY As Chris said, if you get the right team in place, they deliver the business for you. Your people deliver the financial value. There is a maturation curve that private equity is on to understand that valuing and engaging the human asset is equally important as how you manage the financial assets of the business. It’s the combination of those two things that yields results. If you over-index to one or the other, you end up with subpar performance. Private equity is catching up on that.

When I interviewed Chris for the role of CEO at Ortho, what struck me was that his whole philosophy was about the people, the culture, and the environment he sets up to drive performance in a business. There is no perfect CEO – it’s about having a philosophy that can fit the puzzle pieces together to deliver performance for shareholders and for team members.

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MEG *Chris, Ortho has been on the front lines of the COVID-19 crisis. How has this crisis affected how your leadership team shows up for your people?*

CHRIS We are an 80-year-old company that has a long history of leadership in infectious disease. We saw the impact COVID-19 was having on our revenues in China quite early, so we were working hard to understand how it would affect our business. I had hired a new Chief Innovation Officer three to four weeks before the virus hit the US significantly, and he had been walking the halls talking to our researchers, some of whom have been with Ortho for decades. Paul Contestable, one of our principle researchers who has been with Ortho for 35 years, was the person to identify that he thought Ortho could develop an antibody test. From that moment, it took 19 days until we submitted a test to the FDA. We believe it's the most accurate test on the market – it is the only test with 100% specificity and 100% sensitivity – and Paul is the one presenting our work and progress to our Board in a few weeks. Developing the test mobilized the entire organization for this higher purpose, put wind in our sails and help enhance the organization's confidence in the business going forward. It's challenging because we have to execute, but it's humbling for us to be a part of the solution, and part of getting the world back to work.

MINDY Chris you dug for the knowledge, elevated the person with the expertise, and highlighted and celebrated that person's contributions – that is how you walk your talk around people, culture, and results. I love it!

CHRIS You build the team, and the team builds the business. If you get that right, in an underserved market with the ability to grow, then the people will lead you there.

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2020 IMPACT THEME

Sustainable Growth

CASE STUDIES FEATURED

Jeanologia

Novolex

Weiman

CommScope

ESG is no longer a buzz word, it's a board room topic. Companies that perform well on ESG issues which are material for their business financially outperform companies that don't prioritize these issues, or that prioritize immaterial ESG issues. While sustainable growth looks different for each company, one thing remains the same — management teams that integrate ESG factors with rigor and nuance build businesses that create more sustainable long-term value.

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GRI Disclosures

Sector: Industrial

Region: Europe

Lead Fund: CEP V (Carlyle Europe Partners V)

Acquisition Date: 12/20/2018

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2020 IMPACT REVIEW

SUSTAINABLE GROWTH

Jeanologia

Case Study

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We track ESG data so that we can make better investment decisions and build better, more sustainable businesses. Carlyle Europe Partners is in its fourth year of tracking material, bespoke ESG key performance indicators (KPIs) across its portfolio companies, which has led to even more use cases than we originally envisioned.

[Last year](#) we profiled one of those companies, Jeanologia, a Valencia, Spain-based portfolio company at the forefront of sustainable and eco-efficient technologies for manufacturing denim, which focuses on significantly reducing the amount of water and chemical usage in finishing processes. Jeanologia tracks a series of material ESG KPIs that range from energy management to employee health and safety.

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Critically, Jeanologia tracks water reduction from using their technologies for denim finishing.

This metric is material to the business, because it drives costs savings and business efficiencies, on top of the environmental benefits. Jeanologia’s technologies are used to create roughly 15% of the 6 billion jeans produced each year. This resulted in saving roughly 10.7 million cubic meters of water in 2019. This data has also been critical from a revenue perspective, as consumer preferences increasingly favor sustainably-produced goods and services. As Carlos Robles, a Director on the Carlyle Europe Partners team part of the CEP advisory team notes, “today’s consumer is focused on the

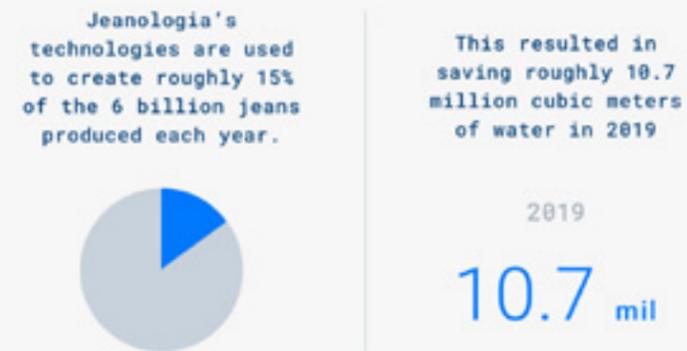
environmental footprint of fashion choices, and demands brands and retailers produce clothes that reflect this concern – this approach has always been part of Jeanologia’s mission.”

Jeanologia’s ESG data also played a critical role in its financing. In December of 2019 Jeanologia completed an ESG-linked term loan, thought to be the first European sponsored transaction with pricing on the funded debt linked directly to specific ESG criteria – in this case, annual water savings. The margin Jeanologia pays on the debt decreases if it meets its annual water savings targets, while pricing increases if the target is missed by 15% or more.

“We have demonstrated our conviction in Jeanologia’s sustainable business model by taking one particular KPI – annual water saving – and directly linking it to the cost of third party debt financing for the transaction” said Sam Lukaitis, Director of Carlyle’s Global Capital Markets team. “In doing so, we are delighted to have structured one of the very first green financings for the European leverage finance market.”

ESG data continues to evolve – and so do its use cases. By focusing on material, performance-based ESG KPIs, Jeanologia demonstrates how sustainability can drive a financial edge, on top of environmental benefits.

“We have demonstrated our conviction in Jeanologia’s sustainable business model by taking one particular KPI – annual water saving – and directly linking it to the cost of third party debt financing for the transaction.”



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Sector: Industrial

Region: United States

Lead Fund: CP VI (Carlyle Partners VI)

Acquisition Date: 12/29/2016

SUSTAINABLE GROWTH

Novolex

Case Study

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As the world shifts towards reducing excess packaging and single-use plastic, skeptics might see an industry with headwinds – however traditional packaging companies are instead seeing new significant business opportunities in responding to this demand.

Innovations in raw materials, design and manufacturing practices can reduce environmental footprints, while also ensuring that needed products – such as safe and hygienic food storage options, vital medical equipment, and indispensable trash can liners – remain accessible and

effective. Novolex, a packaging company that Carlyle acquired in 2017, has made a concerted push to reduce waste and use technologies to create new products that meet the evolving sustainability goals of its customers and markets.

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One such innovation is the Cutlerease® dispensing system, which releases one piece of plastic cutlery at a time - handle first - without creating contact with a tray, box or drawer.

One such innovation is the Cutlerease® dispensing system, which releases one piece of plastic cutlery at a time - handle first - without creating contact with a tray, box or drawer. In fact, cutlery used in Cutlerease® is designed to be inserted without staff touching the cutlery – so human contact with cutlery

never occurs until the user takes it. This hygienic system also reduces waste in foodservice settings, providing an alternative to packets that contain forks, knives, and spoons.

Additionally, Novolex has focused on new means of incorporating more recycled content into both its paper and plastic products and is expanding its portfolio of compostable products that utilize renewable inputs, including compostable cutlery for the Cutlerease® system.

Even the humble trash can liner can be reimaged for a sustainable future. Under the BioTuf® brand, Novolex incorporates PLA, a bio-based resin. Investments in trash can liner technology don't stop there. Focusing R&D around one of its polyethylene (PE) products, Eco Blend® Max, Novolex now offers can liners with 50 percent post-consumer recycled content. Novolex has a long history of incorporating recycled content into both fiber- and-resin-based products to reduce raw material carbon footprint. This application, combined with the fact that PE already has one of the lowest carbon footprints for film products, creates a remarkably low-impact can liner.

Eco-Products®, a Novolex brand, uses a portfolio of compostable foodservice ware to support “zero waste” strategies with foodservice and other large venue customers that want to incorporate both recycling and composting into their waste diversion efforts. When compostable cutlery and can liners are used in conjunction with compostable plates, bowls, and cups, customers can put all of the packaging, as well as their uneaten food, into a compost bin to be diverted from the landfill. For customers without access to a commercial composter, compostable utensils, can liners, and other food service ware still offer the benefits of being made with a renewable resource.

Looking into the future, Novolex intends to continue making its products and manufacturing more sustainable, so that those who need packaging can do so with the lowest-footprint possible.

Novolex Now Offers Can Liners with 50 Percent Post-consumer Recycled Content



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GRI Disclosures

Sector: Consumer & Retail

Region: United States

Lead Fund: CEOF II (Carlyle Equity Opportunity Partners II)

Acquisition Date: 3/26/2019

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SUSTAINABLE GROWTH

Weiman

Case Study

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In early 2019, when our deal team was looking into an investment in Weiman, they saw a strong operation and a leader in all manner of specialty cleaning products for the home.

Our ESG team identified the key growth area for the company: a more-intentional focus on sustainable and safe-to-use products, in response to evolving consumer demand. The investment team agreed, and put a sustainability expert with a background in chemical engineering on the Company's Board of Directors from the outset.

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GRI Disclosures



Just 6 months into ownership, the Board approved a new sustainability strategy to drive product stewardship, reduce the manufacturing footprint, support employees, and advance community engagement.

A focus on product stewardship led to getting Weiman’s product lines certified for their environmental attributes. Early conversations with our ESG team, third party experts on programs such as EPA’s Safer Choice, and Weiman’s own R&D team on major toxicity standards, such as the EU REACH and customer lists, led to changes in ingredients, as well as greater disclosure.

Carlyle ESG Team + Weiman



As of April 2020 Weiman succeeded in having four products certified “EPA Safer Choice,” as well as all nine products sold at Target, a major customer, awarded the “Target Clean” icon. By October 2020 the goal is to have a total of 30 products “EPA Safer Choice” certified. On the packaging front, 31% of the consumer business SKUs to date have been approved for integrating How2Recycle icons on packaging to ensure consumers easily understand how to recycle each products’ packaging, and Weiman is on track for 100% of consumer SKUs to reflect How2Recycle icons by the end of 2020.

The second objective was to add other greener alternatives to Weiman’s offerings through acquisition and internal innovation. In 2019, Weiman’s Urnex brand introduced BioCaf, a new line of greener cleaning products for commercial coffee machines that are natural, biodegradable, and contain no phosphates. Within that first year of ownership, Weiman also identified, diligenced, and purchased Bio-Kleen, a line of products that use enzymes to clean, as opposed to harsh solvents, avoiding Volatile Organic Compound (VOC) emissions and other toxicity issues. In 2020 Weiman closed on its purchase of Green Gobbler; a company bringing green, vinegar based products to historically harsh chemical categories like drain clog opening and weed killer. While Weiman had zero sales from green products in March 2019, by March 2020, through a combination of acquisitions and reformulations, 27% of the company’s sales were from green products. Additionally, Weiman joined

Key Goals & Stats:



Finally, Weiman continues to reduce its manufacturing footprint in order to position itself as the supplier of choice for its customers.

the Green Chemistry and Commerce Council, and keeps looking for new, greener product lines to develop in-house or acquire.

Weiman has redesigned tank sequencing to reduce water use, installed LED light bulbs in their Gurnee, IL facility, and consolidated factories to reduce transportation-related emissions. The Carlyle ESG team, having developed expertise in our prior ownership of Vogue, helped Weiman improve its score on the Walmart Sustainability Scorecard, in part by helping Weiman carbon footprint its supply chain. The results were immediate and significant: Weiman’s score went up by 24% point in our first year of working together on the Scorecard, and crossed a key threshold – now sitting above the average of other suppliers.

Sustainability isn’t a side show for Weiman – it is substantive. By innovating to create greener specialty cleaners, Weiman has capitalized on a large and growing market. Sustainable products have in turn led to sustainable growth.

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GRI Disclosures

Sector: Technology

Region: United States

Lead Fund: CP VI (Carlyle Partners VI)

Acquisition Date: 4/4/2019

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SUSTAINABLE GROWTH

CommScope

Case Study

Inside the Impact Review

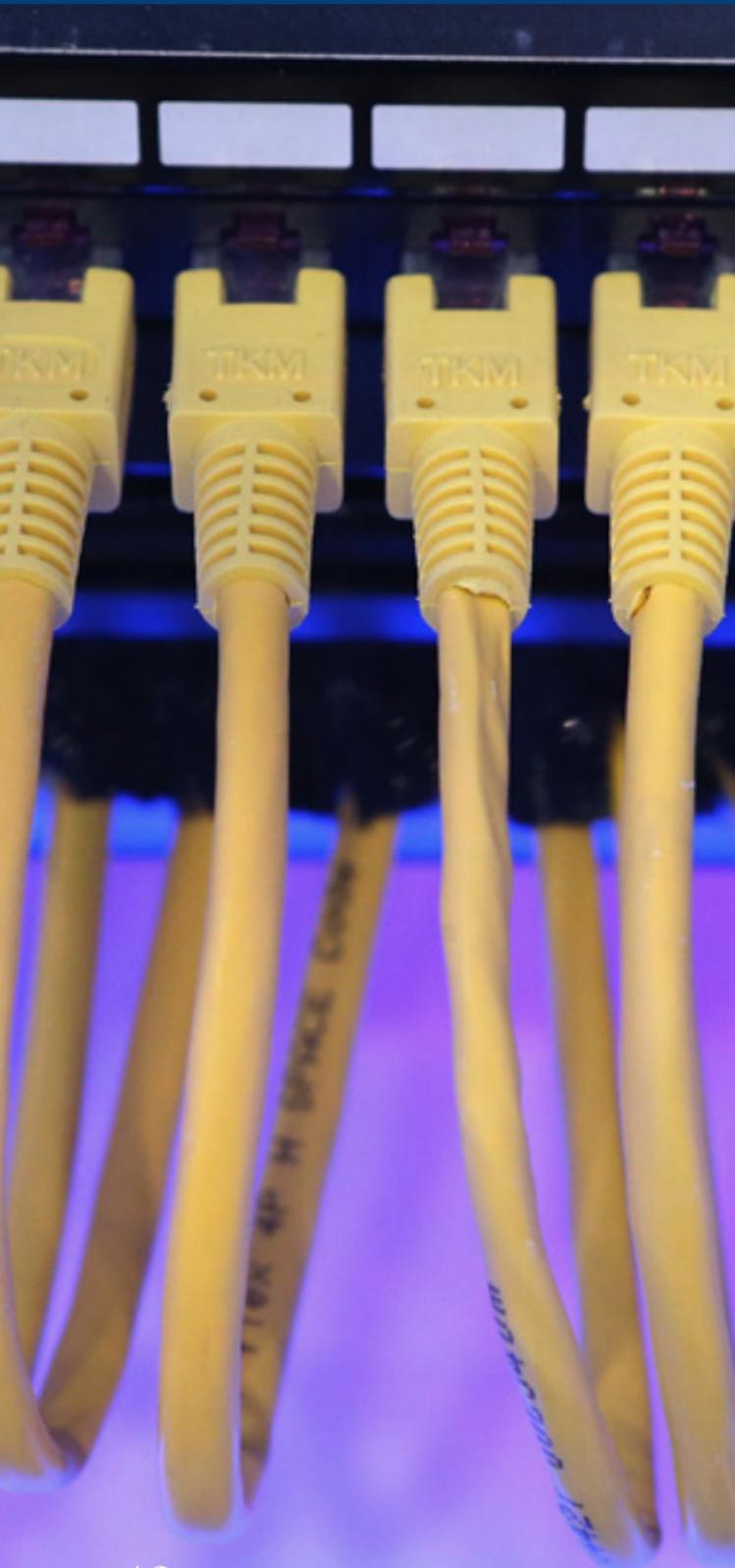
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Across the globe, CommScope's people and solutions are redefining network connectivity, solving today's challenges and driving the innovation that will meet the needs of what's next – increasingly that has meant focusing on the environmental and social dimensions of CommScope's business. Consumer preferences are changing, environmental regulation is ratcheting up, and workforce engagement is increasingly critical to keeping a competitive edge.

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2019 was a transformational year for CommScope.

Its acquisition of ARRIS, a leader in entertainment and communications solutions, brought together a distinctive set of complementary portfolios and capabilities, and brought The Carlyle Group back into an ownership position at CommScope. 2019 also provided CommScope with the perfect opportunity to review its corporate responsibility and sustainability strategy and refresh this strategy to reflect the new, larger business.

Critically, this new sustainability strategy was grounded in a materiality assessment, designed with support from Carlyle’s ESG team. This assessment allowed CommScope to quantify the importance of a range of relevant ESG topics, in terms of their significance to CommScope’s business success, as well as their importance to its stakeholders. The output of the assessment will guide CommScope’s programs in 2020 and beyond as it puts in place a new structure to lead corporate responsibility and sustainability.

2019:



CommScope’s work builds on its existing sustainability areas of focus, including:

Environment

CommScope is decreasing the environmental impact of its operations and use of its products globally to stay ahead of environmental regulation and changing consumer preferences:

- CommScope is reducing energy use in its Set-Top Boxes (STB) and Small Network Equipment (SNE) products well-ahead of global energy efficiency voluntary agreements adopted by industry leaders. In 2019, 98% of applicable product shipments complied with the relevant US, Canadian or EU STB or SNE energy efficiency voluntary agreement – exceeding the 90% target.
- The CommScope Home Networks team has eliminated single-use plastics in all new set-top products outside of the Americas and is advocating with its customers for their cooperation in agreeing to remove single use plastics globally. Its Venue and Campus Networks team is also working to eliminate single-use plastics from packaging for all RUCKUS-branded products.
- In 2019, across its global facilities operations, the company cut greenhouse gas emissions by nearly 3%, water withdrawal by 2.5%, and diverted 83% of non-hazardous waste from landfill.

People and Communities

CommScope has focused on strengthening its engagement with employees and their communities in order to attract and retain top talent, and build a strong, differentiated company culture. For example, over 2,400 CommScope employees take part in its uLEAD learning program, which helps employees develop their skill sets and further their careers. CommScope also has built a robust volunteering program, building strong connectivity with the communities in which it works. CommScope people took part in the company’s annual Earth Day activities around the world; annual United Way campaign in the US; donation drives for crises like the Australian wildfires; food, blood and school supply drives; and numerous local fundraising events.

The results have been evident: CommScope achieved a gold level rating for corporate social responsibility from EcoVadis for the fourth consecutive year, which ranks CommScope in the top 5% of suppliers assessed by EcoVadis in all categories. CommScope also earned a spot on Newsweek’s 2020 list of America’s Most Responsible Companies.

Innovation and advancement are vital to CommScope’s business model – characteristics that imbue their approach to sustainability. By assessing ESG risks and opportunities through a tailored materiality assessment, CommScope has built an ESG approach that enhances its business edge.

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2020 IMPACT THEME

Climate Resilience

Climate change is one of the most pressing issues of our time, creating unprecedented risks and opportunities for businesses across all industries. Companies that can navigate these emerging challenges — from physical risks to policy shifts and technological disruptions — and seize the mounting opportunities of the energy transition, we expect will have the climate resilience to thrive in a changing world.

CASE STUDIES FEATURED

- Cardinal Renewables
- Neptune Energy
- Accolade Wines
- US Real Estate

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GRI Disclosures

Sector: Renewable Energy

Region: United States

Business Segment: RSEF (Renewable and Sustainable Energy Fund)

Acquisition Date: 1/24/2020

CLIMATE RESILIENCE

Cardinal Renewables

Case Study

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Electricity generation is one of the largest sources of global greenhouse gas emissions, accounting for approximately 28% of U.S. emissions alone – almost two-thirds of our electricity comes from burning fossil fuels.¹

As renewable energy costs continue to fall, regulations tighten, and the energy transition accelerates, however, there is a large and growing investment opportunity in building the renewable energy capacity required to power a lower-carbon US electricity grid.

¹ EPA, Sources of Greenhouse Gas Emissions, 2018.

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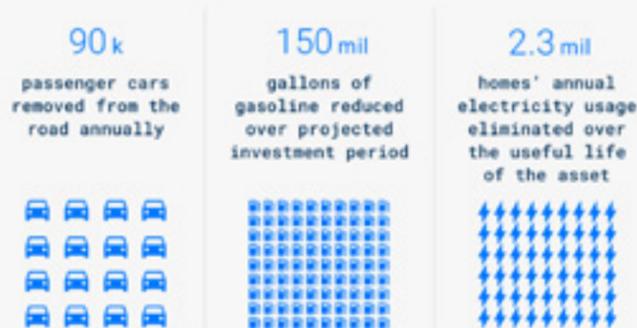
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In 2019 Carlyle’s Renewable and Sustainable Energy Platform led a \$100 million commitment to partner with Alchemy Renewable Energy on a newly-established company, Cardinal Renewables, to develop, acquire, finance and operate solar power generation projects throughout the United States – including a dozen operating assets and a pipeline of development projects.

Cardinal Renewables Portfolio Greenhouse Gas Emissions Potential Abatement Capacity



“Cardinal Renewables’ core investment strategy – to develop and sell solar power generation assets in the US – is an important component of the critical global energy transition,” says J. B. Oldenburg, a Principal with the Renewable and Sustainable Energy team.

As part of its investment process, the Carlyle Renewables team models out the total potential carbon emissions abatement capacity of each project to better understand the potential climate impact of the investment. The planned portfolio of Cardinal Renewables projects, for example, could help to offset greenhouse gas emissions equivalent to removing nearly 100,000 passenger cars from the road annually.

Founded in 2016, Alchemy has an innovative approach to development and tax equity placement for renewable power generation projects, leveraging the expertise and network of its parent company, Monarch Private Capital, which has facilitated investments in projects generating \$3 billion tax credits since 2005.

Carlyle leverages its extensive experience across US power markets and project lifecycles (from development through operations), and seeks to create significant value by providing capital structure expertise and strategic guidance to accelerate development project growth.

Lacie Clark, CEO of Alchemy, notes that “Partnering with Carlyle’s best in class Renewable and Sustainable Energy team opens distinctive opportunities to drive forward the energy transition. Our combined deep market expertise and Carlyle’s long-standing relationships with corporations and utilities will be instrumental in enhancing project, and economic, value creation.”

Renewable energy presents an interesting opportunity where a successful financial outcome is convergent with a successful climate outcome: the more renewable energy projects successfully developed and put into commercial operation, the more megawatt hours of clean energy generated for the grid, and the more GHG emissions avoided from potentially more carbon-intensive alternative energy sources. Cardinal Renewables works at the intersection of investment returns and climate impact to drive lasting value across both dimensions.

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GRI Disclosures

Sector: Energy

Region: Europe

Lead Fund: CIEP (Carlyle International Energy Partners)

Acquisition Date: 2/15/2018

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CLIMATE RESILIENCE

Neptune Energy

Case Study

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The world is undergoing a massive energy transition

Societal expectations about how energy is produced and used are changing rapidly, and governments around the world are increasingly taking action to meet their climate goals under the Paris Agreement. With a global population set to grow to more than nine billion by 2050*, however, the world continues to need more energy than ever.

To meet these growing energy needs while also reducing emissions, entities across the energy sector – from established oil and gas companies to renewable energy businesses – are rethinking the way in which they find and produce energy. This energy transition is a core part of Carlyle’s International Energy Partners (CIEP) investment thesis. In February 2018, CIEP invested in Neptune Energy, one of the world’s largest private independent international exploration & production companies with production of 144,000 barrels of oil equivalent (boe) per day in FY2019.

* The United Nations, 2019

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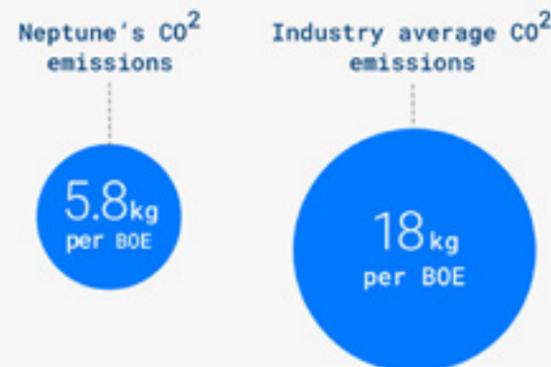
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Neptune was carved out from the French utility ENGIE, and since its initial investment,

CIEP has added three material bolt-on acquisitions in core hubs in the North Sea and Southeast Asia since 2018. Neptune supported an estimated \$2.8 billion gross value-added contribution to the GDP of Germany, the Netherlands, Norway and the UK in 2019 – as well as 11,500 jobs.

Gas has a vital role to play in the energy transition, increasingly replacing coal as a lower-carbon power generation fuel, providing baseload and back-up power to complement the variability of renewables, and as a source of energy that is accessible, transportable, and affordable. Neptune's energy mix is currently 72% gas and 28% oil, positioning it well as it continues to look towards a lower-carbon future.

Neptune's carbon intensity is one of the lowest in the industry – Neptune emitted 5.8kg of carbon dioxide (CO₂) per boe in 2019, well below the industry average of 18kg CO₂/boe. Neptune is committed to play a full role in a lower-carbon future by:

- Targeting a carbon intensity of 6.0kg CO₂/boe by 2030 from its managed production.
- Maintaining the low methane intensity of managed production through comprehensive leak detection and repair program using infrared cameras. Neptune is targeting net zero methane emissions by 2030.
- Powering the Gjøa field in Norway using hydroelectricity delivered via a submarine cable from the mainland. This saves around 200,000 tonnes of CO₂ every year.
- Innovating on carbon capture and storage (CCS) technologies:
 - At the K12b platform in the Netherlands, Neptune participated in a 15-year program to reinject CO₂ from a producing well into a producing gas field. This reduced the project's lifetime CO₂ emissions by approximately 100,000 tonnes.
 - Neptune's partner-operated Snøhvit field in Norway captures and reinjects CO₂ back into the aquifer, storing up to 700,000 tonnes of CO₂ each year.

- Participating in a pilot project to establish the world's first offshore green hydrogen production plant:
- The Q13-a platform in the Dutch North Sea will house a megawatt electrolyser that will produce green hydrogen using excess offshore wind power by 2021. The hydrogen will then be transported via pipeline to a nearby platform, where it will be used to produce electricity.

Neptune is also identifying, assessing and managing climate-related risks through its enterprise risk management system.

To prepare for future carbon regulation, Neptune will be incorporating an internal carbon price into risk assessments and investment decisions to ensure that it continues to be aligned with the low carbon energy transition. As the world needs more – and cleaner – power, Neptune's depth of energy experience and breadth of innovation have positioned it well to be a leading provider.

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GRI Disclosures

Sector: Consumer & Retail

Region: Asia Pacific

Lead Fund: CAP IV (Carlyle Asia Partners IV)

Acquisition Date: 5/31/2018

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CLIMATE RESILIENCE

Accolade Wines

Case Study

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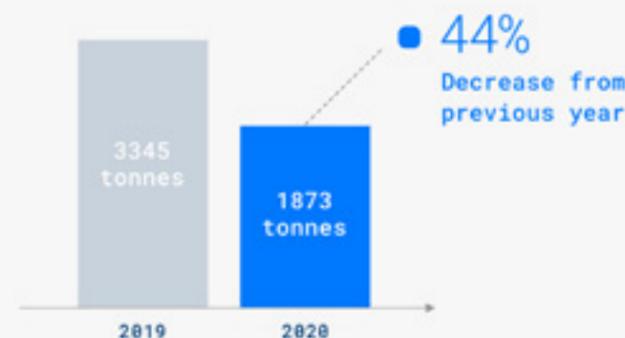
To paraphrase an old saying, if you show me a well-managed sustainability program, I'll show you a well-managed company.

Accolade Wines is very much both: their UK business won not only the coveted Manufacturer of the Year in 2018, but also the Sustainable Manufacturing category from the Manufacturer MX Awards in 2018 & 2019.

Accolade is acutely aware of the impact climate change can have on their crops, and hence their core business. So Accolade has gone after the issue of climate with strategy and focus. They have honed in specifically on understanding and reducing their own potential contributions to carbon emissions – managing sustainability and their core business in tandem.

Accolade's state-of-the-art bottling facility in Bristol, UK, Accolade Park, is a clear example of their focus on climate. In 2019, Accolade installed a 2.5 megawatt wind turbine on-site, a first for a tenant in the UK, which provides approximately 50% of the facility's electricity consumption. Having made that progress on clean energy sourcing, the team decided to go all-in and work toward becoming a net-zero carbon facility. In the 12 months to March 2020, Accolade calculated that the facility was directly responsible for emitting 1,873 tonnes of carbon dioxide equivalent (CO₂e), for a carbon intensity of 120gCO₂e per 9 liters (the equivalent of a case) of wine produced, which was a 44% reduction in CO₂e emissions from the prior year.

Accolade Wines Reduction in CO₂e Between 2019 and 2020



Accolade then called upon Carlyle's internal carbon foot-printing and offsetting expertise to dive deeper into renewable energy procurement and fuel sourcing, technical details related to the carbon footprint and verification, and the type of offsets to choose in order for the facility to be certified as carbon neutral by The Carbon Trust. Accolade anticipates receiving The Carbon Trust report in July 2020, which will allow finalization of the plan to make its UK bottling and warehousing site carbon neutral. Climate change is a material issue for Accolade's business, so they've made it a core focus of their own work – well-managed, indeed.

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GRI Disclosures

Sector: Real Estate

Region: United States

Lead Fund: CPI (Primary) CRP (Secondary)

Acquisition Date: N/A

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CLIMATE RESILIENCE

US Real Estate

Case Study

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When it comes to real estate, efficient use of energy and water isn't just an environmental concern – it has a direct link to the bottom line. That's why our US Real Estate group approaches sustainability as an operational issue, rather than a way to add green window-dressing to their properties.

With internal operating expertise and a standing sustainability committee, the US Real Estate group has developed several approaches for adding value to their properties and also improving sustainability outcomes. For example, during the acquisition process, the US Real Estate teams undergo an energy assessment for applicable assets to evaluate the return on investment (ROI) of different energy interventions. The assessment measures a building's utility usage and determines the optimized grouping of energy conservation measures to enhance the efficiency of the investment. These interventions can include implementation of LED lighting, installation of ENERGY STAR appliances, and adding insulation in key areas. The process also identifies opportunities to reduce water usage through installation of water-efficient irrigation systems, water re-use systems, and high-efficiency fixtures. In addition to capital improvements, operational best practices are standardized such as green transportation for residents and staff, conducting a regular walk-

through to identify malfunctioning equipment, the use of occupancy sensors, installation of daytime light sensors, and enabling sleep modes on electronic equipment. Water usage practices include regular checks for water leaks and providing information and training on water management to residents and staff.

With a large portfolio and frequent acquisitions and dispositions, Carlyle tracks sustainability data that allows for internal benchmarking and improvement. Either planned or installed within the existing portfolio, as of the end of 2019, a majority of buildings used LED lighting systems, over half used high-efficiency appliances (such as EnergyStar certified), and a significant number had electric vehicle charging stations on-site.

Sustainability isn't tangential – it's a tool. US Real Estate focuses on sustainable property initiatives to drive operational efficiencies and increase the brand value and revenue from its assets – generating long term, sustainable value.

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Q&A WITH

Pooja Goyal

Co-Head of Carlyle's
Infrastructure Group

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WITH

Pooja Goyal

Co-Head of Carlyle's
Infrastructure Group

Pooja shares perspectives on the opportunities in the renewable energy market:

Q *Who is the Renewable and Sustainable Energy Team at Carlyle and what do you do?*

A Renewable and Sustainable Energy at Carlyle is a dedicated team addressing the energy transition by investing globally in the renewable energy and sustainable resources sector. We seek to invest in scalable companies or development platforms with proven track records and robust value creation plans, primarily in developed countries.

Q *What trends are you seeing in the renewable and sustainable energy market? Where do the opportunities lie?*

A We believe the energy transition offers a rich and diverse environment where we can both find attractive opportunities and also respond to the global call to action to tackle climate change, one of the greatest challenges of the 21st century. Critically, this is an investment area where we believe profitability and driving positive environmental change aren't at odds – they actually are convergent with each other. We see several sub-themes within the energy transition which have interesting characteristics including batteries, storage, distributed generation and micro grid.

Q *What role does private infrastructure play in renewables? Are they driving its development in the future?*

A According to the International Energy Agency, the energy transition is creating a \$3-5 trillion opportunity in renewable energy over the coming decades. We believe the sector is at an inflection point, and that private capital investment will be key to progressing the transition. Private capital's long-term orientation and focus on active value creation make it particularly suited to address this shift.

Q *How are consumers interacting with the renewable energy sector?*

A The reality is that data is empowering consumers – like in so many other sectors – leading them to have control over their energy consumption and costs. This is creating a massive opportunity. Real, tangible data can have a significant impact on addressing overall demand and reducing waste. In the next phase of the energy transition, better data will empower customers at all layers in our energy system.

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WITH

Pooja GoyalCo-Head of Carlyle's
Infrastructure Group

Q *What shifts are you seeing across geographies with regard to the renewable energy sector?*

A We're seeing the United States set up ambitious renewable energy targets at the state and local level. There is also a strong climate and renewables agenda in Europe, with significant support from multiple stakeholders – governments, investors, companies, and the general public. Subsidy-free projects are becoming economical across geographies, but supportive policies are providing additional tailwinds.

Q *How do you think about impact and ESG themes in this strategy?*

A The team's core investment thesis – driving economic value creation through the development of renewable and sustainable energy – is convergent with several core impact theses, which we evaluate during our diligence process and track quantitatively over time. These themes map to a number of the United Nation's Sustainable Development Goals, particularly those involving affordable and clean energy, innovation and infrastructure, responsible consumption, and climate action. Importantly, just because the strategy is focused on core impact themes, ESG considerations aren't any less relevant. Issues such as community engagement, environmental impact, and others are material dimensions of how we evaluate and successfully manage potential investments.

Q *What are the biggest changes you're seeing in this space?*

A People have been discussing the energy transition for a long time now, and the main focus of the last 10 years has been primarily renewables – specifically wind and solar. Wind and solar have been the darlings of the energy transition story, and for good reason. But on their own, they don't get us anywhere near making a dent in tackling climate change. Energy storage can mitigate one of renewable energy's largest drawbacks: the inability of wind & solar photovoltaics to deliver predictable levels of power to the grid regardless of time of day or weather. The rapid expansion of storage capacity and plummeting cost of storage is expected to be a significant contributor to the long-term viability of renewable energy. Batteries and storage are some of the unsung heroes here – creating an investment opportunity where there is a convergence of attractive returns, alongside outsize impact given the critical role of storage in unlocking the energy transition.

Q *What new and exciting investment activities have you seen in the field?*

A Relatedly, Electric Vehicles (EVs) are expected to be cost competitive with internal combustion engines in the next 5 years, which is an incredible development. Investments made by the largest car manufacturers in transitioning their fleets to electric vehicles are driving these efficiencies of scale. Given the pace at which EVs are reaching price parity, the big bottlenecks on EV adoption is actually charging infrastructure. This is the other unexpected winner. The charging infrastructure is expected to lead to emerging business models focused on efficiently pricing the usage of the infrastructure.

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2020 IMPACT THEME

Stronger Communities

CASE STUDIES FEATURED

- PA Consulting
- Penha Longa
- Accelerate Learning
- Abacus Pharmaceuticals

Businesses play an integral role in our local communities, and in turn, local communities are a vital stakeholder. Better businesses focus on continually improving community relations, generating sustainable economic development, creating quality employment opportunities, responsibly managing their environmental footprint, and more. Businesses that create positive, symbiotic relationships with the communities in which they work have a stronger license to operate and more resilient long-term trajectory.

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Sector: Consumer & Retail

Region: United States

Lead Fund: CEOF II (Carlyle Equity Opportunity Partners II)

Acquisition Date: 3/26/2019

STRONGER COMMUNITIES

PA Consulting

Case Study

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Founded in 1943, PA Consulting (“PA”) is a global innovation and transformation consultancy with a long and storied history of helping companies find creative solutions to major technological challenges.

Those same skills and experience have enabled the company to add value to large-scale government and non-governmental organizations aiming to solve social challenges:

PA is a signatory to the UN Global Compact (UNGC), which named PA a specialist technical advisor, and also plays a leading role in the Ellen MacArthur Foundation’s circular economy work. When Carlyle European Partners invested in PA in 2015, they saw PA’s strength in applying their core consulting skillset to social challenges as a differentiator and asset – ultimately, this work

has also become a valuable line of business in and of itself. PA’s strong global community ties have helped it develop specialized skillsets and expertise, which helps the company build new relationships with vital international partners.

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As a part of the relationship, PA Consulting also produced a series called “The Disruptive Technology Executive Briefs” that spotlighted the best thinking in sustainable innovation, showcasing innovators across mainstream companies and next generation entrepreneurs. The Briefs feature analysis and resources designed to help leaders understand the new business models and technologies that will be crucial in achieving the SDGs, such as unmanned air systems, the internet of things (IoT), digital agriculture, artificial intelligence, gene editing, additive manufacturing, blockchain, and big data.

In addition to providing broad support for developmental goals, PA Consulting has also helped specific social innovations go from concept to reality, such as Water Source, an Australian B-Corp start-up. Water Source CEO Mark Campbell wanted to provide a solution for water purification to small rural communities in Australia’s outback, for whom traditional water infrastructure was far too large to suit their needs. PA provided expertise in digital, business intelligence, material science, industrial design and engineering, product and system development and circular economy design. The team’s diverse skills, combined with their subject-matter experts in the water industry, helped to make Water Source’s vision a commercial reality. In the end, they developed an IoT-enabled, commercially-viable solution, along with an implementation plan, all designed to circular economy principles.

“PA’s vision, process and co-creation model made them the perfect partner,” said Campbell. “PA immediately understood our vision to combine a for-profit enterprise with philanthropy, using advanced technology to empower local communities with access to drinking water when and where they need it.”

Today, PA is playing a critical role in the UK government’s response to the COVID-19 crisis, working with the leading technology and engineering firms to rapidly build and dispatch life-saving ventilators (more on [page 6](#)). These initiatives, amongst others, showcase to their broader customer base what PA is capable of when putting their skills toward solving large global challenges. It is also a perfect illustration of PA’s purpose which is all about driving for “a positive human future in a technology driven world”. PA has developed a network of strong ties across the communities it works with – private enterprise, philanthropy, non-governmental organizations and more – that in turn enrich the reach and power of its problem solving capabilities. As they say, “bringing ingenuity to life”.

Sustainability is increasingly seen as a key area for growth by our clients. Gone are the days of doing less harm, they now want to ensure that their products and services do more good. As the economy emerges from the COVID-19 pandemic, there is an unprecedented opportunity to rebuild and restructure to a more sustainable blueprint – ensuring sustainability only increases in relevance over the coming years.

David Rakowski
Sustainability Expert, PA Consulting



The same year as Carlyle’s investment in PA Consulting, the UN published the 17 Sustainable Development Goals (SDGs) that have since become immensely influential in the public and private sectors. Working with the UNGC, the world’s largest corporate sustainability initiative, and Volans, a corporation that conducts major inquiries into global issues, PA’s innovation and sustainability experts produced a framework on how to innovate for the SDGs.

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Sector: Consumer & Retail

Region: United States

Lead Fund: CEOF II (Carlyle Equity Opportunity Partners II)

Acquisition Date: 3/26/2019

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2020 IMPACT REVIEW

STRONGER COMMUNITIES

Penha Longa

Case Study

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When the UN published its Sustainable Development Goals (SDGs) in 2015, it saw sustainable tourism as important enough to include under multiple SDGs, none more prominently than SDG 8.9: “to devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products” by 2030.

Eco-tourism isn't just an economic lifeline to communities: it is an effective way of placing more economic value on the preservation of natural spaces than on their exploitation. Not to mention, eco-tourism also has the indirect benefit of allowing opportunities for tourists to appreciate and become advocates for nature.

Penha Longa Resort was originally opened in 1993 in a nature preserve just west of the Portuguese capital of Lisbon, and included important Portuguese cultural heritage such as a 14th century monastery

and a royal retreat that dates back to the 15th and 16th centuries. When Carlyle European Realty acquired the property in late 2018, the stringent environmental and historical requirements of owning and developing the property were assets, not liabilities, since it came with an incredible opportunity to invest in the physical and human community around the property, to mutual benefit.

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<http://www.penhalonga.com/en/>

Penha Longa has done extensive work to restore and preserve the park –

not just because it is important to the local community, but also because it is an important attribute of the resort. The more Penha Longa takes care of the local environment, the more sustainable it is as a valuable source of tourism for the local region. Penha Longa has worked to remove invasive flora species such as acacia, replant indigenous plants such as cork oak and Portuguese oak, and build suitable habitats such as nests for local fauna. To help visitors appreciate the natural and cultural

The hotel has also long invested in the human community of the Sintra-Cascais region to ultimately make the project more sustainable and mutually beneficial.

heritage, they have also created interpretation centers and hiking trails that maximize access while minimizing impact.

The hotel is the largest in the area, and employs 300 full time staff as well as 300 temporary workers per year, investing an average of €1,000 per employee per year in professional development. Beyond directly supporting their employees, Penha Longa averages 1700 annual volunteer hours and €300,000 in donations to the local communities, which includes forest clean up and support for local fire services in a country that has experienced significant recent forest fires.

Finally, the operations of the hotel itself are also an important priority for sustainable operations. Since investment, the Carlyle team has worked with Siemens on an energy savings and management initiative, as well as identifying water savings and banning single-use plastics in 2020 as part of a wider initiative of Ritz Carlton, who operates the resort.

The development and ownership of a hotel in such a special piece of land may not be as easy as other locations, but the Carlyle European Realty team is proud to demonstrate how effective eco-tourism and community investment can benefit all stakeholders, exactly as UN SDG 8.9 envisions.

“Eco-tourism isn’t just an economic lifeline to communities: it is an effective way of placing more economic value on the preservation of natural spaces than on their exploitation.”

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GRI Disclosures

Sector: Technology

Region: United States

Lead Fund: CEOF II (Carlyle Equity Opportunity Partners II)

Acquisition Date: 12/19/2018

STRONGER COMMUNITIES

Accelerate Learning

Case Study

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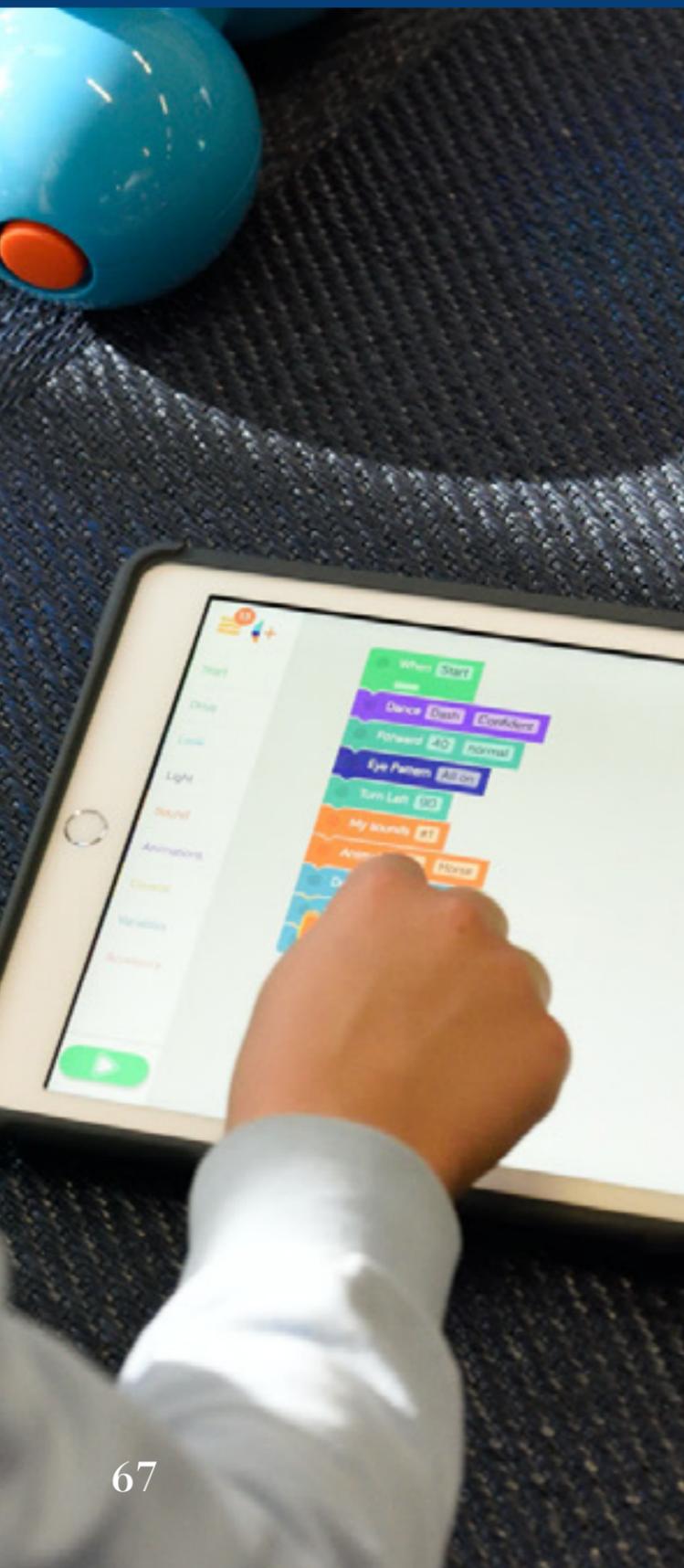
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One of the persistent causes of the achievement gap in the United States is costly, static, and scarce educational materials, such as textbooks. Accelerate Learning Inc (ALI)'s mission is to develop digital learning tools that produce verifiably better learning outcomes at a lower price point, helping to make our education system more equitable. It's not just a mission statement, either: it's a core tenet of ALI's business plan.

In 2018, ALI expanded its investor support through a partnership with Carlyle. Founded and incubated at Rice University in 2010, ALI is a high-growth eLearning company that offers public school systems a comprehensive suite of proprietary STEM (Science, Technology, Engineering, and Math) curriculum products that replace traditional print textbooks with a

comprehensive digital curriculum. ALI's disruptive product mix targets a large and growing pre-K-12 market, providing high-quality content at one of the market's lowest prices, and serving both high-end school districts and districts with a high percentage of low-income students.

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Built by teachers for teachers, school districts choose ALI because of its strong performance across product quality, reputation, student achievement outcomes, and price.

Built by teachers for teachers, school districts choose ALI because of its strong performance across product quality, reputation, student achievement outcomes, and price. For ALI, the proof is in the pudding, which shows up in the academic results of students and the satisfaction of the educators who choose their system:

- ALI has demonstrated market-leading efficacy. Students using Accelerate Learning’s STEMscopes Science product are on average 1.2 times more likely to score “advanced” and 1.5 times more likely to score “proficient” on standardized testing than students who do not use it.



- ALI delivers its content through an inexpensive, variable cost development process that enables it to be updated continuously and customized in real-time, so that it can [seek to] achieve 100% alignment with state standards and adapt to specific state standards and regulations, such as the Next Generation Science Standards and Common Core Math Standards.
- ALI serves 4.5+ million students across 2,380+ school districts in all 50 states and abroad. It has experienced strong revenue growth, with a CAGR of more than 50% over 2015-2018, and a strong component of its revenues are from recurring contracts.

Market-Leading Efficacy



Accelerate Learning is particularly well suited to serve the large and growing market for education core curriculum. Because its growth is grounded largely in its mission – driving better educational outcomes at a lower cost – broader societal impact is core to its financial success. The impact, in fact, is integral to why the business model works.

As the education market shifts significantly toward technology – both in the classroom and at home during COVID-19

– ALI’s model presents a major advantage on traditional textbooks: digital curriculum can be updated more rapidly and customized to meet specific local or national standards, and it provides real-time, actionable student data back to teachers.

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GRI Disclosures

Sector: Healthcare

Region: Africa

Business Segment: CEOF II (Carlyle Equity Opportunity Partners II)

Acquisition Date: 9/11/2018

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STRONGER COMMUNITIES

Abacus Pharmaceuticals

Case Study

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Local manufacturing of pharmaceuticals is a major challenge to health care access in Africa, which has a mere 3% share of global pharmaceutical production and remains largely dependent on imports. Founded in 1995, Abacus Pharmaceuticals aims to bridge that gap across East Africa by establishing local pharmaceutical production capability and partnering with international suppliers to provide locally branded generic products or affordable medicines from abroad. Abacus is headquartered in Uganda with direct operations across Kenya, Tanzania, Rwanda, Burundi and a presence across the continent.

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Africa is a shortage of trained pharmacists, so Abacus currently pays the tuition for 20 local pharmacy students per year. The Company also focuses on identifying and promoting local African talent: 80% of senior hires since Carlyle invested in the company in 2019 have been from East Africa, improving local share of the executive team to 60%. In addition to helping the local community develop this high-skill sector of the economy, it insulates the business against expatriate turnover and high talent recruitment costs. Similarly, Abacus focuses on recruiting women for senior and technical roles, with 53% of the manufacturing division's chemists and 40% of the executive team represented by women.



Beyond just the Company's own employees, Abacus also provides the public with free medical camps with HIV and Hepatitis B testing, as well as health counseling. Abacus' primary manufacturing site in Mukono, Uganda has a water treatment plant on-site for its own use, but it also treats the primary source of water for local communities. Once COVID-19 was identified in Uganda, Abacus led the private sector response by supporting the Ministry of Health through donations of critical pharmaceutical products, medical equipment and food. ([see page 14](#))

Abacus also recognizes that the firm's performance on other material ESG issues is critical to value creation and preservation. For example, Abacus has consistently made significant energy and cost reductions to reduce its carbon footprint. Abacus received Uganda's Inaugural Energy Management Award recognizing it as a leader in energy efficiency gains from its work applying advanced energy management principles and practices. Health and safety issues, both for employees and consumers, are also paramount in the pharmaceuticals business. Abacus has specialist employee health and safety (EHS) staff and board oversight, and has made additional investments in employee safety under Carlyle's ownership, now monitoring impact goals and initiatives at the board level and hiring a dedicated Legal & ESG officer. Abacus also continues to collaborate with Uganda's National Drug Authority (NDA) to improve quality assurance throughout the pharmaceutical supply chain.

For Abacus, stakeholder-focused business practices don't merely reflect philanthropic ideals: they're an essential part of how the business will thrive.

While Abacus' business thesis aligns with solving a challenging issue for its local community, the reverse is true as well:

Abacus needs a thriving local community in order to be successful. To grow and develop as a business, Abacus proactively supports its regional community to promote sustainable employee, supplier, and customer bases. One of the persistent issues facing

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What we're doing at Carlyle to create:

Diverse Teams · Engaged Employees · Sustainable Growth

Climate Resilience · Stronger Communities

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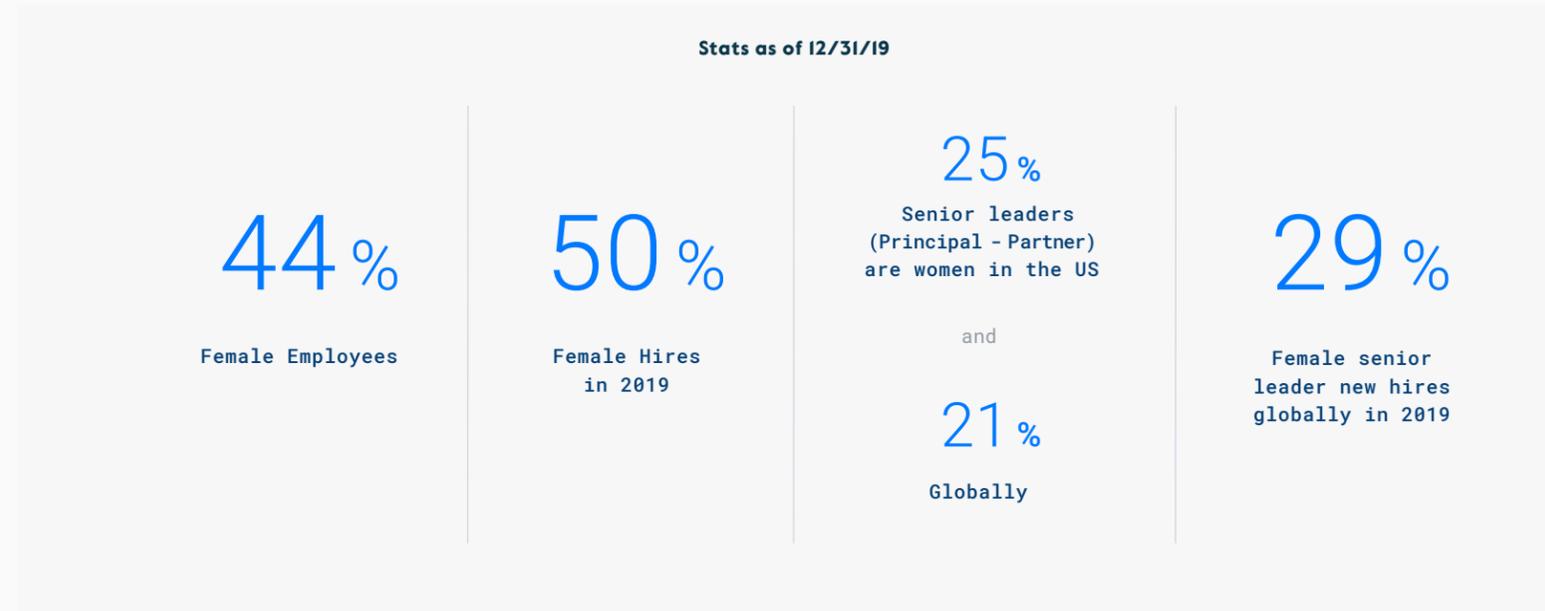
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Diverse & Inclusive Teams

Like the other areas of competitive strength that define Carlyle, evolving our diversity and inclusivity takes commitment and action as a firm overall, and from each and every one of our employees. We strive to ensure that every colleague feels that they matter, are valued, and have access to opportunities – so we can all contribute.



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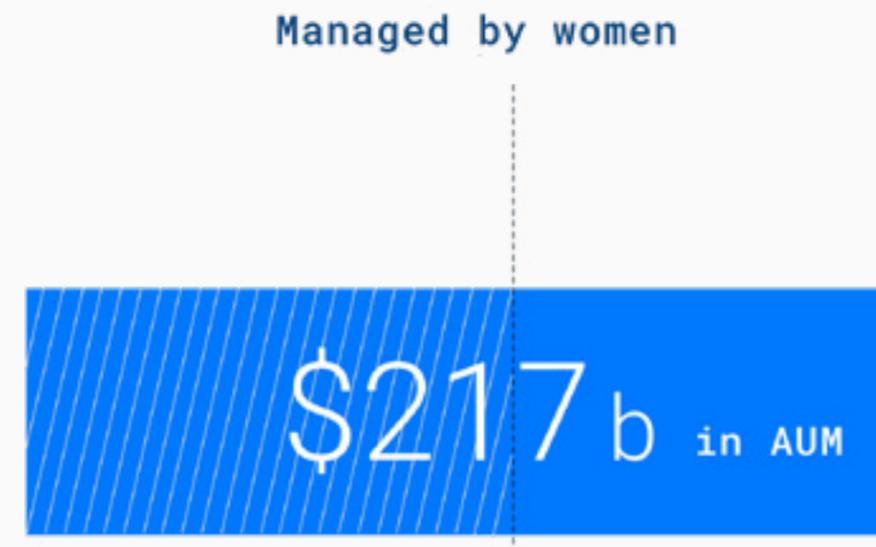
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Recognitions

1. Carlyle was honored with the 2019 SuperReturn Award for Achievement in Promoting Diversity – The award winner was determined by a judging panel comprised of limited partners (LPs)
2. Carlyle received a perfect score in the Human Rights Campaign Corporate Equality Index

**More than half of
our \$217B in AUM is
managed by women**



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Year Up Partnership



Diversity of thought is critical for better decision making and better business performance. We have worked to build partnerships and networks through which we can help train and develop talented individuals from a broad array of backgrounds – Year Up is one of those valuable partners.

Year Up provides young adults from underserved communities the skills, experience, and support to help them reach their full potential through professional careers and higher education. Year Up offers intensive training programs that provide opportunities for young adults ages 18–24 to gain hands-on skills development, coursework eligible for college credits, corporate internships, and wraparound support that helps them to better secure employment.

Since establishing our partnership with Year Up in 2007, Carlyle has provided 99 diverse women and men with mentoring

support and a six-month internship working in various roles based in our DC and New York offices. The internship provides hands-on technology experience and opportunities to work directly with Carlyle employees across the firm. It has also been an effective recruiting tool for Carlyle as we look to identify talent – we have now provided extended employment for 34 Year Up interns through full-time positions and contract roles.

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2019 Veterans Initiative Summit Overview



In October, Carlyle and Blackstone partnered to co-host the 2019 Private Equity Veterans Initiative Summit in Washington, DC. This is the fifth year that Carlyle has co-sponsored the initiative, which has built a platform to give our portfolio companies the tools, resources, and relationships to effectively recruit, hire, and transition Veterans into an organization, while also arming companies with the knowledge to professionally develop and retain those Veterans as an effective part of their team. This year was our largest event yet, with over 45 attendees from more than 20 portfolio companies.

Representatives and resources from federal government, non-profit, and for-profit organizations joined for the day, including from the White House, the Department of Defense, the Department of Labor, the U.S. Chamber of Commerce, Hiring our Heroes, and the USO. The Summit focused on sharing insights on Veteran transition and retention, the changing nature of warfare and its impact on the workforce, the untapped military spouse talent pool, and several actionable strategies attendees could implement within their organizations to implement a Veterans and Military Spouse employment program.

Frank Finelli, a Partner in Carlyle's US Buyout team and retired Army Lieutenant Colonel, who leads Carlyle's Veteran Employee Resource Group and spearheaded Carlyle's participation at this event noted, "The Veteran Initiatives Summit provides an unparalleled opportunity for Carlyle's portfolio company executives to engage thought leaders and discuss best practices for employment & retention programs for Veterans and Military Spouses, a key cohort that raises professionalism and productivity across our broader workforce."

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Mentoring program



Mentoring is a key part of career development. Our people are our most valuable asset, so robust mentoring relationships are mission critical for us. More than 800 Carlyle employees from across the globe have now participated in our Global Mentoring Program, which is open to all of our employees. Created by our Diversity & Inclusion Council in 2014, the year-long commitment focuses on career development by matching employees with more experienced colleagues to gain knowledge, skills, experience, information and candid advice.

As a firm, this work is critically important because it focuses on our people – which are core to our success – to help them develop their careers, build broader networks across the firm, and strengthen our culture. For our mentees, the relationships open avenues for exposure to additional experiences, styles, ideas, provide a distinctive way to develop skills on an accelerated schedule, and are an opportunity to receive confidential input on career and professional development.

Matt LoRusso, a Managing Director and Director of Global Workplace Services, has been a repeat mentor over the course of the program's life, noting that, "the mentoring program is a great way to engage with a colleague and help him

or her navigate around Carlyle. You can never underestimate how helpful or impactful a simple conversation, over a cup of coffee, could be to someone's career – it's why I have stayed engaged with the program and look to keep developing new mentoring relationships."

"The mentor program gives you the opportunity to interact with someone at the firm you may not necessarily meet," adds Erin Daverse, a Senior Accountant in Corporate Accounting at Carlyle. "This relationship helps both the mentor and mentee to experience and utilize a unique perspective that you gain from one another. This program does an excellent job encouraging you to expand your horizons and recognize how much Carlyle and its employees have to offer."

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Employee survey



The people of Carlyle are what make us who we are: to our investors, shareholders, and to each other. We want to continually improve our employees' experience at the firm, and build a culture that encourages transparency, collaboration and innovation.

In the past year we launched our first ever firm-wide employee engagement survey to get feedback and ideas on how to make Carlyle an even better place to work. We believe diversity of thought and having a variety of voices at the table gives us an investment edge, so every voice in our firm matters. Our senior leaders combed through the results, communicated them back to the firm and the Board of Directors, and are now developing concrete actions steps that are shaped by our employee feedback. We are committed to ensuring Carlyle is set up to succeed – work we'll do together.

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ERGs



Employee Resource Groups (ERGs) are essential to Carlyle's diversity strategy – these groups provide opportunities for individuals to share ideas, highlight successes and concerns, and develop important professional connections.

The ERGs provide networking opportunities to engage our people in helping to attract, develop and retain the best professionals in our industry – Carlyle employees – and to be a source of ideas on how to continuously improve our organization.

In addition to a variety of group events that fostered education, learning, volunteering, and networking – some highlights are below – in the past year Carlyle's ERGs have each drafted Ally One Pagers as part of the cross-ERG Ally Initiative. The Ally One Pagers offer insight and tips on what we can do in our day-to-day activities to make our colleagues feel valued. Their goal is to help drive inclusion and raise visibility of the ERGs and their constituents.

Carlyle's ERGs include:

- [Multicultural Group](#)
- [LGBTQ Group](#)
- [Women's Group](#)
- [DiversAbility](#)
- [Veteran's Group](#)
- [Young Professionals Group](#)
- [Working Parents Group](#)

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ERG Highlights



Multicultural ERG Lunch & Learn with Reggie Van Lee

Close to 100 Carlyle employees from the DC, Rosslyn and New York offices participated in the Multicultural ERG's Lunch & Learn session with Reggie Van Lee as the guest speaker. Reggie provided valuable insights into his new role as Carlyle's Chief Transformation Officer and shared inspirational experiences about his background and career success.



Veteran's ERG Hosts Warrior Canine Connection Volunteer Event

In July, the Veteran's ERG held a volunteer event at the Warrior Canine Connection (WCC) headquarters in Boyd, Maryland.

35 volunteers toured WCC's new headquarters, funded in part by donations from a 2018 Carlyle event when Chairman Emeritus and Co-Founder Dan D'Aniello welcomed 100 attendees and made a surprise \$100,000 matching gift donation. During the visit, Carlyle volunteers painted the training ground fence and socialized puppies.



Kewsong Lee Hosts Carlyle Pride Kick-Off with the Trevor Project CEO

In June, Kewsong Lee partnered with the LGBTQ ERG to host a lunch with Trevor Project CEO Amit Paley. Garrett Hall, Principal in AlpInvest Secondary Fund and Co-Head of the LGBTQ ERG, moderated the conversation which was attended by more than 90 professionals in the DC office.

The discussion launched Carlyle's Pride month effort and touched on the business imperative of Diversity and Inclusion and the Trevor Project's life-saving work around LGBTQ youth suicide. On the impact at Carlyle, Lee said, "It's cultural. I want to make it clear that we are all about creating more inclusion and more understanding that different perspectives are what's required to excel."

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Health and Wellness Highlights



Our people are our priority, so keeping our employees healthy is front of mind, particularly during COVID-19. We partnered with an external wellness provider, Namaste Wellness, to do mindfulness and wellness webinars, live meditation, and live yoga classes for Carlyle employees while many global offices were closed. 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.

Carlyle provides a membership for all employees and their families to One Medical, one of our portfolio companies. One Medical is a primary care practice with the goal of making it more comfortable and more convenient to get care whenever and wherever you need it. Importantly, One Medical provides free 24/7 virtual care via video, phone, and email, as well as online appointment booking and prescription renewals via the app or web – a service that our employees have leaned on heavily during COVID-19.

Carlyle specifically focused on equity and inclusivity as we worked to redesign some of our employee benefits in 2019. 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, starting in January 2020. Unlike traditional benefits that require evidence of infertility, this benefit is available to all.

The LGBTQ and Working Parents employee resource groups (ERGs) brought forth this opportunity to support our employees, in partnership with our Human Resources team.

This benefit provides access to the largest national network of premier fertility specialists, as well as support and guidance for adoption or surrogacy options. It will also offer coverage for family planning processes. This comes on the heels of our revamped parental leave policy, where, as of April 2019, we offer 16 weeks of paid parental leave for primary caregivers.

We recognize our responsibility in providing an environment that empowers our employees – regardless of race, gender, ethnicity, sexual orientation or gender identity – to succeed both in and outside of the workplace. Everyone’s pathway to parenthood is different, and it is our goal to provide the emotional and financial support needed to give our employees the opportunity to grow their families.

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Annual Sustainability Workshop



Leadership and learning go hand-in-hand, and our portfolio companies continue to lead on ESG issues by learning from each other on these important topics. Our portfolio companies are frequently at the forefront of specific ESG innovations – from how they are managing ESG issues themselves to how they are developing products and services that could help other portfolio companies capitalize on ESG risk management and value creation opportunities.

These innovations can be leveraged across our companies – something we actively work to facilitate. In December Carlyle hosted its annual Sustainability Workshop for our portfolio companies, welcoming participants from 15 different portfolio companies for a day of discussion, information sharing, and problem solving on pressing ESG topics.

Our Co-CEO Glenn Youngkin kicked off the day by highlighting the rising importance of ESG themes such as climate change and diversity and inclusion in his conversations with our global LPs, and in how he thinks about creating long-term value for our investors. Carlyle portfolio company IsoMetrix walked through case studies of how they have

deployed their enterprise software solutions for managing ESG data at other Carlyle companies to help drive better decision making, and in-house experts such as Kara Helander, Carlyle's Chief Inclusion & Diversity Officer, shared practical tips and advice about how to build inclusive and diverse cultures within organizations. Leadership on ESG issues isn't accomplished by going at it alone – we know we can all do more by learning from each other.

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ESG Training and Education at Carlyle



What's the better approach: a dedicated ESG team, or ESG integration embedded across investment professionals? Our view is that it's not an either/or – you need both. We believe it is important to have both dedicated in-house ESG expertise to drive learning, best-practice, and education on emerging ESG issues, as well as broad-based responsibility for ESG matters across investment teams so that ESG is inextricably embedded into the investment process.

Carlyle has a dedicated global team of internal ESG professionals based between Washington DC, New York, and London, led by Carlyle's Global Head of Impact. The ESG team not only works closely with our deal teams on investments – providing hands-on guidance – but also holds regular trainings with investment professionals across levels to provide education on ESG frameworks – such as SASB – on how to create tailored value-creation plans, and emerging ESG thematic issues.

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ESG Data in action



ESG data is a hot topic of conversation across the investment world. And for good reason – this data is critical to effectively integrating, improving, and monitoring material ESG issues across investments. Collecting data for data’s sake isn’t particularly helpful, however – so we are careful to collect data that has specific use cases and applications.

We track bespoke ESG key performance indicators (KPIs) for certain investments – for example, Carlyle Europe Partners is in its fourth year of collecting company-specific material ESG KPIs. In 2019 we expanded that work to track broad-based KPIs that are relevant across our diverse geographies and assets, such as data on the diversity of company boards.

Both approaches – the “micro” of company-specific data, and the “macro” of cross-portfolio information – play different but increasingly vital roles in our investment process. Tailored, materiality-based data help us identify risks and opportunities, create bespoke value-creation plans, and measure progress over time for companies. Portfolio-wide data helps us understand and manage systemic risks, such as those posed by climate change, and perform more comprehensive

research on value creation drivers, such as research we performed ([Impact Report](#)) which quantified the correlation between board diversity and annual earnings growth across our portfolio companies. This data is also useful for communicating with our LPs and broader stakeholders.

While ESG data is relevant across our investment activity, for certain investment strategies that align with impact themes, such as our Renewable and Sustainable Energy platform, we also track bespoke impact metrics, such as megawatts of clean energy installed and greenhouse gas emissions avoided.

ESG data is powerful when approached with nuance, rigor, and an investment mindset – collecting ESG data for the sake of collecting ESG data misses the mark.

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Carbon neutrality



2019 was Carlyle’s third year of carbon neutrality across our 32 global offices and the activities of our more than 1,750 employees, after we became the first major private equity firm to make a carbon neutrality commitment in 2017. Using the World Resources Greenhouse Gas (GHG) Protocol, we focused on the material sources of emissions for our firm: office utilities, offsite data centers, commercial and private air travel, and employee commuting. In 2019 we emitted 19,576 metric tonnes of carbon dioxide equivalent across those categories, detailed in the table below. As in prior years, we offset our emissions by purchasing carbon offsets in truck stop electrification projects in the US through The Carbon Fund, which were verified by the American Carbon Registry.

| Category | Emissions (MT/CO2e) |
|------------------------------|---------------------|
| Office Utilities (Scope 2) | 5,042 |
| Data Centers (Scope 2) | 363 |
| Business Travel (Scope 3) | 12,780 |
| Employee Commuting (Scope 3) | 1,390 |
| Total: | 19,576* |

*may not add up due to rounding

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Communities



Our work is grounded in the communities in which we work and live. Carlyle professionals across the globe donate time, money, and expertise to helping build vibrant and inclusive local communities, something that we encourage and celebrate as a firm.

In 2019 more than 280 Carlyle employees gave over 500 philanthropic gifts which were matched by the firm. These gifts supported close to 300 non-profit organizations globally. Carlyle also initiated a significant philanthropic effort in response to COVID-19, donating more than \$10M to non-profit organizations globally to help relief efforts. Carlyle employees also put their time and expertise to work through volunteer activities across our offices.

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Volunteer activities across our offices



New York

- Carlyle employees collected nearly 100 backpacks for Operation Backpack, an initiative of Volunteers of America-Greater New York that provides new backpacks filled with school supplies to children living in homeless or domestic violence shelters.
- For the fourth year, New York colleagues participated in a holiday toy drive in December to support the Carter G. Woodson School in Brooklyn. Last year, 277 children received gifts from Carlyle employees, which are often the only gifts they receive for the holidays. The Woodson School, located in Bedford Stuyvesant, Brooklyn, shared that they are “a 100% Title One school (Title One provides supplemental funds to school districts to assist schools with the highest student concentrations of poverty to meet school educational goals)... Our school is comprised of 286 students. We have a large population of students with special needs totaling 35% of our schools population. Also, 38% of our population resides in temporary housing (shelters) which includes double up housing and the 3 local shelters in the neighborhood, one of which services families of domestic abuse.”

Tokyo

- Carlyle colleagues volunteered for the non-profit, Tokyo Port Green Volunteers at Tokyo Port Wild Bird Park, which Carlyle has supported since 2006. Our colleagues spent time cleaning up the park and roads outside and plowing the ground in the bamboo forest.

London

- Carlyle’s London office participated in a clothing drive for Fight for Peace, donating office attire to help young people dress for success for job interviews and new roles.
- During Global Volunteer Month, in partnership with the charity ThinkForward, employees took part in a Resume and Mock-Interview Workshop for school leavers. ThinkForward works closely with schools across London and nationally across the UK to support young people transitioning from education to employment or college/university. Attendees gain exposure to a professional workplace environment and the counsel of business professionals as they enter the world of work or apply for further education.
- Volunteers participated in the ‘Wrap Up London’ campaign, a charitable initiative that runs an annual coat donation drive to provide outerwear for homeless people, refugees and people in need during the winter months. Alongside the volunteering efforts, the London office collected donations to support the campaign.

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Volunteer activities across our offices



Washington, D.C.

- Two events supported Junior Achievement of Greater Washington: JA in a Day and Junior Achievement Finance Park. At both events, volunteers taught students about budgeting, household expenses and saving money. These events mark a decade of partnership with Junior Achievement, supporting their goal of inspiring and preparing young people to succeed in a global economy.
- Team Carlyle rode 670 miles in September at the MS 100 from Reston to Middleburg to help find a cure for Multiple Sclerosis. The Carlyle team raised nearly \$28,000 – the highest amount of the 48 participating teams. The entire race raised nearly \$300,000 across 350 riders. The donations will help fund research to stop the disease progression, restore function and ultimately end MS forever.
- Over 30 volunteers participated in the annual holiday shoebox gift drive for SOME (So Others Might Eat) Shoebox Packing Party. Volunteers filled gift boxes with gloves, scarves, hats and toiletries for homeless women and men, donating 316 boxes. The mission of DC-based SOME is to meet the immediate daily needs of the people it serves with food, clothing, and healthcare. SOME helps break the cycle of homelessness by offering services, such as affordable housing, job training, addiction treatment, and counseling to the poor, the elderly, and individuals with mental illness.
- Volunteers helped at a Boys & Girls Club of Greater Washington holiday party, and Carlyle employees sponsored 30 kids for the holiday gift drive. The mission of BGCWG is to help boys and girls of all backgrounds, especially those who need us most, build confidence, develop character and acquire the skills needed to become productive, civic-minded, responsible adults.

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Material Assessment Methodology

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Materiality Assessment Methodology

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

As part of an 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 The Carlyle Group 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 and inclusion, and climate change). Details of the material issues we identified for our firm can be found on the next page and in our GRI contents page.

Economic | **Environment** | **Social** | **Stakeholder Engagement**

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Material Topics

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 of our fiduciary duty, 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

Environment

As a financial services organization, 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, Carlyle believes that climate change is one of the most pressing issues of our time, creating unprecedented risks and opportunities for businesses across all industries. To respond to this challenge and to provide greater transparency on our direct environmental impacts, we believe the following GRI ‘environmental topics’ are the most material to our organization:

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

Social

As discussed in our 2020 Impact Review, we strive to ensure that every colleague feels that they matter, are valued, and have access to opportunities – 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 full-time 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 non-compliance concerning marketing communications

GRI REPORTING INITIATIVE STANDARDS

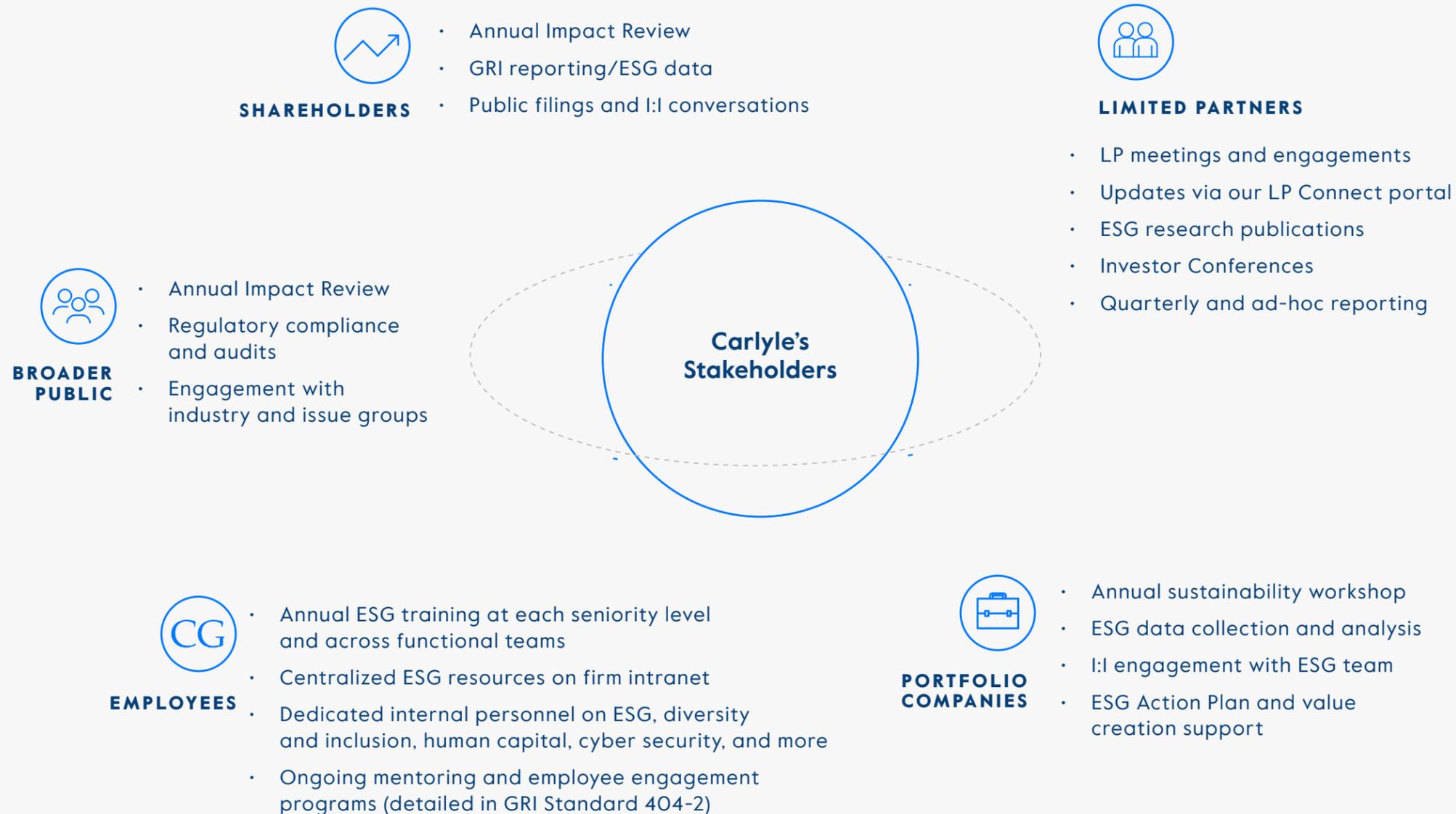
Stakeholder Engagement

The graphic below 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 are highlighted in this report.

Carlyle's Stakeholders & Respective Channels of Engagements



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GRI 102: General Disclosure

The table below indicates where information relating to the Global Reporting Initiative Standards is located in The Carlyle Group's 2019 Impact Review report, the Annual Report on Form 10-K for the year ended December 31, 2019 filed with the U.S. Securities and Exchange Commission and/or in other The Carlyle Group materials.

| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|--|---|---|
| 102-1 | Name of the organization | The reporting organization shall report the following information: a. Name of the organization | The Carlyle Group Inc. |
| 102-2 | Activities, brands, products, and services | The reporting organization shall report the following information: a. A description of the organization's activities b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets | Please see pages 8-12 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083] |
| 102-3 | Location of headquarters | The reporting organization shall report the following information: a. Location of the organization's headquarters | Please see page 46 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083] |
| 102-4 | Location of operations | The reporting organization shall report the following information: a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report | Please see page 5 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083] |
| 102-5 | Ownership and legal form | The reporting organization shall report the following information: a. Nature of ownership and legal form | Please see pages 19 & 292 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083] |
| 102-6 | Markets served | The reporting organization shall report the following information: a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries | Please see pages 5-18 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083] |
| 102-7 | Scale of the organization | The reporting organization shall report the following information: a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided | Please see pages 5-18, & 99-100 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083] |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|--|---|--|
| 102-8 | Information on employees and other workers | <p>The reporting organization shall report the following information:</p> <p>a. Total number of employees by employment contract (permanent and temporary), by gender</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender</p> <p>d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees</p> <p>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)</p> <p>f. An explanation of how the data have been compiled, including any assumptions made</p> | Please see the Diverse Teams section of the 2020 Impact Review. |
| 102-9 | Supply chain | <p>The reporting organization shall report the following information:</p> <p>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</p> | As a multinational private equity, alternative asset management and financial services corporation, The Carlyle Group works with a number of third party service providers that support its day-to-day business operations. In all dealings with any third parties, the Carlyle Group applies the principles, values, standards, and norms of behavior. As can be read in an abbreviated version of Carlyle's Global Code of Conduct . |
| 102-10 | Significant changes to the organization and its supply chain | <p>The reporting organization shall report the following information:</p> <p>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</p> <p>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</p> <p>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</p> <p>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination</p> | <p>Please see pages 5-9, & 95 in The Carlyle Group's Form 10-K report [https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083]</p> <p>The Carlyle Group appointed Stefan Grunwald as Chief Procurement Officer in 2019 to work with portfolio companies and Carlyle to drive accountability in the supply chain. No other significant changes were made to the organization's supply chain in 2019.</p> |
| 102-12 | External initiatives | <p>The reporting organization shall report the following information:</p> <p>a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses</p> | The Carlyle Group is currently a member of Businesses for Social Responsibility (BSR), Sustainability Accounting Standards Board (SASB) Alliance, and Renewable Energy Buyers Association (REBA). |

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|-------------------|--|---|--|
| I02-13 | Membership of associations | <p>The reporting organization shall report the following information:</p> <p>a. A list of the main memberships of industry or other associations, and national or international advocacy organizations</p> | The Carlyle Group is currently a member of or affiliated with the American Investment Council, Invest Europe, 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). |
| I02-14 | Statement from senior decision-maker | <p>The reporting organization shall report the following information:</p> <p>a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability</p> | Please see the Letter from our Co-CEOs in the 2020 Impact Review. |
| I02-15 | Key impacts, risks, and opportunities | <p>The reporting organization shall report the following information:</p> <p>a. A description of key impacts, risks, and opportunities</p> | Please see pages 34-95 in The Carlyle Group’s Form 10-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 . Key impacts are covered in this report. |
| I02-16 | Values, principles, standards, and norms of behavior | <p>The reporting organization shall report the following information:</p> <p>a. A description of the organization’s values, principles, standards, and norms of behavior</p> | An abbreviated version of Carlyle’s Global Code of Conduct is available on The Carlyle Group’s website at [https://ir.carlyle.com/static-files/cb8dbfd2-114c-483c-9f8f-e19c63ab8afe] |
| I02-17 | Mechanisms for advice and concerns about ethics | <p>The reporting organization shall report the following information:</p> <p>a. A description of internal and external mechanisms for:</p> <ul style="list-style-type: none"> i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity | The mechanisms for advice and reporting concerns are summarized in an abbreviated version of Carlyle’s Global Code of Conduct and whistleblower policy summary https://ir.carlyle.com/static-files/2366dbe6-d05c-44d6-b74e-f544e52a686f |

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|-------------------|----------------------|--|---|
| I02-19 | Delegating authority | <p>The reporting organization shall report the following information:</p> <p>a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees</p> | <p>The Carlyle Group’s Board of Directors receives information about material ESG issues for the firm. The Board of Directors includes Daniel D’Aniello (Co-Founder & Chairman Emeritus), Bill Conway (Co-Founder & Co-Executive Chairman), David Rubenstein (Co-Founder & Co-Executive Chairman), Kewsong Lee (Co-Chief Executive Officer), Glenn Youngkin (Co-Chief Executive Officer) and Pete Clare (CIO for Corporate Private Equity).</p> <p>The Carlyle Group’s Global Head of Impact, who oversees the Global ESG team reports to Carlyle’s Chief Operating Officer, who is a member of The Carlyle Group’s Executive Group. The Global Head of Impact provides regular updates on the firm’s ESG and impact work to Kewsong Lee (Co-Chief Executive Officer), Glenn Youngkin (Co-Chief Executive Officer) and Pete Clare (CIO for Corporate Private Equity).</p> |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|---|--|---|
| I02-20 | Executive-level responsibility for economic, environmental, and social topics | <p>The reporting organization shall report the following information:</p> <p>a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics</p> <p>b. Whether post holders report directly to the highest governance body</p> | <p>The Carlyle Group’s Board of Directors receives information about material ESG issues for the firm. The Board of Directors includes Daniel D’Aniello (Co-Founder & Chairman Emeritus), Bill Conway (Co-Founder & Co-Executive Chairman), David Rubenstein (Co-Founder & Co-Executive Chairman), Kewsong Lee (Co-Chief Executive Officer), Glenn Youngkin (Co-Chief Executive Officer) and Pete Clare (CIO for Corporate Private Equity).</p> <p>The Carlyle Group’s Global Head of Impact, who oversees the Global ESG team reports to Carlyle’s Chief Operating Officer, who is a member of The Carlyle Group’s Executive Group. The Global Head of Impact provides regular updates on the firm’s ESG and impact work to Kewsong Lee (Co-Chief Executive Officer), Glenn Youngkin (Co-Chief Executive Officer) and Pete Clare (CIO for Corporate Private Equity).</p> |
| I02-21 | Consulting stakeholders on economic, environmental, and social topics | <p>"The reporting organization shall report the following information:</p> <p>a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics</p> <p>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body."</p> | <p>The Carlyle Group’s Global Head of Impact, who oversees the Global ESG team, reports into Carlyle’s Chief Operating Officer, who is a member of The Carlyle Group’s Executive Group. The Global Head of Impact provides regular updates on the firm’s ESG and impact work to Kewsong Lee (Co-Chief Executive Officer), Glenn Youngkin (Co-Chief Executive Officer) and Pete Clare (CIO for Corporate Private Equity), as well as annual updates to The Carlyle Group Board of Directors.</p> |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|---|---|---|
| I02-22 | Composition of the highest governance body and its committees | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Composition of the highest governance body and its committees by: <ul style="list-style-type: none"> i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation | The Carlyle Group representatives from across the organization, including those who sit on the highest governance body, routinely talk to shareholders, LPs, NGOs and government on economic, environmental and social topics. |
| I02-23 | Chair of the highest governance body | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Whether the chair of the highest governance body is also an executive officer in the organization b. If the chair is also an executive officer, describe his or her function within the organization’s management and the reasons for this arrangement | Please see pages 266-273 in The Carlyle Group’s Form 10-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 |
| I02-24 | Nominating and selecting the highest governance body | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Nomination and selection processes for the highest governance body and its committees b. Criteria used for nominating and selecting highest governance body members including whether and how: <ul style="list-style-type: none"> i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered | Please see pages 266-273 in The Carlyle Group’s Form 10-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 |
| I02-25 | Conflicts of interest | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures | The Carlyle Group Inc.’s Form 10-K and the Form ADV for its affiliated investment advisors are filed with the U.S. Securities Exchange and available to the firm’s stakeholders disclose information on various conflicts of interest, including controlling shareholders of the public company, officer and director public board positions, and related party transactions. |

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|-------------------|--|--|---|
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | <p>The reporting organization shall report the following information:</p> <p>a. Highest governance body’s and senior executives’ roles in the development, approval, and updating of the organization’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics</p> | <p>The Carlyle Group’s Board of Directors and its senior executives, including Co-CEOs Kewsong Lee and Glenn Youngkin, are responsible for the approval of the organization’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</p> <p>The Carlyle Group developed its Guidelines for Responsible Investment in 2008, which the firm retains to this day. These guidelines are used in in our investment decision-making, monitoring, and post-investment activity. Our Guidelines can be found on our website at the following link: www.carlyle.com/citizenship</p> <p>The Carlyle Group’s dedicated ESG team is responsible for developing and updating Carlyle’s 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 Co-CEOs.</p> <p>The Carlyle Group’s Board of Directors has formal oversight for the firm’s approach to ESG. It receives routine updates on the firm’s approach to ESG issues, and annually reviews the firm’s ESG report.</p> |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|--|---|---|
| I02-27 | Collective knowledge of highest governance body | <p>The reporting organization shall report the following information:</p> <p>a. Measures taken to develop and enhance the highest governance body’s collective knowledge of economic, environmental, and social topics</p> | The Carlyle Group’s Board of Directors receives updates on material issues for the firm and education on emerging topics, including on certain economic, environmental, and social issues such as diversity and inclusion, cybersecurity, and more. |
| I02-28 | Evaluating the highest governance body’s performance | <p>The reporting organization shall report the following information:</p> <p>a. Processes for evaluating the highest governance body’s performance with respect to governance of economic, environmental, and social topics b. Whether such evaluation is independent or not, and its frequency c. Whether such evaluation is a self-assessment d. Actions taken in response to evaluation of the highest governance body’s performance with respect to governance of economic, environmental, and social topics, including, as a minimum changes in membership and organizational practice</p> | Each year The Carlyle Group’s Board of Directors and its Committees conduct an assessment of its performance against the objectives and goals that they set for themselves as well as the requirements of their charter documents. As part of this assessment, the Board considers 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. |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|--|---|--|
| I02-31 | Review of economic, environmental, and social topics | <p>The reporting organization shall report the following information:</p> <p>a. Frequency of the highest governance body’s review of economic, environmental, and social topics and their impacts, risks, and opportunities</p> | The Carlyle Group has reported on economic, environmental and social topics since 2010 on an annual basis |
| I02-32 | Highest governance body’s role in sustainability reporting | <p>The reporting organization shall report the following information:</p> <p>a. The highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material topics are covered</p> | The Carlyle Group’s Board of Directors has formal oversight for the firm’s approach to ESG. It receives routine updates on the firm’s approach to ESG issues, and annually reviews the firm’s ESG report. |
| I02-33 | Communicating critical concerns | <p>The reporting organization shall report the following information:</p> <p>a. Process for communicating critical concerns to the highest governance body</p> | Any person may report directly to the Audit Committee and/or the management by contacting the General Counsel in relation to any accounting allegation, legal allegation or to report a retaliatory act by addressing such report in writing. The Carlyle Group has an Ethics and Compliance Hotline that is available to all employees and other processes for submitting concerns anonymously. The General Counsel reports each meeting to the Audit Committee of the Board of Directors on any Whistleblower activity. Whistleblower Policy |
| I02-35 | Remuneration policies | <p>The reporting organization shall report the following information:</p> <p>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. How performance criteria in the remuneration policies relate to the highest governance body’s and senior executives’ objectives for economic, environmental, and social topics</p> | Please see pages 283-284 in The Carlyle Group’s Form 10-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|---|--|---|
| I02-36 | Process for determining remuneration | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Process for determining remuneration b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management c. Any other relationships that the remuneration consultants have with the organization | <p>The Carlyle Group believes quality compensation and incentive programs are critical to hiring and retaining highly qualified individuals.</p> <p>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.</p> <p>The annual discretionary performance-based cash bonus program is a significant component of our compensation program and individual bonuses are determined based on the performance results of the firm overall, the investment funds and departments and the individual’s performance thereby providing direct alignment with the firm’s financial performance. Please see pages 233-248 in The Carlyle Group’s Form IO-K for information regarding Carlyle’s executive compensation, the role of Carlyle’s Compensation Committee of the Board of Directors and Carlyle’s compensation consultant.</p> |
| I02-37 | Stakeholders’ involvement in remuneration | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. How stakeholders’ views are sought and taken into account regarding remuneration b. If applicable, the results of votes on remuneration policies and proposals | <p>Please see pages 274-275 in The Carlyle Group’s Form IO-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083</p> |

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|-------------------|--|--|--|
| I02-40 | List of stakeholder groups | The reporting organization shall report the following information: a. A list of stakeholder groups engaged by the organization | Please see the Stakeholder Engagement section in the 2020 Impact Review. |
| I02-41 | Collective bargaining agreements | The reporting organization shall report the following information: a. Percentage of total employees covered by collective bargaining agreements | There is a de minimis number of employees covered by collective bargaining agreements. |
| I02-42 | Identifying and selecting stakeholders | The reporting organization shall report the following information: a. The basis for identifying and selecting stakeholders with whom to engage | Please see the Stakeholder Engagement section in the 2020 Impact Review. |
| I02-43 | Approach to stakeholder engagement | The reporting organization shall report the following information: a. The organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process | Please see the Stakeholder Engagement section in the 2020 Impact Review. |
| I02-44 | Key topics and concerns raised | The reporting organization shall report the following information: a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns | Please see the Materiality Assessment Methodology section in the 2020 Impact Review. |

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|-------------------|--|---|--|
| I02-45 | Entities included in the consolidated financial statements | <p>The reporting organization shall report the following information:</p> <p>a. A list of all entities included in the organization's consolidated financial statements or equivalent documents</p> <p>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report</p> | Please see pages I60-I81 in The Carlyle Group's Form 10-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 |
| I02-46 | Defining report content and topic Boundaries | <p>The reporting organization shall report the following information:</p> <p>a. An explanation of the process for defining the report content and the topic Boundaries</p> <p>b. An explanation of how the organization has implemented the Reporting Principles for defining report content</p> | Please see the Materiality Assessment Methodology section in the 2020 Impact Review. |
| I02-47 | List of material topics | <p>The reporting organization shall report the following information:</p> <p>a. A list of the material topics identified in the process for defining report content</p> | Please see the Materiality Assessment Methodology section in the 2020 Impact Review. |
| I02-48 | Restatements of information | <p>The reporting organization shall report the following information:</p> <p>a. The effect of any restatements of information given in previous reports, and the reasons for such restatements</p> | There were no significant restatements of our Corporate Sustainability reporting compared to the previous reporting period. |
| I02-49 | Changes in reporting | <p>The reporting organization shall report the following information:</p> <p>a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries</p> | The Carlyle Sustainability Reports have previously considered GRI and SASB standards but this is the first year these reporting frameworks have been formally applied. |
| I02-50 | Reporting period | <p>The reporting organization shall report the following information:</p> <p>a. Reporting period for the information provided</p> | Carlyle's 2020 Impact Review is based on information from the calendar year 2019 |
| I02-51 | Date of most recent report | <p>The reporting organization shall report the following information:</p> <p>a. If applicable, the date of the most recent previous report</p> | Carlyle's 2019 Corporate Sustainability Report was published in July 2019 |

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| Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|-------------------|--|--|---|
| 102-52 | Reporting cycle | The reporting organization shall report the following information: a. Reporting cycle. | Carlyle has prepared a Corporate Sustainability Report since 2010. |
| 102-53 | Contact point for questions regarding the report | The reporting organization shall report the following information: 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: a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. ‘This report has been prepared in accordance with the GRI Standards: Core option’; ii. ‘This report has been prepared in accordance with the GRI Standards: Comprehensive option’ | This report has been prepared in accordance with the GRI Standards: Core option. |
| 102-55 | GRI content index | The reporting organization shall report the following information: a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made | The GRI content index (this document) is in accordance with the GRI Standards. |
| 102-56 | External assurance | The reporting organization shall report the following information: a. A description of the organization’s policy and current practice with regard to seeking external assurance for the report b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization’s sustainability report | At this time, The Carlyle Group does not seek external assurance for its Impact Review report. The Carlyle Group’s consolidated financial statements are externally audited by Ernst and Young LLP. |

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• 300 series (Environmental)

• 400 series (Social)

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| GRI Standard Number | GRI Standard Title | Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|---------------------|---------------------------|-------------------|--|--|--|
| GRI-201 | Economic | 201-1 | Direct economic value generated and distributed | <p>The reporting organization shall report the following information:</p> <p>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:</p> <ul style="list-style-type: none"> i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: ‘direct economic value generated’ less ‘economic value distributed’ <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance</p> | Please see pages I60-I81 in The Carlyle Group’s Form IO-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 |
| GRI-203 | Indirect Economic Impacts | 203-1 | Infrastructure investments and services supported | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Extent of development of significant infrastructure investments and services supported b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant c. Whether these investments and services are commercial, in-kind, or pro bono engagements | Please see the The Carlyle Group’s infrastructure website https://www.carlyle.com/real-assets |
| GRI-205 | Anti-corruption | 205-2 | Communication and training about anti-corruption policies and procedures | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> 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 b. Total number and percentage of employees that the organization’s anti-corruption policies and procedures have been communicated to, broken down by employee category and region c. Total number and percentage of business partners that the organization’s anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization’s anti-corruption policies and procedures have been communicated to any other persons or organizations d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region | Our Anti-Bribery & Corruption (ABC) Policy has been shared with and training on ABC is provided to all Carlyle employees globally. An internal audit function also carries out periodic monitoring activity. Carlyle does not routinely share our ABC Policy with our business partners. However, we do require representation and/or certificates on their own compliance with ABC requirements in our contracts. |

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| 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 | <p>The reporting organization shall report the following information:</p> <p>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used</p> <p>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used</p> <p>c. In joules, watt-hours or multiples, the total:</p> <p>i. electricity consumption</p> <p>ii. heating consumption</p> <p>iii. cooling consumption</p> <p>iv. steam consumption</p> <p>d. In joules, watt-hours or multiples, the total:</p> <p>i. electricity sold</p> <p>ii. heating sold</p> <p>iii. cooling sold</p> <p>iv. steam sold</p> <p>e. Total energy consumption within the organization, in joules or multiples.</p> <p>f. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>g. Source of the conversion factors used</p> | <p>(a, b) The Carlyle Group has no direct fuel consumption as a part of its operations</p> <p>(c) Total estimated electricity consumption: 12,036 megawatt hours (MWH). Total estimated heating (natural gas) consumption: 5,214 MWH. Cooling not separated; zero steam consumption</p> <p>(d) Zero energy sold</p> <p>(e) 17,250 MWH</p> <p>(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). Please see www.carlyle.com/citizenship for more information under “Carbon Neutrality”</p> |
| GRI-302 | Energy | 302-3 | Energy intensity | <p>The reporting organization shall report the following information:</p> <p>a. Energy intensity ratio for the organization</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both</p> | <p>“(a) 9.66 MWH per employee of energy use. 10.66 metric megaton (MT) of carbon dioxide equivalent (CO2e) per employee of GHG emissions</p> <p>(b) Employee headcount</p> <p>(c) All energy types included</p> <p>(d) Energy use refers specifically to Scope 2, while the GHG footprint includes all scopes”</p> |

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| GRI Standard Number | GRI Standard Title | Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|---------------------|--------------------|-------------------|---|--|--|
| GRI-305 | Emissions | 305-1 | Direct (Scope 1) GHG emissions | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all c. Biogenic CO2 emissions in metric tons of CO2 equivalent d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source f. Consolidation approach for emissions; whether equity share, financial control, or operational control g. Standards, methodologies, assumptions, and/or calculation tools used | (a) Zero material Scope 1 emissions |
| GRI-305 | Emissions | 305-2 | Energy indirect (Scope 2) GHG emissions | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent c. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source f. Consolidation approach for emissions; whether equity share, financial control, or operational control g. Standards, methodologies, assumptions, and/or calculation tools used | (a) 4,872 MT of CO2e (b) N/A (c) All included (d) First year of GHG accounting was 2017. Current reporting covers the 2019 emissions year. No methodological changes in that time (e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors (f) Financial control (g) WRI GHG Protocol. Verified by Apex Companies |

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| GRI Standard Number | GRI Standard Title | Disclosure Number | Disclosure Title | Description | Location or Relevant Information |
|---------------------|--------------------------|-------------------|--|--|---|
| GRI-305 | Emissions | 305-3 | Other indirect (Scope 3) GHG emissions | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent b. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all c. Biogenic CO2 emissions in metric tons of CO2 equivalent d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation e. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source g. Standards, methodologies, assumptions, and/or calculation tools used | <ul style="list-style-type: none"> (a) 14,170 MT of CO2e (b) N/A (c) All included (d) First year of GHG accounting was 2017. Current reporting covers the 2019 emissions year. No methodological changes in that time (e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors (f) Financial control (g) WRI GHG Protocol. Verified by Apex Companies |
| GRI-307 | Environmental Compliance | 307-1 | Non-compliance with environmental laws and regulations | <p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient | <p>We are not aware of any material fines for non-compliance with environmental laws or regulations within our operations.</p> |

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|---------------------|--------------------|-------------------|--|--|---|
| GRI-401 | Employment | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | <p>The reporting organization shall report the following information</p> <p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation These include, as a minimum:</p> <ul style="list-style-type: none"> i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others <p>b. The definition used for ‘significant locations of operation</p> | <p>During calendar year 2019, Carlyle generally provided the following benefits to eligible full and part-time employees for its significant office locations in Washington, DC, New York, London and Hong Kong:</p> <ul style="list-style-type: none"> • life insurance • health care • disability and invalidity coverage • parental leave • retirement provision • stock ownership (in the form of restricted stock unit awards to eligible employees at certain levels) • tuition reimbursement • commuter allowance • childcare backup or vouchers • dental care insurance |

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| 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 | <p>The reporting organization shall report the following information:</p> <p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills</p> <p>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment</p> | <p>The Carlyle Group provides a range of programs to assist employees in upgrading their skills. These programs include:</p> <ol style="list-style-type: none"> Instructor-led Training Delivery/Facilitation <ul style="list-style-type: none"> • Full curriculum of scheduled training with CPE credits available – These trainings are typically focussed on professional and leadership skills • Europe Learning week: Learning initiatives in London and Luxembourg • Technical Training: Fundamental and Advanced Excel eLearning Programs from Top Vendors - getAbstract, LinkedIn Learning, & Blue Ocean Brain Onboarding <ul style="list-style-type: none"> • L&D Overview during week 1 orientation • Monthly Global Employee Orientation sessions Annual training programs: <ul style="list-style-type: none"> • Analyst, Associate and Senior Associate Program • Global VP/Associate Director Forum • Finance Training Day - A day of training specifically for those in finance and technology roles |

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| 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 | <p>The reporting organization shall report the following information:</p> <p>a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period</p> | Carlyle global employees receive an annual performance and career development review. |
| GRI-405 | Diversity and Equal | 405-1 | Diversity of governance bodies and employees | <p>The reporting organization shall report the following information:</p> <p>a. Percentage of individuals within the organization’s governance bodies in each of the following diversity categories:</p> <ul style="list-style-type: none"> i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups) <p>b. Percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups) | On page 266 in the Form 10-K report https://ir.carlyle.com/static-files/107d3ad6-f566-48e0-894f-6dede73c7083 the age of each Board member is provided. Gender is not defined in the Form 10-K report, but it is publicly available that Lawton Fitt and Janet Hill are both female. |
| GRI-417 | Marketing and Labelling | 417-3 | Incidents of non-compliance concerning marketing communications | <p>The reporting organization shall report the following information:</p> <p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient</p> | 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. |

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2020 IMPACT REVIEW

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Investors should also review The Carlyle Group's annual, quarterly and other reports filed with the Securities and Exchange Commission (SEC). Certain of the information contained in this Corporate Citizenship Report represents or is based upon forward-looking statements or information. Forward-looking statements are inherently uncertain, and changing factors, such as those affecting the markets generally, or those affecting particular industries or issuers, may cause events or results to differ from those discussed. Therefore, undue reliance should not be placed on such statements or the conclusions drawn therefrom, which in no event shall be construed as a guarantee of future performance, results or courses of action. The Carlyle Group believes these factors include, but are not limited to, those described under "Risk Factors" in Carlyle's Annual Report on Form IO-K for the year ended December 31, 2019, filed with the SEC, as such factors may be updated from time to time in its periodic filings, which are accessible on the SEC's website at www.sec.gov.

The Carlyle Group expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements. References to portfolio companies are intended to illustrate the application of Carlyle's investment process only and should not be viewed as a recommendation of any particular security or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by any fund or other product. The information provided herein is for informational purposes only and is not and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle or any of its affiliates.

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