OUR / **purpose**
To invest wisely and create value

OUR / **mission**
Generate superior investment returns
Inspire the confidence and loyalty of our investors
Attract, develop and retain highly talented professionals
Demonstrate principled industry leadership
Be responsible and respected members of the global community

OUR / **values**

**SERVICE** / Act in the best interest of our investors

**INTEGRITY** / Uphold the highest standards of integrity, professionalism and confidentiality

**QUALITY** / Deliver best-in-class investment activities and services to our investors

**STEWARDSHIP** / Treat our investors’ money as if it were our own, balancing risk and reward

**ACCOUNTABILITY** / Take personal responsibility and deliver on commitments

**TEAMWORK** / Create community and work together as *One Carlyle*

**RESPECT** / Value each other, encourage professional development, respect personal contributions and reward effective performance

**CITIZENSHIP** / Be responsible citizens in the communities in which we work and live

**ENTREPRENEURSHIP** / Differentiate the firm through creative thinking and action

**DETERMINATION** / Show a will to win in every aspect of our business
We believe that we must invest wisely and responsibly to create lasting value. That means being a good corporate citizen and promoting practices that encourage social and environmental sustainability and strong corporate governance. Across six continents, we’re working to create stronger companies and better communities.

Creating value and broadening our impact through positive change
Moving forward

Welcome to our second annual Corporate Citizenship Report. In our 2010 inaugural report, we described Carlyle’s approach to corporate citizenship and our view of it as a good business practice. This update gives you a look at the progress we’ve made and identifies new initiatives as we continue to develop and expand our processes.

In 2010, we identified two new objectives to build on our previous work:

- Expand and improve our efforts to share the Private Equity Growth Capital Council (PEGCC) guidelines across our portfolio.
- Continue to develop appropriate metrics to track our progress in implementing the PEGCC guidelines, EcoValuScreen and other initiatives.

2012 Objectives

In 2012, we will focus on three corporate citizenship objectives:

- Enhance our focus on the “S” in ESG (environmental, social and corporate governance).
- Integrate sustainability considerations into the investment decisions made by our U.S. Real Estate investment team.
- Continue to develop a set of appropriate metrics by which we can measure progress on our initiatives.

How did we do?

During 2011, more than 60 companies across our portfolios evaluated their operations according to the PEGCC guidelines. This represents more than 90% of our controlled, corporate buyout investments.

Several investment teams have applied the EcoValuScreen process—which we developed in partnership with Environmental Defense Fund (EDF)—to recent transactions. In each of these transactions, Carlyle and the management team are working with EDF to establish numerical benchmarks to assess and track environmental savings.

For example, by applying EcoValuScreen to the operations of portfolio company NBTY, the company expects to reduce costs by approximately $1.8 million per year and eliminate about 5,000 metric tons of greenhouse gas emissions and 440,000 pounds of waste annually.
A message from the Founders

To our investors  For 25 years, Carlyle has worked to invest both wisely and ethically. Our commitment to corporate citizenship has grown to become an integral component of our investment philosophy and operations.

This is our second Corporate Citizenship Report. While we recognize we have much to do, we are proud of the progress we have made.

In 2011, we continued our efforts related to the PEGCC Guidelines for Responsible Investment. More than 90% of the boards of our controlled, corporate buyout companies reviewed the guidelines last year. We also applied EcoValuScreen—our due diligence tool developed in partnership with EDF—to five transactions and formed working partnerships with PGGM and APG, two Dutch pension fund asset managers whose advice and experience on ESG issues will, we believe, improve our practices.

In 2012, we intend to sharpen our focus on social issues (particularly issues affecting our efforts in the Sub-Saharan Africa region), apply the environmental sustainability principles underlying EcoValuScreen to our U.S. Real Estate investments and continue to develop metrics to track the progress of our initiatives.

Serving the communities in which we live and work is vitally important to all of us at Carlyle. Last year we held numerous events with our global partners, Junior Achievement and Habitat for Humanity, and many of our offices established local partnerships. Our London office raised money for Macmillan Cancer Support. Carlyle professionals in Seoul, South Korea, prepared and served meals and provided other services for area homeless. Professionals in our Washington, DC office launched an innovative venture that teams local professionals with charter schools.

We are particularly proud of Carlyle professionals in Tokyo, who responded to the tragic earthquake and tsunami in Japan. Our team worked closely with rescue personnel to clean up debris and serve meals to those displaced by the devastation.

Although we expanded our activities related to corporate citizenship in 2011, we understand that we must continue to challenge ourselves and our portfolio companies to do more. We pledge to continue our work in these important areas and to report our progress each year.

For 25 years, our mission has remained constant: We work for our investors. Part of that work is the corporate citizenship efforts that we are weaving into our culture and our business.

We appreciate your continued support and look forward to sharing our progress with you in the months and years ahead.
A responsibility we take seriously

Our responsible investment guidelines help us identify and mitigate risks related to environmental, social and corporate governance (ESG) issues during the investment process. Evaluating these considerations in the context of a particular investment enables us to better align the interests of Carlyle, our portfolio companies and our investors.
Addressing ESG issues

As we outlined in our 2010 Corporate Citizenship Report, our overall responsible investing priorities continue to be:

• Assess the ESG risks associated with our corporate investments.
• Enhance the environmental performance of our portfolio companies through improved operational efficiencies.
• Mitigate the potential negative effects of low-probability, high-impact ESG risks.

Our commitment to responsible investing

In 2010, we developed our own set of responsible investment guidelines in consultation with an ESG expert, drawing on a variety of existing internationally recognized norms, including the U.N.-backed Principles for Responsible Investment and the U.N. Global Compact. Carlyle’s guidelines were integral to shaping the corporate social responsibility guidelines later adopted by the members of the PEGCC.

Since then, we have worked to integrate the PEGCC guidelines into our investment decision-making process for controlling, corporate buyouts through a top-down and systematic process that reaches across our investment teams. Each team includes an analysis of the guidelines in its final investment committee memorandum seeking approval for an investment.

In transactions where Carlyle does not acquire a controlling position, we have worked to apply the guidelines during the investment process to those transactions in which ESG issues play a significant role in the investment risk analysis.

Next steps: Sharing responsible investment guidelines

Building on our internal commitment to responsible investing, we have committed to enhance our efforts to share the guidelines with our controlled portfolio companies. While it is important to incorporate the guidelines in our investment decisions, we believe it is equally important that our companies operate in a manner that is consistent with the guidelines. Through our role as active owners, we can work with our portfolio companies to facilitate their evaluation of the ESG issues associated with their businesses. As a result, we have encouraged the boards of directors of these companies to review their operations according to the PEGCC guidelines at an annual board meeting.

Carlyle investment professionals actively participated in board discussions at their portfolio companies. They reported these discussions to Carlyle’s Office of External Affairs, which tracked the board processes and aggregated the results.

In 2011, more than 60 Carlyle portfolio companies—representing more than 90% of Carlyle-controlled companies—reviewed their operations in accordance with the PEGCC guidelines.
Private Equity Growth Capital Council

Guidelines for Responsible Investment

1. Consider environmental, public health, safety, and social issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.

2. Seek to be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.

3. Seek to grow and improve the companies in which they invest for long-term sustainability and to benefit multiple stakeholders, including on environmental, social and governance issues. To that end, Private Equity Growth Capital Council members will work through appropriate governance structures (e.g. board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.

4. Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.

5. Remain committed to compliance with applicable national, state, and local labor laws in the countries in which they invest; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, will respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

6. Maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act, similar laws in other countries, and the OECD Anti-Bribery Convention.

7. Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.

8. Provide timely information to their limited partners on the matters addressed herein, and work to foster transparency about their activities.

9. Encourage their portfolio companies to advance these same principles in a way which is consistent with their fiduciary duties.
Improving the sustainability practices of a global industrial fishing company

Last year, we reported on the efforts of China Fishery Group, a Carlyle Asia Partners III, L.P. portfolio company, to implement processes and committees aimed at addressing the business, social and sustainability concerns associated with international fishing. China Fishery is committed to offering a responsibly derived range of quality seafood products through the company’s fishing, on-board processing and fishmeal production operations.

Working with Dr. Keith Sainsbury, China Fishery’s Corporate Social Responsibility (CSR) Committee took a number of important steps this year:

• Reviewed progress on sustainable fisheries management in the regions in which the company operates, including the North Pacific pollock fisheries and the Peruvian anchovy fishery.

• Recommended an internal audit covering sustainability and social criteria of the major fisheries where the company operates.

• Reviewed discussions with regional fisheries management bodies to identify areas in which the company could assist in scientific data collection. For example, the company supports an initiative to use commercial fishing vessels to collect standardized bio-acoustic data on jack mackerel during fishing operations and is talking to regional fishing bodies to identify potential opportunities for China Fishery’s involvement in the initiative.

• Recommended engaging with stakeholders to identify ESG concerns and building partnerships with industry forums and associations with sustainability remits. In October 2011, the CSR Committee worked in partnership with advisory firm CSR Asia to conduct an independent stakeholder engagement process that included focus groups and interviews with environmental nongovernmental organizations, employees and investors. In addition, China Fishery is sponsoring the Economist’s World Oceans Summit taking place in Singapore in February 2012.

To enhance transparency of its ESG activities, China Fishery is working with its parent company to publish an inaugural CSR report in May 2012. The report will highlight the progress the company has made with Carlyle’s support. In addition, China Fishery will work toward implementing specific recommendations developed by the CSR Committee in 2012.

“With Carlyle’s support, China Fishery Group has taken significant steps in the past year to enhance its sustainability practices and develop a long-term sustainability agenda. These steps include fully establishing its CSR Committee, appointing a well-qualified person to manage CSR Committee, and beginning a sustainability audit of all China Fishery Group fisheries.”

Dr. Keith Sainsbury
Vice Chairman of the Board of Trustees of the Marine Stewardship Council and Advisor for China Fishery’s Corporate Social Responsibility Committee
Developing expertise

Working with experts, such as our ongoing relationship with EDF, is an important part of our responsible investing program because it brings new, creative thinking and best practices to our efforts.

In March 2011, Carlyle acquired a controlling interest in AlpInvest from APG and PGGM, two of the largest pension fund asset managers in the Netherlands and authorities on responsible investing. ESG considerations played a significant role in the transaction. All parties have agreed to share ideas and practices regarding how to best integrate ESG issues into our investment decision making throughout our portfolio. We hope to learn from their deep experience and expertise on ESG issues.

In November 2011, representatives from Carlyle, APG and PGGM held their first meeting in Amsterdam. The agenda focused on:

• Reporting and developing metrics.
• Integrating ESG into investments in emerging markets.
• Enhancing Carlyle’s practices around social issues.
• Developing a sustainability framework for real estate investments.

We intend to meet at least once a year with APG and PGGM to exchange ideas and share best practices.

Working with experts in responsible investing brings new, creative thinking and best practices to our efforts.
Expanding internal initiatives

We continue to deepen our employees’ understanding of the PEGCC guidelines and our commitment to corporate citizenship and responsible investing. An increasingly important element of our responsible investment program is identifying opportunities to brief our investment professionals on ESG trends and practices. During 2011, Carlyle integrated discussions of ESG issues into key professional development sessions.

Our senior leadership retreat in May 2011 included a session on responsible investment practices. The program featured case study presentations by Carlyle Managing Directors and a panel discussion that included Fred Krupp, President of EDF.

Carlyle also organized a training program for approximately 34 Vice Presidents from Carlyle offices around the world. The program provided training on responsible investing, including how to integrate the PEGCC guidelines into the due diligence process and investment committee memoranda. In addition, Carlyle’s External Affairs office briefed the VPs on EcoValuScreen and encouraged them to apply the framework to new investments.

The orientation program for all new Associates included a session about Carlyle’s corporate citizenship program and a briefing on the PEGCC guidelines and EcoValuScreen.

Addressing the “S” in ESG

With more than 200 portfolio companies employing more than 600,000 people, social issues are an increasingly important part of our citizenship efforts. Our investments have a meaningful impact on the employees at our portfolio companies and on the local communities in which we invest. As part of our due diligence process, Carlyle carefully evaluates issues relating to the workforce, including employee benefits, workplace health and safety, and labor issues. Carlyle or portfolio company management teams also proactively engage with relevant stakeholders, such as unions representing portfolio company employees and, where appropriate, non-governmental organizations.

In recent years, the corporate responsibility to respect human rights has become an increasingly important issue in certain transactions—especially in developing markets. Carlyle has consulted with noted experts at Foley Hoag LLP’s Corporate Social Responsibility Practice to help us develop an understanding of the issues and establish an approach to business and human rights. The experts include Gare Smith, who served as the Principal Deputy Assistant Secretary in the U.S. State Department’s Bureau of Democracy, Human Rights and Labor under President Clinton, and Professor John Ruggie, who served as the United Nations Special Representative for Business and Human Rights from 2005 to 2011.

“Through its internal leadership conferences and forums, Carlyle has made a commitment to integrating responsible investing into its global professional development programs.”

Lori R. Sabet
Carlyle Managing Director and
Global Head of Human Resources
ESG and our Sub-Saharan Africa team

In 2011, we established a new investment team to target opportunities in Africa. Building on our experience in emerging markets, Carlyle is well positioned to enhance ESG practices when we invest in Sub-Saharan Africa. Our investment team will provide valuable insights into regional and cultural issues in Africa, enabling it to tailor its application of the guidelines to each investment.

Due diligence processes will include a thorough evaluation of each investment according to the PEGCC guidelines. In addition to emphasizing governance, transparency and environmental sustainability, our investment team will work with portfolio companies to focus on social issues throughout the life cycle of an investment. Key issues will include:

Community Impact. Carlyle professionals will work with portfolio companies to create a positive community impact:
- Spurring new economic activity that creates employment and training opportunities for citizens.
- Promoting company engagement—through financial support and volunteerism— with local issues.

Governance. Carlyle will work with the boards of directors and management of portfolio companies to help strengthen corporate governance practices:
- Establishing governance structures consistent with international best practices, including organizing compliance, audit and compensation committees.
- Drafting a code of ethics and requiring regular employee briefings and compliance certifications (emphasizing anti-corruption/anti-bribery practices).

“As Carlyle invests in Sub-Saharan Africa, we are particularly sensitive to the social issues associated with our investments. Our due diligence and portfolio management practices will reflect our commitment to responsible investing.”

Genevieve Sangudi
Managing Director
Carlyle Sub-Saharan Africa Team
Leading the way in developing a clean supply chain

H.C. Starck, a Carlyle Europe Partners II, L.P. portfolio company, develops and manufactures technology metals and advanced ceramics made of high-performance powders and fabricated products that are essential in a range of electronic and industrial products. The company has developed a clean supply chain process that ensures its products do not use minerals sourced from conflict regions. Civil society and the United Nations have expressed concerns that minerals sourced from conflict regions such as the Democratic Republic of the Congo (DRC) are sometimes used to fund armed factions and contribute to human rights abuses. H.C. Starck’s procurement processes ensure that raw materials are sourced ethically and sustainably. Its responsible supply chain management process enables the company to credibly assure customers and other stakeholders that its products do not contain minerals from conflict regions.

The company relies on documented evaluations made by procurement personnel when selecting suppliers and mandates that every purchase of supplies—such as raw materials, goods and services—must also be reviewed and certified as conflict-free. Its procurement supply chain process was certified by Bureau Veritas in 2010, making H.C. Starck the first company in the tantalum industry to implement a certified sourcing system. In addition, the Electronics Industry Citizenship Coalition has certified H.C. Starck’s tantalum supply chain free of conflict materials and lists the company as one of the first with conflict-free smelters.

With Carlyle’s support, H.C. Starck is taking steps to work with U.S. policymakers on issues relating to supply chains for minerals. In addition, the company is a founding member of the Public-Private Alliance for Responsible Minerals Trade. Sponsored by the U.S. Department of State, the alliance is dedicated to developing programs to ensure that future mineral production in the DRC region is conducted in a manner that enables economic development while ensuring that mineral production does not contribute to conflict or human rights challenges. Through this commitment, H.C. Starck will help contribute to the development of artisanal miners and communities in the DRC region while avoiding any unintended support of armed conflict through mineral or metal purchasing decisions and practices.

“H.C. Starck is committed to ensuring a conflict-free raw material supply. As responsible corporate citizens, we meet—and are continually striving to exceed—governmental, industry and environmental standards worldwide. We are aware of the conflict minerals provision of the Dodd-Frank Act and will be supporting our customers with their due diligence and disclosure requirements. As a result, we are likely to be a supplier of choice for companies that seek to report to the SEC that their supply chains do not contain minerals sourced from conflict regions.”

Andreas Meier
Chief Executive Officer
H.C. Starck
Becoming accountable stewards of the environment

We have expanded our environmental efforts thanks in large part to our development of EcoValuScreen with EDF in 2010. This framework is helping us not only evaluate target companies but also identify ways to enhance a company’s environmental operations.

In 2012, we will expand our focus on sustainability to Carlyle’s U.S. Real Estate investments with the aim of improving operations and reducing environmental impacts and costs associated with our investment properties.
EcoValuScreen: Expanding the use of a valuable tool

EcoValuScreen goes beyond the traditional focus of risk mitigation during the due diligence process. It identifies opportunities for operational enhancements that will lead to better environmental and financial performance during the early stages of the investment process.

Carlyle is using this approach to more effectively evaluate the operations of a target company, identify the most promising environmental management opportunities and incorporate this information into the post-investment management, governance and reporting plans of certain of our controlled portfolio companies.

We are seeking to apply EcoValuScreen to new controlling, corporate investments in the United States and are currently applying it to other buyout investment opportunities where appropriate, including in the United Kingdom. Each investment is in a different stage of the process. Updates follow for each of the five companies that are applying EcoValuScreen.
In October 2010, Carlyle Partners V, L.P. and Carlyle Europe Partners III, L.P. acquired NBTY, Inc., a global manufacturer and marketer of vitamins and nutritional supplements. As part of the value creation process during the past year, Carlyle, EDF and NBTY’s management team worked to measure ongoing environmental initiatives and identify new projects to improve efficiencies and reduce environmental impacts across NBTY’s operations. Through EcoValuScreen, NBTY and Carlyle have been able to build on many of NBTY’s current environmental achievements and find new value creation opportunities.

**Progress to Date:** Working with EDF, NBTY developed an environmental management tool—the first of its kind at the company—to measure and manage environmental impacts, such as energy, waste and water usage, at eight U.S. facilities that represent 25% of the company’s global square footage. Rolling out the new tool across the organization has enabled NBTY to benchmark facility environmental performance, manage impacts, and measure improvements and cost savings.

Using the environmental management tool, NBTY was able to track the savings from ongoing energy efficiency retrofits at seven U.S. facilities. These retrofits are expected to improve energy efficiency by 9%, reduce annual greenhouse gas emissions by approximately 1,400 metric tons and cut $479,000 in annual operating costs over the life of the projects. With average payback periods of fewer than eight months, these pilot projects demonstrate the financial and environmental value of investing in energy efficiency.

**Next Steps:** In 2012, NBTY plans to continue to develop its environmental management efforts, including:

- **Environmental best practices.** Expanding the use of the environmental management tool and standardizing best practices for humidity and water controls across additional facilities to improve efficiency, conserve resources and reduce costs.

- **Product innovation.** Changing product formulation and processing within manufacturing operations to reduce production time and cut energy use. The company projects reductions in energy consumption of about 40% for certain product categories. These innovations, along with other facility and process changes, could reduce energy costs by nearly $1 million per year.

- **Process improvement.** Upgrading energy recovery systems on granulation ovens at the Bohemia, New York, facility to reduce cycle time, conserve energy and eliminate the need for new capital expenditure on an additional oven. The investment is expected to boost performance by 33%, eliminate nearly 200 metric tons of greenhouse gas emissions and save approximately $50,000 per year.

- **Waste reduction.** Replacing rigid fiberboard drums with flexible bags to eliminate unnecessary packing and waste and reduce purchasing and waste disposal costs. Innovative and smart recycling methods will reduce solid waste even more. These initiatives are expected to eliminate more than 440,000 pounds of waste and save more than $700,000 each year.

- **International opportunities.** Supporting Holland & Barrett, NBTY’s UK brand, as the company enhances its Plan-it-Green initiative. Through this program, Holland & Barrett has established environmental goals relating to climate change and waste reduction (for more information on Plan-it-Green, go to www.hollandandbarrett.com/pages/planit-green.asp). For example, in 2010 Holland & Barrett became the first major retailer in the United Kingdom to eliminate plastic bags in its stores. Recently, representatives from Carlyle and EDF visited a Holland & Barrett retail store and the company’s UK headquarters to discuss new sustainability initiatives. Working with EDF and Carlyle, the company is evaluating new five-year sustainability goals and identifying appropriate benchmarks to measure future progress.

When implemented, these projects are expected to reduce operating costs by approximately $1.8 million per year and eliminate about 5,000 metric tons of greenhouse gas emissions and 440,000 pounds of waste annually.

“The EcoValuScreen process has created value at NBTY by helping us benchmark our energy efficiency initiatives and identify new projects that will result in real environmental and costs savings.”

Jeffrey A. Nagel
Chief Executive Officer
NBTY, Inc.
CommScope, Inc., a Carlyle Partners V, L.P. and Carlyle Europe Partners III, L.P. portfolio company, is a global provider of communications infrastructure solutions, such as cables and antennas, for wireless, corporate and residential broadband networks. Carlyle acquired CommScope in January 2011.

**Progress to Date:** Following the acquisition, representatives from Carlyle and EDF toured one of the company’s key manufacturing facilities in Catawba, North Carolina, to identify opportunities for EcoValuScreen. CommScope had already identified energy usage as a key issue and had completed some energy efficiency projects before engaging Arup, a global environmental consulting firm, to undertake an extensive energy audit at its Catawba plant.

**Next Steps:** Working with EDF, Arup and Carlyle, CommScope has identified several areas for potential projects to reduce energy consumption relating to lighting changes and controls, HVAC, process cooling systems and electric motors. The company is using this pilot process at Catawba to better understand the opportunities to improve energy efficiencies with the intent of establishing best practices and implementing similar projects at other facilities in 2012 and beyond.

Syniverse, a Carlyle Partners V, L.P. portfolio company, is a provider of technology and business solutions for the global telecommunications industry. The company, which Carlyle acquired in January 2011, provides roaming, messaging and networking solutions to more than 900 mobile operators, cable and Internet providers, and enterprises in more than 160 countries.

**Progress to Date:** Although Syniverse is in an industry with a traditionally low carbon footprint, the company is carbon conscious. EcoValuScreen was used as part of the investment process to assess the company’s current environmental initiatives and identify additional opportunities for improvement. The company has measured its largest environmental impacts—energy use and greenhouse gas emissions—and has devised an approach to reduce them. Syniverse has increasingly focused on its performance in these areas to improve efficiency and reduce costs while responding to growing customer demands for greener products and services. EcoValuScreen helped to validate and facilitate Syniverse’s ongoing environmental efforts.

In 2011, EDF advised Syniverse on the development of its first carbon reduction report, which includes the company’s greenhouse gas baseline. Syniverse also completed the Carbon Disclosure Project Supplier Information Request, outlining the company’s initial strategy to prepare for a low-carbon future.

**Next Steps:** The company’s goal for the next 12 to 18 months is to improve its public carbon disclosure score and rank within the Carbon Disclosure Project Leadership Index (CDPLI). This improvement will benchmark Syniverse against other companies as it strives to become a top-tier leader in the CDPLI.

Syniverse compiled 10 goals for reducing energy use and greenhouse gas emissions. These goals, which use a 2010 baseline and a 2015 deadline, include:

- Reducing direct energy use by 20%.
- Obtaining energy information from data center vendors and working with them to reduce their energy usage by 10%.
- Reducing air travel emissions by 15% by utilizing video and telecommuting tools to reduce travel needs.
- Decreasing paper waste by 20%, water consumption by 15%, vehicle miles traveled emissions by 10% and supply chain emissions by 10%.

Our goal is to make EcoValuScreen a more important part of our investment process, maximizing value creation through environmental management and innovation.
In a transaction that closed at the end of 2011, Carlyle Infrastructure Partners, L.P. acquired Park Water Company, which owns and operates two regulated water distribution utilities in California and one in Montana. During the pre-closing period, Carlyle worked with EDF and The Payne Firm, an international environmental consultancy acquired by TRC Environmental Corporation in 2011, to identify opportunities to build on efforts already underway at the company. Following the recent closing, Carlyle, Park Water and EDF will accelerate efforts in the coming months to explore environmental initiatives around water and energy conservation.

“Carlyle’s EcoValuScreen is delivering proven financial and environmental benefits. With plans to apply it to more investments and to continue measuring and reporting results, we’re eager to see Carlyle uncover even more value in 2012 for its companies, investors and the environment.”

Gwen Ruta
Vice President
Environmental Defense Fund

Carlyle Europe Partners III, L.P. acquired RAC Limited in September 2011. Founded in 1897, RAC is the second-largest roadside assistance provider in the United Kingdom with more than seven million members. RAC has already taken several steps to improve the environmental performance of its patrol force, closely monitoring carbon emissions and introducing speed limiters and intelligent deployment systems to reduce fuel consumption.

As part of EcoValuScreen, representatives from Carlyle, EDF and Environmental Resources Management, a sustainability consulting firm, recently met with RAC’s management team in Birmingham, United Kingdom. The meeting participants toured RAC’s main facility, analyzed the company’s operations and developed a short-term plan to implement EcoValuScreen. Going forward, the parties will collaborate to identify and implement initiatives that further enhance RAC’s emissions reduction programs and improve the energy efficiency of its facilities.
Applying the EcoValuScreen concept to our U.S. Real Estate funds

We believe there is an opportunity to apply the principles underlying EcoValuScreen—identifying environmental savings opportunities that have positive financial impacts early in the investment process—to our U.S. Real Estate portfolio.

According to a report from the European Centre for Corporate Engagement at Maastricht University, which was commissioned by APG, PGGM and USS, commercial buildings offer significant opportunities to reduce greenhouse gas emissions. The report concludes that the impact of energy costs directly affects property investors and users: energy represents about 30% of operating expenses in the typical office building in the United States.

Working with EDF and environmental consulting firm Arup, we have begun developing a framework that integrates environmental considerations into the decision-making processes for our U.S. Real Estate funds. Using the principles underlying EcoValuScreen, we are developing an initiative that will focus on:

- **Awareness and education.** Give investment professionals the tools to identify opportunities for efficiency in the sourcing, underwriting and management/operations of real estate assets.

- **Sustainability criteria for investments.** Identify a set of environmental considerations that can be integrated into the investment process.

- **Implement best practices.** Identify and implement operational sustainability initiatives across the portfolio to further enhance environmental objectives.

“Small improvements in environmental management of existing buildings, or in their energy efficiency, can have major effects on their current use of energy and on their life cycle energy consumption.”

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In 2007, Carlyle Realty Partners V, L.P. acquired the MBS Media Campus, a 22-acre studio complex located in Los Angeles County. The studio is one of the largest independently owned film and television studios in the country. In connection with its investment, Carlyle initiated a number of environmentally friendly projects, including the addition of composting stations and loaner bikes for cycling around the property. Solar panels are also being installed on the property. Lightstorm Entertainment recently selected the MBS Media Campus as the site for shooting the sequel to *Avatar*, noting the studio’s environmental initiatives as a key factor in its decision. This selection validates Carlyle’s focus on a more sustainable movie studio.
Environmental efforts paying off at portfolio companies

In addition to EcoValuScreen, Carlyle has been encouraging our portfolio companies to explore ways to improve energy efficiency. One approach is to work in partnership with sustainability experts to identify opportunities to enhance environmental efficiencies. In the past year, our companies have taken a number of steps, including hosting site visits by EDF and consulting firms, participating in EDF’s Climate Corps program, developing eco-friendly products, and enhancing sustainability reporting and management practices.

In 2010 and 2011, portfolio companies Allison Transmission and Veyance Technologies hosted site visits with sustainability experts to identify and evaluate potential operational enhancements to improve environmental performance.
Allison Transmission, a Carlyle Partners IV, L.P. portfolio company, is a global designer, manufacturer and supplier of automatic transmissions for medium- and heavy-duty commercial and specialty military vehicles. Working in partnership with Carlyle and EDF, Allison has identified a number of opportunities to improve the company’s energy efficiency.

In 2010, Allison hosted an ecomagination Treasure Hunt with EDF and GE Capital. The treasure hunt process, developed by GE, promotes energy efficiency awareness and action by working with volunteer employees from across a company to assess its operations and identify innovative ways to improve energy efficiency. In conjunction with the treasure hunt, Allison developed a greenhouse gas management tool—the company’s first effort to create a benchmarking system—that it is using to track energy usage across its facilities.

Building on results from the treasure hunt and Allison’s development of a greenhouse gas management tool, the company has undertaken a number of other projects that are showing positive results:

• Lighting retrofits that reduce 550 metric tons of greenhouse gases and decrease annual electricity expenses, in addition to the installation of solar- and wind-powered lighting in employee parking areas.
• Centralized recycling stations within each plant and point-of-use recycling receptacles in high-volume areas that have increased plastic recycling by 90% and cardboard recycling by 20% compared to 2009 levels.
• Use of storm water to augment groundwater in the cooling tower system at its Speedway Campus, resulting in the reuse of more than 800,000 gallons of rainwater within an approximate four-month period.

The company is considering several additional projects in 2012, including installing new air compressors and meters plant-wide to increase the ability to monitor and measure electricity at the plant level. Allison also recently published its inaugural corporate citizenship report which provides an overview of their initiatives.

Veyance Technologies, a Carlyle Partners IV, L.P. portfolio company, manufactures engineered rubber products such as conveyor belts, industrial hoses and rubberized tank track. Carlyle facilitated an energy and sustainability review at Veyance similar to our work with Allison Transmission. Working with EDF and the environmental sustainability and energy teams at PricewaterhouseCoopers (PwC) and CB Richard Ellis (CBRE), Veyance participated in an energy and sustainability review of its manufacturing facility in St. Marys, Ohio.

After analyzing historical energy data trends and evaluating current practices at the 800,000-square-foot campus over a two-day period, Veyance identified five initiatives for significant financial and environmental savings. For example, reducing steam trap leaks and improving steam line insulation could save approximately $1 million annually and result in an annual reduction of more than 6,000 tons of CO₂ emissions—the equivalent of removing 1,200 cars from the road. In consultation with EDF, PwC, CBRE and Carlyle, Veyance continues to evaluate these value creation opportunities in order to prioritize project implementation.

In addition to the sustainability review, Veyance is integrating energy efficiency concepts into product development. For example, the company recently launched Eagle NRG, a synchronous drive belt found in industrial machinery and air conditioning units. The belt provides up to a 98% energy efficiency rating, an average of 5% higher than comparable products. This improvement can translate into immediate energy savings of over $1,000 per drive system per year.
Helping to build renewable power in Connecticut

In January 2012, the Carlyle Energy Mezzanine Opportunities team, in partnership with Science Applications International Corporation, agreed to provide financing for the construction of a $225 million biomass project in Plainfield, Connecticut. The Plainfield Renewable Energy (PRE) project comprises 27 acres and is owned by a subsidiary of Enova Energy Group.

The biomass power plant will employ Best Available Control Technology to control emissions and is fully certified as a renewable power source in Connecticut. The project will consume wood readily available from various sources, including construction and demolition debris, recycled wood pallets and land-clearing materials. Connecticut Light & Power will purchase power from the plant based on a 15-year off-take agreement, utilizing the plant’s status as a renewable power source. The PRE project is expected to generate 37.5 net megawatts of clean energy to power the equivalent of 37,000 homes and is anticipated to create 400 jobs—300 during two years of construction and 100 direct and indirect permanent positions.

“This project is great news for Plainfield, the region and the state. It will create 400 jobs, bring more than $800,000 per year of tax revenues to the town and increase the supply of electricity to the region. It represents exactly the type of renewable energy projects that the state should attract.”

Paul E. Sweet
First Selectman
Town of Plainfield, Connecticut

Climate Corps fellows

At Carlyle, we realize that improving energy efficiency can help many of our portfolio companies manage operating costs, reduce environmental impacts and provide a competitive advantage.

Climate Corps is EDF’s innovative summer fellowship program that places specially trained MBA and MPA students in companies, cities and universities to build the business case for making smart energy efficiency investments.

During the summer of 2011, two of our portfolio companies—Booz Allen Hamilton and Dunkin’ Brands—participated in this program. In 2012, we will explore additional opportunities for Climate Corps fellows.
Booz Allen Hamilton, a Carlyle Partners V, L.P. portfolio company, worked with an EDF Climate Corps fellow to evaluate the full-service leases on most of its 120-plus office spaces, including LEED and Energy Star-certified properties. The EDF fellow identified a unique opportunity for the firm to participate in a building’s energy efficiency efforts without any requirement of capital from the firm or the landlord—usually a significant obstacle in a leased environment.

The EDF fellow helped Booz Allen identify how it could take advantage of the building’s ample ambient lighting by switching hallway lighting to emergency mode during hours of peak sunlight. This simple adjustment would enable the firm to reduce its carbon footprint by 24 metric tons, and at the same time, the property manager could reduce operating costs.

The EDF fellow also helped the firm educate employees on the constraints and opportunities of a leased environment and designed an energy-specific employee engagement strategy to help the firm leverage its dispersed workforce to improve the energy efficiency of its leased properties nationwide. The fellow also identified a software solution to help the firm streamline its carbon footprint initiative.

In addition, the EDF fellow helped calculate the impact of the firm’s new facilities and Way We Work strategy, which reflects Booz Allen’s commitment to sustainability and quality of life by basing employees closer to their homes to reduce commute times and their carbon footprint.

Dunkin’ Brands, a Carlyle Partners IV, L.P. portfolio company, hosted its first EDF Climate Corps fellow, who spent the summer focusing on opportunities to improve the energy efficiency of Dunkin’ Donuts stores belonging to franchisees.

The EDF fellow surveyed the energy usage at certain stand-alone Dunkin’ store locations. The analysis illustrated that if approximately 2,700 freestanding stores reduced their energy consumption by 15% through energy efficiency projects—an assumption strengthened by the results of store benchmarking—franchisees could collectively cut around $12 million in energy costs, 80 million kilowatt hours and 47,000 metric tons in associated CO2 emissions annually.

Based on the survey results, utility monitors have been installed in four stores. The monitors help track how much electricity the store is using at different times throughout the day. These savings will be tracked over the course of the year and will inform future energy-saving initiatives. In addition, Dunkin’ Brands has extended the energy-savings initiative to a corporate-owned location, updating components such as light fixtures and walk-in box motors that are used to cool or freeze products. Dunkin’ Brands hopes that its initiatives will serve as a case study for its franchisees.

Representatives from Carlyle participated in the fellow’s final presentation and are continuing to help Dunkin’ Brands pursue these initiatives. Dunkin’ Brands plans to participate in the EDF Climate Corps fellow program in summer 2012.

“EDF’s Climate Corps program has added value by helping us to better understand energy usage among our franchisees and identify new opportunities that will reduce environmental impacts and generate cost savings.”

Christine Riley
Corporate Responsibility Director, Dunkin’ Brands
Integrating sustainability into product design

Talaris, a Carlyle Europe Partners III, L.P. portfolio company, is a UK-based global provider of cash handling solutions. The company has implemented the ECO Design Product Stewardship program, which examines the environmental impact of its products throughout the supply chain and makes design decisions based on these impacts. This process starts with the selection of raw materials and continues through the product design and production stages, examining energy use and final disposal or reuse.

A recent example of this program at work was the development of the Talaris NMD 100, a bill-dispensing unit used in ATMs and other self-service machines. After a life-cycle analysis determined the product’s carbon footprint, Talaris made improvements that greatly reduced the environmental impact of the NMD 100 compared to its predecessor.

Talaris reduced the embedded energy in the NMB 100’s plastic and metal content and lowered the carbon dioxide equivalent in the energy used by the product. Cutting the material content also lessens the environmental burden at the end of the product’s life cycle.
Recognition for Hertz Corporation’s sustainability efforts

Carlyle Partners IV, L.P. acquired the Hertz Corporation, a global car rental company, in 2005. In last year’s Corporate Citizenship Report, we reported on the Hertz Electric Vehicle Mobility program, the first program of its kind to provide a range of all-electric and plug-in hybrid vehicles on a rental basis on a global scale. As a result of this program, Hertz was listed in the top 20% of Fortune 100 sustainability companies and the Newsweek Green Rankings of the top 500 U.S. companies—a significant improvement over 2010.

In 2011, Hertz expanded its electric vehicle program beyond the United States to Europe and China. The company also announced that it is installing more than 2.3 megawatts of solar photovoltaic systems at 16 locations across the United States in the first phase of the company’s solar initiative.

From its commitment to electric vehicles and other low emission vehicles to its implementation of reduced water usage and its new solar program, Hertz is at the forefront of integrating sound environmental practices with pro-consumer service, efficiency and growth strategies.

In this report, Hertz outlines its environmental sustainability program and the company’s efforts to prevent and minimize environmental impact from its operations across the globe.

UK CRC disclosure

Carlyle is complying with the requirements under the UK Carbon Reduction Commitment Energy Efficiency Scheme (CRC), the country’s first mandatory carbon trading scheme, which became effective in April 2010. The UK government has committed to reducing CO2 emissions by 60% by 2050, and the CRC aims to encourage large “low energy-intensive” organizations not covered by existing E.U. legislation to reduce their CO2 by 1.2 million tons per year by 2020.

All organizations that have had at least one “half-hourly” electricity meter operating in the United Kingdom since 2008, and use more than 6,000 megawatt hours of electricity per annum, must measure and report their carbon emissions annually to the Environment Agency. This includes companies whose headquarters are located outside the United Kingdom. Starting in 2012, qualifying companies will be required to buy allowances from the government each year to cover their emissions. Under the plan, the cost to those companies that reduce emissions will fall annually. A performance league table will publicize how organizations are performing relative to other participants, with the aim of enhancing the reputation of good performers and exposing consistent poor performance.

A portfolio company that qualifies under the CRC is grouped together with its owner fund, along with other portfolio companies held by that fund, as one “CRC organization.” Carlyle has registered four such CRC organizations, which will need to buy allowances in 2012. Each registering CRC organization has appointed a special-purpose entity to act as its primary member for compliance purposes and, where appropriate, to register and ensure compliance with the requirements. Registrations were submitted by September 30, 2010, and each CRC organization is in continuing dialogue with the Environment Agency and Carlyle’s advisors about the requirements for ongoing CRC compliance.
“Given CommScope’s commitment to integrating environmental sustainability into our business processes, we felt it was important to communicate our progress to interested stakeholders and the broader public. Carlyle has strongly supported our efforts to enhance transparency around our sustainability initiatives.”

Marvin (Eddie) S. Edwards, Jr.
President and Chief Executive Officer
CommScope

Reporting and sustainability officers
Consistent with Carlyle’s commitment to transparency and accountability, several of our portfolio companies have published their own corporate citizenship reports and designated sustainability officers to manage ESG initiatives.

Dunkin’ Brands published its inaugural CSR report, “Serving Responsibly,” in 2011. The report provides guests, employees, franchisees and other stakeholders with a candid evaluation of the environmental and social issues facing Dunkin’ Brands’ businesses. The report addresses issues such as nutrition, responsible product sourcing, packaging, greener building and charitable giving. The report summarizes the company’s achievements in these areas and the steps it is taking to address these issues in the future.

CommScope also published its inaugural CSR report in 2011. Throughout the report, titled “Our Business/Our Environment/In Balance,” CommScope demonstrates its commitment to sustainable and responsible practices that balance the needs of the company, its employees and the planet. CommScope has a long and distinguished track record for high ethical standards and global leadership in communications network infrastructure.

Freescale, recognized by Ethisphere Institute as one of the World’s Most Ethical Companies for the fourth year in a row, has had a long-standing commitment to providing open access to information and delivering solutions that make the world greener, safer, healthier and more connected. Freescale has published an annual CSR report since 2006. Its report provides an integrated overview of the environmental, economic and social aspects of Freescale business activities and technologies.

Talaris published a report that is compliant with the UK reporting requirements under the Walker Guidelines. While not required to publish this report, the company nevertheless recognized the benefit of implementing the reporting requirements and filing a public report.

Allison Transmission published its first corporate citizenship report for 2011, which highlights the company’s many philanthropic and environmental efforts.

Syniverse published its first carbon reduction report, which includes the company’s greenhouse gas baseline.

China Fishery has committed to publishing its first CSR report in 2012.

Companies that have established CSR or sustainability officers include Booz Allen Hamilton, China Fishery, CommScope, Dunkin’ Brands and Hertz Corporation.
Conservation and virtualization initiatives in information technology

To reduce our energy consumption, Carlyle has implemented Energy Star-compliant desktop computers, laptops and monitors across its global workforce. We have the ability to directly control the power-saving aspects of our hardware by automatically turning off components after set periods of inactivity and adjusting voltages to reduce both the amount of heat produced and electricity consumed.

We also recycle computing equipment to keep harmful materials such as lead, mercury and hexavalent chromium out of landfills.

Carlyle is in the process of virtualizing our global data centers to further reduce our ongoing environmental impact. Virtualization is a method of running multiple independent operating systems on a single physical computer. Switching to virtualization is expected to reduce our carbon emissions, as measured in pounds per hour, from approximately 56 to four throughout our U.S. offices. This amount of carbon reduction is equivalent to removing 41 cars from the road on an annual basis or planting 5,666 10-year-old trees.

Our new eco-friendly office in Rosslyn, Virginia

In 2011, Carlyle opened a new office in Rosslyn, Virginia. We partnered with HITT Green Construction to incorporate green standards into the construction process. Sustainable efforts at our new Rosslyn office include:

- Recyclable and natural building materials that contain up to 100% post-consumer, recycled content and little or no volatile organic compounds.
- Natural light and technology to reduce the need for artificial lighting, and motion detectors and high-efficiency lighting in private offices and copy rooms when artificial lighting is required.
- Energy- and water-conserving equipment utilized in the new lease space.
- A commitment to construction and demolition debris recycling: 85% of construction-related debris and more than 75% of the more than 86 tons of demolition-related debris were diverted to recycling.
Partnering with an expert in sustainable construction enabled us to incorporate green standards in our new Rosslyn office.
We get involved where we live and work

One Community is a flexible, locally focused initiative. Employees can volunteer through Carlyle’s partnership organizations or select a project that has significance in their local community. Either way, Carlyle supports a range of volunteer programs in diverse geographic and cultural contexts.
In the aftermath of the Great East Japan Earthquake that hit northeastern Japan, we put our One Community approach to work through individual donations and by volunteering in disaster relief efforts. The earthquake and tsunami that followed took nearly 20,000 lives.

Carlyle Japan formed two volunteer teams and traveled to Ishinomaki City, in the Miyagi Prefecture, one of the most devastated towns affected by the tsunami. Through collaboration with an active relief nonprofit organization, Carlyle teams removed rubble from homes to help restore housing. The teams also traveled to Nihonmatsu City, in the Fukushima Prefecture, and served meals and organized entertainment events for children at a temporary evacuation center.

Other One Community efforts during the year included:

- **Beijing.** We have been working closely with Junior Achievement China since early 2010, participating in a program called Young Enterprise. Students in the program won first prize in an annual competition among all schools in Beijing. Our partnership with Junior Achievement, the world’s largest nonprofit organization dedicated to educating K-12 students about financial literacy, enables Carlyle offices across the globe to participate in volunteer opportunities that are ideally suited to the workplace skills of our employees.

- **Brazil.** Employees donated nonperishable goods, clothing and blankets to Rio de Janeiro State to provide assistance needed due to constant rains and flooding.

- **London.** Our London office took part in the World’s Biggest Coffee Morning event—a national fundraising effort with a collective annual goal to raise £10 million for Macmillan Cancer Support, a nonprofit organization focused on providing practical, medical and financial support for people affected by cancer. Our employees organized the event and raised funds for the charity, and ensured that Carlyle’s matching program was utilized in the process.

- **Washington, DC.** More than 40 employees from our Washington, DC office volunteered to teach K-5 students at Ferebee Hope Elementary School about financial literacy as part of an all-day Junior Achievement event called JA in a Day.

“The earthquake and its aftermath was a difficult period for Japan. I am proud of how my fellow Japanese citizens responded. I am also proud of my colleagues’ collective response in providing physical and emotional support to those people and communities with the greatest need.”

Tamotsu Adachi
Managing Director and Co-Head
Carlyle Japan Partners

**Joining together to transform public education**

Three Carlyle professionals established Charter Board Partners (CBP), a Washington, DC-based nonprofit organization that brings together business leaders with local public charter schools through board service. CBP’s novel approach to placing experienced business professionals on the boards of charter schools borrows directly from Carlyle’s model of helping companies drive performance growth and operational improvements. The organization, which has partnered with 13 schools and trained more than 100 business professionals for board service, works directly with schools to identify their unique needs, from building leasing services to talent evaluation and management. It then addresses these needs by matching schools with business professionals who possess relevant skills.

“Our goal is to transform public education by bringing the power of good business practices to local charter schools,” said Cedric Bobo, a Principal on Carlyle’s U.S. Buyout team. “We believe that schools, when operated according to the right mix of business and education principles, can transform the lives of children and communities.”
A commitment to sharing wealth

Our Wealth Sharing Program supports U.S. Carlyle employees in their charitable giving by matching on a dollar-for-dollar basis up to $2,000 per year for contributions made to educational and humanitarian organizations. Participation in the program has been rising consistently since 2009. The program allows us to work together with employees to give back to the communities in which we work and invest across the globe. It also fosters the One Carlyle spirit by supporting the charitable activities of Carlyle professionals.

In 2011, we launched a similar matching program in the United Kingdom that matches employee donations to eligible charities up to £1,300 per employee per year. The program enables employees to make one-time or recurring donations to charities of their choice directly as deductions from their earnings.

Creating a season of giving

In 2011, our Rosslyn, Virginia, and Washington, DC offices kicked off our first-ever Season of Giving. This special two-month event provided a variety of volunteer opportunities for Carlyle employees, from getting involved in the community to making a holiday donation to area families and children. In the One Carlyle spirit of working together to create positive change, employees volunteered their time to participate in:

• Food drives
• Clothing drives
• Toy and gift drives
• Tutoring/mentoring programs
• Sponsored walks

Fostering the development of minority professionals

In 2009, Carlyle and the Robert Toigo Foundation launched the Toigo Private Equity MBA Graduate Fellowship, an industry initiative aimed at attracting minority MBA graduates to the sector.

Ryan Ashley, Carlyle’s 2011 Toigo fellow, is completing his six-month assignment with our U.S. Buyout Consumer and Retail team and will then work at NBTY, a Carlyle portfolio company.

Together with Toigo, we recently awarded our third MBA fellowship to Megan Pasricha, who is currently completing her MBA at Harvard Business School. She will join Carlyle Global Financial Services Partners for six months beginning in August 2012 as part of the Toigo rotation.

There has been a positive response to the program within our industry, and competition for the fellowship has increased significantly since the program began. This year Vista Equity Partners participated in the Toigo fellowship program and identified two 2012 fellows to join the firm in their Chicago and Austin offices. Carlyle has committed to participate in the Toigo fellowship program for an additional two years.
Striving for workplace diversity

Carlyle values the opportunity and perspective we gain from an inclusive culture that fosters and nurtures a workplace of diversity.

In March 2011, Adena Friedman joined Carlyle as Managing Director, Chief Financial Officer, and member of the firm’s Management and Operating Committees. Adena came to Carlyle from the NASDAQ OMX Group, where she served in several senior roles since 1993, most recently as CFO and Executive Vice President for Corporate Strategy. She is the only female CFO among the top-tier global alternative asset management firms.

In November 2011, Buyouts magazine singled out five top women in U.S. private equity. Included in this group was Carlyle’s Sandra Horbach. Sandra leads our Global Consumer and Retail team, which she launched in 2005, and has led several successful Carlyle transactions, such as Dunkin’ Brands and philosophy, Inc.

In addition, Carlyle was the recipient of the Foreign Policy Association’s 2010 Corporate Social Responsibility Award, which recognized our firmwide corporate citizenship initiatives as well as those related to our human resources efforts.

Carlyle values the opportunity and perspective we gain from an inclusive culture that fosters and nurtures a workplace of diversity.
We believe we have created a framework that enables us to uphold the highest ethical and business standards across our firm. Maintaining Carlyle’s good name and the good names of our investors is—and always has been—paramount. From the earliest years of the firm, we have invested heavily in our systems and controls. We perform most ongoing activities in-house, including investor relations, corporate communications, risk management, financial reporting and accounting oversight.

Ownership
Carlyle is a private partnership, owned by a group of senior Carlyle professionals and two institutional investors. Mubadala Development Company, a strategic investment and development company headquartered in Abu Dhabi, owns approximately 9.3% of Carlyle and CalPERS, the California Public Employees’ Retirement System, owns approximately 5% of the firm.

Management
Carlyle is headquartered in Washington, DC and has offices in 21 countries. The firm is managed by its three Co-Founders and Managing Directors, William E. Conway, Jr., Daniel A. D’Aniello and David M. Rubenstein. The three founders are joined by Glenn A. Youngkin, Managing Director and Chief Operating Officer, and Adena Friedman, Managing Director and Chief Financial Officer, on the firm’s management committee. All investments made by Carlyle-sponsored funds are assessed and approved by investment committees comprising senior investment professionals.

Investment advisory entities based in offices around the world provide the funds with investment advice. Carlyle has also established an operating committee that provides leadership to serve our investors today and in the future. The operating committee is led by eight senior Carlyle professionals: Glenn A. Youngkin, Chair; Michael W. Arpey; Jeffrey W. Ferguson; Adena Friedman; David M. Marchick; Michael J. Petrick; Bruce E. Rosenblum; and Gregory L. Summe.

Compliance Officer
Catherine Ziobro is Carlyle’s Chief Compliance Officer and is based in Washington, DC. Ms. Ziobro is responsible for the oversight and management of Carlyle’s compliance program.

Conflicts of Interest
Carlyle has adopted a Code of Conduct that sets forth the standards of ethical conduct for its employees. The firm also has a conflicts committee to help manage conflicts of interests that may arise during the conduct of its business.

UK “Walker” Guidelines for Disclosure and Transparency
As a member of the British Venture Capital Association, Carlyle believes that it is fully compliant with the Walker Guidelines for Disclosure and Transparency. Carlyle’s website, www.carlyle.com, is regularly updated, and the information within it forms the basis upon which compliance with the Guidelines is maintained. This Corporate Citizenship Report is produced in addition to the website to deliver an overview of the firm and its activities. The Carlyle portfolio company Talaris has voluntarily complied with the Walker Guidelines since its acquisition by Carlyle. Recently added portfolio companies—Integrated Dental Holdings and RAC—will comply with the Walker Guidelines in 2012 and will submit reports in accordance with their requirements.

The Carlyle Group’s UK Buyout Operation
CECP Advisors LLP is a UK Financial Services Authority (FSA)-regulated entity based in London that provides investment advisory services to Carlyle’s European buyout and growth capital investment funds, among other non-regulated services. The buyout funds include Carlyle Europe Partners, L.P., Carlyle Europe Partners II, L.P. and Carlyle Europe Partners III, L.P. The growth capital funds include Carlyle Europe Venture Partners, L.P., Carlyle Europe Technology Partners, L.P. and Carlyle Europe Technology Partners II, L.P. The advisory services provided by this UK FSA-regulated entity include providing advice and recommendations to the funds with respect to origination, investigation, structuring, financing, acquisition, monitoring and/or for the disposition of investments. It does not make investment decisions on behalf of the investment funds or have the authority to enter into contracts or commitments on behalf of the investment funds. Andrew Burgess, Managing Director, heads Carlyle’s UK buyout operation. Robert Easton, Managing Director, and Michael Wand, Managing Director, co-head Carlyle’s Europe technology operation. Louise Dumican, Associate Vice President, is the compliance officer for CECP Advisors LLP. The UK companies in Carlyle’s Europe funds include Ensus, The Foundry, Integrated Dental Holdings, ITRS Group, RAC and Talaris (see www.carlyle.com for details).
Germany “BVK” Guidelines for Disclosure and Transparency

Carlyle is a member of the Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (BVK), the German private equity and venture capital trade association. Carlyle believes that it is fully compliant with the voluntary BVK Guidelines for Disclosure and Transparency and that our German portfolio companies, including H.C. Starck and the Puccini Group, will comply with the BVK Guidelines as and when the guidelines apply to them. Carlyle’s website, www.carlyle.com, is regularly updated, and the information within it forms the basis upon which compliance with the BVK Guidelines is maintained. This Corporate Citizenship Report is produced in addition to the website in order to deliver an overview of the firm and its activities.

The Carlyle Group’s German Buyout Operation

Carlyle utilizes the services of Carlyle Beratungs GmbH, an independent advisory company based in Munich, Germany, that provides advisory services with respect to investment activity in Germany to Carlyle’s buyout funds, Carlyle Europe Partners, L.P., Carlyle Europe Partners II, L.P. and Carlyle Europe Partners III, L.P. Dennis Schulze and Michael C. Schuster are directors of this advisory entity. The advisory services include providing advice and recommendations to the funds with respect to origination, investigation, structuring, financing and monitoring. It does not make investment decisions on behalf of the investment funds or have the authority to enter into contracts or commitments on behalf of the investment funds. Gregor Böhm, Managing Director, is a specialist in German private equity providing advice to Carlyle’s buyout funds.

About The Carlyle Group

Carlyle is a global alternative asset manager with $148 billion of assets under management in 89 active funds and 52 fund of fund vehicles as of September 30, 2011. Carlyle invests across four segments—Corporate Private Equity, Real Assets, Global Market Strategies and Fund of Funds Solutions—in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has developed expertise in various industries, including: aerospace, defense and government services, consumer and retail, energy, financial services, healthcare, industrial, technology and business services, telecommunications and media, and transportation. Carlyle employs more than 1,200 people in 33 offices across six continents and 21 countries (see www.carlyle.com for more details). Since inception through September 30, 2011, Carlyle has invested $74 billion across our Corporate Private Equity and Real Assets segments. As of September 30, 2011, we have more than 200 Corporate Private Equity and Real Assets portfolio companies that employ more than 600,000 people.
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The Carlyle Group

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The Carlyle Group saved the following resources by using 3,749 pounds of Primavera Silk (FSC) made with 80% recycled fiber and 60% post-consumer waste, elemental chlorine free and manufactured with electricity that is offset with Green-e® certified renewable energy certificates.

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Calculations based on research by Environmental Defense and other members of the Paper Task Force

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