

In 2011, Carlyle became the first global alternative asset management firm to publish a report dedicated to corporate citizenship. We published our second report in 2012. This year, at the recommendation of many of our investors and NGOs, who collectively believe that integrated reporting is more efficient and comprehensive, we have incorporated our corporate citizenship reporting into our broader annual review. Our new approach also demonstrates that responsible investing and environmental stewardship have become integral elements of how we invest and conduct our business.

# corporate citizenship

# sustainably different

We believe that creating lasting value means investing wisely and responsibly wherever we do business throughout the world. It 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 not just stronger companies, but also better communities.

# Responsible Investing

We follow responsible investment guidelines that help us identify and reduce risks related to environmental, social and corporate governance (ESG) issues during the investment process.



# One World

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



# One Planet

Environmental sustainability continues to be an important part of the value creation process at Carlyle. We continually seek opportunities to expand our approach across companies and funds.



# One Community

We get involved where we live and work with a flexible, locally focused initiative that encourages employees to volunteer through Carlyle's partnership organizations or by selecting a project that has significance in their local community.



# One Resource

We support Carlyle employees with a wealth sharing program that provides matching funds for their charitable giving to educational and humanitarian organizations.



## Responsible Investing

Responsible investing remains an integral part of Carlyle's value creation process. Our goals are to assess the ESG risks associated with our corporate investments, enhance the environmental performance of our portfolio companies through improved operational efficiencies and mitigate potential negative effects of low-probability, high-impact ESG risks.

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 helped shape the corporate social responsibility guidelines later adopted by the members of the Private Equity Growth Capital Council (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.

In 2011, we took the important step of sharing our responsible investment guidelines with our controlled portfolio companies and encouraged them to review the guidelines at board meetings at least once a year. During the past year, more than 70 companies—representing more than 90% of Carlyle controlled companies—reviewed their operations in accordance with the guidelines.

We're pleased with the progress being made by our portfolio companies. You'll find highlights throughout this section of the report.

## ESG initiatives progress report



### Bringing sustainability to the sea

*Carlyle Asia Partners III, L.P.*

China Fishery Group is committed to maintaining sustainable fishing practices. The company created a Corporate Social Responsibility Committee to guide its sustainability initiatives and works continually to secure access to underutilized and abundant ocean resources. China Fishery uses the latest catch and processing solutions to harvest, process onboard and deliver high-quality fish from some of the world's most important fishing grounds to consumers throughout the world.



### Focusing on continuous improvement

*Carlyle Asia Partners III, L.P.*

Guangdong Yashili Group, one of China's largest infant formula companies, established the Yashili Food Quality and Safety Advisory Committee in 2010, the first of its kind in the Chinese dairy industry. Yashili, whose broad product lines include milk and rice powder, cereal, and soy milk, is committed to combining product quality with sustainable growth. Its efforts to improve its capabilities in quality control and research and development have enabled it to achieve industry-wide quality standards, such as ISO9001 and HACCP.

INITIATIVE	STATUS/OUTCOME
<p>Publish an inaugural sustainability report.</p> <p>Establish criteria for reviewing the environmental and social risk profiles for fisheries.</p> <p>Conduct sustainability audits for major fisheries, based on internally developed criteria.</p> <p>Support international declarations regarding sustainable fisheries management.</p> <p>Support FAO (Food and Agriculture Organization of the United Nations) compliant sustainability certification processes in relevant fisheries.</p> <p>Support scientific research to improve fisheries management.</p> <p>Encourage management support and participation in APEC initiatives on food security.</p>	<p>COMPLETED: Report published in August 2012 in collaboration with the parent company to cover the entire supply chain.</p> <p>COMPLETED: Criteria established for major fisheries in which the company operates.</p> <p>COMPLETED: Audits completed for fisheries in the Faroe Islands and Mauritania.</p> <p>COMPLETED: Became a signatory to the Prince of Wales' International Sustainability Unit's joint declaration on action for wild marine fisheries.</p> <p>IN PROGRESS: Set a target to increase the sourcing of sustainably certified product ranges and continue to engage with certification bodies and stakeholders.</p> <p>IN PROGRESS: Supporting a three-year study for finding common ground on the scientific knowledge regarding trawling best practices.</p> <p>IN PROGRESS: Became one of three private sector representatives in Hong Kong nominated to sit on APEC's newly formed Policy Partnership on Food Security for an initial period of three years.</p>
<p>Conduct a baseline audit to assess the food safety/quality system.</p> <p>Assess overall safety and quality of products as compared to U.S., New Zealand/Australian, and Hong Kong standards.</p> <p>Implement new training programs for all Yashili laboratory personnel.</p> <p>Work with the Stakeholder Panel on Infant Formula and Adult Nutritionals, Association of Official Analytical Chemists.</p> <p>Participate in the Asian Pacific Economic Cooperation, Food Safety Cooperation Forum, Partnership Training Initiative Network.</p>	<p>COMPLETED: Audit performed by an internationally recognized auditing company in late 2011.</p> <p>COMPLETED: Results indicated that all product samples were in compliance with comparison country requirements.</p> <p>COMPLETED: Post-training review confirmed that laboratory practices were adopted.</p> <p>IN PROGRESS: Developing standard methodologies for testing nutritional components.</p> <p>IN PROGRESS: Yashili is the first Chinese infant formula company to participate in the training program.</p>



## Helping to create a more sustainable food supply in China

In China, Carlyle is differentiated by our length of experience in the country and by our team composed of many native Chinese investment professionals. This combination enables us to spot trends that can create opportunities. For example, we saw that China's rapidly growing middle class is creating rising demand for higher quality food and a greater selection of protein products. As a result, we invested in companies that have the potential to help meet this demand while modernizing China's food industry and creating a more efficient, increasingly sustainable food supply.

## One Planet: Environmental Stewardship

Environmental sustainability continues to be an essential part of the value creation process at Carlyle, and we seek opportunities to expand our approach across companies and funds. Currently, more than a dozen of our active portfolio companies have ongoing sustainability programs. These programs have saved, or are planning to save, over \$7 million while reducing greenhouse gas emissions by over 31,000 metric tons.

### EcoValuScreen

EcoValuScreen enables us to take a different approach to investing by going beyond the traditional focus of risk mitigation during the due diligence process. This tool, which we developed with Environmental Defense Fund (EDF), identifies opportunities for operational enhancements that will lead to better environmental and financial performance during the early stages of the investment process.

We use 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 some 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. We are also expanding the environmental sustainability principles underlying EcoValuScreen to our U.S. real estate investments.



*Carlyle Partners V, L.P. & Carlyle Europe Partners III, L.P.*

CommScope is a global provider of communications infrastructure solutions, such as cables and antennas, for wireless, corporate and residential broadband networks.

**INITIATIVE**

Initiate an energy audit of the company's flagship facility in Catawba, North Carolina, and collect energy data from facilities.

Shift to wireless programmable thermostats and unit heaters.

Reduce high-pressure sodium lighting in seven manufacturing facilities.

**STATUS/OUTCOME**

COMPLETED: Audit completed and energy data collected from the company's 19 facilities across the globe.

IN PROGRESS: Wireless devices can reduce energy consumption by an estimated 66,400 therms, a little over 5,000 kilowatt hours on an annual basis, and generate expected annual costs savings in excess of \$119,000.

PLANNED: Potentially reduce global energy consumption within the large manufacturing facilities by about 2.5%—a decrease of 5.2 million kilowatt hours and over \$650,000 in annual costs.



*Carlyle Partners V, L.P. & Carlyle Europe Partners III, L.P.*

NBTY, Inc. is a global manufacturer and marketer of vitamins and nutritional supplements.

Implement over 50 projects aimed at reducing environmental impacts.

Replace over 600 lighting fixtures with newer technology at major North American facilities and install occupancy sensors in select locations.

Conduct compressed air audits to repair leaks and replace air motors with electric motors.

Switch from gelatin raw material in cardboard drums to bags.

COMPLETED: Estimated annual savings of \$1.5 million while reducing greenhouse gas emissions by over 4,700 metric tons—equivalent to removing 920 cars off the road.

COMPLETED: Annual savings of \$112,000 and reduced greenhouse gas emissions by 493 tons.

COMPLETED: Expected annual savings of \$270,000 and environmental impact reduced by over 1,000 tons.

COMPLETED: Annual savings of \$258,000 and carbon footprint reduced by 680 tons of greenhouse gas emissions.



*Carlyle Infrastructure Partners, L.P.*

Park Water Company owns and operates two regulated water distribution utilities in California and one in Montana.

Replace pumps and motors at four wells.

Replace over 46,000 feet of water main.

Reduce leaks and install more accurate multi-jet meters to measure water usage.

Develop a water energy sustainability tool to measure the full life-cycle impact of water-related infrastructure components.

COMPLETED: Estimated two-year payback based on electrical savings.

COMPLETED: Reduced friction in the pipes and increased pipe diameters, cutting energy lost in moving the water.

COMPLETED: Reduced water loss by 50%.

IN PROGRESS: The tool measures energy consumption, greenhouse gas emissions and other environmental impacts.



Carlyle Europe Partners III, L.P.

RAC is the second-largest roadside assistance provider in the United Kingdom with more than seven million members.

“Through the EcoValuScreen program, RAC has worked with Carlyle and Environmental Defense Fund to sharpen its focus on environmental sustainability. We believe this process is improving how we do business and is generating real savings across several key parts of our operations, including fuel usage and office operations.”

**Chris Woodhouse**  
Chief Executive Officer, RAC

**INITIATIVE**

**STATUS/OUTCOME**

Engage sustainability consulting firm Environmental Resources Management, in conjunction with RAC, Carlyle and EDF, to perform an in-depth study of energy usage and emissions across the RAC estate.

Enshrine “quick wins” from the study in a new facilities management outsourcing contract and introduce monthly tracking of emissions and usage.

Improve building emissions by introducing a new building management system—this is key to addressing the issues highlighted in the study.

Improve fuel efficiency of the RAC patrol force by reducing fuel consumption and emissions.

Introduce telematics into the RAC patrol force. This is an effective monitoring tool and should help reduce miles driven and emissions.

COMPLETED: The preliminary study identified potential savings of up to 1.8 million kilowatt hours p.a., equivalent to over £100,000 p.a.

COMPLETED: New contract signed with a third-party contractor and the quick wins executed. RAC will see the benefits during 2013. Monthly emissions tracker has been introduced.

IN PROGRESS: Introduction of a new building management system is underway and should be completed in the first half of 2013.

IN PROGRESS: Delivered fuel savings of around 5% (£600,000) through implementation of operational best practice in 2012. Other projects, such as upgrading the fleet to Euro 5 emissions reduction technology, will drive further improvements in 2013.

IN PROGRESS: Telematics technology was successfully tested for RAC patrols in 2012 and is set to help yield further fuel savings in 2013.



Carlyle Partners V, L.P.

Syniverse is a provider of technology and business solutions for the global telecommunications industry.

Publish an inaugural Carbon Disclosure Report.  
Participate in EDF’s 2012 Climate Corps Fellow program.

Initiate an employee Sustainability Implementation Contest.

Reduce energy consumption by 20% by 2015.

Reduce emissions associated with travel.

Undertake efficiency initiatives identified by the EDF Fellow at the company’s 200,000-square-foot Tampa office and data center.

COMPLETED

COMPLETED

COMPLETED: Plans submitted to reduce electricity consumption and launch employee engagement and carpool programs.

IN PROGRESS: Reduced emissions associated with energy usage by 8.4%, accounting for 33% of the 20% reduction goal.

IN PROGRESS: Reduce emissions by 15% to meet Syniverse’s 2015 goal.

RECOMMENDED: Estimated savings of up to 1.5 million kilowatt hours and \$187,000 in energy costs annually.

# Taking a different approach to real estate investing

## U.S. Real Estate

Last year, we committed to expand our environmental sustainability program to our U.S. real estate portfolio. To help Carlyle develop a tailored approach for real estate, we hosted a Climate Corps Fellow from EDF who worked closely with the U.S. Real Estate team to develop a framework and implementation guide. Climate Corps is EDF's summer fellowship program focused on placing MBA and MPA students in companies to help develop and implement energy efficiency initiatives.

Working with Carlyle's investment professionals, the Fellow made three recommendations:

1. **Incorporate an energy analysis into the acquisition process.** During the due diligence process, investment teams should benchmark the asset's historical energy usage to identify properties with the best opportunity for improvement and incorporate energy efficiency into the business plans.
2. **Conduct a review of existing portfolio investments.** Carlyle can leverage the growing offering of sustainability software to evaluate whether certain existing properties are candidates for additional capital investment to capture energy savings.
3. **Raise sustainability awareness among all Carlyle real estate professionals.** Investment teams can develop energy performance goals and apply best practices by asset class across the investment portfolio.

Carlyle has begun incorporating best practices identified by the EDF Climate Corps Fellow last summer. For example, during the recent acquisition of Houston Galleria Plaza, a mixed-use property in Texas constructed in 1976, Carlyle assessed the building's energy performance and conducted a detailed online energy assessment to determine savings opportunities.

"During 2012, Carlyle became the first alternative asset manager to engage an EDF Climate Corps Fellow to support its commercial real estate investments. As a result, Carlyle is well positioned to implement energy and environmental initiatives across the firm's real estate portfolio. We're excited to see Carlyle expand this effort and continue to demonstrate that sustainability can create value across multiple asset classes."

**Tom Murray**  
**Vice President, Corporate Partnerships**  
**EDF**

## Carlyle Europe Real Estate Partners

Our real estate team in Europe has also heightened its awareness of sustainability issues. In October 2007, Carlyle Europe Real Estate Partners III, L.P. acquired Blanche, an old industrial building in the center of Paris, with plans to convert it into a premium Class A office building. In January 2012, after three years of intensive renovation, Carlyle had converted the former warehouse into a modern energy-efficient building.

During the development period, Carlyle applied for a special environmental certification under the control of CERTIVEA, a French organization overseeing sustainability efforts in the real estate sector. Carlyle focused on increasing the recycling of construction materials, reducing water consumption and improving the use of green construction materials. As a result, the building was awarded an energy certification recognizing that it is 20% below French legal requirements.

## Global Real Estate Sustainability Benchmark Survey

In 2012, Carlyle's U.S., Europe and Asia real estate teams participated in the Global Real Estate Sustainability Benchmark survey. This globally recognized survey, which is sponsored by several large limited partners, is focused on promoting sustainability improvements among real estate assets. The survey will serve as a benchmark and will help us monitor our real estate-related sustainability initiatives.



## Carlyle Asia Real Estate Partners: Saving energy, saving money

In 2010, Carlyle Real Estate Partners acquired Aurora Place on behalf of National Pension Service of Korea. Aurora Place is a landmark premium-grade office building with a prime location in the financial center of Sydney. Each year, the property receives a rating, an appraisal review and recommendations for improvements from the National Australian Built Environment Rating System. Improvements made following these ratings have enabled the building to achieve energy savings of 30%.

# Making a positive difference on the environment

Carlyle encourages portfolio companies to explore ways to improve energy efficiency. One approach is to work with sustainability experts to identify opportunities to enhance environmental efficiencies. In the past year, our companies have taken a number of steps, including participating in EDF's Climate Corps program.

## Environmental efficiencies progress report

	INITIATIVE	STATUS/OUTCOME
 <p><i>Carlyle Partners IV, L.P.</i></p> <p>Allison Transmission is a global designer, manufacturer and supplier of automatic transmissions for medium- and heavy-duty commercial vehicles, tactical military vehicles and hybrid-propulsion systems for transit buses.</p>	<p>Update facility infrastructure and implement process improvements.</p> <p>Retrofit lighting with energy-efficient fixtures and smart panels with occupancy sensors and timers.</p> <p>Measure energy savings using a proprietary greenhouse gas management tool.</p>	<p>COMPLETED: Saved \$361,000 through environmental and efficiency initiatives in 2012. Reduced water usage by 15 million gallons. Met recycling waste streams and segregation targets, achieving a 10% increase in recycling.</p> <p>IN PROGRESS: Decreasing over 800 metric tons of greenhouse gas emissions and reducing nearly 1.2 million kilowatt hours.</p> <p>IN PROGRESS</p>
<p><b>Booz   Allen   Hamilton</b></p> <p>delivering results that endure</p> <p><i>Carlyle Partners V, L.P.</i></p> <p>Booz Allen Hamilton is a provider of management and technology consulting services to the U.S. government in the defense, intelligence, and civil markets and to major corporations, institutions and not-for-profit organizations.</p>	<p>Engage a 2012 EDF Climate Corps Fellow.</p> <p>Initiate a green office certification program.</p> <p>Pursue a campaign to reduce water bottles.</p> <p>Leverage the company's employee network to improve energy efficiency.</p>	<p>COMPLETED</p> <p>IN PROGRESS: Nineteen offices participating in the program.</p> <p>IN PROGRESS: Renegotiating agreements with suppliers and companies that source for Booz Allen events.</p> <p>IN PROGRESS</p>
 <p><i>Carlyle Partners V, L.P.</i></p> <p>HD Supply Facilities Maintenance is a leading supplier of maintenance, repair and operations products to owners and managers of multifamily, hospitality, educational and commercial properties; healthcare providers; and municipal and government facilities.</p>	<p>Conduct the second annual comprehensive greenhouse gas inventory.</p> <p>Retrofit lighting at seven distribution centers.</p> <p>Enhance the routing software.</p> <p>Begin a box reuse program at distribution centers in Austin, Phoenix and San Antonio.</p>	<p>COMPLETED: Showed an 8% decrease in emissions per delivery and a 6% decrease in emissions per dollar of revenue.</p> <p>COMPLETED: Reduced total greenhouse gas emissions by approximately 1,546 metric tons per year.</p> <p>COMPLETED: Decreased delivery truck emissions by approximately 1,525 metric tons per year.</p> <p>IN PROGRESS: Reused more than 7,000 corrugated cardboard boxes.</p>

## Creating products that improve air quality

PQ is a global leader in creating products that reduce the energy consumed by customers and improve the overall quality of emissions from vehicles. PQ produces zeolite, a chemical used in catalytic converters as a less costly and more effective option for removing nitrogen oxide, a pollutant in vehicle exhausts that causes acid rain and smog. Based on the amount of zeolites sold in 2012, PQ estimates its products contributed to a reduction in total nitrogen oxide of over 550,000 tons and a decrease of over 1.4 million tons of carbon dioxide into the atmosphere, equivalent to taking 286,000 cars off the road.

PQ zeolites in catalytic converters



	INITIATIVE	STATUS/OUTCOME
 <p><b>PQ Corporation</b></p> <p><i>Carlyle Partners IV, L.P.</i></p> <p>PQ Corporation is a worldwide producer of specialty inorganic performance chemicals and catalysts that are used in refinery, petro-chemical and chemical markets.</p>	<p>Implement energy efficiency measures.</p> <p>Rebuild furnaces using higher efficiency heat recovery materials and insulation packages.</p> <p>Measure combustion gasses and reduce energy consumption and costs associated with silicate furnaces.</p>	<p>COMPLETED: Reduced energy consumption by 7% over the last four years and by 2% in 2012 alone, eliminated more than 8,000 tons of carbon dioxide emissions and saved the company more than \$1 million annually in gas.</p> <p>IN PROGRESS</p> <p>IN PROGRESS</p>
 <p><b>SEQUA</b></p> <p><i>Carlyle Partners V, L.P.</i></p> <p>Sequa Corporation is a diversified aerospace and industrial company that, among other products, manufactures highly engineered aeroengine components and coatings for commercial and military aerospace companies.</p>	<p>Analyze historical energy data and water usage trends at the Carson City, Nevada, manufacturing facility.</p> <p>Initiate a water balance project to ensure that the company is using the appropriate amount of water.</p> <p>Implement a metering project to more accurately measure and reduce energy usage.</p>	<p>COMPLETED</p> <p>IN PROGRESS</p> <p>PLANNED</p>
 <p><b>VEYANCE</b> TECHNOLOGIES</p> <p><i>Carlyle Partners IV, L.P.</i></p> <p>Veyance Technologies manufactures engineered rubber products, such as conveyor belts, industrial hoses and rubber vehicle track.</p>	<p>Conduct an energy and sustainability review of manufacturing facility in St. Marys, Ohio.</p> <p>Replace two boilers and move to a more efficient steam production process, replace 442 steam traps, and insulate a new state-of-the-art central steam plant and over 13,000 feet of bare condensate piping.</p>	<p>COMPLETED</p> <p>IN PROGRESS: Expected savings of over \$3.2 million annually, an estimated reduction in utility expenses by 75%, and a decrease in annual carbon dioxide equivalent emissions of over 14,000 tons—representing a total reduction of 47%.</p>

## Sustainability Roundtable

In June 2012, Carlyle hosted our first Sustainability Roundtable for portfolio companies. Representatives from 17 different portfolio companies across three different Carlyle funds met in Washington, DC to discuss energy efficiency and sustainability. This roundtable is part of our strategy to share best practices with our companies and to encourage them to review their own operations and develop a program tailored to their businesses and needs.

The roundtable covered a range of topics, including integrating sustainability into business operations, identifying environmental projects and stakeholders, developing internal consensus for initiatives and reporting results. David Rubenstein, Carlyle Co-founder and Co-Chief Executive Officer, and Allan Holt, Managing Director and Co-Head of the U.S. Buyout team, addressed the attendees and discussed the importance of sustainability to Carlyle's value creation process. The participants also spent time with Andrew Winston, a globally recognized expert on green business, as well as experts from EDF, PricewaterhouseCoopers, CB Richard Ellis and VOX Global Communications.



“Carlyle's Sustainability Roundtable was a great opportunity for Syniverse to network with environmental experts and to learn about best practices at other Carlyle portfolio companies. As we expand our sustainability efforts, we will continue to turn to Carlyle for insights, introductions to experts and access to key resources.”

**Jeffrey S. Gordon**  
President and Chief Executive Officer  
Syniverse

## Stakeholder Engagement

Carlyle is also focused on engaging with key stakeholders on ESG issues. During the past 12 months, Carlyle hosted ESG-focused events for fund investors in London, Amsterdam and Stockholm. These events provided an opportunity for us to describe Carlyle's corporate citizenship program and to receive feedback and recommendations from investors. We intend to host more of these smaller, focused discussions during 2013. In addition, we continued to expand our ESG expertise through consultations with APG and PGGM, two of the largest pension fund asset managers in the Netherlands and authorities on responsible investment. As a result of Carlyle's investment in AlpiInvest, we agreed to share ideas and practices with APG and PGGM regarding how we could better integrate ESG considerations into our investment decision making throughout our portfolio.



David Rubenstein, Carlyle Co-founder and Co-Chief Executive Officer, spoke at the Wall Street Journal's ECO:nomics conference in 2012—the first time a Carlyle Co-founder has publicly addressed the importance of ESG issues to the firm's value creation process.

# One Community



Carlyle employees help build a playground with KaBOOM! at the Capital City Public Charter School in Washington, DC.

One Community is a flexible, locally focused initiative that encourages Carlyle employees to take two days per calendar year to volunteer at a charitable organization in their community. Carlyle professionals can select organizations that are national or global in scope, such as Junior Achievement, Habitat for Humanity and KaBoom!, or select a project that has significance in their local community. Employees are encouraged to volunteer in groups to foster team building and to interact with colleagues they do not work with on a regular basis.

Book drives, tree planting, Habitat for Humanity and Junior Achievement started the year off right and set the tone for a year of giving. In one month alone, employees from our Tokyo office collected garbage at Mount Takao, worked in a homeless shelter, sold goods for the Kids Earth Fund and planted trees at Temple Zenko.

### Global Volunteer Month

In September 2012, Carlyle kicked off our first-ever Global Volunteer Month with 12 events in six locations. Employees helped clean up national monuments, feed the homeless and mentor children from underprivileged or homeless families.

- **Washington, DC and Rosslyn, Virginia.** Volunteers from both DC-area offices participated in events to help with conservation efforts, promote animal welfare and child welfare, and aid the homeless and the USO. Carlyle volunteers could be seen on the National Mall, serving food at a local shelter, assisting in classrooms and helping build a playground with KaBOOM! at the Capital City Public Charter School.
- **New York.** Employees prepared food, moved furniture and volunteered at a book drive for the local Ronald McDonald House and Part of the Solution, an emergency food provider and agency offering hot meals, a food pantry, legal assistance and other social services.
- **London.** Twenty percent of Carlyle's London office volunteered during Global Volunteer Month. On behalf of Streetlytes, a local homeless shelter, employees cleaned the facility, served meals, and completed a food, toiletries and winter clothes drive. Employees also raised nearly £600 on behalf of Macmillan Cancer Charity.



Carlyle employees from our Beijing and Hong Kong offices pick up litter at the Great Wall of China.

- **Beijing and Hong Kong.** Twenty volunteers from our Beijing and Hong Kong offices picked up litter at the Great Wall of China. Beijing employees also planted trees in early April in Huairou District on the outskirts of Beijing, and Hong Kong employees visited with seniors at the Lok Sin Tong Elderly Home for the Mid-Autumn Festival.

### Season of Giving

Our colleagues kept the spirit going with a Season of Giving in November and December. Carlyle's London office donated more than 50 gifts and raised funds for CLIC Sargent, a UK charity for children with cancer. The New York office collected 74 coats and gifts for 90 children through the Dear Santa Project. Employees in Washington, DC contributed gifts to the Salvation Army Angel Tree program and donated nearly 400 boxes filled with toiletries, clothes and toys to the So Others Might Eat (SOME) shoebox holiday gift drive.

### Hurricane Sandy

Carlyle employees came together in the aftermath of Hurricane Sandy to contribute \$185,525 to the American Red Cross. Carlyle professionals also worked with All In Together We Rebuild and Recover to serve and deliver more than 500 hot meals, assist with demolition and clean up, and raise money for supplies and recovery efforts.





### Information Technology Conservation Efforts

To reduce our environmental footprint, consolidate our infrastructure and ease our server maintenance and management needs, we began virtualizing Carlyle's IT infrastructure. Last year we virtualized about 55% of our infrastructure, resulting in a decrease of 80 physical servers as of October 1, the elimination of a server room in Washington, DC and a 33% decrease in our data-center needs in our Sterling, Virginia, data center. As a result, supplemental cooling and electricity needs decreased in our DC and Sterling offices. In Sterling alone, monthly costs have fallen by about 15%. We will continue this effort by eliminating an additional 21 servers tied to our messaging infrastructure.



### A Commitment to Sharing Wealth

Our wealth sharing programs support 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. These programs allow the firm to magnify employees' efforts to give back to the communities in which we live, work and invest across the globe. In 2012, Carlyle matched more than \$190,000 in employee gifts.



### Diversity in the Workplace

Carlyle values the opportunity and perspective we gain from an inclusive culture that fosters and nurtures a workplace of diversity. With 26 women at the Managing Director level or higher—13% of executives—Carlyle has the highest proportion of female executives of any alternative asset management firm.

"We have always sought to bring in the best people regardless of race or gender," said David M. Rubenstein, Carlyle's Co-founder and Co-Chief Executive Officer. "It's good business and it's helped the firm, and will always be a priority for us."

Among the firm's female Managing Directors are Janine Feng and Sandra Horbach. Ms. Feng is the Hong Kong-based deal maker who, with Xiang-Dong Yang, co-led Carlyle's investment in China Pacific Insurance Group, the most profitable transaction in our 26-year history. Ms. Horbach, Head of the Global Consumer and Retail Buyout group, is a leader in Carlyle's efforts to recruit female executives, particularly among investment professionals.



ROBERT TOIGO FOUNDATION

### 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 to attract minority MBA graduates to the sector. Fellows spend six months at Carlyle, three months at a company owned by the firm and three months with a fund investor, also known as a limited partner.

We are pleased that our U.S. Buyout operation offered Ryan Ashley, Carlyle's 2011 Toigo Fellow, a full-time

position as a Senior Associate. Ryan serves as an investment professional focusing on the healthcare, telecommunications & media, and consumer & retail sectors.

Carlyle's 2012 Toigo Fellow, Meghan Pasricha, completed her six-month assignment in our Global Financial Services group and is working for three months at Bank of Butterfield Group, a Carlyle portfolio company. Meghan will conclude her Toigo rotation by spending her last three months at Pictet & Cie, a Carlyle limited partner. The rotation will provide Meghan with a 360-degree view on how the alternative asset industry works.

In addition, Managing Director David Marchick became Toigo's Chairman this year. "One of the reasons Carlyle formed the relationship with Toigo was to encourage other private equity firms to do the same," said Mr. Marchick.

The Toigo program continues to gain recognition within our industry, and the competition for the fellowship has increased significantly since the program began. Carlyle looks forward to recruiting its 2014 Toigo Fellow, who will be placed with the Equity Opportunities team.

## CharterBoardPartners

### Transforming Public Education

Three Carlyle professionals established Charter Board Partners (CBP), a Washington, DC-based nonprofit that helps public charter schools build strategic, engaged boards that support improved academic achievement. Ultimately, CBP's goal is to help ensure that every child has the chance to attend an excellent school. Believing that great boards are an essential component of great schools, CBP's mission is to promote and support strong charter school governance.

The CBP model of 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. CBP has trained and matched more than 70 professionals with charter school boards.

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# THE CARLYLE GROUP

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