

CARLYLE

ANNUAL REPORT 2021

# Accelerated Growth

*Built on a Foundation of Strength and  
a Commitment to Reinvention*



# Table of Contents

LETTER TO SHAREHOLDERS	05
TODAY'S CARLYLE	09
FINANCIALS	10
BUSINESS SEGMENTS	14
GLOBAL PRIVATE EQUITY	16
GLOBAL CREDIT	21
GLOBAL INVESTMENT SOLUTIONS	25
IMPACT	29
DIVERSITY, EQUITY, & INCLUSION	33
OUR PEOPLE AND CULTURE	37
SHAREHOLDER INFORMATION & DISCLOSURES	41

DELIVERING ON OUR PLAN  
FOR FUTURE GROWTH

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

We've delivered on this mission for more than three decades by consistently reinventing returns and leveraging our global scale, deep expertise, and local insights. Today, we are a stronger, healthier, and more diversified firm across our three global business segments: Global Private Equity, Global Credit, and Global Investment Solutions. As one of the world's leading global investment firms, we aim to continue building on our strengths and executing on our vision of thinking bigger, moving faster, and performing better to thrive and deliver consistent results in any investment environment.







2021 was a year of remarkable achievement for Carlyle that clearly reflected the positive impact of executing on our Strategic Plan.

## LETTER TO SHAREHOLDERS

**We captured opportunities** in a changing and dynamic market, driven by our global teams and diversified platform, leading to strong financial results across the board and achieving a new, higher level of earnings power. Our leadership remains focused on improving our investment activities, expanding our capital formation capabilities, and strategically building the firm for the future in order to deliver sustainable value for shareholders.

I am confident in our ability to continue navigating the evolving market and executing on our Strategic Plan to think bigger, move faster, and perform better for all stakeholders in 2022.

### INVESTOR DAY

*Communicating Our Vision*

We started 2021 by outlining a four-year roadmap of our priorities to substantially increase growth and profitability and generate long-term shareholder value. The three guiding principles underpinning the plan are: accelerating the scope and scale of our existing businesses; capitalizing on new opportunities; and institutionalizing the firm.

I am proud that the firm and our teams have rallied around this plan, and am grateful for all the energy and passion reflected in an extraordinary year. Our global platform is better positioned than ever before to perform and continue our momentum in 2022.

### FINANCIAL PERFORMANCE

*Executing Against Our Strategic Plan*

We ended 2021 well ahead of schedule on our Strategic Plan and achieved annual records across the board in



Fee Related Earnings (FRE), Distributable Earnings (DE), and every major investment metric. Collectively, our people produced exceptional results for the firm.

Our FRE growth has reached sustainably higher levels, our growth initiatives are starting to pay off, and our investment platform is well-positioned to drive robust Distributable Earnings over the next several years.

We also delivered record investment performance, with valuations increasing 41% annually and realizations of \$44 billion across our carry funds. As we expanded our investment aperture, leaned into our strengths, and found opportunity around the globe and across asset classes, we also drove record investment activity of \$34 billion in 2021.

Our investment performance and realized proceeds sent back to our fund investors have also benefitted our fundraising efforts. In 2021, we raised \$51 billion

## OUR STRATEGIC PLAN

01.



Accelerate scope and scale of investment platform

02.



Capitalize on new opportunities through adjacencies

03.



Institutionalize the firm

**DRIVE EARNINGS GROWTH AND LONG-TERM SHAREHOLDER VALUE**

in funds, nearly double what we raised in 2020, which were well-diversified across our three global business segments. We aim to continue this momentum over the next few years as we focus on the substantial upside potential beyond our initial capital raising goal, which would contribute to delivering financial results that surpass our FRE target.

Finally, our extraordinary performance and new level of earnings power gave us the confidence to raise our dividend substantially, an objective we set out to deliver for our shareholders in our Strategic Plan.

*“We started last year by laying out our strategic plan for future growth, and I’m pleased to tell you that we are delivering on our goals. We had an exceptional 2021, with records across the board in Fee Related Earnings, Distributable Earnings, and every major investment metric.”*



**KEWSONG LEE**  
Chief Executive Officer

## INVESTING IN OUR FUTURE

In 2022, there is one over-arching corporate priority: growth. The performance we delivered in 2021 gives us the resources to invest and build the firm to accelerate our growth even further. We are investing strategically to compound our momentum organically and inorganically.

Over \$2.2 billion in pre-tax DE generated last year helped grow our balance sheet cash to \$2.5 billion as of December 31, 2021. This strong cash position gives us the capital to support larger next-generation funds and new strategies, as well as pursue corporate development opportunities that drive accretive growth on an inorganic basis.

We continue to expand our existing platforms, including Global Credit and Insurance Solutions, which are both poised for breakout years in 2022. Our team is constantly evaluating ways to prudently execute transactions in large scalable markets that will be FRE generative and sources of growth for years to come.

Our focus on building the firm also includes investment and leadership in ESG & Impact, as well as DEI, which are increasingly required to drive returns and meet the demands of our investors. Impact is embedded in everything we do—it is not a single product or strategy, but a mindset that permeates our culture and investment ethos. Examples of this leadership in 2021 included launching the ESG Data Convergence Project, which now includes over 100 leading general and limited partners globally, representing

# \$5.01

*Distributable Earnings per common share after tax*

# \$598 Million

*In Fee Related Earnings*

# \$3.9 Billion

*Record Net Accrued Performance revenues,  
up 67% year over year*

# \$1.5 Billion

*Realized Net Performance Revenues,  
up 521% year over year*



\$8.7 trillion in assets under management and over 1,400 underlying portfolio companies. We also became the first in our industry to announce a commitment and executable action to achieving net-zero greenhouse gas emissions by 2050, or sooner, across direct investments.

We also believe creating value for investors requires diverse and inclusive teams. In the U.S., Europe, and Asia, we secured credit facilities of more than \$8 billion tied to achieving our goal of 30% diverse directors across our controlled portfolio companies by 2023. Additionally, in 2021, 59% of the new directors added to goal-eligible companies were executives from underrepresented groups, bringing the overall diversity of goal-eligible companies globally to 29%.

We will continue to double down on our work in ESG, Impact, and DEI for the benefit of our stakeholders with even more ambitious goals in 2022 and beyond.

#### LOOKING AHEAD

As we enter 2022 with new geopolitical tensions, notably the conflict in Ukraine, the world is in a more tenuous place, but we are confident that we can continue to navigate the current market conditions. We are a stronger and healthier firm because of our 2021 progress and still remain focused on building the best investment firm possible and running it better than ever before.

Our Strategic Plan encapsulates all of this, and we hope you share our confidence in the potential upside, underpinned by our ability to grow our investment platform and FRE, drive investment performance, and build the firm strategically for the future.

The strength of Carlyle's culture, with an emphasis on teamwork and support, helped us manage through the COVID-19 pandemic and I believe our people will remain one of our assets as we navigate new challenges ahead. Our teams' energy, hunger to compete, and strong desire to perform is impressive. We have navigated economic cycles over the decades and are confident in our ability to continue to thrive and deliver for all stakeholders across all cycles. We are excited and energized by the opportunities we see as we continue to think bigger, move faster, and perform better.

Thank you, as always, for your support and partnership.



**KEWSONG LEE**  
Chief Executive Officer

March 30, 2022

# \$51.3 Billion

*In Fundraising, up 87% year over year*

# \$33.8 Billion

*In Invested Capital (carry funds),  
up 85% year over year*

# \$301 Billion

*In Assets Under Management,  
up 22% year over year*

# One

*Global, diversified platform*

# 26

*Offices*

*Nearly*  

# 1,850

*People globally*

## AMERICAS

LOS ANGELES  
MIAMI  
MENLO PARK

## NEW YORK

SAN FRANCISCO  
WASHINGTON, DC  
LIMA

## EUROPE

PARIS  
MUNICH  
DUBLIN

## MILAN

LUXEMBOURG  
AMSTERDAM  
BARCELONA

## LONDON

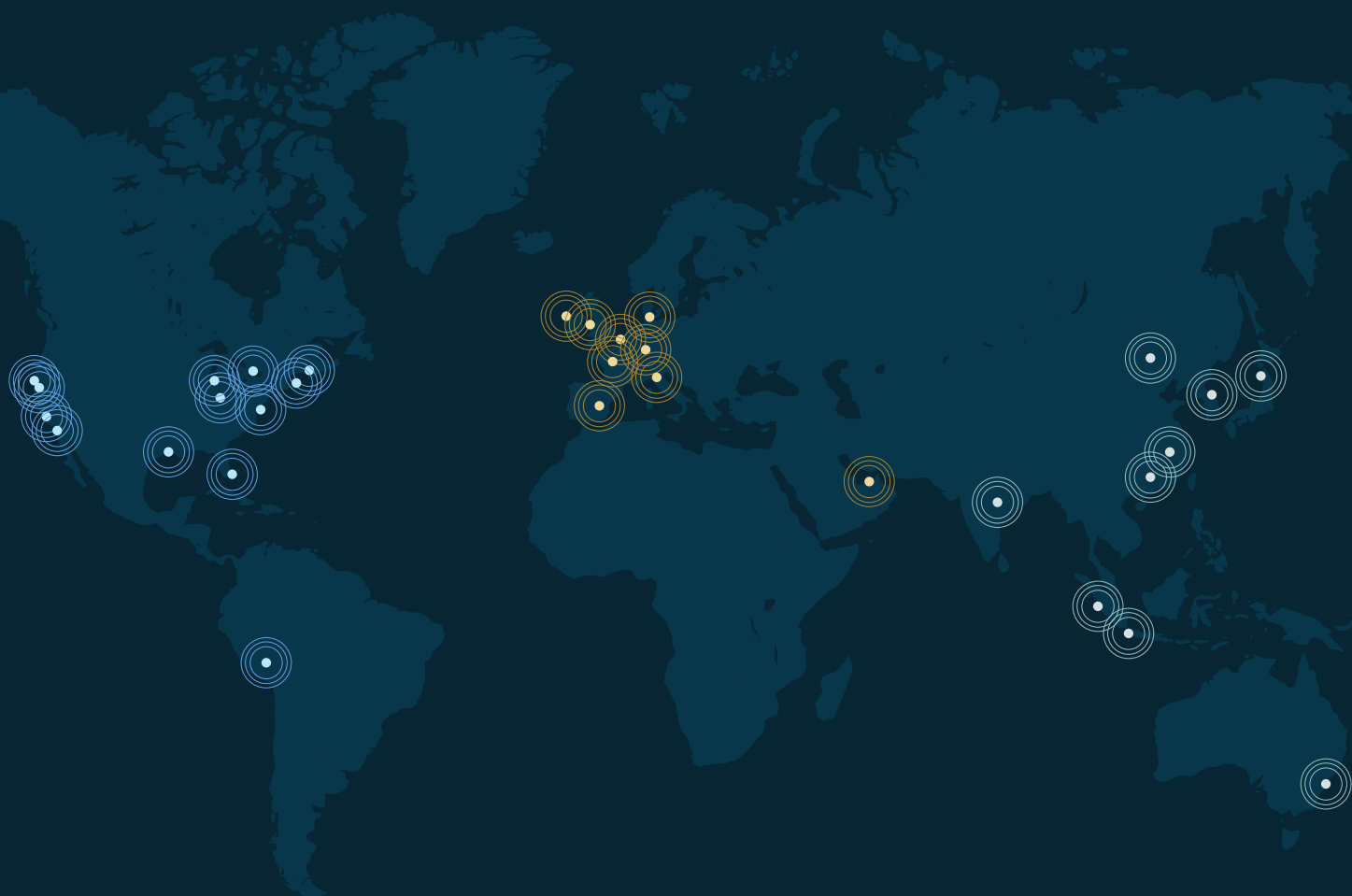
ASIA  
DUBAI  
BEIJING

## HONG KONG

SHANGHAI  
MUMBAI  
JAKARTA

## TOKYO

SEOUL  
SINGAPORE  
SYDNEY



DELIVERING ON OUR STRATEGIC PLAN:

2021 was an exceptional year in which we achieved record results across nearly all major investment metrics.



## FINANCIALS

**These results were driven** by strong investment performance, which fortified our balance sheet and positioned us to deliver long-term sustainable growth in Fee Related Earnings (FRE) across our global platform. Amidst the continuing impact of the global pandemic and market volatility, we generated over \$5 per share in Distributable Earnings (DE) in 2021, which is more than double the average generated in the last five years. Overall, we delivered on our goals, executed well on our Strategic Plan, achieved record performance, and ended the year as a healthier, stronger Carlyle.

Throughout 2021, we focused on delivering sustainable and growing FRE. We generated \$598 million in FRE in 2021—an increase of 22% from \$490 million<sup>1</sup> in 2020—and delivered record DE of \$2.2 billion, or \$5.01 per share after tax. Each of our three global business segments generated record FRE, and our full-year FRE margin grew to 33%, up from 30% in 2020<sup>1</sup>. Additionally, our five-year compound annual FRE growth rate (CAGR) is 24%. This earnings growth is the result of successfully scaling our investment platform, expanding into new strategic adjacencies, and running our global business better than ever.

We raised a record \$51 billion in new capital in 2021—nearly double what we raised in 2020—across every global segment, in flagship carry funds, and in newer investment strategies. This record level of fundraising, alongside strong fund performance, helped drive assets under management (AUM) up 22% from 2020. Our active fundraising pace throughout the year has set the stage for higher fee revenues, FRE, and FRE margin in 2022.

### OUR DIVERSIFIED GLOBAL PLATFORM DELIVERS

Each of our three global business segments delivered record results in 2021. We gained momentum throughout the year and see continued opportunities for growth in 2022.

Our largest segment, Global Private Equity (GPE) grew AUM to \$162 billion, up 23% from 2020, helping to deliver record FRE of \$402 million for the segment. Our Corporate Private Equity carry funds generated exceptional appreciation of 41% in 2021. Additionally, GPE realized \$30 billion of proceeds for our fund investors, which fueled a record \$1.5 billion in realized net performance revenues. The segment ended 2021 with its highest ever year-end balance of net accrued

performance revenues at \$3.4 billion, an increase of 61% from 2020, which positions GPE to continue to deliver strong financial results in the future.

Our Global Credit segment grew to \$73 billion in AUM, a 31% increase versus 2020. The growth in managed assets drove FRE to a record \$112 million in 2021, with further growth expected in 2022. This was underpinned by \$17 billion in fundraising across a broad spectrum of strategies, as investors continue to allocate more capital to private credit opportunities. As one of the market leaders in structured credit, Global Credit provides investors access to large and scaling strategies in opportunistic credit, direct lending, and aviation, as well as several newer products in infrastructure and real estate credit that are all poised for growth.

Global Investment Solutions increased AUM 13% from 2020 to a total of \$65 billion in 2021. The segment more than doubled FRE to \$84 million during 2021, and the investment portfolio appreciated 48% during the same period. This business segment has the scale, global reach, and data to help fund investors continually reassess and reconstruct their portfolios in pursuit of capturing returns. In a world where private capital has become mainstream—and a significant portion of our investors' portfolios—this approach is more important than ever before. Net accrued performance revenues of \$319 million more than doubled from 2020.



<sup>1</sup>2020 FRE levels are adjusted to exclude the positive impact of a \$30 million litigation recovery in 2020.

## A STRONG BALANCE SHEET FUELS FUTURE GROWTH

As of December 31, 2021, our balance sheet reflected \$2.5 billion in cash—more than double the 2020 level—and \$2.1 billion in firm investments. In 2021, our balance sheet investments generated realized investment income of \$210 million, nearly triple what we earned the previous year. We also ended the year with a record \$3.9 billion in net accrued performance revenues. Our strong current cash position enables us to actively deploy our capital to continue executing against our Strategic Plan.

Building on the strength of our business and our balance sheet, along with the significant increase in FRE in 2021, we announced an increase to our annual fixed dividend to \$1.30, a 30% increase over the prior level. As we continue to grow FRE, and as we laid out in our Strategic Plan, we expect we will be able to raise the dividend further in coming years.

At Carlyle, we are pleased with our record performance in 2021 and believe we are well-positioned to perform at the highest levels for the next several years.

*“We generated over \$5 per share in Distributable Earnings in 2021, more than double the average generated in the last five years. These results were driven by attractive investment performance and are fortifying our balance sheet to help us deliver long-term sustainable growth in our global platform and Fee Related Earnings.”*



**CURT BUSER**  
Chief Financial Officer

+  
23%

*Global Private Equity AUM year over year,  
record FRE of \$402 million*

+  
31%

*Global Credit AUM year over year,  
record FRE of \$112 million*

+  
13%

*Global Investment Solutions AUM year over year,  
more than doubled FRE to \$84 million*







POWERFUL MOMENTUM ACROSS  
OUR BUSINESS SEGMENTS:

Carlyle reinvents returns  
by achieving sustainable  
growth and delivering  
exceptional performance,  
while staying true to the  
foundational strengths we've  
built for over 30 years.

## BUSINESS SEGMENTS

*As a modern global investment firm* with \$301 billion in assets under management (AUM), we aim to be the best at what we do by driving growth and profitability across three global business segments: Global Private Equity, Global Credit, and Global Investment Solutions. We believe global scale is core to our success and understand that enduring businesses aren't built overnight—success requires a long-term outlook and commitment to value creation. Our broad platform, deep industry knowledge, long-term partnerships, and diverse and inclusive teams will continue to accelerate growth and drive performance for shareholders.

### GLOBAL PRIVATE EQUITY

Carlyle's Global Private Equity segment is one of the world's largest and most global private equity platforms, spanning industries, geographies, and strategies. Through a combination of our Corporate Private Equity, Real Estate, and Infrastructure & Natural Resources strategies, Global Private Equity manages over \$162 billion in assets, representing more than half of Carlyle's total AUM. We deliver attractive investment results across economic cycles and have earned our fund investors' trust and ongoing commitment.

### GLOBAL CREDIT

Carlyle's Global Credit segment, with \$73 billion in AUM, advises a diversified group of investments across liquid credit, illiquid credit, and real assets credit—creating opportunities to capture yield across the credit risk spectrum. Our diversified platform, combined with access to Carlyle's global resources, enables our Global Credit segment to offer highly customizable financing solutions to borrowers, and similarly customizable opportunities for our fund investors.

### GLOBAL INVESTMENT SOLUTIONS

Carlyle's Global Investment Solutions segment helps investors meet their objectives through tailored portfolio construction and rigorous investment selection. Within Global Investment Solutions, Carlyle's subsidiary private equity asset manager, AlpInvest (\$65 billion AUM), seeks to provide investors with access to the global private markets through primary, secondary, and co-investment opportunities across a range of strategies.



REINVENTING LONG-TERM VALUE CREATION:

Carlyle's Global Private Equity segment helps companies accelerate their growth and long-term value by strengthening their business models, supporting innovation, and driving operational best practices.



## GLOBAL PRIVATE EQUITY

*We invest in compelling* global opportunities by partnering with great management teams to build better businesses, thereby driving consistent returns for our fund investors.

Across industries, geographies, and strategies, Carlyle continues to deliver exceptional results for our partners—management teams, companies, and fund investors. In 2021, we achieved attractive results amidst economic and geopolitical uncertainty, market volatility, and increased competition.

Since restructuring and realigning the business to drive greater operational efficiency in 2020, our Global Private Equity investment strategies—Corporate Private Equity, Real Estate, and Infrastructure & Natural Resources—performed better, generated stronger investment outcomes for our fund investors, and created value for our shareholders.

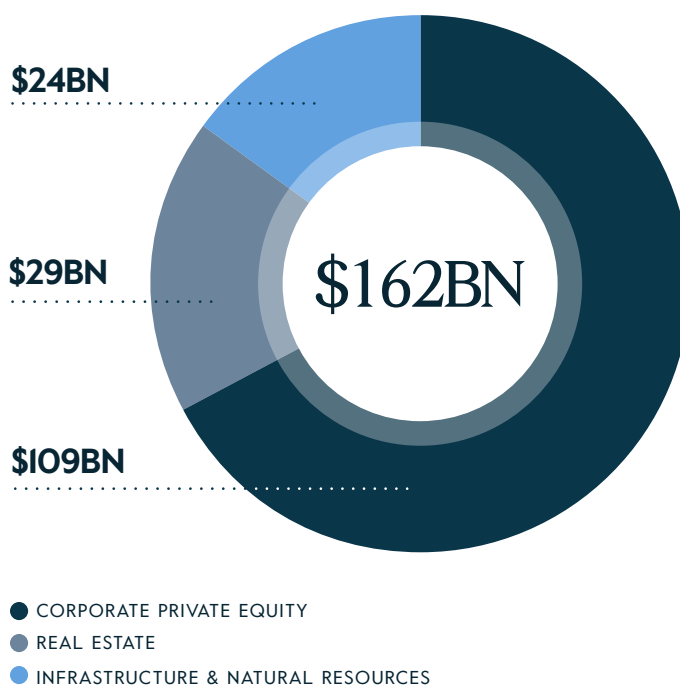
Throughout 2021, we built better businesses and pulled more value creation levers than ever before by empowering portfolio companies to accelerate growth and operational improvement. With over 400 investment professionals in over 15 countries across the globe, Carlyle applies our global industry perspectives to local opportunities.

Since inception, our Global Private Equity segment has leveraged our deep expertise to create value in global sectors, including: aerospace and government services; consumer, media, and retail; financial services; healthcare; industrial; infrastructure and natural resources; real estate; and technology. The segment is a leading and scaled global platform that enables us to invest capital across a wide spectrum of opportunities. We currently manage over 270 active portfolio companies.

In Real Estate, we have an established leadership team with a differentiated approach to portfolio construction that has driven attractive historical performance. This approach has allowed us to limit exposure to volatile property sectors such as office, retail, and hotel, and concentrate in residential sectors such as apartments and single-family rental.

Within Infrastructure & Natural Resources, we see significant opportunities to invest in the energy transition and long-term trends that will create enduring value, spanning transportation, energy, digital, water, renewables, and the power sectors globally. These are essential assets that will help meet the needs of everyday life and support economic growth and productivity, and include advancements such as renewable power generation, battery storage solutions, the electrification of the transportation fleet, carbon capture and storage solutions, and supply chain de-carbonization. Further, as

## GLOBAL PRIVATE EQUITY TOTAL AUM



the global pandemic accelerated the move to digital infrastructure, we are focused on 5G and fiber optic cables and transportation projects for modernized airports, seaports, roads, and railways as well as alternative energy areas.

### 2021 MILESTONES

We achieved significant milestones in fundraising and set records with our investment activity and DE. For fund investors, our value proposition has remained unchanged: we invest capital at scale in well-constructed portfolios earning attractive rates of return in each fund.

#### Record Investments

In 2021, we invested a record \$22 billion of capital into new or follow-on investments. In strategies including technology, healthcare, and consumer, media, and retail, our investment pace has accelerated. As technology has increased the pace of change and disruption in markets and industries worldwide, our investment opportunity set has broadened. We are poised to capture opportunities given our breadth of knowledge and global reach.

#### Near-Record Fundraising

Our fundraising efforts had strong momentum in 2021, thanks to the strength of our fund performance, the Carlyle brand, and increasing investor demand

All presented data as of 12/31/21 unless otherwise noted.  
Totals may not add up due to rounding. \$ in billions.

for strategies we can deliver at scale. We raised a near-record \$27 billion in 2021, more than the two previous years combined and over 40% of the Strategic Plan's cumulative fundraising target for 2021 to 2024. Specifically, we raised \$12.5 billion for our Carlyle Partners (CP) VIII and Carlyle Partners Growth Fund and closed our \$8 billion flagship U.S. Real Estate Fund, Carlyle Real Estate Partners (CRP) IX, during the year.

### Record Realizations

Supported by robust capital markets, we opportunistically took advantage of the attractive exit environment. We realized a record \$30 billion in 2021, which is a function of strong portfolio appreciation and our investment in teams, technology, diversity, and global platform. These realizations were also fueled by the exits of Coresite, Pharmaceutical Product Development, Inc. (PPD), PK, and ZoomInfo.

### INVESTMENT EXCELLENCE

Over several decades and across economic cycles, Carlyle has delivered attractive returns for our fund investors. We are selective and add value in sectors we believe have compelling growth opportunities. Here are examples of continued investment excellence in 2021:

#### North America

In June 2021, along with Blackstone and Hellman & Friedman and in partnership with the founding Mills family, who will remain the largest single shareholder, we acquired Medline, the nation's largest privately held manufacturer and distributor of healthcare supplies with 2020 revenue of \$17.5 billion. This transaction furthers our long-term commitment to invest in best-in-class global healthcare businesses and builds on our expertise in the medical products market. Carlyle contributed over \$3.5 billion of equity between Carlyle Partners (CP) VII, VIII, and other co-investments.



# 41%

*Corporate Private Equity carry fund appreciation in 2021*

With over 50 consecutive years of revenue growth since inception, Medline is focused on making healthcare run better by delivering products and solutions that reduce costs, increase supply chain efficiency, and improve the quality of care. The company competes in large, growing, and stable end markets across hospitals and higher-growth non-acute settings, including long-term care, home care, physician offices, and surgery centers. Moving forward, we see opportunities to innovate and accelerate growth through expanded product offerings, accelerated international expansion, digital enablement, and new infrastructure investments to strengthen the company's global supply chain.

#### Europe

In March 2021, we completed our acquisition of Flender from Siemens, contributing \$1.2 billion of equity between Carlyle Europe Partners (CEP) V and Carlyle Asia Partners (CAP) V. Headquartered in Germany, Flender is a market leader in mechanical and electrical drive technology. The company's comprehensive product and service portfolio includes wind gearboxes, couplings, and generators for a wide variety of industries. The business is particularly strong in wind, a sector benefitting from secular tailwinds given its increasing importance in the energy mix and where Flender is the global market leader.

To support the acquisition, we issued a sustainable loan, one of the first with an environmental, social, and governance (ESG) ratchet, and it has set an ESG precedent in the leveraged financing market.

This investment builds on our long-term global focus on industrials, a strategy in which the GPE segment has invested \$24 billion since inception. Today, Carlyle manages one of the largest industrial portfolios in the world. Executing large and complex carve-out transactions to build standalone market leaders is a core component of this strategy.

#### Asia

In November 2021, we closed a \$1.7 billion equity investment between CAP V, CP VII, and CP VIII in Hexaware, a leading global IT services provider based in India with a strong focus on next-generation digital solutions. This was a collaborative investment that leveraged our global platform, CAP, and US Buyout investment teams—a collaboration that we believe was essential to winning the deal. The transaction is one of the largest private equity buyouts in India and valued at more than \$3 billion.



Hexaware serves customers in the growing digital solutions strategy space within the IT services industry, including digital product engineering, digital core transformation, enterprise and next-generation services, cloud transformation, and data analytics.

Our partnership with Hexaware highlights our global approach, tailored value creation strategies, and deep experience with local expertise in India. We focused on: expanding Hexaware's business and services to new customers in our portfolio, which has a combined IT spend of over \$1 billion; identifying strategic merger and acquisition opportunities and operational improvements; and assembling a talented team of industry experts to the Board of Directors to support Hexaware's management team.

### LOOKING AHEAD

We continue to see opportunities within traditional private equity backing disruptive business models and digital transformation-focused value creation plans.

We believe there are opportunities for operational improvements through strategic cost reduction and efficiency improvements while working with industry leaders and world-class management teams. We also see buy-and-build opportunities targeting fragmented industries across global sectors. Additionally, new technologies will create more efficient business models and paradigm shifts across all industries, creating opportunities for us to invest in growth at scale.

The digital transformation underway will change every aspect of society and impact all businesses around the world. Value creation plans centered on digital transformation will continue to grow in prevalence. Digital operational improvements such as e-commerce, digital marketing, and data and analytics capabilities will be necessary to enable sustained market leadership. Technology trends and adoption of new technology-enabled business processes will continue to be at the forefront of growth for our portfolio companies.

*"We have a tried-and-true, consistent partnership methodology that provides comprehensive tools for portfolio companies to grow through our value creation framework. Our goal is to continually build better businesses and achieve better results."*

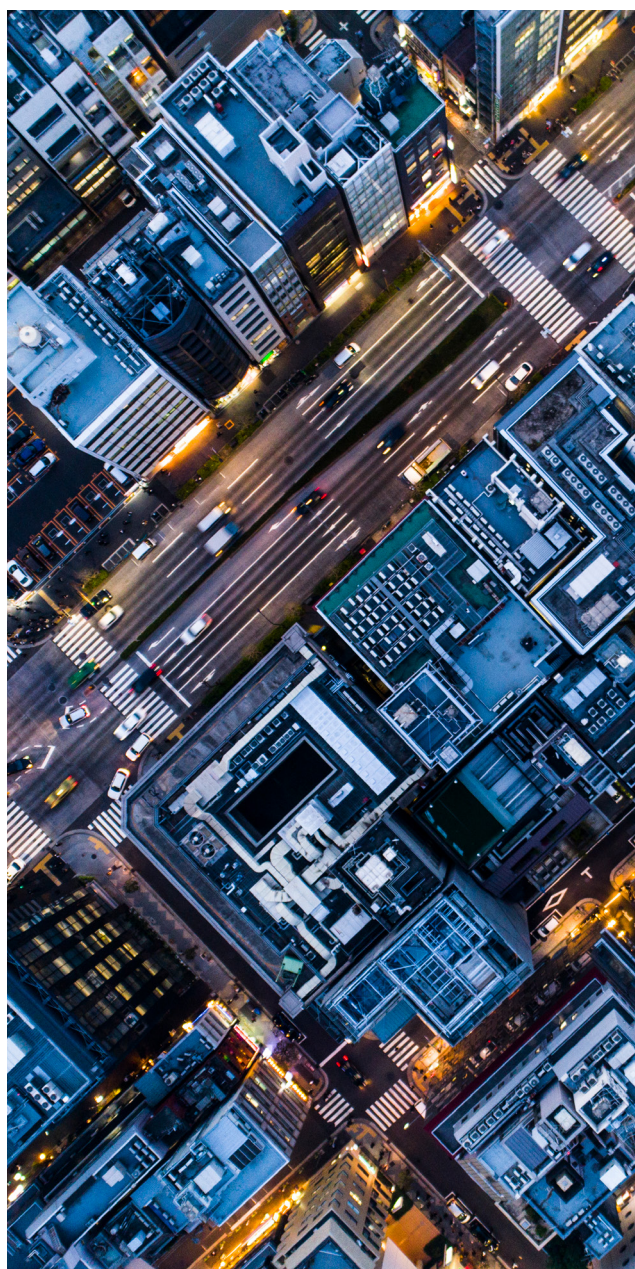


**PETER CLARE**

Chief Investment Officer of Corporate Private Equity and Chairman of Americas Private Equity

# \$30 Billion

*of record realizations in 2021*



## GLOBAL PORTFOLIO SOLUTIONS (GPS)

*Strengthening Operations, Accelerating Growth, and Driving Impact*

At Carlyle, we drive a consistent and repeatable value creation framework through the entire investment lifecycle. This value creation framework, Global Portfolio Solutions (GPS), guides and enables portfolio company management teams to strengthen operations, accelerate growth, and drive impact.

Carlyle's strategy-focused investment teams, network of advisors, in-house operational resources, and ecosystem of partners come together to increase the speed and scale of business outcomes at our portfolio companies. These outcomes result from our Global Portfolio Solutions framework focused on three key elements:

### Industry and Domain Expertise

Our investment teams are industry experts and excel in driving performance through strategic repositioning, optimizing capital structure, M&A sourcing and execution, and international expansion. Our domain experts support our investment teams in the areas of procurement, revenue growth, digital, technology, talent and organizational performance, ESG, and government affairs to drive initiatives that align with our investment theses. Our investment teams and domain experts partner to identify the highest impact value creation activities and tailor detailed execution roadmaps.



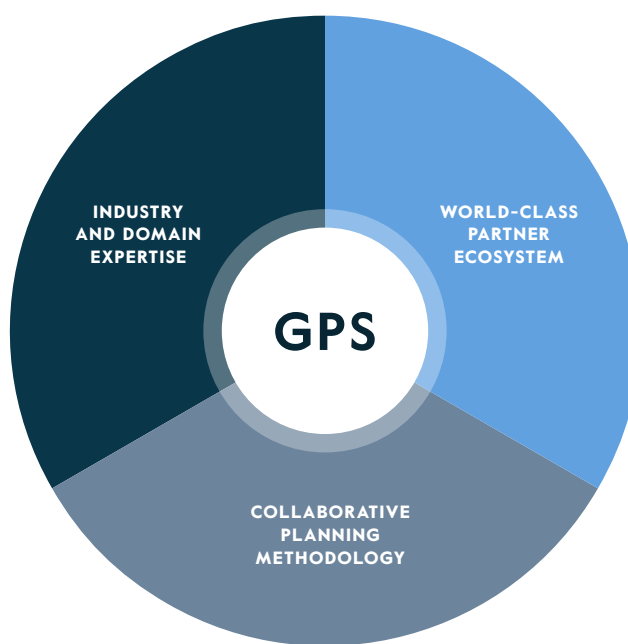
## Collaborative Planning Methodology

We lead company management teams through a partnership methodology based on collaboration and tailored strategies, not cookie-cutter playbooks. Our value creation plans are customized while our portfolio partnership methodology is consistent and repeatable.

## Ecosystem of Partners

We steer the execution of value creation plans through our ecosystem of industry-leading partners and cross-collaboration among portfolio companies and by leveraging Carlyle's global scale and reach. We empower portfolio companies with access to our operating executives and senior advisors that bring significant subject-matter expertise and relationships to our partnerships, as well as network of partners and vendors. Carlyle's GPS enables us to craft nuanced value creation plans with portfolio company management teams and deploy laser-focused resources to execute.

## VALUE CREATION FRAMEWORK



We offer both in-house experts with 20+ years of experience and third-party operating executives advising us, all with deep sector and functional expertise.



We empower portfolio companies with access to world-class partners, vendors, and cross-collaboration among portfolio companies, and the ability to leverage Carlyle's global scale and reach.



We emphasize collaboration and highly tailored strategies — value creation plans are customized while our portfolio partnership methodology is consistent and repeatable.

REINVENTING PATHS TO YIELD:

Carlyle's Global Credit segment provides borrowers with financing solutions and fund investors with the ability to invest across the credit risk spectrum.



## GLOBAL CREDIT

**Our platform meets** a diverse range of investor and borrower needs through multiple investment strategies, regions, and functional teams that provide expertise across the spectrum of private credit. We tailor solutions to fit investors' specific requirements through direct investments into our commingled funds or through customized cross-platform vehicles. In today's rapidly changing marketplace, the breadth and depth of our capital allows us to meet the specific needs of borrowers of nearly all types and sizes, and offer flexibility to deliver on the needs of investors seeking attractive risk-adjusted returns.

Over the past six years, Carlyle has focused on building a broad, deep, and diverse credit investment platform. Today, the segment offers several scaled products in structured credit, opportunistic credit, direct lending, and aviation, as well as several developing strategies focused on infrastructure, real estate, and other credit strategies that are all well-positioned for growth.

The Global Credit platform was built to ensure its fund strategies and investment teams are aligned with Carlyle's core capabilities—investing or lending to private companies in select industries that we know extremely well—to leverage the information advantages and relationships that come from being part of a global investment firm. We draw on the capabilities of dedicated diligence teams and share in the expertise of our in-house operating executives who represent many different industries. We operate as an integrated, global team that collaborates across the firm, which we believe gives us an advantage in due diligence, origination, and risk management.

### 2021 MILESTONES

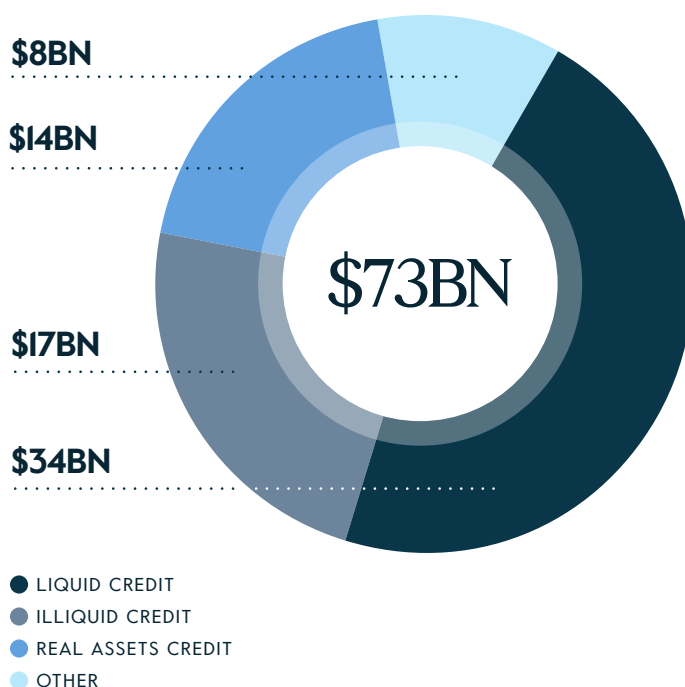
Our integrated platform approach to credit investing paid dividends once again in 2021. The segment continued to scale in line with our Strategic Plan, growing assets under management by 31% from a year ago.

#### Record Fundraising

We raised a record \$17 billion in new capital during 2021 from a diverse group of fund investors, up from \$10 billion in 2020. This represented a large portion of Carlyle's overall fundraising activities, and Global Credit's largest ever annual net capital raise, driven by record collateralized loan obligations (CLOs) origination activity, capital raised across our aviation strategy, and fundraising for our second credit opportunities fund, as well as strong activity in platform-wide, separately managed accounts (SMAs).

In 2021, we raised approximately \$7.5 billion across U.S. and European CLOs, \$2.6 billion for the aviation credit

## GLOBAL CREDIT TOTAL AUM



funds, \$2.3 billion for the Carlyle Credit Opportunities (CCOF) II Fund (total of \$4.2 billion raised as of December 2021), and launched the flagship Carlyle Infrastructure Credit Fund (CICF).

#### Record Deployment

We funded and committed approximately \$4.7 billion in capital to a broad range of borrowers across our traditional carry funds, and deployed record amounts of capital across our Direct Lending and Opportunistic strategies.

#### Fee Related Earnings

In addition, Global Credit generated \$112 million in FRE, up 20% compared to 2020 and more than four times the level from just five years ago<sup>2</sup>.

### INVESTMENT EXCELLENCE

#### Liquid Credit—Record CLO performance

During 2021, we priced 25 U.S. CLOs (new issue, refinance, and reset), breaking Carlyle and market records, and priced 10 European CLOs, making us one of the most active CLO managers in the world last year. Our CLOs returned average annualized distributions of 15.8% (U.S.) and 15.2% (Europe) during 2021, excluding deals with first payments occurring in 2021.

All presented data as of 12/31/21 unless otherwise noted.

Totals may not add up due to rounding. \$ in billions.

<sup>2</sup>2020 FRE was adjusted to exclude the positive impact of a \$6 million litigation recovery in this calculation.

### Strong Direct Lending Deployment

We deployed a record \$3.9 billion in Direct Lending during 2021, as our Illiquid Credit team continued to respond to increasing demand from borrowers and sponsors for comprehensive and creative capital solutions to support their growth. Our lending relationship with Heartland Home Services is one example of how we can do just that.

#### CASE STUDY

##### *Heartland Home Services*



Heartland Home Services is a leading technology-enabled provider of repair, replacement, and maintenance services for the HVAC, plumbing, and electrical markets. The company operates 24 brands across seven states and serves over 700,000 customers annually. Having acted as the lead-left lender for The Jordan Company's acquisition of Heartland in December 2020, Carlyle Direct Lending has since continued to support the company's expansion and M&A strategy via several incremental debt issuances.

Heartland closed out a historic 2021 with its 24th acquisition, building on its portfolio of best-in-class operators in their respective markets, "providing customers with truly exceptional service experiences, creating cultures in which diverse teams can thrive, and taking care of the communities where [they] operate," according to Heartland CEO Bill Viveen. While supporting the company and its owner, Carlyle has nearly tripled its debt investment in the business.



### Real Assets Credit—Momentum in Aviation

In addition to launching initiatives in infrastructure and real estate credit strategies, Carlyle Global Credit significantly grew our commercial aviation investment and servicing arm—Carlyle Aviation Partners — through strategic acquisitions. Our managed aircraft portfolio grew by more than 30% through our acquisition of Fly Leasing Limited, and we announced the acquisition of AMCK Aviation's (AMCK) portfolio of aircraft in December 2021. Pro forma for the acquisitions, Carlyle Aviation will be positioned as the sixth largest global aircraft lessor, up from the 14th position in 2020.

Now in its 20th year, Carlyle Aviation Partners has evolved from engine rebuild to mid-life aircraft lessor, to strategic capital provider, asset manager, and financing partner—identifying opportunities throughout the spectrum of aircraft age.

### CTAC Success—Access to Entire Global Credit Platform

The Carlyle Tactical Private Credit Fund (CTAC) grew significantly during 2021, increasing managed assets to more than \$1.2 billion, up from \$318 million in 2020. CTAC is a continuously offered, unlisted closed-end investment company structured as an interval fund.

Established in 2018, CTAC offers high-net-worth investors exposure to the growing private credit asset class and is uniquely structured to offer the same access to Carlyle's Global Credit platform that institutional investors have. CTAC invests directly in deals originated by the segment and shifts its investment allocation across the different strategies based on the current market environment.

By offering access to the entire Global Credit platform, CTAC provides advantages to investors that include our global reach and credit market and industry expertise.

#### Apex Fund Services—Full Capital Solutions

Led by CCOF, Global Credit initially invested in Apex—a leading provider of fund administration and financial services to the asset management and corporate sectors—in 2020. We substantially grew our commitment to Apex in 2021 and supported the company on several significant acquisitions by delivering full capital solutions to fit the capital needs of each strategic acquisition. Carlyle’s extensive institutional knowledge of the global fund administration industry, developed through a history of investments in the sector, provided the CCOF team with comprehensive due diligence angles. The Apex investment spans several Carlyle Global Credit funds, managed accounts, and co-investors and demonstrates our platform’s ability to deliver comprehensive private capital solutions for large cap sponsors.

#### LOOKING AHEAD

Having reached significant milestones in 2021, we believe our Global Credit segment is poised for a breakout year in 2022, as investors and borrowers increasingly shift from traditional fixed income and traditional lending to private credit opportunities. In addition, our newer strategies, such as infrastructure and real estate credit, are well-positioned for growth. Over the past five years, we have built a strong foundation to scale existing platforms and strategies, capture growth in newly launched strategies, and identify avenues for incremental organic growth.

For borrowers, we are a trusted partner, and we believe we can deliver a solution for any transaction with our flexible capital, industry expertise, and local market experience. For investors, we believe that we can provide a range of investment offerings to meet the risk-return profiles for almost any transaction and investor in this growing asset class.

*“As the fastest growing Carlyle business segment over the past few years, we are delivering on our Strategic Plan to scale the Global Credit platform. Across liquid, illiquid, and real assets credit strategies, our business is attracting record amounts of capital that we are deploying strategically to meet increasing demands for private capital solutions and to generate persistent, consistent returns for our investors.”*



**MARK JENKINS**  
Head of Global Credit

+  
70%

*Fundraising growth year over year*

+  
20%

*FRE increase year over year<sup>3</sup>*

35

*CLOs priced globally, breaking Carlyle and market records*

<sup>3</sup>2020 FRE was adjusted to exclude the positive impact of a \$6 million litigation recovery in this calculation.

REINVENTING RETURNS THROUGH  
PORTFOLIO SOLUTIONS:

Carlyle's Global Investment  
Solutions business  
segment helps investors  
meet their objectives  
through tailored portfolio  
construction and rigorous  
investment selection.

## GLOBAL INVESTMENT SOLUTIONS

**Our Global Investment Solutions** business segment provides investors with access to global private equity opportunities across a range of strategies, including buyouts, venture capital, and growth capital through primary fund, secondary fund, and direct co-investments.

Within Global Investment Solutions, Carlyle's AlpInvest offers investors access to secondaries and managed co-investment programs. AlpInvest is one of the world's largest and most well-known investors in private equity. We have a reputation of trust with our general partner (GP) relationships, continuously acting as a professional deal partner. We have over 2,000 GPs in our network and transact with a core network of over 300 GP relationships on a regular basis. The integrated nature of our business across primary investments, secondary investments, and co-investments makes us a strategic partner that can support private equity funds throughout their entire lifecycle. The strategic nature and the depth of our GP relationships built over many years gives us privileged access to a large volume of high-quality investment opportunities. Further, we benefit from access to deal flow together with an information advantage that we achieve from managing one of the largest private equity portfolios in the world. Our access and dedicated underwriting capabilities have all contributed to our strong performance.

Our Global Investment Solutions segment has a well-informed, highly selective, disciplined investment process. We have a local presence across three continents—Europe, North America, and Asia—which gives us a distinct and comprehensive perspective on the global private equity market. We have built an industry-leading platform and a history of success.

### 2021 MILESTONES

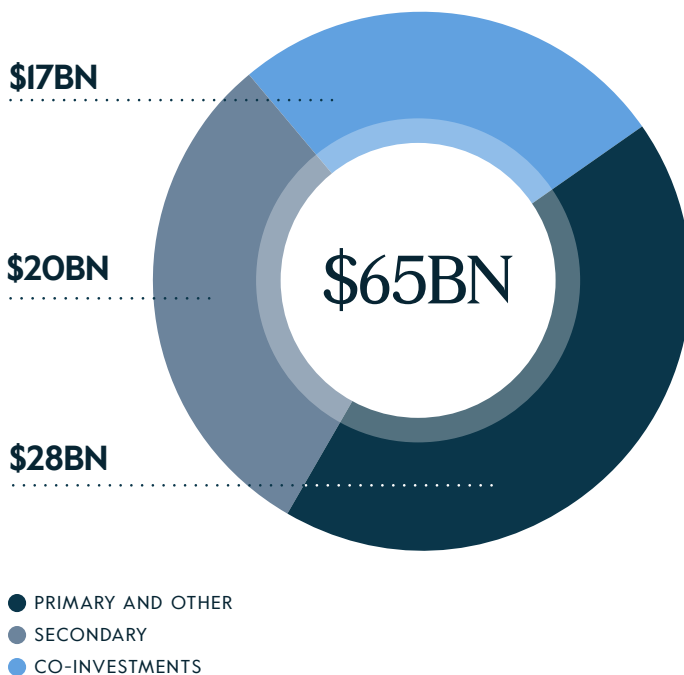
#### Fundraising Momentum

In addition to impressive investment performance and the doubling of Fee Related Earnings (FRE) in 2021, we had strong fundraising momentum during the year. We raised over \$7 billion of new capital across the platform from more than 100 new and existing investors and now have over 440 investors, including over 45 separately managed account (SMA) clients.

AlpInvest Co-Investment Fund VIII held its final close in 2021 and surpassed its target size to raise \$3.5 billion. The AlpInvest Strategic Capital Program successfully launched at the end of last year, raising \$700 million for this fund-of-one offering throughout 2021.

We continue to develop our client base through our custom account program, with support from SMA investors

## GLOBAL INVESTMENT SOLUTIONS TOTAL AUM



with over \$5 billion in aggregate commitments in 2021, including over \$2 billion from new SMA investors.

#### Technology for the Future

We led an extension of a Series A financing of Canoe Intelligence, a first-of-its-kind artificial intelligence (AI) financial technology platform that automates processes for our back office, offering greater ease and efficiency to the management of data used for investment accounting and reporting.

In addition, our investment teams have fully integrated DealCloud, a cloud-based CRM platform, and Chronograph, an automated data management provider, into the investment process, allowing our teams to easily access information on over 20,000 underlying portfolio companies. We believe our technology platform allows us to fully harness our information advantage to support our investment teams in making better informed investment decisions.

### INVESTMENT EXCELLENCE

As a result of our trusted reputation as a deal partner and our strong network of GP relationships, we saw record-level deal flow in 2021. Our teams continued to employ a selective investment approach, resulting in strong deployment across all strategies. Of the 996 investment opportunities sourced across the platform throughout

All presented data as of 12/31/21 unless otherwise noted.  
Totals may not add up due to rounding. \$ in billions.



2021, we conducted due diligence on 23% of opportunities, and only 12% of these sourced deals were closed.

A 20-year leader in the global secondaries market with over \$22 billion of capital committed globally across 172 investments, we continue to demonstrate leadership in GP-centered secondaries transactions. This investing experience has led to the launch of a highly focused single-asset secondary strategy and our first fund, AlpiInvest Atom Fund (AAF), which seeks to maximize its risk-adjusted returns by targeting high-quality assets with strong, established GPs.

In 2021, AlpiInvest's Co-Investment Program generated record-levels of deal flow and sourced approximately \$16 billion in co-investment volume. Over two decades, we have committed more than \$14 billion to over 320 equity co-investments and exhibited a diligent focus on key deal criteria despite the macroeconomic environment and continue to be highly selective, closing on a fraction of our sourced deal volume. Our Co-Investment team continues to serve as a reliable deal partner and invests in select and proprietary deal settings, as exhibited by over 65% of capital committed in 2021, where we were the only or largest co-investor in the underlying transaction.

#### LOOKING AHEAD

Over the last year, we have worked to enhance our Global Investment Solutions segment by integrating client-service platforms across our investor relations teams and providing our investment teams with greater access to industry knowledge and expertise.

Over the next few years, we will increase our focus on strategic partnerships that offer our clients broad-based products across Carlyle's global platform. In addition, we will seek to build our strategic capital strategy, further scale our co-investment and secondaries programs, focus on increasing access for private wealth investors, and continue to serve as a leader in environment, social, and governance (ESG) to ultimately make investments that have a meaningful impact.

*"As one of the largest global private market solutions businesses, we enable fund investors to continually re-assess and reconstruct their portfolios in pursuit of returns across economic cycles."*



**RUULKE BAGIJN**  
Head of Global Investment Solutions

**+\$7  
Billion**

*Raised in new capital in 2021*

**148%**

*Increase in FRE, compared to 2020<sup>4</sup>*

**\$7.2  
Billion**

*Total capital deployed in 2021*

<sup>4</sup> 2020 FRE was adjusted to exclude the positive impact of a \$3 million litigation recovery in this calculation.



ACCELERATING OUR COMMITMENT TO IMPACT:

*As we adjust to the world evolving around us, we believe a focus on building better businesses is more important than ever before.*



## IMPACT

*At Carlyle, we believe* impact is a lens for identifying greater efficiencies, capitalizing on sustainable growth, identifying new opportunities, and reinventing business models. Our approach to impact is rooted in building better businesses, which we believe will ultimately drive better results, and better environmental, sustainability, and governance (ESG) performance.

ESG performance is key to value creation in today's modern, digital world. In 2021, we saw how strong performance across dimensions of ESG can be an important value creation lever for our portfolio companies.

Over the past year, we focused on further embedding this mindset across our investment processes by reimagining our core ESG integration; focusing on systemically important issues such as climate change, ESG data, and diversity, equity, and inclusion; and using the levers of private capital in new and innovative ways tied to ESG.

We continued our long history of integrating ESG across our work, reinforcing our belief that strong ESG competencies are the hallmark of management excellence. Our focus on sustainability influences strategy, brings new ideas for operational efficiency, and helps unlock value.

### 2021 MILESTONES

#### ESG Data Convergence Project

Carlyle and the California Public Employees' Retirement System (CalPERS) collaborated with a group of investors to form the ESG Data Convergence Project, the private equity industry's first-ever collaboration to standardize ESG metrics and provide a mechanism for comparative reporting for the private market industry. The goal of the project was to generate a critical mass of meaningful, performance-based, comparable ESG data, and the first-ever ESG benchmark for private markets.

Since the launch of the project in September 2021, more than 100 investors have signed on, representing \$8.7 trillion in assets under management (AUM) and over 1,400 underlying portfolio companies. In addition to receiving significant media coverage, we were named one of the "2021 PE Innovators in ESG" by Mergers & Acquisitions Magazine, which noted that the project was pioneering a new approach.<sup>5</sup>

#### ESG-linked Financings

As one example of our focus on innovating through the tools of private capital, throughout 2021 we completed more than \$12 billion in ESG-linked financings for

Carlyle and our portfolio companies, including the largest ESG-linked private equity credit facility in the U.S. and the first to focus exclusively on advancing board diversity. These financings help Carlyle and our portfolio companies drive cost savings for achieving specific ESG performance targets. The financings include:

\$4.1  
Billion

ESG-linked credit facility for Carlyle's Americas Corporate Private Equity strategy with the margin ratchet linked to our goal of 30% board diversity. This represents the largest ESG-linked facility in the U.S. and first-ever exclusively tied to board diversity.

€2.3  
Billion

ESG-linked credit facility for our European private equity platform and \$2.75 billion facility for our Asia buyout platform. Both facilities are linked to carbon footprinting, board diversity, and ESG-competent board training for Carlyle board directors.

\$2.0  
Billion

credit facility for our Global Credit strategy linked to completion of an ESG materiality assessment and assignment of a risk rating for the investments in the portfolio.

<sup>5</sup><https://www.themiddlemarket.com/news-analysis/mergers-acquisitions-introduces-the-2021-pe-innovators-in-esg>

In addition to these facilities, our Capital Markets team has helped structure numerous ESG-linked financings for portfolio companies such as Acrotec, Flender, and Altadia Group.

## OUR APPROACH TO DRIVING IMPACT

Carlyle is now entering our fifth year of corporate carbon neutrality as a firm. This accomplishment has helped further develop our carbon accounting and management capabilities in-house, ultimately building a strong foundation for providing a subset of our portfolio companies with assistance calculating bottom-up carbon footprints for the past two years.

Climate change and the energy transition continued to be systemically important across our portfolio. During the year, we took significant action to reduce climate risk and drive value in innovative ways. Our ESG & Impact team partnered with our Global Private Equity team to develop an energy-to-carbon management playbook, which serves as a step-by-step resource to design, create, and execute robust decarbonization strategies. We also leveraged the results of our bottom-up carbon footprinting exercise to provide portfolio companies with value-accretive ideas for emissions reductions and better energy management, resulting in cost savings and carbon footprint reduction. Our Global Private Equity team joined debrief calls with several portfolio companies to ideate and operationalize opportunities for reduction related to energy management.

## INVESTMENT EXCELLENCE

A comprehensive ESG strategy is critical to driving sustained value. Our ESG & Impact team partners with portfolio companies to build foundational components and create robust, integrated ESG strategies. These portfolio companies showcase our investment excellence, investing for impact, and ESG focus:

### Sedgwick

#### *Defining the ESG Vision*

Sedgwick, a leading global provider of technology enabled risk, benefits, and integrated business solutions, made a conscious decision to further prioritize ESG as part of their global business strategy. We partnered to develop an ESG vision statement, comprehensive strategy, and determined goals through a methodical approach of collaborative workshops, benchmarking assessments, and surveys to amplify Sedgwick's existing efforts. ESG strategy is a priority for Sedgwick as it directly relates to the company delivering on its purpose of taking care of colleagues, clients, and communities around the world and doing the right thing to help people, protect and restore property, preserve brands, and empower performance.

### Compana Pet Brands

*From Materiality Assessment to ESG Benchmarking*  
Similarly, Compana Pet Brands, a St. Louis-based

manufacturer and marketer of specialty pet care products, wanted to create a unified vision of ESG for the value of employees and customers alike. We partnered with a cross-functional team at Compana to design a sustainability vision and strategy to guide the company's efforts. We focused on using a thoughtful, structured approach that details Compana's vision and mission and is capable of systematically managing ESG risks, priorities, and opportunities across the organization. As part of the collaboration, we helped conduct a materiality assessment to identify the most important issues and a benchmarking exercise to understand Compana's competitive positioning on ESG. This work enabled Compana to develop an ESG governance structure, ESG reporting channels, align with relevant global and industry-level ESG frameworks, and develop strategic initiatives.

### Irca

#### *Building an Overarching ESG Strategy*

We partnered to develop a comprehensive sustainability strategy with Irca, a large European artisanal bakery goods company. Over 12 weeks, we partnered to develop an ESG strategy, define ESG targets and corresponding KPIs. We helped redefine the company's vision and mission, alongside clearly defined ESG pillars around the themes of people, community, and planet. The work also includes ambitious goals around diversity, food waste, and energy and carbon reductions. Additionally, Irca plans to join collaborative efforts across the industry, such as the World Cocoa Foundation, to partner with other companies to drive sustainability themes across the food industry. Our partnership enabled Irca to formalize and operationalize an overarching ESG strategy, an important consideration for customers, employees, and investors.

## LOOKING AHEAD

We continue to strengthen and enhance our core ESG integration using new tools, data, and analysis, as well as through better measurement and tracking of ESG performance across our investments. We will continue to focus on issues that are systemically important across our portfolio, including climate change and the energy transition; promoting diversity, equity and inclusion; and helping build the workforce of the future.

*"Carlyle is focused on driving positive ESG change over time at our portfolio companies, and we believe ESG-linked financings provide an effective tool to further structure that change thesis into our deals."*



**MEGAN STARR**  
Global Head of Impact



## THE IMPACT OF BETTER BUSINESSES

In 2021, we continued to focus on key dimensions of impact that we believe drive better businesses—including diverse and inclusive teams, engaged employees, sustainable growth, climate resilience, and strong stakeholder ties. We believe businesses that excel along these dimensions may increasingly outperform their competitors. In addition, we believe that as our firm excels along these dimensions, we will consistently build on our capabilities to deliver results for our stakeholders.



# 01.



### Diverse Teams

We believe diverse and inclusive teams make better decisions and ultimately outperform.

# 02.



### Engaged Employees

Business success is in large part dependent on hiring the right people and building the best teams—ensuring employees are healthy, engaged, and productive with the right skills for their job. All are essential components to long-term value creation.

# 03.



### Sustainable Growth

While sustainable growth looks different for each company, management teams that address material ESG factors with rigor and nuance may build businesses that create more sustainable long-term value.

# 04.



### Climate Resilience

We believe companies that can navigate emerging risks and mounting opportunities related to the climate transition—from physical risks to policy shifts and technological disruptions—will have the resilience to thrive in a changing world and better withstand a wide range of exogenous shocks.

# 05.



### Strong Stakeholder Ties

We believe businesses that create positive, symbiotic relationships with a wide array of stakeholders will have a stronger license to operate and more resilient long-term trajectory.

ACCELERATING PROGRESS IN  
OUR SPHERES OF INFLUENCE:

At Carlyle, we're  
focused on building  
for the future.

## DIVERSITY, EQUITY & INCLUSION

*We believe creating value* will require diverse and inclusive teams that examine ideas from every angle and make better decisions. Creating and maintaining these teams requires intent, focus, and the systematic adoption of new behaviors—sometimes moving outside of comfort zones. We are committed and continue to work hard at designing diversity, equity, and inclusion (DEI) into everything we do. Our focus on DEI is building Carlyle to be stronger now and into the future. In 2021, we made measurable progress across our spheres of influence throughout our firm, our investments, and our community.

### OUR FIRM

All of our people play a role in creating a diverse and inclusive firm. Carlyle employees were encouraged to set a DEI objective focusing on steps they would take within their spheres of influence. We also formally tied progress made on those objectives to compensation at all levels of the organization. In 2021, we created and launched the DEI Incentive Award and awarded over 50 colleagues from around the globe a total of \$2 million for going above and beyond to advance DEI.

We also focused on fostering careers and enhancing our leadership capabilities. We launched a Career Strategies Initiative to provide tailored support for underrepresented, mid-level professionals to expand their leadership impact and scope. The year-long program has benefited 70 underrepresented professionals. Because our goal is to expand the inclusive leadership and management skills of all our key players, the initiative also includes skill building for both managers and executive sponsors. With this comprehensive approach, we create the conditions for a more inclusive culture and sustained success of our firm.

In the U.K., we partnered with the 10,000 Black Interns program, an initiative designed to bring more Black professionals into the investment industry. We provided interns with an introduction to private equity by hosting them within our Europe Buyout team.

### OUR INVESTMENTS

We believe diversity is not just a socially desirable outcome, but also a key to innovation, decision-making, and financial performance. Data from our portfolio companies supports this growing consensus.

Within our portfolio companies, our focus on bringing diverse and unique perspectives to the table is producing results. In the U.S., Europe, and Asia, we

secured credit facilities of more than \$8 billion tied to achieving our goal of 30% diverse directors across our controlled portfolio companies by 2023. In 2021, 59% of the new directors added to goal-eligible companies were executives from underrepresented groups, bringing the overall diversity of goal-eligible companies from 22% to 29% year over year.

Our focus extends beyond board positions. To support our portfolio companies in their efforts to advance DEI, we launched a DEI Playbook that outlines foundational standards and provides resources and tools to support effective action. And to build support for these standards we hosted sessions for over 40 of our portfolio company CEOs where they learned from experts and shared best practices.

Our Global Investment Solutions segment launched a section dedicated to DEI in its questionnaire about responsible investments. This allows us to better influence progress in DEI with investors and other constituents. More than 70% of commitments went to GPs who were rated as intermediate or higher based on their DEI efforts.

### OUR COMMUNITIES

We are also having an impact in our communities. We signed on as the inaugural underwriter for The Milken Institute's DEI in Asset Management Program. This new initiative will bring leaders from across asset management to improve diversity and promote an inclusive culture for women and underrepresented professionals within the industry.

### LOOKING AHEAD

We believe that diverse teams ask better questions and inclusive teams make better decisions. We are committed to bringing that advantage to all our businesses around the globe. While we continue to make progress, we know there is still much work to be done to create sustained change. Moving forward, we will continue to take further steps to embed DEI at Carlyle, within our investments, and in our communities.

*"It's not so much where you start on DEI, but are you taking concerted, tangible action to make change around it? That applies to Carlyle as a firm, and it applies to the companies in our portfolio."*



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

## 2021 DIVERSITY, EQUITY, AND INCLUSION HIGHLIGHTS

>50%

of our \$301 billion AUM is managed by women

80%

of the firm has completed *Better Decisions: Mitigating Unconscious Bias* training and created an action plan as a result

66%

of new hires were women or ethnic minorities<sup>6</sup>

62%

of Investment Professional hires were women or ethnic minorities<sup>7</sup>

59%

of the new directors added to goal-eligible companies<sup>8</sup> were diverse

87%

of employee respondents agree that Carlyle values diversity (8%+ higher than industry benchmark) according to annual employee survey

82%

of employee respondents agree that their managers take action to develop a diverse and inclusive team according to annual employee survey

53%

of 2022 class of associates in U.S. Corporate Private Equity is a woman, Black/ African American, Latinx, or two or more races

5<sup>th</sup>

year in a row to achieve the Human Rights Campaign Corporate Equality Index

<sup>5</sup>Representation data as of 1/1/2022. Hire data from 1/1-12/31/21. Board data as of 12/31/2021.

<sup>6</sup> U.S. only; ethnic minorities is defined as Asian, Black, or African American, Hispanic, or Latin, American Indian, or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races.

<sup>7</sup> U.S. only with ethnic minorities defined as Asian, Black, or African American, Hispanic, or Latin, American Indian, or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races.

<sup>8</sup> Goal-eligible companies are controlled companies acquired 2016+ and held for two years.







ACCELERATING AND REINVENTING GROWTH:

At Carlyle, we continually  
look for new ways to  
empower our people and  
develop our talent.

## OUR PEOPLE AND CULTURE

**Human capital excellence** is our goal. During the year, we refreshed our cultural values, reinforcing our belief that our culture is our competitive edge. It is what differentiates us. We proactively shape the employee experience to attract, develop, and retain the best talent for the firm, our investors, and shareholders. At Carlyle, we are proud of our collaborative spirit and the transparent approach in everything we do.

### Our Values, Mission, and Strategic Plan

Our employees act with integrity, honesty, and a deep respect for others—it's in our DNA, it's what makes us who we are. Our new cultural values—strive to excel, deliver for the firm, challenge the status quo, and leverage diverse perspectives—support our mission to invest wisely and create value. And it is critical to deliver on our Strategic Plan to grow, build, and perform as we reenergize our people around a new Carlyle positioned and prepared to win.

### OUR CULTURAL VALUES



### Continuing Leadership Development

Our CEO, Kewsong Lee, sponsored an inaugural Future Leaders Academy to provide new Managing Directors with mentorship to ensure this group of future leaders are equipped with the skills, tools, and mindset to lead the firm into the future. In addition, we designed and implemented a new leadership framework tailored to meet the needs of leaders at every level and career stage. Our suite of global programs offers



Carlyle's leaders access to thought leadership, best practices, and ongoing and candid feedback as they apply new and different behaviors that build sustainable leadership capabilities. In addition to structured programs, we offer a global mentoring program, a quarterly leadership learning series, and on-line training and resources open to all colleagues through a new system called EMPOWER.

### Hybrid Workplace

During 2021, we executed a well-communicated and well-coordinated hybrid workplace transition globally across New York, London, and Washington, DC with 94% of employees returning to the office. We have provided our people with the tools, policies, and support to ensure that our hybrid approach is successful now and in the future.

### The Right Incentives

We aligned pay for performance by tying financial incentives for certain senior professionals to achieving specific targets in our Strategic Plan. We introduced a new program under which we distribute a portion of our investment professionals' carried interest in shares to align their interests with both our fund investors and shareholders' interests, as well as increase overall alignment with long-term strategic goals over time. We believe that continuing to prioritize programs that instill and reinforce a when-the-firm-wins-we-all-win mindset will increase collaboration and drive more cross-platform opportunities.

### Wellbeing Program

We launched a new global Wellbeing program to optimize employee productivity and resilience long-term and hosted learning sessions with renowned experts on nutrition, sleep, stress management, and more.

*"Culture is everything at Carlyle. We are continuously building for the future through a holistic approach to talent with a focus on wellbeing, flexibility, diversity, and professional development to make Carlyle an even better place to work."*



**BRUCE LARSON**  
Chief Human Resources Officer

92%

*of employee respondents agree with the statement "I am proud to work for Carlyle"*

91%

*of employee respondents believe Carlyle handled the challenges of working in a hybrid environment well*

88%

*of employee respondents agree with the statement "We hold ourselves and our team members accountable for results"*





## BOARD OF DIRECTORS



**WILLIAM E. CONWAY, JR.**  
Founder, Co-Chairman  
and Director\*



**DAVID M. RUBENSTEIN**  
Founder, Co-Chairman  
and Director\*



**KEWSONG LEE**  
Chief Executive Officer  
and Director



**DANIEL A. D'ANIELLO**  
Founder, Chairman  
Emeritus and Director\*



**PETER J. CLARE**  
Chief Investment Officer  
for Corporate Private  
Equity and Chairman of  
Americas Private Equity  
and Director



**LAWTON W. FITT**  
Lead Independent Director



**JAMES H. HANCE, JR.**  
Operating Executive  
and Director



**LINDA HEFNER FILLER**  
Director\*\*



**MARK ORDAN**  
Director\*\*



**DERICA RICE**  
Director



**DR. THOMAS S. ROBERTSON**  
Director



**WILLIAM J. SHAW**  
Director



**ANTHONY WELTERS**  
Director

\*Non-executive

\*\*Effective as of April 1, 2022



## SHAREHOLDER INQUIRIES

Information about Carlyle, including quarterly earnings releases and filings with the U.S. Securities and Exchange Commission, can be accessed via Carlyle's website at [www.carlyle.com](http://www.carlyle.com). Shareholder inquiries can also be directed by e-mail to [public.investor@carlyle.com](mailto:public.investor@carlyle.com).

## TRANSFER AGENT

**American Stock Transfer & Trust Company**  
6201 15th Avenue  
Brooklyn, NY 11219  
+1 800 937 5449

## TRADE ASSOCIATION

**American Investment Council**  
799 9th Street, NW, Ste. 200  
Washington, DC 20001  
+1 202 583 5263

## STOCK EXCHANGE

The common stock of The Carlyle Group Inc. trades on the Nasdaq Global Select Market under the ticker symbol CG.

## ADDITIONAL DISCLOSURES

*This Annual Report has been prepared by The Carlyle Group Inc. (together with its affiliates, "Carlyle") and may only be used for informational purposes. All information contained herein is presented as of December 31, 2021, unless otherwise specifically noted.*

*There can be no assurances that Carlyle's investment objectives will be achieved or that our investment programs will be successful. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Investors should read this Annual Report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments listed herein.*

*This Annual Report includes forward-looking statements. Forward-looking statements are inherently uncertain, and changing factors, such as those affecting the markets generally, or those affecting particular industries or issuers, may cause events or results to differ from those discussed. Therefore, undue reliance should not be placed on such statements, or the conclusions drawn therefrom, which in no event shall be construed as a guarantee of future performance, results, or courses of action. Carlyle believes these factors include, but are not limited to, those described under "Risk Factors" in Carlyle's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC, as such factors may be updated from time to time in its periodic filings, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with Carlyle's other disclosures. Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements.*

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

*Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering.*

*Any person receiving this Annual Report is permitted to copy and print individual pages for informational, non-commercial use. These copies must not alter the original report's content, including all legal notices and legends. All content included in this Annual Report, such as graphics, logos, articles, and other materials, is the property of Carlyle or others noted herein and is protected by copyright and other laws. All trademarks and logos displayed in this Annual Report are the property of their respective owners, who may or may not be affiliated with our organization.*

*This Annual Report contains financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America. These non-GAAP financial measures should be considered in addition to and not as a substitute for, or superior to, financial measures presented in accordance with U.S. GAAP. The reasons management believes that these non-GAAP financial measures provide useful information, as well as reconciliations of these measures to their most comparable U.S. GAAP measures, are set forth in our most recent Annual Report on Form 10-K filed with the SEC. FRE Margin is calculated as Fee Related Earnings, divided by Total Segment Fee Revenues. FRE Margin is most comparable to the Income before provision for taxes margin, which is calculated as Income before provision for taxes, divided by Total revenues. DE per common share is equal to DE less estimated current corporate, foreign, state and local taxes, divided by the number of common shares outstanding at each quarter end. For purposes of this calculation, common shares that were issued in the following quarter in connection with the vesting of restricted stock units, as well as shares issued pursuant to a program under which, at our discretion, up to 20% of realized performance allocation related compensation over a threshold amount may be distributed in fully vested, newly issued shares, were added to the common shares outstanding, as they participated in the dividend paid on common shares in the following quarter. Estimated current corporate, foreign, state and local taxes represents the total U.S. GAAP Provision (benefit) for income taxes adjusted to include only the current tax provision (benefit) applied to Net income (loss) attributable to The Carlyle Group Inc. This adjustment, used to calculate Distributable Earnings, Net attributable to common stockholders, reflects the benefit of deductions available to the Company on certain expense items that are excluded from the underlying calculation of Distributable Earnings, such as equity-based compensation expense and charges (credits) related to corporate actions and non-recurring items. Management believes that using the estimated current tax provision (benefit) in this manner more accurately reflects earnings that are available to be distributed to common stockholders.*

## RECONCILIATION OF NON-GAAP MEASURES

### DISTRIBUTABLE EARNINGS AND FEE RELATED EARNINGS

Distributable Earnings, or “DE”, is a key performance benchmark used in our industry and is evaluated regularly by management in making resource deployment and compensation decisions, and in assessing the performance of our three segments. We also use DE in our budgeting, forecasting, and the overall management of our segments. We believe that reporting DE is helpful to understanding our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. DE is intended to show the amount of net realized earnings without the effects of consolidation of the Consolidated Funds. DE is derived from our segment reported results and is an additional measure to assess performance. Fee Related Earnings, or “FRE,” is used to assess the ability of the business to cover direct base compensation and operating expenses from total fee revenues.

The following tables reconcile the Total Segments to our Income (Loss) Before Provision for Income Taxes for the years ended December 31, 2021 and 2020:

#### For the Year Ended December 31, 2021

<i>(in millions)</i>	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
Revenues	\$ 4,950.1	\$ 253.2	\$ 3,578.8 (a)	\$ 8,782.1
Expenses	\$ 2,706.4	\$ 217.8	\$ 1,832.9 (b)	\$ 4,757.1
Other income	\$ —	\$ 2.5	\$ — (c)	\$ 2.5
Distributable earnings	\$ 2,243.7	\$ 37.9	\$ 1,745.9 (d)	\$ 4,027.5

#### For the Year Ended December 31, 2020

<i>(in millions)</i>	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
Revenues	\$ 2,289.5	\$ 226.8	\$ 418.3 (a)	\$ 2,934.6
Expenses	\$ 1,527.4	\$ 206.2	\$ 599.7 (b)	\$ 2,333.3
Other income	\$ —	\$ (21.3)	\$ — (c)	\$ (21.3)
Distributable earnings	\$ 762.1	\$ (0.7)	\$ (181.4) (d)	\$ 580.0



(A) The Revenues adjustment principally represents unrealized performance revenues, unrealized principal investment income (loss) (including Fortitude), revenues earned from the Consolidated Funds which were eliminated in consolidation to arrive at the Company's total revenues, adjustments for amounts attributable to non-controlling interests in consolidated entities, adjustments related to expenses associated with the investments in NGP Management and its affiliates that are included in operating captions or are excluded from the segment results, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, and the inclusion of tax expenses associated with certain foreign performance revenues, as detailed below:

	Year Ended December 31,	
(in millions)	2021	2020
Unrealized performance revenues	\$ 3,155.6	\$ 1,031.0
Unrealized principal investment income	351.8	(556.2)
Adjusted unrealized principal investment income from investment in Fortitude	—	(104.4)
Adjustments related to expenses associated with investments in NGP Management and its affiliates	(13.7)	(15.3)
Tax expense associated with certain foreign performance revenues	0.2	0.5
Non-controlling interests and other adjustments to present certain costs on a net basis	159.6	96.6
Elimination of revenues of Consolidated Funds	(74.7)	(33.9)
	<b>\$ 3,578.8</b>	<b>\$ 418.3</b>

The following table reconciles the total segments fund level fee revenue to the most directly comparable U.S. GAAP measure, the Company's consolidated fund management fees, for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
(in millions)	2021	2020
Total Reportable Segments – Fund level fee revenues	\$ 1,794.8	\$ 1,616.1
Adjustments <sup>1</sup>	(127.3)	(103.1)
Carlyle Consolidated – Fund management fees	<b>\$ 1,667.5</b>	<b>\$ 1,486.0</b>

<sup>1</sup>Adjustments represent the reclassification of NGP management fees from principal investment income, the reclassification of certain incentive fees from business development companies and other credit products, management fees earned from consolidated CLOs which were eliminated in consolidation to arrive at the Company's fund management fees, and the reclassification of certain amounts included in portfolio advisory and transaction fees, net and other in the segment results that are included in interest and other income in the U.S. GAAP results.

(B) The Expenses adjustment represents the elimination of intercompany expenses of the Consolidated Funds payable to the Company, the inclusion of equity-based compensation, certain tax expenses associated with realized performance revenues related compensation, and unrealized performance revenues related compensation, adjustments related to expenses associated with the investment in NGP Management that are included in operating captions, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, changes in the tax receivable agreement liability, and charges and credits associated with Carlyle corporate actions and non-recurring items, as detailed on the following page:

	Year Ended December 31,	
<i>(in millions)</i>	2021	2020
Unrealized performance revenues related compensation	\$ 1,549.4	\$ 432.3
Equity-based compensation	172.9	116.6
Acquisition related charges and amortization of intangibles and impairment	37.7	38.1
Tax expense associated with certain foreign performance revenues related compensation	(17.3)	(8.4)
Non-controlling interests and other adjustments to present certain costs on a net basis	78.5	55.8
Debt extinguishment costs	10.2	—
Right-of-use impairment	26.8	—
Other adjustments including severance and C-Corp. conversion costs in 2020	14.2	8.0
Elimination of expenses of Consolidated Funds	(39.5)	(42.7)
	<b>\$ 1,832.9</b>	<b>\$ 599.7</b>

(C) The Other Income (Loss) adjustment results from the Consolidated Funds which were eliminated in consolidation to arrive at the Company's total Other Income (Loss).

(D) The following table is a reconciliation of Income (Loss) Before Provision for Income Taxes to Distributable Earnings and to Fee Related Earnings:

	Year Ended December 31,	
(in millions, except per share amounts)	2021	2020
<b>Income before provision for income taxes</b>	<b>\$ 4,027.5</b>	<b>\$ 580.0</b>
Adjustments:		
Net unrealized performance revenues	(1,606.2)	(598.7)
Unrealized principal investment (income) loss <sup>1</sup>	(351.8)	556.2
Adjusted unrealized principal investment (income) loss from investment in Fortitude <sup>2</sup>	—	104.4
Equity-based compensation <sup>3</sup>	172.9	116.6
Acquisition related charges, including amortization of intangibles and impairment	37.7	38.1
Tax expense associated with certain foreign performance revenues	(17.1)	(7.9)
Net income attributable to non-controlling interests in consolidated entities	(70.5)	(34.6)
Right-of-use asset impairment	26.8	—
Debt extinguishment costs	10.2	—
Other adjustments including severance and C. Corp conversion costs in 2020	14.2	8.0
<b>Distributable Earnings</b>	<b>\$ 2,243.7</b>	<b>\$ 762.1</b>
Realized performance revenues, net of related compensation <sup>4</sup>	1,529.6	246.3
Realized principal investment income <sup>4</sup>	209.5	73.0
Net interest	93.5	76.9
<b>Fee Related Earnings</b>	<b>\$ 598.1</b>	<b>\$ 519.7</b>
<b>Distributable Earnings</b>	<b>\$ 2,243.7</b>	<b>\$ 762.1</b>
Less: Estimated current corporate, foreign, state and local taxes <sup>5</sup>	457.5	39.8
<b>Distributable Earnings, net</b>	<b>\$ 1,786.2</b>	<b>\$ 722.3</b>
Distributable Earnings, net per common share outstanding <sup>6</sup>	\$ 5.01	\$ 2.05
FRE margin <sup>7</sup>	33%	32%
Income before provision for income taxes margin <sup>8</sup>	46%	20%

<sup>1</sup> Adjustments to unrealized principal investment income (loss) during the year ended December 31, 2020 are inclusive of \$211.8 million of unrealized gains resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Reinsurance Company Ltd.'s U.S. GAAP financial statements prior to the contribution of our investment in Fortitude Group Holdings, LLC to Carlyle FRL, L.P., an affiliated investment fund, on June 2, 2020. At the time of the contribution of our investment to Carlyle FRL, L.P., we began accounting for our investment under the equity method based on our net asset value in the fund, which is an investment company that accounts for its investment in Fortitude Holdings at fair value. This resulted in an unrealized loss in principal investment income (loss) of \$620.7 million during the year ended December 31, 2020. Refer to Note 4 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021 for more information regarding our strategic investment in Fortitude.

<sup>2</sup> Adjusted unrealized principal investment income (loss) from the investment in Fortitude Re represents our pro rata share of Fortitude Holdings' estimated net income (loss) for the respective periods through June 2, 2020, excluding the unrealized gains (losses) related to embedded derivatives.

<sup>3</sup> Equity-based compensation includes amounts presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.

<sup>4</sup> Refer to "Realized Net Performance Revenues and Realized Principal Investment Income" below for the reconciliations to the most directly comparable U.S. GAAP measures.

<sup>5</sup> Estimated current corporate, foreign, state and local taxes represents the total U.S. GAAP Provision (benefit) for income taxes adjusted to include only the current tax provision (benefit) applied to Net income (loss) attributable to The Carlyle Group Inc. This adjustment, used to calculate Distributable Earnings, Net attributable to common stockholders, reflects the benefit of deductions available to the Company on certain expense items that are excluded from the underlying calculation of Distributable Earnings, such as equity-based compensation expense and charges (credits) related to corporate actions and non-recurring items. Management believes that using the estimated current tax provision (benefit) in this manner more accurately reflects earnings that are available to be distributed to common stockholders.

<sup>6</sup> Distributable Earnings, net per common share outstanding is calculated by dividing Distributable Earnings, net for each quarter by the number of common shares outstanding at each quarter end. For the purposes of this calculation, common shares that were issued in the following quarter in connection with the vesting of restricted stock units as well as shares issued pursuant to a program under which, at our discretion, up to 20% of realized performance allocation related compensation over a threshold amount may be distributed in fully vested, newly issued shares, were added to the common shares outstanding, as they participate in the dividend paid on common shares in the following quarter.

<sup>7</sup> FRE margin is calculated as Fee Related Earnings divided by Total Segment Fee Revenues. Excluding the impact of a onetime litigation cost recovery in 2020, FRE Margin was 30%.

<sup>8</sup> Income before provision for taxes margin is the most directly comparable U.S. GAAP measure to FRE margin, and is equal to Income before provision for taxes divided by Total revenues.

## REALIZED NET PERFORMANCE REVENUES AND REALIZED PRINCIPAL INVESTMENT INCOME

Below is a reconciliation to the most directly comparable U.S. GAAP measures:

For the Year Ended December 31, 2021			
(in millions)	Carlyle Consolidated	Adjustments	Total Reportable Segments
Performance revenues	\$ 6,084.6	\$ (3,146.0)	\$ 2,938.6
Performance revenues related compensation expense	\$ 2,961.0	\$ (1,552.0)	\$ 1,409.0
Net performance revenues	\$ 3,123.6	\$ (1,594.0)	\$ 1,529.6
Principal investment income (loss)	\$ 637.3	\$ (427.8)	\$ 209.5

For the Year Ended December 31, 2020			
(in millions)	Carlyle Consolidated	Adjustments	Total Reportable Segments
Performance revenues	\$ 1,635.9	\$ (1,049.8)	\$ 586.1
Performance revenues related compensation expense	\$ 779.1	\$ (439.3)	\$ 339.8
Net performance revenues	\$ 856.8	\$ (610.5)	\$ 246.3
Principal investment income (loss)	\$ (540.7)	\$ 613.7	\$ 73.0



Adjustments to performance revenues relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from the segment results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the segment results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the segment results, (iv) the reclassification of NGP performance revenues, which are included in principal investment income in the U.S. GAAP financial statements, (v) the reclassification of certain incentive fees from business development companies, which are included in fund management fees in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investments in NGP Management and its affiliates to the appropriate operating captions for the segment results, and the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results. Refer to Note 4 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021 for more information regarding our strategic investment in NGP.

## NET ACCRUED PERFORMANCE REVENUES

Accrued performance allocations, net of accrued giveback obligations is the U.S. GAAP measure most comparable to Net accrued performance revenues. The following is a reconciliation:

	Year Ended December 31,	
(in millions)	2021	2020
Accrued performance allocations, net of accrued giveback obligations	\$ 8,102.8	\$ 4,949.9
Plus: Accrued performance allocations from NGP Carry Funds	3.8	—
Less: Accrued performance allocation-related compensation	(4,087.8)	(2,534.4)
Less: Deferred taxes on certain foreign accrued performance allocations	(55.3)	(56.0)
Less: Net accrued performance allocations attributable to non-controlling interests in consolidated entities	1.0	(11.7)
Net accrued performance revenues before timing differences	3,964.5	2,347.8
Less: Timing differences between the period when accrued performance revenues are realized and the period they are collected/distributed	(70.5)	(16.5)
Net accrued performance revenues attributable to The Carlyle Group Inc.	\$ 3,894.0	\$ 2,331.3

## TOTAL INVESTMENTS ATTRIBUTABLE TO THE CARLYLE GROUP INC.

Investments, excluding performance allocations, is the U.S. GAAP measure most comparable to Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings. The following is a reconciliation:

	Year Ended December 31,	
(in millions)	2021	2020
Investments, excluding performance allocations	\$ 2,699.0	\$ 2,412.3
Less: Amounts attributable to non-controlling interests in consolidated entities	(220.2)	(214.3)
Plus: Investments in Consolidated Funds, eliminated in consolidation	190.5	170.8
Less: Strategic equity method investments in NGP Management <sup>1</sup>	(371.8)	(373.5)
Less: Investment in NGP general partners-accrued performance allocations	(3.8)	—
Total investments attribution to The Carlyle Group Inc.	2,293.7	1,995.3
Less: CLO loans and other borrowings attributable to The Carlyle Group Inc. <sup>2</sup>	(204.4)	(336.5)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	\$ 2,089.3	\$ 1,658.8

<sup>1</sup> We have equity interests in NGP Management Company, L.L.C. ("NGP Management"), the general partners of certain carry funds advised by NGP, and principal investments in certain NGP funds. These equity interests are accounted for as investments under equity method accounting. Total investments attributable to The Carlyle Group Inc. excludes the strategic equity method investments in NGP Management and investments in the general partners of certain NGP carry funds.

<sup>2</sup> Of the total CLO and other borrowings outstanding, \$204.4 million and \$336.5 million are collateralized by investments attributable to The Carlyle Group Inc. as of December 31, 2021 and 2020, respectively.

CARLYLE