THE CARLYLE GROUP

CARBON NEUTRALITY

As the next step in strengthening ESG practices in our own operations, we are proud to announce that Carlyle, across our 31 global offices and the activities of our roughly 1,600 employees, is now carbon neutral, starting with our 2017 carbon footprint.

To achieve our objective of carbon neutrality, we measured, reduced and then offset our firm-wide carbon emissions for Scope 2 and 3 categories (see below). Verification of our carbon footprint can be found **here**.

Below are more details about our three-step process to achieve this objective:

1. Measure

Carlyle used the World Resources Institute's Greenhouse Gas (GHG) Protocol, a framework that requires explicit boundaries around reportable business activities. We included all material sources of emissions (i.e., under operational control of Carlyle Investment Management, LLC and its affiliates AlpInvest Partners and Metropolitan Real Estate). We include Scope 3 (indirect emissions) because as a professional services business a large portion of our footprint includes air travel. Our first carbon footprint, published in the middle of 2018, is based on our complete set of data for 2017.

Within this agreed framework, we firstly determined that office utility use (electricity and heat), air travel, commuting, and off-site data centers are material to our footprint calculation. We considered other sources, including material consumption, rental cars, and rail travel, but do not believe any of them constitute materially significant contributions to our overall carbon footprint.

We engaged the environmental consulting firm Anthesis Group to assist in establishing appropriate methodology for estimating our carbon emissions in each of these categories, including relevant emissions factors and usage per capita as well as usage per area (such as square footage). When completed through a spreadsheet detailing all inputs and an "Inventory Management Plan" codifying our methodology and assumptions, we then engaged Bureau Veritas to verify our estimate was accurate. Veritas confirmed our conclusion, and their assurance statement and our actual carbon data can is available publicly, which you can find at the link above. We've also implemented additional systems to track data more accurately going forward.

Our major categories of GHG emissions included the following:

Scope 2	Office Utilities
Scope 2	Off-site Data Centers
Scope 3	Commercial and Private Air Travel
Scope 3	Employee Commuting

2. Reduce

We continuously seek opportunities to reduce energy use across all of global business/firm operations. In the past two years, our Global Technology Solutions team implemented the following actions to reduce Scope 2 emissions:

- 2016 & 2017: Reduced storage footprint significantly – decommissioned ALL NetApp and HP storage arrays – some of the most power hungry and heat generating storage arrays, requiring more cooling and power than our new compact storage arrays.
- 2018 consolidated 12 additional storage shelves down to four storage shelves, utilizing all flash storage, which significantly reduces power consumption over spinning disk drives.
- 2016 – achieved 99% virtualization rate – meaning almost all servers and applications run on shared hardware resources instead of individualized physical servers.
- Recycled and reduced server footprint by at least 30 servers in each of the past three years
- Eliminated 25 PBX hardware appliances and related infrastructure globally
- Instituted default duplex printing, which the US Environment Protection Agency (EPA) estimates will reduce paper usage by 30-50%
- By working with the firm CTERA on our cloud storage footprint, we delivered 15.9% reduction in total data center energy usage

Our office facilities are our largest Scope 2 source of emissions. We have renovated certain spaces, moved to a new office in London, and adjusted settings on lighting and video conferencing technology to minimize our footprint. Three of our four largest offices have major green-building certifications: Our 520 Madison location in New York and our Rosslyn, VA office are both LEED Certified for Existing Buildings and carry Energy Star certifications as well. Our new London office is certified "Excellent" by BREEAM, the UK green building standard.

As part of carbon neutrality commitments, many firms elect to source renewable electricity or purchase renewable energy credits as part of their strategy. However, current lease structures create certain barriers that we hope to address in the future.

3. Offset

Carlyle invested in offsets to address the remaining emissions and to reach carbon neutrality. We worked with The Carbon Fund, an organization that provides verified and registered carbon-offsets to purchase offsets from a single Truck Stop Electrification project, verified by the **American Carbon Registry**. Many of our portfolio companies rely on ground shipping for supplies and/or delivery of products and the ability to invest in more efficient trucking provides the potential for direct benefits for our own companies.

Specifically, this project reduces carbon emissions by installing electrical hookups at truck stops throughout the United States for use by truck operators during their federally mandated rest period, rather than relying on diesel generators or idling to produce electricity. The "additionality" of the project comes from the difference in the carbon intensity between grid electricity and diesel combustion, combined with the fact that the solution is not yet commercially viable without the sort of investment Carlyle is providing. In addition to the carbon benefits, electrification reduces conventional air pollutants, which is healthier for the truckers at these locations as well as the surrounding communities.