CARLYLE

Sustainable Pathways

2024 ESG REPORT

Table of Contents

Glossary

Biodiversity

Defined by the Convention on Biological Diversity as the variability among living organisms from all sources, including terrestrial, marine, and other aquatic ecosystems, and the ecological complexes of which they are a part.

Carlyle's Near-Term Climate Goals

In 2022, Carlyle set two near-term goals:

01 75% of Carlyle's In-Scope Companies' Scopes 1 and 2 emissions will be covered by Paris-Aligned Climate Goals by 2025; and

02 Beginning in 2025 all new direct, majority-owned Corporate Private Equity, Energy and Power portfolio companies will set Paris-Aligned Climate Goals within two years of ownership.

Carlyle's Net Zero Goal or 'Long-Term Climate Goal'

In 2022, Carlyle announced a goal to achieve Net Zero greenhouse gas (GHG) emissions by 2050 or sooner across direct Global Private Equity and Global Credit investments.

Direct Investments

'Direct' herein refers to investments made by funds advised exclusively by Carlyle, as determined at the time of the initial investment. For the avoidance of doubt, direct investments do not include (i) investments into funds managed by other private equity sponsors, including investments into or by Riverstone Holdings LLC or NGP Management Company, L.L.C.,[1] or (ii) investments made through Carlyle's Global Investment Solutions group.

'In-Scope Companies'

In-Scope Companies include Corporate Private Equity, Energy and Power funds' direct, majority-owned portfolio companies in the following 2021 and earlier vintage funds: Carlyle Asia Growth Partners (CAGP) IV, Carlyle Asia Partners Growth (CAPG) I, CAPG II, Carlyle Asia Partners (CAP) III, CAP IV, CAP V, Carlyle Japan Partners (CJP) III, CJP IV, Carlyle Europe Partners (CEP) II, CEP III, CEP IV, CEP V, Carlyle Europe Technology Partners (CETP) III, CETP IV, Carlyle Partners (CP) V, CP VI, CP VII, CP VIII, CP Growth I, Carlyle Global Financial Services Partners (CGFSP) III, Carlyle Equity Opportunities Fund (CEOF) I, CEOF II, Carlyle Global Partners (CGP) I, CGP II, Carlyle International Energy Partners (CIEP) I, CIEP II, and Carlyle Power Partners (CPP) II.

Majority-owned

'Majority-owned' herein refers to investments by Carlyle's Global Private Equity group in which a Carlyle-managed fund has a majority ownership stake and control, as determined at the time of the initial investment.

Net Zero

Net Zero is generally defined scientifically as achieving a balance between anthropogenic greenhouse gas emissions into the atmosphere and anthropogenic greenhouse gas removals from it over a specific period.[2]

'Paris-Aligned Climate Goal'

The Paris Agreement aims to limit global warming to well below 2 degrees Celsius and pursue efforts to limit the temperature increase to 1.5 degrees Celsius, compared to pre-industrial levels. Carlyle defines having a Paris-Aligned Climate Goal as a portfolio company that has achieved the following three steps during the Carlyle hold period:

01 Baseline: Calculate a baseline GHG footprint;

02 Targets: Set clearly defined short- and long-term GHG reduction targets aligned with the Paris Agreement;

03 Reporting: Publicly report on progress.

In certain instances, companies may take a different approach to one or more of these steps; Carlyle may still choose to accept the company's climate goal as counting toward Carlyle's Goal #1 at its discretion.

Acronyms

CO_2e Carbon Dioxide equivalent

DEI Diversity, Equity, and Inclusion

EBITDA Earnings Before Interest, Taxes, Depreciation, and Amortization

EDCI ESG Data Convergence Initiative

ERG Employee Resource Group

ESG Environmental, Social, and Governance

GHG Greenhouse Gas

GIS Global Investment Solutions

GP General Partner

GPE Global Private Equity

KPI Key Performance Indicator

LP Limited Partner

MT Metric Tons

PE Private Equity

RI Responsible Investment

SASB Sustainability Accounting Standards Board

SBTi Science Based Targets initiative

SOP Standard Operating Procedure

TCFD Task Force on Climate-related Financial Disclosures

1. *For more information on our relationship, please see* *page 89* *of this report.*
2. *It is important to note that methodologies and pathways to Net Zero GHG emissions by 2050 or sooner for investment managers are still evolving, particularly for asset classes such as private credit. Carlyle will continue to monitor and engage with market-leading frameworks and methodologies and expect to adapt and evolve our approach over time. In setting our initial approach, we drew on components of the SBTi PE Sector Guidance (November 2021) and the IIGCC PAII Net Zero Framework Consultation on Proposed Components for PE (February 2022). Carlyle has not fully accepted the principles of either framework.*

Introduction

Letter from Our CEO

"We believe prioritizing resilient investment outcomes grounded in sustainable business models can produce more durable cashflows over the long term."

This year's sustainability report highlights Carlyle's continued progress integrating sustainability as a tool to seek long-term value creation for our investors. We believe our impact as a firm is rooted in building better businesses and believe sustainability is a core lever in this work.

Amidst a backdrop of market and geopolitical volatility this past year, certain sustainability themes rose to the forefront: energy independence and security, supply chain resiliency, evolving customer expectations, and the increased energy demands of a world embracing artificial intelligence—all combined with the global drive toward decarbonization.

These themes are evolving rapidly and are deeply interconnected. This year's report is titled "Sustainable Pathways," given our belief that there is no one superhighway to navigating this complexity. As investors, we work to use investment insights, evolving data and analytics, the power of diverse perspectives, and cutting-edge science and technology to build the best pathway for each individual business. We believe prioritizing resilient investment outcomes grounded in sustainable business models can produce more durable cashflows over the long term.

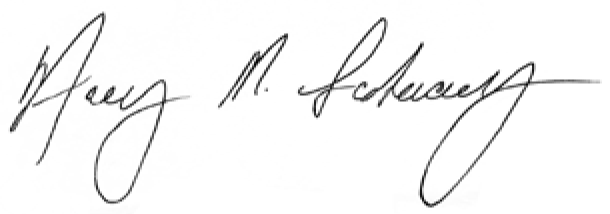
With great complexity comes great investment opportunity, however, and nowhere is that more clear to us than the energy transition. At Carlyle, we have long maintained the view that we need to invest in the energy transition, not divest from it. We are committed to using our capital, expertise, and global resources to help companies across industries and generate long-term value during the energy transition. Importantly, this work spans the full spectrum of electrons and molecules across our energy system. We share more about our progress in this space in our fourth Task Force on Climate-related Financial Disclosures (TCFD) report, later in this document.

When used effectively, we believe that a focus on sustainability can be a means to honing an investment edge in a rapidly changing world and can make us better stewards of capital. We continue to hold that integrating sustainability into our investment processes provides an additive lens that we believe can provide opportunities for our portfolio companies to drive revenues, reduce costs, secure more efficient financing, and strengthen their competitive positioning.

As always, we understand there is still meaningful work ahead. Our team remains focused on driving forward long-term value for our investors.

Sincerely,

HARVEY M. SCHWARTZ
Chief Executive Officer



June 26, 2024

Letter from the Carlyle Sustainability Team

In 2023, our Sustainability Team continued to evolve our work to help drive financial outcomes by using the tools of sustainability across our investment activity.

There were several notable highlights to our work over the past year, reflecting the concept of 'dynamic materiality' in ESG. This concept refers to the idea that the environmental, social and governance factors that are relevant for a global and diverse investment portfolio are constantly evolving as new issues emerge, technology shifts, regulation comes into place, and more. We continually work to assess these new issues and to develop more efficient and effective sources of data. We are also seeking approaches that mitigate emerging risks and capitalize on new opportunities across our investing.

One example of an emerging area of focus in ESG is in the field of biodiversity and its potential investment implications. This year, our team developed, piloted, and rolled out a biodiversity triage as part of our Global Private Equity due diligence process. This tool, developed in conjunction with Anthesis Group, a purpose-driven advisory firm in which Carlyle invested in 2023, is designed to help us more effectively assess and manage material biodiversity implications across our private equity investments.

A second area of focus continues to be decarbonization and the energy transition. We are particularly proud to have achieved the first of our three climate goals, originally set in 2021 as part of our Net Zero goal. We have made measurable progress on our approach to managing the risks and opportunities across our investment portfolio from climate change and the energy transition, as detailed in our TCFD report. In that section, we share more information on our approach, and importantly, where there is still significant work to do.

We believe that an effective approach to the energy transition means investing across the energy spectrum as we seek to decarbonize our complex global energy system while providing reliable, affordable access to energy. Carlyle's work ranges from supporting the decarbonization of traditional energy companies, such as our investment in Neptune Energy, to developing the next generation of renewable energy, such as Copia Power. It also touches many sectors in between, such as our work with Schaltbau, which is helping to drive the decarbonization of the transportation industry. We share these examples and more throughout this report.

A third area of focus expands on the theme of our report from last year, the 'EBITDA of ESG.' In that report, we described how the 'EBITDA of ESG' is a lens through which companies seek to develop both revenue and cost strategies by aligning financial and ESG incentives. In a time of heightened scrutiny, we believe it is critical to establish clear connections between the sometimes-nebulous concept of ESG and traditional financial line items. This year we expand on this work through a deep dive into how we have worked with certain portfolio companies to use sustainability as a sales lever, which can help contribute to revenue growth.

As always, this work requires significant partnership, collaboration, and learning. In particular, our Global Investment Solutions segment continues to drive further value creation in our portfolio by partnering with the General Partners (GP) we invest with to seek to drive the adoption of better ESG practices. The work we do through our direct equity and credit investing—on topics such as biodiversity, the energy transition, and ESG-driven revenue and cost strategies—informs how we translate best-practices to our partner investment firms as well.

Finally, another area of fruitful collaboration for our team continues to be the ESG Data Convergence Initiative, which enters its third year of data collection and has more than 425 GP and Limited Partner (LP) members. The group is driving convergence on standardized, quantitative ESG performance data, enabling us to drive better insights and forge stronger connections between ESG progress and financial performance, which can benefit both our portfolio companies and investors.

We are grateful for the partners we have in this work and look forward to much more to come in the years ahead. We welcome feedback and dialogue as we continue to evolve and improve our approach over time.

Sincerely,

THE CARLYLE SUSTAINABILITY TEAM

June 26, 2024

Net Zero

targeted greenhouse gas emissions by 2050 or sooner across direct investments

1,050 MW

total installed renewable capacity as of December 2023[1]

87

Carlyle-employed Board Directors trained on Climate and ESG as of December 31, 2023

38

portfolio companies with Paris-aligned climate targets[2]

Firm Environmental, Social and Governance (ESG) Highlights[3]

Global Leadership	2024[4]	2023	2022	2021
Participants in the ESG Data Convergence Initiative[5]	425	325	190	54
Financing Metrics				
ESG-linked financings secured to date	$27.5BN	$25BN	$20BN	$6.5BN
Portfolio Metrics				
Cumulative investments in renewable and sustainable energy companies[6]	$1.75BN	$1.53BN	$1.45BN	$382MN
Years of carbon footprinting[7]	5	4	3	2
Playbooks dedicated to ESG-driven value creation to date	10	7	6	2
Total Installed Renewable Capacity	1,068MW	1,050MW	946MW	707MW[8]

Firm and Portfolio Diversity, Equity and Inclusion (DEI) Highlights

71% of US hires identify as women or ethnically diverse (up from 66% in 2021)

49% of Europe and Asia hires identify as women

17% of US senior hires identify as Black, Hispanic, or Latinx[9]

64% of US employees identify as women or ethnically diverse

45% of US senior employees identify as women or ethnically diverse[9]

80% of Carlyle boards globally have gender diversity (compared to 57% private benchmark)[10]

390+ portfolio company board seats have been filled with diverse directors since January 1, 2020[11]

50+ Chief Executive Officers to date have opted-into Carlyle's DEI Leadership Network

110 employees have participated in the Career Strategies Initiative program since 2021 to support the advancement and impact of diverse professionals

130+ AlpInvest meetings with diverse General Partners since 2021[12]

Representation data as of January 1, 2024. Hiring data from January 1 through December 31, 2023.

Ethnically diverse definition: Asian, Black, Hispanic or Latinx, Native Hawaiian/Pacific Islander, American Indian/Alaskan Native, or Two or More Races.

The ESG or impact goals, commitments, incentives, and initiatives outlined in this report are purely voluntary, are not binding on investment decisions and/or Carlyle's management of investments and do not constitute a guarantee, promise, or commitment regarding actual or potential positive impacts or outcomes associated with Carlyle or investments made by funds managed by Carlyle.

1. *Megawatts.*
2. *Please see our TCFD Report, included as part of this document, for additional information.*
3. *All information as of May 2024, unless otherwise noted.*
4. *For the first six months of 2024.*
5. *Available at https://www.esgdc.org.*
6. *As of December 12, 2023.*
7. *For 2024, Carlyle's GHG emissions across Scopes 1, 2, and certain key Scope 3 categories (excluding category 3.15) are derived using information from direct fuel usage, purchased energy, and American Express-provided business travel data, as well as emissions from data centers and spend-based proxies for supplier emissions. Energy consumption data for offices accommodating more than 80% of our workforce are obtained from utility bills or building management. Emission factors are provided by Carlyle's third-party climate vendor, which utilizes emission factors from the Carbon Disclosure Project (CDP). Prior to 2024, Scope 3 data reflects employee business travel (Category 6) and does not include data from any transactions booked outside the Concur Travel & Expense platform. Data excludes AlpInvest and Aviation Partners. Please see Corporate Disclosures for more information.*
8. *The total installed platform capacity for Complete Solaria and Amp Energy are estimated as of 2021. The estimated data used for capacity developed in 2021 and prior carries through to subsequent years, but the data for incremental capacity developed after 2021 reflects actual.*
9. *Figures represent US Senior Hires (Principals, Managing Directors and Partners).*
10. *Carlyle-controlled companies acquired since 2016 and as of September 30, 2023 compared to the ESG Data Convergence Initiative data report released in October 2023.*
11. *Between January 1, 2020 and September 30, 2023, 390 seats in controlled and minority-owned Corporate Private Equity (CPE) companies have been filled with a diverse Director. Funds include: US Buyout, Carlyle Equity Opportunities Fund, Financial Services, Carlyle Global Partners, Carlyle Partners Growth, Carlyle Europe Partners, Carlyle Europe Technology Partners, Carlyle Asia Partners, (incl Carlyle Asia Partners Growth), Carlyle Japan Partners, Carlyle South America Buyout Fund (incl Carlyle Peru Fund), Carlyle Sub-Saharan Africa Fund. Diverse Board Director: female (global) or Asian, Black or African American, Hispanic or Latin, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races (where available; some boards do not report on race or ethnicity. Asians excluded from Asia Region and Hispanic or Latin excluded from South America, Portugal, and Spain).*
12. *AlpInvest counts all GPs that have a diverse managing partner or equivalent senior employee as a diverse GP.*

The EBITDA of ESG

Unlocking EBITDA Through Sustainability

Last year's ESG report titled 'The EBITDA of ESG' detailed our position that ESG and Sustainability are core parts of the private equity value creation playbook and can meaningfully drive business outcomes. Looking at ESG factors such as decarbonization, eco-efficiency, supply chain, or talent and performance offers an additive lens that we believe can provide opportunities for our portfolio companies to drive revenues, reduce costs, secure more efficient financing, and strengthen their competitive positioning.

We are pleased to share ESG-EBITDA connections in line with the most common value creation drivers. We work alongside colleagues on both our Global Portfolio Solutions teams and our deal teams in engaging with our portfolio companies. Our support ranges from strategy design to partnership with companies on specific issues such as ESG ratings, supply chain management, and decarbonization. The categories indicated show some of the value creation levers Carlyle applies where appropriate in its investment process. We aim to demonstrate that ESG is not a monolithic approach, but instead is most effective when tailored to drive commercial value for individual companies.

One core area of engagement with our portfolio companies this past year was how sustainability can be utilized as a sales lever to increase and protect revenue.

At Carlyle, we aim to build better businesses, and ESG is another lens that we apply to create value for investors and shareholders.

Highlights from the Carlyle Portfolio

Carlyle's Global Portfolio Solutions Team has seven value creation levers. Sustainability is integrated across the full spectrum helping to reduce risk, drive commercial outcomes and build better businesses.

$14BN+

in revenue linked to customers with ESG-related requests for Carlyle portfolio companies in 2023.[1]

→ **Anthesis:** ~$3 million of additional revenue in 2023/2024 through a structured sales program across Carlyle's portfolio, making it Anthesis' fourth largest client.

→ **8% of revenue** from 6R Circular Sustainable Products offering: A more sustainable product offering developed by Duravant's operating company Mespack.

→ **Sedgwick,** a global provider of technology-enabled risk, benefits, and integrated business solutions, launched a climate risk and resiliency program designed to holistically address the impact of climate-related losses.

$200MN

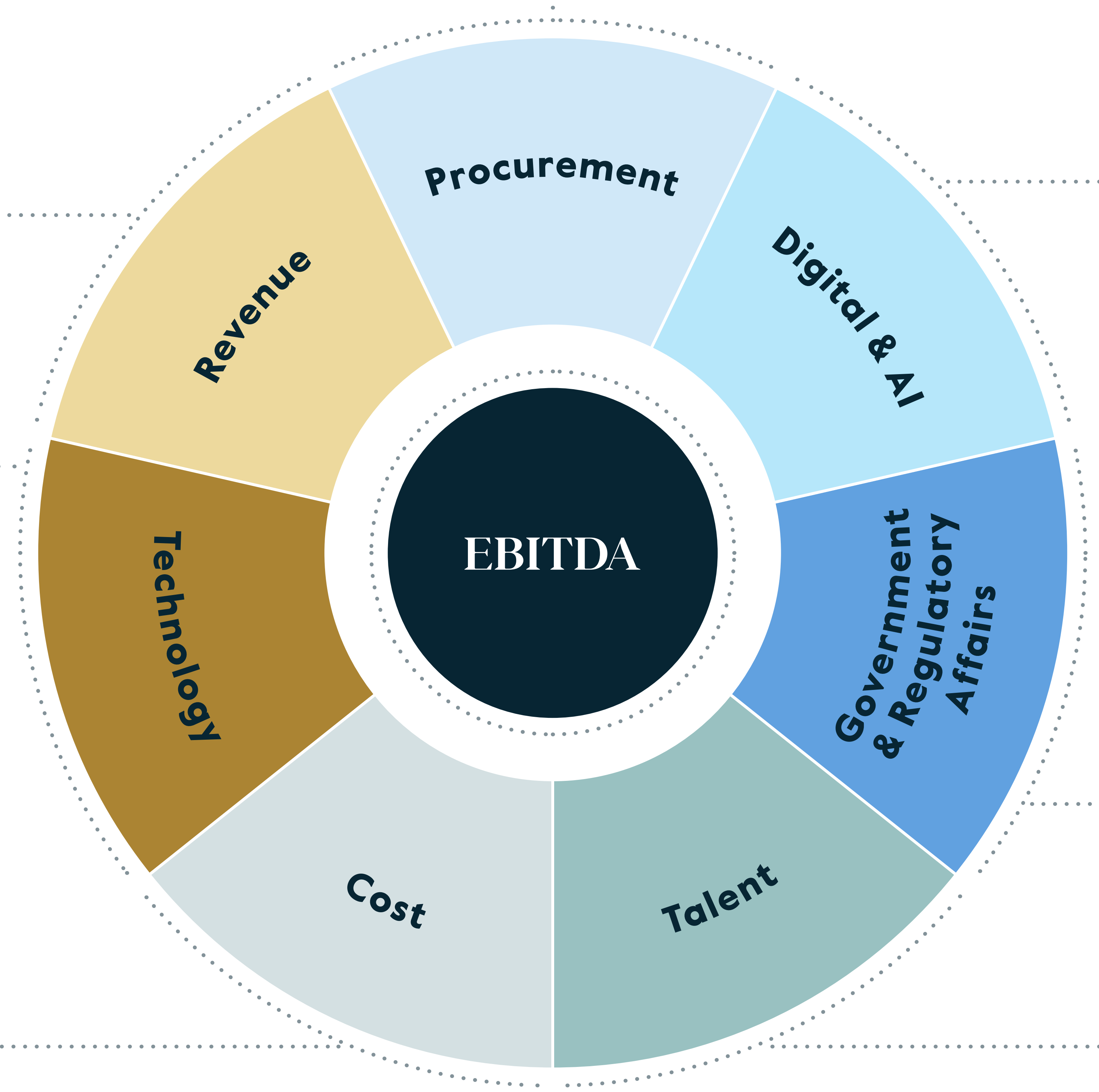
potential annual cost savings, with projected emissions savings of 4.5 million tons of CO_2e[2] by 2030, through decarbonization actions currently underway at traditional energy companies in the Carlyle portfolio.[3]

→ **StandardAero** partnered with Carlyle to implement a comprehensive decarbonization strategy aligned to the ESG-related requirements of its customers, including the UK Government. This resulted in $1.13 million of realized savings in 2023 from energy and waste reduction initiatives that led to measurable emissions reductions.

~€200MN

in cost savings generated for **Flender** due to Carlyle procurement interventions, of which at least €12 million are linked to switching to 'greener' suppliers.

Carlyle supported **Cepsa** to set up a new procurement channel for its hydrogen business by establishing Carlyle portfolio connectivity.



→ **Flender:** Increasing maintenance predictability in wind turbine gearboxes to 97.5% through digitally-enabled shift in business model. A manufacturer of gearboxes, Flender is using software and AI as a key new revenue driver.

~€700BN

in European Union grants identified by Carlyle across 50 subsidy programs relating to the energy transition in Europe for potential use by portfolio companies.

Carlyle developed a global regulatory matrix to support companies' awareness of ESG regulations. We also produced regular webinars and provided bespoke support on compliance-readiness for new and emerging regulations such as the Corporate Sustainability Reporting Directive (CSRD).

→ **Nobian:** The Dutch Government set to provide significant financial support to accelerate Nobian's decarbonization targets by 10 years.

Carlyle sourced and appointed key leadership positions across the portfolio to drive the energy transition and business transformation strategies, including at Copia Power, VARO and Cepsa, recruiting senior industry leaders.

Case studies are provided for illustrative purposes only and to demonstrate how certain ESG targets and activities are implemented in Carlyle portfolio companies. There is no guarantee that any ESG target or related projection will be met, that any ESG activities will be implemented to the same degree for each investment, or that they will create a positive ESG or financial impact. Data has been provided by the portfolio companies and has not been independently verified.

1. *Self-reported data from 47 portfolio companies in Global Private Equity.*
2. *Carbon dioxide equivalent.*
3. *Please see Corporate Disclosures for more information.*

Sustainability as a Sales Lever

Sustainability-Driven Sales Opportunities

Supporting portfolio companies to enhance sustainability performance, delivering against customer ambitions and driving sales.

The Commercial Imperative for Action and the 'Net Zero Domino Effect'

Sustainability in business has a long history, dating back to the Lever brothers promoting the use of a more 'gentle' soap to support children's health at school in the 19th century (now Unilever), to Yves Chouinard founding clothing company Patagonia based on environmental principles to avoid textile waste. Since the latter half of the 20th century, we have also seen a global rise in issue-specific government regulations, such as water contamination and toxins in products. However, in recent times an increasingly prominent driver of sustainability adoption stems from customers' requirements. Customers (both businesses and individual consumers) are increasingly conscious of the sustainability attributes and impacts of the products and services they are looking to purchase. As fashion companies, for example, want to better understand where their raw materials come from, as customers they require increasing amounts of traceability information from their suppliers. In the public sector, entities such as the United Kingdom and parts of the U.S. Government have instituted or proposed requirements for certain of their suppliers to have a climate target in order to be accepted to bid for contracts.[1]

We believe this presents companies with opportunities to accelerate commercial growth by creating solutions that address customer-specific sustainability needs. Commercial opportunities to address this demand are increasing across the board in industries ranging from chemicals to packaging to industrial applications, with the most activity occurring in the business-to-business (B2B) space.

We believe that companies can use sustainability to drive sales via two distinct methods:

→ **'Right to play':** Meeting broad-based supplier sustainability requirements for eligibility, such as holding environmental certifications (e.g., ISO 14001), having a target to reduce GHG emissions, and proactively monitoring the supply chain for human rights violations.

→ **Product or service innovation:** Developing fit-for-purpose products and/or services with sustainability-focused solutions (e.g., energy efficient, reusable, responsible sourcing certification).

In the B2B context, achieving strong ethical and environmental performance is increasingly seen as a 'right to play' issue and can improve eligibility for customer bids. Even when not mandatory, companies that demonstrate superior sustainability performance can potentially differentiate themselves from the competition. While compliance and risk mitigation are critical but often table stakes, companies are using sustainability as a springboard to increase the efficiency of operations (e.g., reduce energy, waste, water), improve their supply chains (e.g., responsible sourcing, human rights), and develop products that meet the evolving needs of their customers. These trends are just beginning to materialize, and we see that being able to communicate accurately and succinctly about the environmental or social performance of products can set a company apart from the competition and provide a competitive edge.

The area we see growing most rapidly and broadly in B2B sustainability requirements is decarbonization. This dynamic most tangibly impacts our portfolio companies through a concept we call the 'Net Zero Domino Effect'—the idea that when a company sets a carbon reduction target that includes its value chain (i.e., Scope 3) emissions, that company cannot achieve its goal without its suppliers reducing GHG emissions. This produces a cascading set of impacts with a rapidly expanding reach given that 90% of global GDP and 4,000 companies[1] globally have set Net Zero or similar carbon reduction commitments. While some major corporations are providing increased incentives to those suppliers who can help them achieve their own Net Zero goals, others are requiring it as a gating item.[2]

Beyond meeting supplier-level sustainability requirements, many customers are increasingly seeking innovative product and service solutions focused on sustainability. The genesis of this demand is multifaceted, including solutions that can help a company reach its own sustainability objectives (e.g., carbon reduction, circularity) and meeting the needs of its customers (e.g., energy efficiency).

We believe this demand can be a particular advantage for private equity-owned companies. Many of Carlyle's portfolio companies are in the supply chain of larger public entities. We believe excellence in sustainability can be a driver for competitive advantage, especially when private equity-owned companies have access to centralized resources and support from their private equity sponsor.

1. https://www.gov.uk/government/news/firms-must-commit-to-net-zero-to-win-major-government-contracts.
2. https://www.wri.org/initiatives/science-based-targets#:~:text=Over%204%2C000%20companies%20worldwide%20are,targets%20approved%20with%20the%20SBTi.
3. For example, Aviva: https://supplier.aviva.com/en-uk/Sustainability/.

At Carlyle, we have partnered with portfolio companies to seize opportunities from these emerging trends and capture associated market growth. Our support has been wide-ranging, including conducting training workshops with sales teams, providing guidance on completing formal scorecards and ESG ratings (e.g., Avetta, EcoVadis and Sedex), supporting ideation of new business lines, and making connections to our trusted advisor network. Using these methods, Carlyle has helped our portfolio companies develop thoughtful approaches to identifying customer sustainability requirements and addressing them in a way that can drive revenues and build long-term brand value.

Sustainability as a Sales Lever Training and Workshops

The Carlyle Sustainability Team has developed a proprietary Sustainability as a Sales Lever training, which strives to enable our portfolio companies to drive revenue growth by connecting progress on their sustainability performance with customer targets and goals.

The training course, typically delivered to sales and marketing teams, sets out the business case for utilizing sustainability to inform product and/or service innovation and drive sales. The premise is grounded in a four-step approach to seek results, including:

Sales & commercial targeting methodology → **Customer-facing sales materials & pitch decks** → **Sales & commercial teams' sustainability knowledge base** → **Target pursuit approach**

Integrating sustainability into the sales and commercial targeting methodology.

Embedding sustainability-focused customer-tailored content into sales and marketing materials.

Equipping sales staff to understand sustainability concepts and nomenclature.

Matching specific customer sustainability needs with bespoke solutions by working with a sustainability contact.

An additional focus area is how to market products with clearly articulated sustainability attributes, supported by rigorous quantitative data from a product lifecycle analysis (LCA), for example. Utilizing a product LCA is vital for ensuring high-fidelity data and effectively communicating product benefits to stakeholders.

Results and Business Value

We believe this work with certain portfolio companies has been a catalyst for building market-differentiated capabilities and driving commercial value via the following three outcomes:

→ **Meets stakeholder expectations:** a growing number of macro-level sustainability challenges, such as climate volatility and resource scarcity, are driving the need to develop targeted solutions at scale. Mounting investor, regulator, community, and consumer expectations are increasingly pressuring companies to take responsibility for solving these challenges. By getting ahead, we can help partners to strengthen their reputation and performance.

→ **Generates value for customers:** we can help companies understand the value of designing services and products with their customers' sustainability goals and expectations in mind. As requirements evolve, many companies are actively searching for partners who can provide targeted solutions to key sustainability challenges. We believe designing with the customer in mind helps drive systematic improvements across our global portfolio.

→ **Deepens customer relationships:** the ability to proactively recognize and address key sustainability market drivers can yield multiple commercial benefits. These include preventing customer base erosion, growing contracts, boosting top-line revenue growth, and unlocking entry into new markets.

Carlyle seeks to support the growth trajectory of its portfolio companies using sustainability as a lever to create change and value. A few companies utilizing this approach include Duravant, Sedgwick, and StandardAero, profiled on the next pages.

StandardAero

Case Study

Creating a Net Zero Plan to Meet the Challenge of Sustainable Aviation

StandardAero is a large independent provider of aviation maintenance repair and overhaul (MRO) services. The company's technicians work on all aspects of aircraft, from the airframes and engines of airline fleets to the interiors of privately owned and military helicopters, and fixed-wing craft.

Carlyle first partnered with StandardAero in 2019, and since then, the company has grown to 49 primary facilities worldwide. It now has approximately 7,500 employees, with customers located in Africa, Australia, Canada, Europe, Asia, South America, and the US.

Sustainability emerged as a core lever for StandardAero's growth, both by reducing operating expenditures and maintaining access to revenues by meeting customers' sustainability requirements. For example, in 2021 the UK Government launched PPN 06/21, which requires suppliers bidding for major government contracts to commit to achieving Net Zero by 2050 and publish a carbon reduction plan. In response to this requirement and other factors, Carlyle partnered with StandardAero to develop and launch a Net Zero goal. The targets include reducing Scope 1 and 2 emissions by 45% by 2030, and Net Zero by 2050.

Central to meeting these targets is GreenERmro™, a program that StandardAero launched in 2021 to address demand-side energy consumption. The program focuses on all operations, including activities such as HVAC heat recovery, compressed air systems, and lighting controls. It also incorporates Sustainable Aviation Fuels in the future for engine testing, derived in part from cooking oils and agricultural waste. StandardAero now plans to work toward decarbonizing its electricity consumption in Asia, Europe and the US via solar energy and battery storage systems, together with power purchase agreements deemed appropriate by StandardAero.

Beyond working to improve the sustainability performance of its operations, the company is also using sustainability as a lens for product innovation. Its most ambitious plans bring together teams of designers and engineers with its network of customers, suppliers and authorities to launch the future fleet of more sustainable aircraft and fuels. This includes signing a long-term agreement to provide MRO services for CFM International. CFM's LEAP engine family is reducing fuel consumption in flights by some 15-20% and, since its introduction in 2016, has saved its clients an estimated 30 million tons of CO_2[1] compared to the same flights powered by CFM56 engines.[2]

45%

reduction in Scope 1 and 2 emissions targeted by 2030 and Net Zero by 2050

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://standardaero.com/standardaero-signs-long-term-service-agreement-to-support-cfm-international-leap-1a-and-leap-1b-engine-mro-services/
2. https://www.cfmaeroengines.com/press-articles/easyjet-orders-cfm-leap-1a-engines-to-power-new-fleet-of-a320neo-family-aircraft/

DURAVANT

Case Study

Manufacturing More Sustainable Packaging with Machine Retrofitting

The global packaging market is expected to exceed the $710 billion mark by 2030,[1] and consumer interest in environmentally and ethically sustainable products is increasing.[2] In this context, Duravant recognizes that a sustainability-focused offering is critical to solving key industry challenges, and growing market share.

Duravant's operating companies are addressing the growing need for manufacturing sustainable packaging via product solutions in food processing, packaging and material handling sectors. To seek to better capture growth from this tailwind, Carlyle delivered a sales lever training to senior management at Duravant's annual leadership conference. Additionally, we partnered to identify key customers' sustainability goals and provided marketing consultation to enhance promotional materials to highlight the sustainability features of current products.

Mespack

Aligned with this initiative, Duravant's operating company Mespack identified that many of its customers have packaging-related sustainability goals. Mespack already had more than 3,500 machines sold into the market, many with years of operating life left, and their growth strategy needed to consider product offerings that focus on equipment.

The team saw an opportunity to simultaneously tackle the challenge of helping its customers reach their sustainability goals while generating revenue from existing machinery. The solution was to provide options that make existing equipment capable of running with new more biodegradable or recyclable packaging films. They employed a systematic approach to leverage circularity principles called 6R-reducing, replacing, removing, reengineering, retrofitting, and reusing. The 6R approach enables customers to serve their sustainable packaging and carbon reduction goals, limit regulatory fees, and create additional value from existing machines. By 2023, roughly 8% of Mespack's revenue were being derived from this process.

Carlyle assisted Mespack in partnering with Anthesis Group to create a carbon footprint calculator for the lifecycle of the equipment. Additionally, Carlyle supported Mespack on a project to enhance its sales materials to better quantify how its products can help customers meet their sustainability targets, including machine-level environmental benefits such as carbon footprints and waste reduction. As a result of this work, Duravant and Mespack are better positioned to proactively recognize and address customers' sustainability needs via a systematic and scalable approach.

$710BN+

expected value of the global packaging market by 2030[1]

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://www.fortunebusinessinsights.com/industry-reports/food-packaging-market-101941.
2. https://www.deloitte.com/uk/en/Industries/consumer/research/sustainable-consumer.html.

Case Study

Developing Climate Resiliency Solutions in Risk and Claims Management

Insurers and loss adjusters face many difficult aspects of climate change. With record storms, flooding, and drought increasingly the new normal, Sedgwick aims to provide the confidence for companies and communities to make investments with less risk and to support recovery of losses through their claims management service. Supported by an investment from Carlyle in 2018, Sedgwick has grown to a team of 33,000 operating in 80 countries.

In 2023, the United States sustained 28 separate weather and climate disasters, each with $1 billion or more in costs.[1] Sedgwick and EFI Global, a Sedgwick company, recognizing their clients were facing an increasing array of extreme weather events, packaged and launched a suite of their services under the banner of Climate Resiliency Solutions,[2] to address increasing risks from a changing climate. The multidisciplinary suite encompasses three key phases:

→ Ready → Resolve → Recover

The company's resilience assessment solutions include full-service forensic engineering, property and materials investigation, environmental readiness audits, and health and safety consulting. It also includes environmental consulting, post loss adjusting and claims management, and repair and restoration services. Additional services—such as building and structural consulting, contents adjusting, repair and mitigation, temporary housing, and business relocation—are available as needed.

In 2023, Sedgwick's UK team completed nearly 700 restoration cases from flooding and fire events, reducing the numbers of items that would have gone into landfills.

For large-scale disasters, including hurricanes and wildfires, Sedgwick's catastrophe response team works to provide solutions for both insurers and asset owners. In 2023, this included supporting clients through the claims and property recovery process during the extreme storms of the Midwest in the US, and through the consequences of devastating flooding in the Philippines with crisis response measures, such as temporary housing for displaced policyholders. Sedgwick also offers training for insurers and assessors to learn how to evaluate risks and damage from such events.

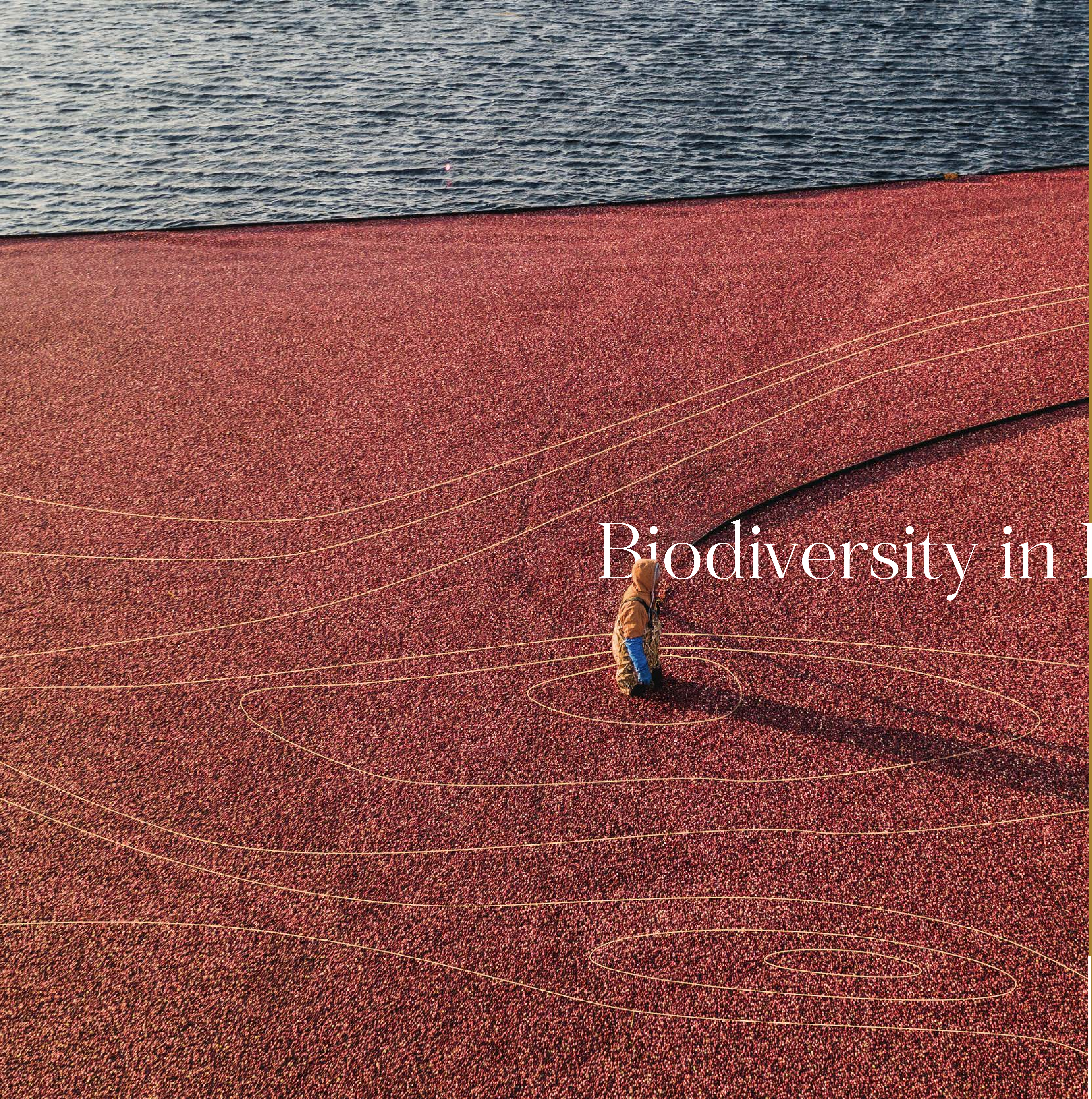
This is one example where a company is quickly responding to emerging trends and changing market conditions to protect and grow their business.

700

restoration cases completed from flooding and fire events in 2023

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://www.climate.gov/news-features/blogs/beyond-data/2023-historic-year-us-billion-dollar-weather-and-climate-disasters.
2. https://marketing.sedgwick.com/acton/attachment/4952/f-5459cdfd-95b6-428e-a1da-a1785323e12c/1/-/-/-/-/Climate%20resiliency%20brochure.pdf.



Biodiversity in Private Markets

Navigating Biodiversity Risks & Opportunities in Diversified Private Markets Portfolios

Biodiversity is not only an environmental concern—we believe it is increasingly an integral business consideration with the potential to affect long-term sustainability and profitability across a range of businesses. The scale of these risks and opportunities can be immense.

Nature provides a range of ecosystem services, including waste decomposition, flood control, pollination of crops, water purification, carbon sequestration, and climate regulation globally, that are in aggregate worth at least $125 trillion per year.[1] The challenge for many companies and investors is how to identify, assess, and address these risks and opportunities. For investors with diversified, global portfolios that invest across multiple segments of the economy, it can be difficult to discern where biodiversity is a potential financial risk within a given hold period.

Alongside climate, we believe biodiversity and nature are emerging as important considerations in the investment world. This piece lays out Carlyle's systematic, tactical, and repeatable approach to assessing potential biodiversity risks across our portfolio.

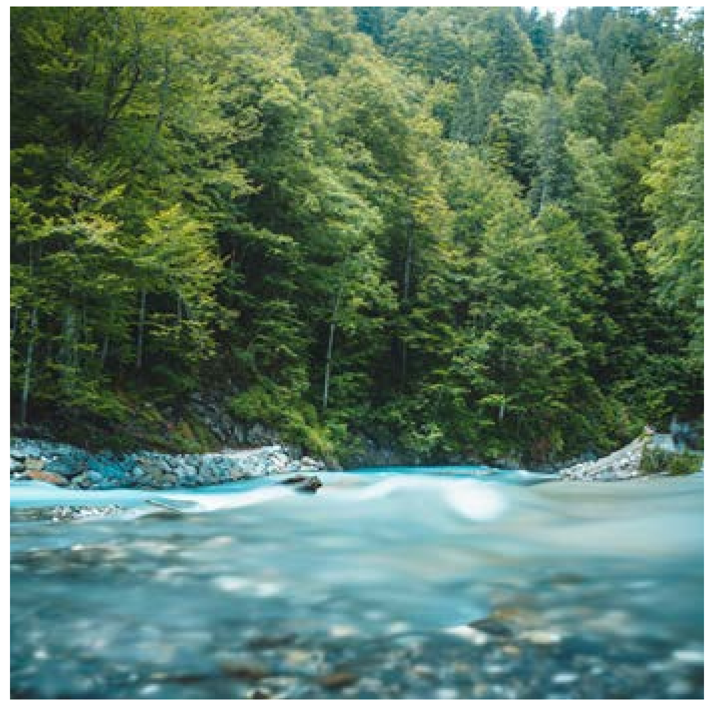
$125TN

aggregated value of ecosystem services provided by nature per year[1]

1. WWF, World Economic Forum. https://www.weforum.org/agenda/2018/10/this-is-why-putting-a-price-on-the-value-of-nature-could-help-the-environment/.

Why is Biodiversity Important?

Biodiversity and nature can be critical for many businesses, such as those dependent on natural resources or those reliant on benefits from the ecosystem. This includes, for example, companies in the food and agriculture space that rely on good soil quality to produce crops.[1] Neglecting biodiversity can also carry operational, regulatory, and reputational risks. We believe a focus on biodiversity can contribute to business resilience and opportunities for cost savings, enhanced brand value, and offers other potential benefits further detailed in this section. Generally, biodiversity may be important across a range of businesses due to a few factors:

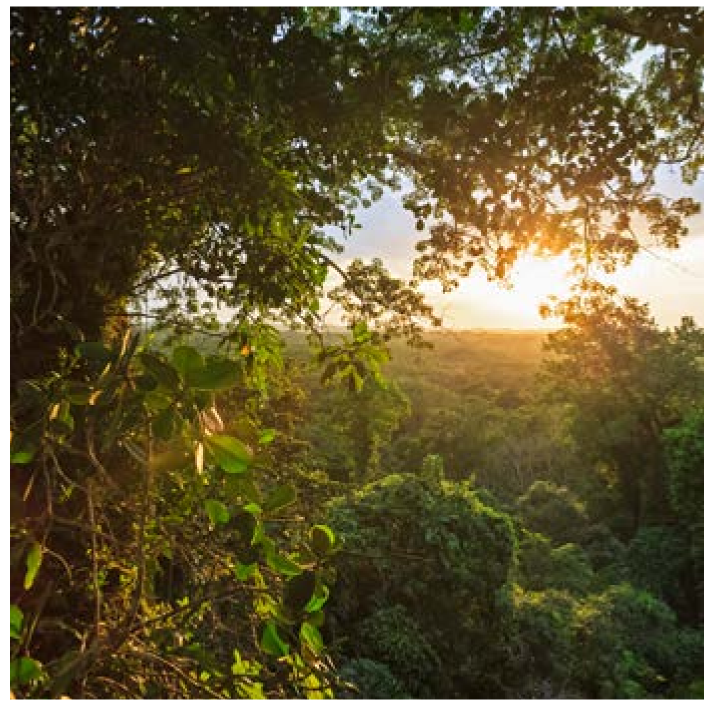


Benefits from the Ecosystem

Biodiversity provides essential benefits such as pollination, water purification and soil fertility, which are fundamental to various industries, including agriculture, pharmaceuticals, and tourism. Protecting biodiversity supports the continued availability of these services, which underpin economic activities.

→ Example

Certain ecosystems, such as wetlands and forests, play an important role in naturally filtering and purifying water. Many businesses are reliant on water to maintain their operations. For example, many beverage companies rely on natural water filtration processes from protected watersheds and aquifer recharge areas to source clean and high-quality water for their products.



Risk Management

Biodiversity loss can increase business risks by destabilizing ecosystems, potentially leading to disruptions in supply chains, increased operational costs and regulatory scrutiny. Investing in biodiversity conservation may help mitigate these risks and enhance business resilience to environmental changes.

→ Example

Biodiversity issues, such as deforestation and habitat loss, can jeopardize the availability and quality of raw materials sourced from forests, including timber. Companies reliant on these products may face supply chain disruptions due to regulatory changes or loss of access to these critical resources, potentially impacting fulfillment capabilities and customer relationships.

Innovation & Market Differentiation

We believe biodiversity-related innovation can be beneficial for companies in product development and may support competitive advantage. We believe businesses that leverage biodiversity for research and development can potentially gain a competitive edge and access new market opportunities.

→ Example

Biodiversity-driven product development may help expand a company's reach. For example, companies in the skincare and cosmetics space can explore an expanded set of plant species to create innovative formulations for their products, developing products that appeal to consumers seeking natural, eco-friendly solutions.

Reputation & Stakeholder Expectations

Consumers, investors, and other stakeholders increasingly value companies that demonstrate strong sustainability attributes.[2] Businesses focused on biodiversity can enhance their brand reputation, attract customers, and retain investors focused on sustainability.

→ Example

Companies have faced public scrutiny for resource extraction in the context of local scarcity. For example, bottled water companies have faced significant criticism for extracting groundwater in areas where water scarcity issues were already prevalent, resulting in a need for swift and public remediation actions.[3]

Regulatory Compliance

Globally, regulations are being proposed focused on biodiversity and habitat protection. Failure to comply with regulations may result in legal risks, fines, and reputational damage. A well-governed approach to biodiversity can help to support compliance.

→ Example

The European Union's Corporate Sustainability Reporting Directive (CSRD), a regulation impacting over 50,000 companies, has opened a new chapter on biodiversity and ecosystem reporting, including specific disclosure requirements on related risks and opportunities, strategies, and associated financial implications.[4]

1. EY, BCG, Carlyle. https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/financial-services/ey-waking-up-to-nature-the-biodiversity-imperative-in-financial-services.pdf; https://www.bcg.com/publications/2021/biodiversity-loss-business-implications-responses.
2. Deloitte. https://www2.deloitte.com/uk/en/pages/consumer-business/articles/sustainable-consumer.html.
3. Beyond Plastics. https://www.beyondplastics.org/news-stories/plastic-water-bottles-un-report-climate#:~:text=There%20are%20also%20conflicts%20with,suffers%20from%20a%20protracted%20drought.
4. EcoAct. https://eco-act.com/blog/csrd-non-financial-disclosure-in-eu/#:~:text=From%202024%20onwards%2C%20the%20new,and%20governance%20(ESG)%20indicators.

Identifying Potential Risk

We believe the first step to mitigate risks from biodiversity is thoughtful and early identification which begins with integrating biodiversity-related risk in the investment process—starting with due diligence. Biodiversity-related risks generally fall into six categories:

Ecological

Operational risks associated with resource dependency, scarcity, and quality or deteriorated supply chains and disrupted business operations.

91%

of industrial businesses are feeling the impacts of resource scarcity[1]

Liability

Liabilities that may arise from unmanaged biodiversity risks.

$65BN+

BP's costs stemming from the 2010 Deepwater Oil Spill[2]

Regulatory

Non-compliance with biodiversity regulations can result in loss of license to operate or significant fees and penalties.

50,000

companies in-scope for CSRD, which has a biodiversity component[3]

Reputational

Risks stemming from consumer preferences and public "naming and shaming" that can lead to disrupted operations, and eroded brand value.

$3.54MN

total fees associated with deforestation lawsuit against JBS, Brazil's largest meatpacker[4]

Market

Changes in consumer preferences toward products with reduced biodiversity impacts, or purchaser requirements can create market risks for companies.

4,000

members of the Roundtable on Sustainable Palm Oil, with downstream value chain impacts[5]

Financial

Insurance risks as well as financial risks associated with depreciation of assets.

$78MN

Fines paid by Monsanto due to biodiversity-related impacts including the impact of herbicides on ecosystems and human health[6]

1. ABB Motion: "Circularity, No Time to Waste".
2. US News, "BP Takes $1.7B Charge on Deepwater Horizon".
3. Akin Gump, "EU Corporate Sustainability Reporting Directive Application".
4. AP News, "Brazil Lawsuits Allege Relationships Between Meatpackers, Deforesters on Protected Land".
5. Roundtable on Sustainable Palm Oil, 2023: https://rspo.org/.
6. CNN, "Monsanto Johnson Trial Verdict".

To the extent Carlyle engages with portfolio companies on ESG related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the long-term value of the investment.

To systematically identify these risks, we developed and piloted the Carlyle Biodiversity Risk Triage in 2023,[1] and are beginning to more generally deploy it across our Global Private Equity investments. The triage was developed in conjunction with Anthesis Group, and takes into consideration frameworks such as the Task Force on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN). If a prospective company or asset yields elevated biodiversity risk, we will seek to conduct enhanced biodiversity due diligence.

Carlyle's Biodiversity Risk Triage

→ Elevated Sector Risk

Certain sectors of the economy have a potential heightened level of biodiversity risk due to the nature of the business, the products/services of focus, and inherent dependencies on nature.

→ High Impact Commodities

Dependency on certain high impact commodities can pose elevated risks for the target. This could be driven by regulation, supply chain continuity and predictability, resource scarcity, the changes in prices of commodities, significant reliance on finite resources, and/or reputational risk associated with a given commodity.

→ Supply Chain Complexity

Several factors can magnify the impacts of potential risks and create a more difficult-to-control situation for the target. These factors include extended supply chains of medium to high-risk commodities, the number of ingredients sourced, the number of countries ingredients are sourced from and suppliers' specific location.

→ Ecologically Protected Areas

Companies with exposure to ecologically protected areas may be at heightened risk for costs associated with environmental liabilities, reputational challenges, eroded brand value, and extended project times.

Uncovering the Opportunities

Biodiversity in private markets isn't just about risk—we believe companies can capitalize on a range of opportunities through a thoughtful approach to biodiversity:

Enhanced Resilience

Biodiverse ecosystems tend to be more resilient to climate change-related events, such as extreme weather or abnormal variations. By preserving and restoring biodiversity, companies can better manage continuity of operations.

100%

Danone France aims to source 100% of ingredients from regenerative agriculture, improving resource efficiency and supply chain resilience (e.g., soil resiliency efforts)[2]

Cost Savings

Implementing practices such as natural pest control, soil fertility enhancement, and water management may lead to cost savings by reducing the need for chemical inputs, irrigation, and infrastructure maintenance.

$300MN

annual costs avoided by the city of New York as a result of their watershed protection program to safeguard drinking water supply[3]

Improved Resource Efficiency

Conservation measures can promote efficient resource use such as optimizing land use, water consumption, and energy usage. This can streamline operations, potentially leading to cost reductions and improved profitability.

27%

reduction of water usage per unit of production by Procter & Gamble, realizing cost savings and operational efficiencies[4]

Brand Reputation & Value

A thoughtful approach to biodiversity can enhance stakeholder relationships, including communities, customers, employees, regulators, and investors. This may improve brand reputation and market competitiveness.

82%

of 6,000 surveyed consumers believe that companies have an obligation to protect biodiversity[5]

Innovation & Differentiation

Biodiversity-related innovation such as nature-based solutions for climate resilience may help gain a competitive edge. For example, biodegradable packaging materials may increase sales to sustainability-oriented customers.

90%

increase in revenues between 2022 and 2023 for Indigo Agricultural, a company that leverages microbial and digital technologies to improve agricultural productivity[6]

1. *To the extent Carlyle engages with portfolio companies on ESG related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the long-term value of the investment. There can be no assurance that the operations and/or processes of Carlyle as described herein will continue, and such processes and operations may change, even materially. The actual due diligence and investment process used for any or all of Carlyle's investments may differ materially from the process described herein.*
2. *Danone, "Regenerative Agriculture".*
3. *State of New York, "Governor Hochul Announces Nearly $300M State Grants for Local Water Infrastructure".*
4. *P&G, "Protecting our Water Future".*
5. *Convention on Biological Diversity, 2020.*
6. *Indigo Ag, "Indigo Ag Accelerates Proven Sustainability Programs".*

Analyzing Carlyle's Portfolio

We took a phased approach to spot biodiversity risks and opportunities within Carlyle's existing portfolio:

→ **Segment the portfolio:** to begin, we identified three investment portfolios to test the approach. The three portfolios were selected because of our ability to access data, as well as the relative importance of biodiversity to the investment strategy. To focus on investments where our ownership will continue long enough to be able to effect change, we only included investments made after 2018.

→ **Run the biodiversity triage:** next, we ran Carlyle's biodiversity triage across the three portfolios, ultimately identifying 10 portfolio companies across six sectors we believe have elevated biodiversity materiality.

→ **Identify broad-based risk factors:** once we identified the 10 portfolio companies with potentially elevated biodiversity risk, we conducted analysis to understand the relevant biodiversity risk factors for each company and each company's approach to managing this risk.

→ **Engagement:** finally, we selected companies to engage to better understand how they currently interface with biodiversity and support opportunities for improved engagement.

Broad-Based Risk Factors Identified

Through our analysis, we identified three biodiversity risks as repeatedly material risks across our pilot portfolio. We believe these three risks will continue to be fairly typical given our areas of investment focus. However, we will seek to continue to monitor the different risk types going forward.

Ecological

Insufficient water availability or poor water quality can disrupt operations in water-intensive industries such as agriculture, manufacturing, and energy production. Further, water scarcity or contamination can disrupt supply chains.

→ **Potential Business Impact**

- Production delays
- Increased costs for businesses
- Shortages of raw materials
- Loss of revenue due to delayed timelines or limited availability of required product inputs

→ **Portfolio Sectors Impacted**

- Chemicals
- Energy
- Food & Agriculture
- Forestry
- Manufacturing
- Technology (data centers)
- Textiles & Apparel

Liability

Land conversion risk can involve the transformation of natural habitats into urban, agricultural, or industrial areas, which can lead to a loss of natural resources, habitat destruction, and social opposition.

→ **Potential Business Impact**

- Shortages of raw materials
- Operations and supply chain disruptions
- Loss of social license to operate (e.g., protests, negative media coverage, project delays)

→ **Portfolio Sectors Impacted**

- Energy
- Food & Agriculture
- Forestry
- Real Estate

Regulatory

Pollutants can pose risks to businesses due to their negative impacts on the environment, public health, and regulatory compliance, as they can contaminate soil, water, and air, leading to ecological harm such as soil degradation and water pollution.

→ **Potential Business Impact**

- Operations and supply chain disruptions
- Disrupted ecosystems vital for business operations (agriculture, forestry, etc.)
- Litigation
- Healthcare costs
- Reputational damage

→ **Portfolio Sectors Impacted**

- Chemicals
- Energy
- Food & Agriculture
- Forestry
- Manufacturing

Existing Biodiversity Progress[1]

While we have recently systematized our approach, biodiversity efforts are already underway in certain investments across our portfolio:

→ Raventós Codorníu:
a manufacturer of high-end cava (sparkling wine) and premium wines in Spain.

Raventós Codorníu has announced its goal to transition its 1,341 hectares of vineyards in Spain, Argentina, and California to 100% organic by 2030—free of fungicides, pesticides, or chemical herbicides—and treated with natural fertilizers: a goal that currently accounts for 58% of its hectares. Thanks to this transformation and organic grape purchase contracts, the Codorníu cava brand is already 100% organic from this year, 2024. The portfolio company believes this work can help Raventós Codorníu to be increasingly marketable with the global organic wine market expected to expand at a compound annual growth rate of 10.2% from 2022 to 2030.[2] Additionally, 100% of the group's energy consumption is already from renewable sources, but the group intends to take additional steps to increase the content of self-produced renewable energy on-site over the coming years.

→ Hexaware:
an information technology and business process outsourcing service provider company based in India.

Recognizing its reliance on water stemming from operating data centers, Hexaware established a goal of water neutrality across owned operations. Two of its campuses are zero-water discharge campuses, with rainwater harvesting systems installed along the properties. The company has also set partnerships in place to restore local water bodies, helping to benefit local communities and seeking to conserve ~3 million gallons of water. One of its locations also hosts a bee farm and a garden containing only native tree species, selected to attract local birds and bees.

→ Penha Longa Resort:
a resort located on protected, natural national park in Portugal.

With a focus on eco-tourism, Penha Longa has done extensive work to restore and preserve the natural park in which it is located, including efforts to remove invasive flora species such as acacia, replant indigenous plants such as cork oak and Portuguese oak, and build suitable habitats such as nests for local fauna. The business has also gone to great lengths to establish a water conservation plan. The location in the nature preserve is an important aspect of customers' decisions to stay there. The company believes that the more Penha Longa takes care of the local environment, the more sustainable it can be as a valuable source of tourism for the local region.

→ Amp Energy:
a global energy transition development platform that delivers renewable energy, battery storage, and green hydrogen developments, alongside AI-driven technology.

Amp Energy, through their Hillston Agrivoltaics project in Australia, has combined solar energy with agriculture, specifically adding chicken and lamb grazing, to seek to improve soil quality while reducing maintenance costs. Amp embraces regenerative agriculture in this way to enhance the land's water retention and sequestration. Currently deployed across a 15-hectare area, Amp aims to extend this work to the full 225 hectares of the project site.

→ SierraCol Energy:
an independent oil producer in Colombia, also delivering energy solutions.

SierraCol Energy ('SierraCol') has embraced biodiversity to seek to mitigate risk and strengthen its local community ties. The company has implemented a Biodiversity Management Program based on conservation, natural resource sustainability, and industry collaboration/community participation. During 2023, SierraCol signed 18 conservation agreements with local communities for five years for the protection of 75.6 hectares and the rehabilitation of 39 hectares of strategic ecosystems. For 2024, SierraCol has set a target to establish 30 new conservation agreements with local communities in its areas of operations.

What's Next

In 2023, we developed and piloted Carlyle's Biodiversity Risk Triage. In 2024, we seek to include the Biodiversity Risk Triage across most of majority-owned Global Private Equity investments and expand to components of our Global Credit platform.

Where we identify biodiversity as a potentially material consideration, we hope to engage with portfolio companies to accelerate efforts to mitigate risk and capture opportunities.

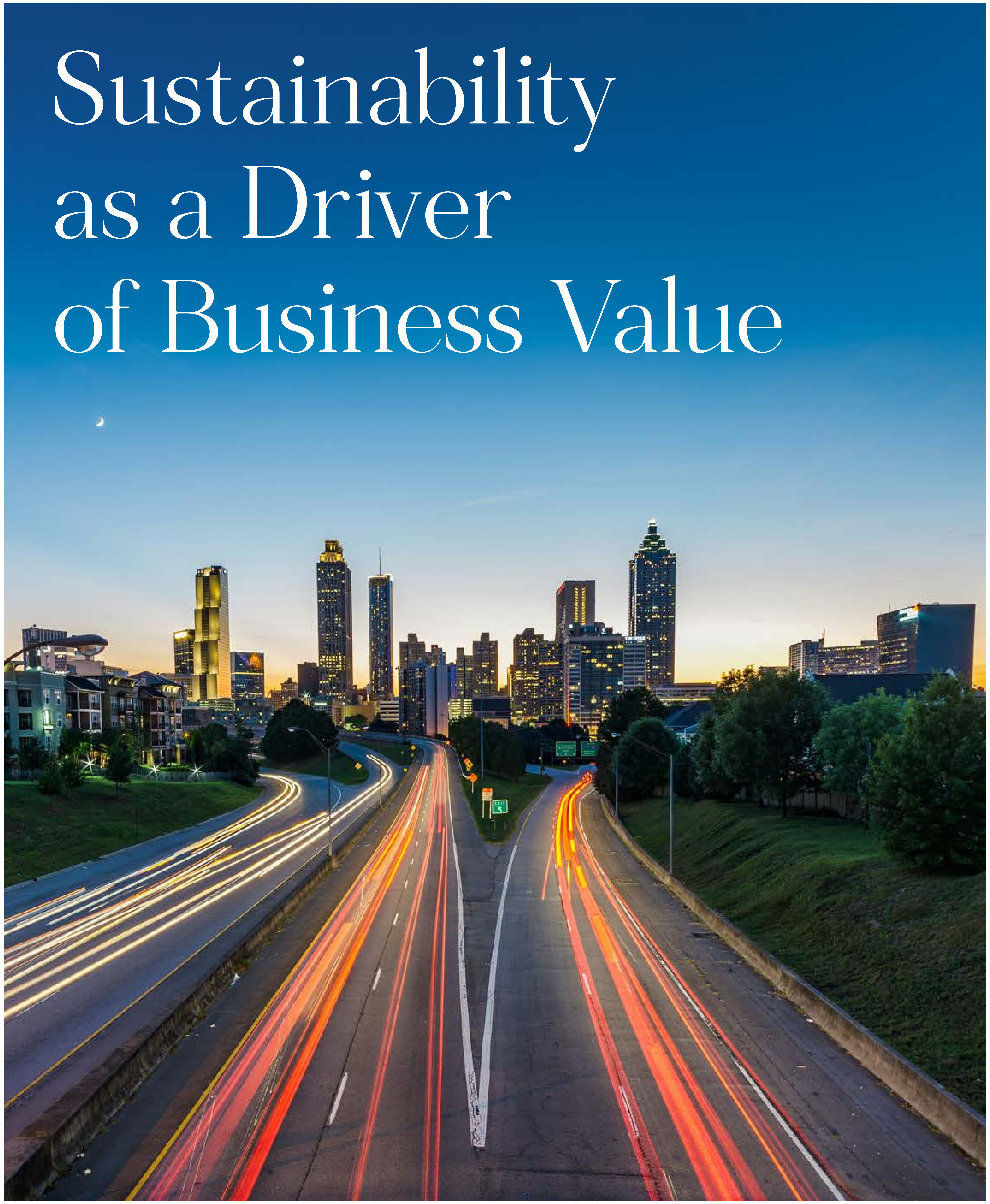
We are excited to share additional findings as we expand this work.

The ESG or sustainability goals, commitments, incentives, and initiatives outlined herein are purely voluntary, are not binding on investment decisions and/or Carlyle's management of investments, and do not constitute a guarantee, promise, or commitment regarding actual or potential positive impacts or outcomes associated with investments made by funds managed by Carlyle. Any reference herein to environmental or social considerations is not intended to qualify our commitment to maximize risk-adjusted returns. There can be no assurance that Carlyle's sustainability policies and procedures as described herein, including policies and procedures related to responsible investment or the application of biodiversity-related criteria or reviews to the investment process will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment.

1. *Case studies are provided for illustrative purposes only and to demonstrate how certain biodiversity efforts and activities are implemented in Carlyle portfolio companies. There is no guarantee that any action will be implemented or projection will be met, that any efforts will be implemented to the same degree for each investment, or that they will create a positive ESG or financial impact. Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.*
2. *https://www.grandviewresearch.com/industry-analysis/organic-wine-market-report.*

ESG Integration in Real Estate

Sustainability as a Driver of Business Value



Since 1998, Carlyle's real estate team has navigated a wide range of economic and market conditions across industrial and residential sectors.

The sustainability performance of buildings and developments is a factor we generally consider when selecting real estate assets for acquisition and investment. Our US Real Estate team has developed a standard operating procedure that seeks to drive sustainability-related value in three ways:[1]

→ **Resilience:** mitigating the effects and potential impacts of a changing climate.

→ **Decarbonization:** reducing the emissions of buildings, which generate 40% of energy-related greenhouse gases.[2]

→ **Opportunity:** generating value by increasing delivery of sustainable, desirable (and future-ready) buildings that companies and people want to occupy.

Countries, states, and cities across the globe are increasingly embracing building standards and energy efficiency requirements to mitigate the impact of the built environment on the climate and communities. For example, New York City has established numerous building performance standards that have created a high threshold for compliance. These include Local Law 97, which requires most buildings over 25,000 square feet to meet new energy efficiency and greenhouse gas emissions limits from 2024. In Europe, the newly revised Energy Performance of Buildings Directive (EPBD) is expected to increase the adoption of renewables and efficiency measures, adding to the suite of existing regulations.[3]

Alongside the growth of policies and regulations, market demand is also increasing. We believe environmental issues such as energy performance and the incorporation of sustainable building materials are becoming differentiators for potential occupiers. In parts of Europe, more than 80% of the buildings that will be occupied in 2050 have already been built.[4] But, according to the European Commission's Factsheet on Energy Performance of Buildings, 75% of the existing buildings have 'a poor energy performance.'[5]

With so many older developments, we believe there is high demand for the next iteration of greener architecture and design. Sustainability certifications such as LEED and BREEAM are growing rapidly, offering property developers and owners the chance to differentiate from less efficient commercial and residential properties. Rents for such buildings are at a premium[6] of between 7% in North America and 10% in Asia Pacific.

In the United Kingdom, an innovative Carlyle real estate portfolio company, Uncommon, has capitalized on the opportunity to improve poorly performing, energy-inefficient buildings by retrofitting commercial assets into desirable workspaces with sustainable performance as a key differentiator. With significant investment from Carlyle, the Uncommon team is focused on creating sustainable, modern workspaces that can help companies bring people back to the office, creating a resilient and exciting business.

1. *There can be no guarantee that the operating procedure will be applied in its entirety, or at all, to any or all Carlyle real estate assets.*
2. *https://www.architecture2030.org/why-the-built-environment/.*
3. *https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_1966.*
4. *https://ukgbc.org/our-work/climate-change-mitigation/.*
5. *https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en (April 18, 2023).*
6. *https://www.weforum.org/agenda/2024/01/sustainable-office-buildings/.*

UNCOMMON

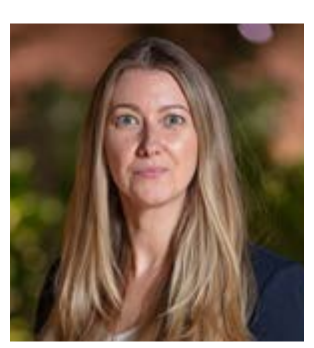
23.6%

reduction in Scope 1 and 2 GHG emissions in 2023

B Corp

certified

"B Corp is a movement—a global network of over 8,400 companies on a mission of doing good while doing business. It's a stamp of approval of our collective efforts across all departments here at Uncommon, and clear evidence to our members, team, and partners of our commitment to drive positive impact. It's a framework that gives us direction and pushes us to do better."



MAGDA AL-NUGAIDI
Managing Director, Uncommon

Case Study

Answering the Demand for More Sustainable Workspaces

In 2017, Carlyle entered the London flexible workspace environment—looking for a company that understood the increasing demand for well-designed spaces that also focused on sustainability. We believed the demand for these characteristics was coming from established organizations, start-ups, and even sole traders.

We found a company making that link in London, with an imaginative and ambitious workspace in a former book bindery. We committed to invest £150 million in what was to become the Uncommon brand. The funds, released in stages, enabled the business to rapidly quadruple its footprint, adding three new major spaces to its existing hub, and increasing the total number of desks to 2,152 by 2019. The company then acquired a building in Holborn—the largest addition to the Uncommon portfolio, with an additional 1,900 desks opening in Summer 2024.

Six years after investment, the demand for commercial real estate with a strong sustainability profile is proving resilient.[1] Uncommon CEO Chris Davies approached the Carlyle Sustainability team over three years ago with his vision to make sustainability the cornerstone of the brand, and one day reach Net Zero across all construction and operations of the business. Carlyle has supported the company on this journey, not only to develop a sustainability strategy, but also by serving on the Uncommon Board and as part of their Environmental Committee actively working on the implementation of environmental initiatives.

Uncommon's strategy includes goals to reduce emissions in line with the Paris agreement, incorporate green building standards, and embed environmental considerations in choosing suppliers, including their food and beverage offering.

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://www.savills.co.uk/blog/article/355271/commercial-property/real-estate-sustainability-priorities-in-2024.aspx.

Sustainability as a Tool to Engage Members and Drive Occupancy

From the company's inception, we believed that sustainability was not just a 'nice to have' for Uncommon but could form a core pillar of its brand differentiation and recognition, and support engagement strategy with its members, which ultimately contributes to stable occupancy rates, a key commercial metric.

External accreditations and recognizable industry verifications were important as part of this strategy. A key milestone for the company was its B Corp certification achieved in 2023. B Corp is no small feat, and it took countless hours for the full team to work toward the stringent criteria.

Since becoming certified, Uncommon has hosted regular events for its members, featuring talks from sustainability experts and panel discussions with fellow B Corp brands. They've also actively supported member companies in joining the movement to become B Corp themselves.

The team also decided to get ratification for its climate program through the Science Based Targets initiative (SBTi). The Uncommon team defined a detailed and SBTi-backed Net Zero strategy in 2023 with a near-term target of an 80% reduction by 2025. Key to the SBTi-approved roadmap is the role that Uncommon occupiers, called 'Members,' can play in how they use the spaces. Once joined, all Members participate in an ESG onboarding that outlines the environmental and ethical performance and principles of the company, and outlines opportunities to participate in environmental responsibility. In this way, the business uses its sustainability program as a Member engagement and activation strategy, which the business hopes in turn improves loyalty and retention—a key business metric to ensure occupancy.

From Vision to Reality

With a development model that seeks to improve existing buildings, the company implements a comprehensive approach to the physical impacts of the build, fit-out and use phases. During construction, the project team seeks to prioritize recyclable and lower-impact materials. When it comes to the design of its spaces—from air-conditioning systems, to lighting, to furniture—efficiency is a focus.

To increase energy efficiency, Uncommon strives to include high-performance insulation, efficient heating, ventilation, and air conditioning systems across its sites, and solely sources electricity from renewable energy providers. For water consumption reductions, the Highbury, Borough, and Fulham buildings use technologies such as low-flow faucets, tap sensors, dual-flush toilets, and rainwater harvesting. Recycling is encouraged and enabled throughout the sites with clearly labeled facilities for both Members and Uncommon staff and service providers. Uncommon's sites meet BREEAM's[1] 'Good' to 'Excellent' standards for sustainable performance,[2] and the team is seeking an 'Excellent' rating for Holborn.

> *"Uncommon's implementation of sustainable practices and its focus on social and environmental responsibility, highlighted by its Green Collective initiative and regular B Corp events for members, has empowered us to integrate sustainability into our daily work lives."*
>
> UNCOMMON MEMBER COMPANY

Uncommon CEO Chris Davies and Managing Director Magda Al-Nugaidi talk with our Co-Head of Global Sustainability, Katharina Neureiter about their flagship location in Holborn and the impact of Carlyle's investment.

1. www.breeam.com/standards.
2. As of May 2024.

Decarbonization-Linked Financing in Global Credit

Q&A

How Global Credit is Advancing in Decarbonization—Insights & Learnings

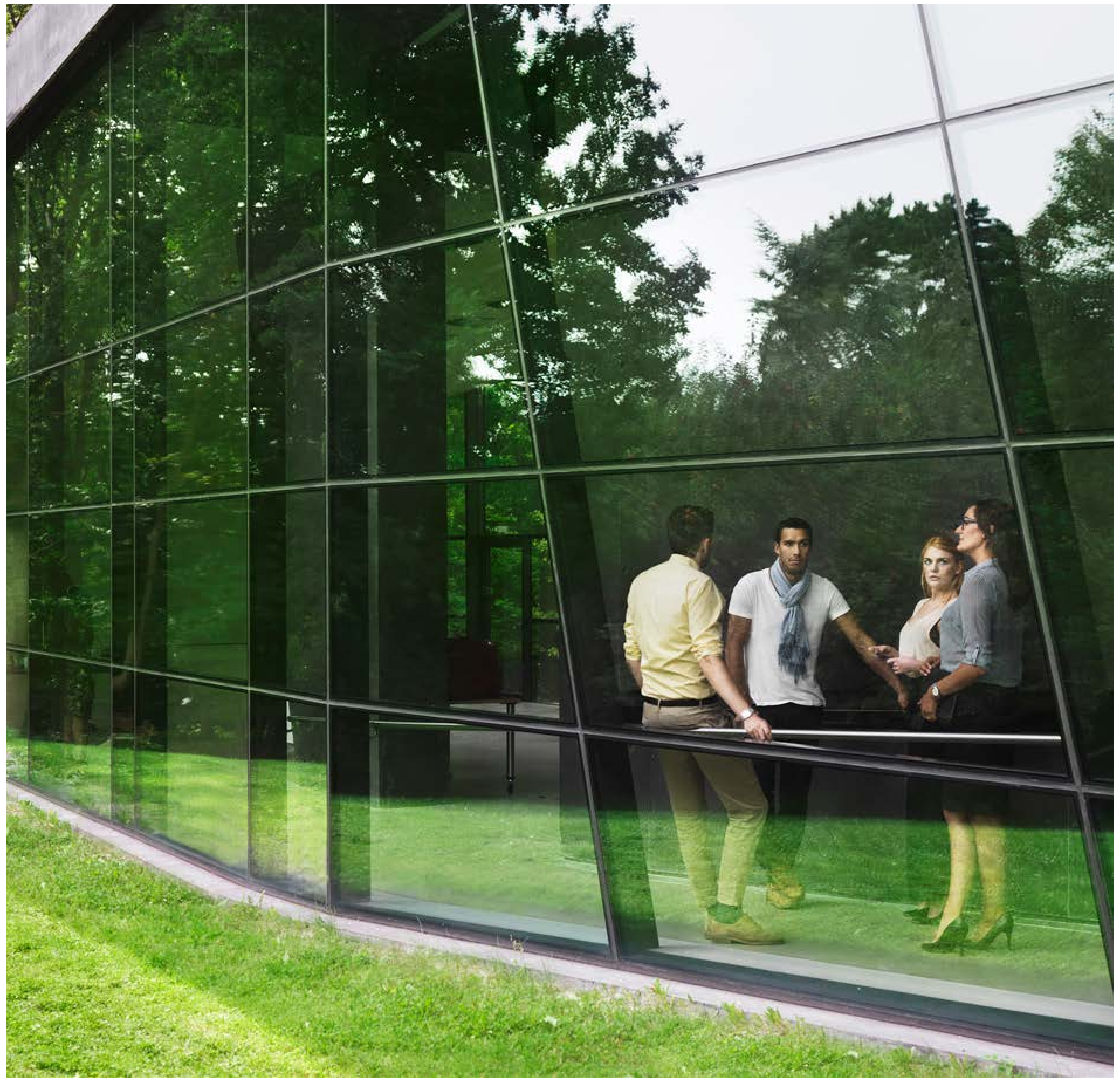
An interview with:

KATHARINA NEUREITER
Co-Head of Global Sustainability

TAJ SIDHU
Head of European & Asian Private Credit

In 2022, our Global Credit platform launched a decarbonization-linked financing program, offering a pricing incentive tied to borrowers' achievements in decarbonization targets. Two years into the program, Katharina Neureiter, Carlyle's Co-Head of Global Sustainability, and Taj Sidhu, Carlyle's Head of European & Asian Private Credit, reflect on the value the program is delivering and the learnings that have been uncovered through implementation.

Certain statements herein are the opinions and beliefs of Carlyle. There can be no assurance that any historical trends will continue.



After nearly two years offering these incentives, what are the greatest benefits for borrowers and Carlyle and its LPs?

Katharina Neureiter: For borrowers, the discount is attractive, but we're finding that just as significant is the draw of the access to resources that the decarbonization-linked financing program offers. Many borrowers are grappling with the combination of climate-related regulatory and commercial pressures and are increasingly required to measure their carbon footprints and demonstrate decarbonization progress. As part of the program, our Sustainability team works with participating companies to help establish robust carbon footprinting methodologies and support in developing decarbonization strategies that make sense for businesses. For example, we can help connect portfolio companies to carbon footprinting platforms at a discounted rate. We've also engaged deeply with portfolio company management teams, conducting dedicated trainings on decarbonization and ESG to help them identify specific ESG drivers for their business. We've also created a guidebook for Chief Financial Officers to enhance ease of implementation and address frequently asked questions.

For Carlyle, we believe that offering ESG-linked financing in the form of a decarbonization ratchet helps to make us a more attractive lender and helps us to remain competitive when it comes to sourcing and negotiating good deals.

How does this differ from other sustainability approaches in private credit?

Taj Sidhu: Beyond assessing ESG issues as part of due diligence, sustainability approaches in private credit can historically be separated into two main categories. The first is divestment, where investors exclude holdings in certain sectors or geographies. The other is to construct portfolios of solely sustainability 'pure-play' borrowers, such as renewable energy companies. What we have found is that the challenge with both approaches is that they don't accelerate company-level change over time—rather, they seek to bifurcate the universe into 'good ESG' companies or 'bad ESG' companies.

There are limitations related to both scenarios. In the case of divestment, we are unable to engage with companies and provide them with the relevant resources they need to decarbonize. In the case of portfolios focused solely on sustainability 'pure-play' borrowers, there can be a lack of volume of deals and depth in the market, which could limit the ability to meet the financial expectations of investors, and opportunities for diversification may be limited.

Ultimately, the approach we have taken incentivizes companies across different segments of the economy to set in place firmwide decarbonization and ESG plans designed to accelerate their business, and as Katharina noted, provides them with resources to do so.

The decarbonization-linked financing approach enables borrowers to build the necessary muscles that may be required to operate in an increasingly carbon-constrained world.

Additionally, the ratchet can enable us to have more access to borrowers, especially in a consortium situation. We can establish a closer relationship driven by our incentive to help borrowers to build better businesses and demonstrates our alignment in their value creation journey.

How does the program solve for varying objectives and contexts across different companies or sectors when structuring Key Performance Indicators (KPIs)?

Taj Sidhu: A key learning has been that the format and mechanisms for implementation will differ based on the structure of the underlying deal. We're engaging across three main deal types: the first is the most straightforward, and that's where we engage on a bilateral basis directly with the borrower, without any third parties, and we can offer advice and support directly in-house.

We also work alongside other managers who co-invest. There, it's a story of collaboration and streamlining recommendations, making sure that we're aligned on an investment thesis going forward and operating with clear and open lines of communication. About half of our deals are sponsor-backed, meaning that we finance a company that has equity investment from a private equity investor.

The assumption across private credit is that equity investors are more active and situated to increasingly drive ESG activities in their portfolio companies. We seek to understand the agenda of the equity investor and try to encourage them to collaborate with borrowers to develop KPIs that support both parties' objectives.

Katharina Neureiter: Beyond the nuances with various deal structures, we're also finding variance based on the investment type. For example, when lending directly to a corporate entity, it tends to be a straightforward, carbon intensity reduction KPI. For other investments, it can be more bespoke and complex.

In certain real estate investments, the process can become more complicated where, as one example, you have developers owning the building and financiers of the developers also involved. Our loan can go to the equity sponsor that then engages with the developer, which in turn rents out the space. In that case, the tenants are ultimately responsible for the energy usage, and our counterparty doesn't maintain operational control, limiting their ability to influence change. In those kinds of cases, our approach has to be much more tailored to these realities. We typically address what is in the control of our counterparty, which in real estate might be supporting construction in line with green building standards or encouraging a 'green lease' approach to tenants. Sometimes it's as simple as ensuring that there are enough recycling facilities and that buildings are accessible to tenants of all abilities.

To ensure that our approach remains pragmatic, commercial, and a value-add to our counterparties, we have learned that we need some flexibility in how we incentivize decarbonization in differing contexts.

How is the offer incorporated into deals and what does the process look like?

Taj Sidhu: Our Global Credit investment teams integrate the offer as part of the regular negotiation. If attractive to the borrower, we set out the incentive as a covenant in the loan documentation, at which point the credit team usually contacts the Sustainability team for support in selecting appropriate KPIs and targets, and throughout the process. As mentioned, this very much depends on the context, but the process normally follows these steps:

→ **KPI selection:** we typically meet with the management team of the borrower first to discuss our approach and inquire whether they have specific requirements or ideas for KPIs. We would include sponsors or co-investors when applicable.

→ **Data discovery:** the borrower, with our support and recommendations, will appoint a team or an external consultant to conduct a study on their existing carbon footprint, or in some cases, another KPI that was discussed, to establish a baseline.

→ **Target planning:** we would then work with the borrower to agree on realistic targets and a suitable discount incentive roadmap.

→ **Approvals:** these targets need to be approved by the CFO of our borrower and jointly by the Carlyle deal team and Sustainability team.

→ **Documentation:** after targets have been approved, the credit team will input them into our global credit technology platform and inform the facility agent of the agreed target and discount mechanism.

→ **Implementation:** each subsequent year, the borrower will reach out to the deal teams with a 'Pricing Certificate' demonstrating whether the target has been achieved or not. We require this to be evidenced by a third party. Usually, this is the sustainability consultant that helped put the baseline in place. Our Credit team then informs the facility agent, and the pricing discount is applied to the loan for the year.

What have been the benefits for Carlyle's investors?

Taj Sidhu: The program has been an interesting tool in our arsenal as it relates to deal sourcing. Given the pace of deals and competition in the space, this presents a compelling value-add opportunity to our offering and way to distinguish ourselves from our competitors. Moreover, this is a great opportunity to advance our investment team's understanding of climate and sustainability as we have socialized and implemented the program over the past two years.

Katharina Neureiter: The idea is to create a pragmatic, achievable program that helps our portfolio companies accelerate progress on their decarbonization and sustainability journey, where it is appropriate. The goal is to help borrowers become more resilient, and in the process, advance our platform's progress on decarbonization, as well as being an important building block in our firm's Net Zero ambition that covers private credit. Furthermore, it helps us to improve the availability of carbon data in credit—a historically challenging asset class—to collect high-quality carbon data.

The following case studies from our Global Credit portfolio illustrate how we have partnered on decarbonization. The examples were selected to demonstrate how our approach and engagement differs across the three deal types: bilateral deals, sponsor-backed deals and deals with a co-investor. There can be no assurance that any process will be applied in its entirety, or at all, to any or all Carlyle portfolio investments.

52%

reduction in 2024 for carbon intensity versus 2021 base year

Gold

EcoVadis sustainability rating for 2023[1]

Second life

for Cordstrap's scrap metal for use in bed bases and cars

Case Study: Bilateral Deals

Safeguarding Global Commerce and Advancing Sustainable Practices in Logistics

Carlyle collaborated with Cordstrap, a leader in cargo strapping and securing systems,[2] to set emission reduction goals. Every day, hundreds of thousands of containers need to make it safely around the world from one port to another in ocean carriers and rail freights. Based in the Netherlands, Cordstrap has been dedicated to making the movement of these vital tools for global trade safer for over 55 years. Cordstrap serves a wide range of sectors, including chemicals, food and beverages, ports, and logistics, and the company's products and services include container cargo protection, moisture control and dunnage bags.

In 2022, Coldstrap's in-house team sought Carlyle's support to take action on its GHG emissions performance. Carlyle led an ESG workshop with Cordstrap's senior leadership team in 2022 to help establish the foundation of a global ESG strategy and has since maintained regular touchpoints to support the company's decarbonization program and ESG progress.

A key outcome of this collaboration was the decision to participate in our decarbonization incentive program, which rewards emissions reductions with a margin ratchet. The company was driven by increasing customer requests for decarbonization action and the desire to look at cost savings in its operations, to benefit the Cordstrap financial profile. The team quickly identified opportunities, with Cordstrap's most significant decarbonization lever being to reduce the purchase of electricity and shift to greener sources of energy. This included the installation of LED lighting and the deployment of solar panel on the roofs of their facilities to lower GHG emissions.

A significant opportunity to help reduce the company's emissions was the integration of photovoltaic energy in its Dutch Oostrum facility and Dubai operation to generate power on-site. The company also removed diesel forklifts from the location and lowered heating consumption in its factory in Istanbul, Turkey. These measures enabled Cordstrap to exceed its target 28% reduction of CO_2e per million of revenue for 2022 compared to 2021. In 2024, the company deepened this work, achieving a 61% carbon intensity reduction in 2024 versus the 2021 base year.[3]

Other successful projects have emerged, including a waste management initiative that supports the reuse and recycling of materials. Cordstrap's scrap material from production now finds a second life in bed bases and cars. In addition, Scope 1 and 2 carbon footprint assessments have helped the company identify a wide range of potential improvements, including further energy efficiency measures with the ability to save energy costs.

Cordstrap's recent progress in sustainability efforts led the company to secure a Gold EcoVadis sustainability rating for 2023,[1] in part due to this decarbonization work.

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. *EcoVadis rankings are based on methodology and criteria created by EcoVadis, which are not known to Carlyle. Carlyle did not pay for inclusion in such ratings.*
2. *https://www.cordstrap.com/en/Products/.*
3. *As of May 2024.*

tufin
The Security Policy Company.

50%+

of Fortune 500 companies served with security tech[1]

50%+

targeted reduction in GHG intensity by 2027 compared with 2022

10%

reduction in GHG intensity, meeting its first-year target

Case Study: Sponsor-Backed

Delivering Security Solutions for Fortune 500 Clients

Tufin was founded in 2005 with the mission to protect computer networks from cyberattacks. The company's core focus is firewall management, and it helps enterprises manage and enforce a unified security policy across their complex networks and cloud environments. Today, Tufin has over 2,000 technology, financial services, and government clients and serves many Fortune 500 companies.[2]

Tufin was taken private by Turn/River Capital, a lower middle market private equity firm, in the spring of 2022. As part of that transaction, Carlyle provided decarbonization-linked financing to support future growth. Turn/River Capital and Carlyle worked collaboratively to design and implement a plan to meaningfully reduce the intensity of GHG emissions for Tufin's facilities, including in Boston and Ohio. By 2027, Tufin's GHG intensity is estimated to be reduced by over 50% compared with its 2022 baseline.[3]

Tufin worked with an ESG consultancy called Orbis Advisory, which helped the company complete its first GHG footprint review and set Scope 1 and 2 decarbonization targets in line with the SBTi. Targeted levers for improvement include additional office energy efficiency measures, reduced leased office space, and investment in an electric vehicle fleet. These initiatives are expected to yield, among other results, a 100% reduction in electricity emissions for the Ohio office space, a 67% reduction in the operation of company vehicles, and a 25% reduction in energy consumption in its Boston offices by 2027, compared to 2022.[3] In addition to Scopes 1 and 2, Tufin aims to reduce its Scope 3 emissions, which include waste generated in operations, business travel, and employee commuting. By working toward these targets, Tufin aims to achieve a more sustainable energy footprint and reduce operational costs benefitting its borrowing profile.

The Carlyle Sustainability team, together with the credit team, reviews Tufin's GHG emissions reduction target performance on an annual basis in April. The company has reduced its carbon footprint intensity by 10%, compared to its 2022 baseline, meeting its first-year target.[4]

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://www.tufin.com/solutions/firewall-management.
2. https://www.tufin.com/company-overview.
3. Projections are provided for informational purposes only. There is no guarantee that any projections will be achieved.
4. As of May 2024.

OCS

100%

targeted renewable energy in OCS' United Kingdom, Ireland, Australia, and New Zealand offices by 2025

70%

targeted reduction in Scope I emissions by 2030 in OCS companies in the United Kingdom, Ireland, Australia, and New Zealand

8,000

customers across APAC, the Middle East, Europe, and the United Kingdom

Case Study: Co-Investor

Supporting Sustainability Goals in Facilities Services

A provider of essential services including hard services, cleaning, catering, pest control, security and facilities management, OCS has more than 120,000 employees across 26 countries and strives to make the people and places they serve the best they can be. With some 8,000 customers across APAC, the Middle East, Europe and the United Kingdom, OCS understands that achieving its sustainability goals will require the cooperation of many partners on issues such as Net Zero.

Working in collaboration with our co-investor, a dedicated private credit provider with an active ESG team, Carlyle engaged with the OCS management team and its dedicated ESG team. As part of the company's ESG strategy, in addition to the decarbonization activities described below, the management team is also focused on social issues, particularly the health and safety of their workforce. As such, OCS proposed to include health and safety as one of the KPIs attached to the incentive.

OCS' in-house team had initially proposed an ambitious climate program, covering select countries which contribute over 89% of OCS' overall turnover, and their progress independently verified through external audits. Now, they will be expanding their reporting capabilities to include all OCS businesses, with the intent to create a full group consolidated baseline.

The company has set a Net Zero by 2040 target. To achieve this, OCS aims to reach several key milestones, including using 100% renewable energy in its UK, Ireland, Australia, and New Zealand offices by 2025, and purchasing only new electric or hybrid vehicles across the global business by 2034.

Employee health and safety and environmental protection is a business priority supported by ISO-based management systems (ISO9001, 14001, 45001), training and audit programs. The business has a range of key performance indicators; however, the incentive focuses on an employee engagement program (Colleague Engagement Visits), whereby senior executives are targeted to meet directly with the workforce on a regular basis across the year, to understand and address workplace health and safety issues and foster an engaged and positive safety culture with employees. For a business built on the strength of its global workforce, this is a core business imperative and integral to the financial health of the company by delivering excellent services to clients and reducing recruitment and attrition costs.

To achieve these goals, OCS developed an ESG policy[1] that outlines its commitment and approach to reducing impacts on the environment, supporting the well-being of colleagues and communities, and maintaining strong corporate governance. The scope of the policy extends to all OCS employees, global locations, relevant business partners, and suppliers.

For OCS' management team, these activities demonstrate the value of their existing safety and sustainability initiatives and how they can contribute to commercial outcomes in a meaningful way, providing momentum to take the program global in the coming years.

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://ucarecdn.com/2a89c507-26e9-483d-b274-93bf9674c67a/

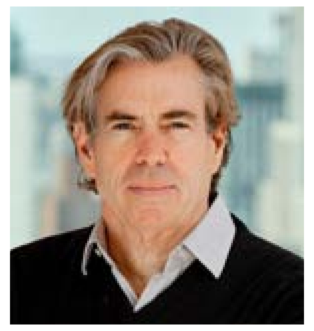
Energy Transition

Q&A

Opportunities in Energy Pathways

A conversation with:

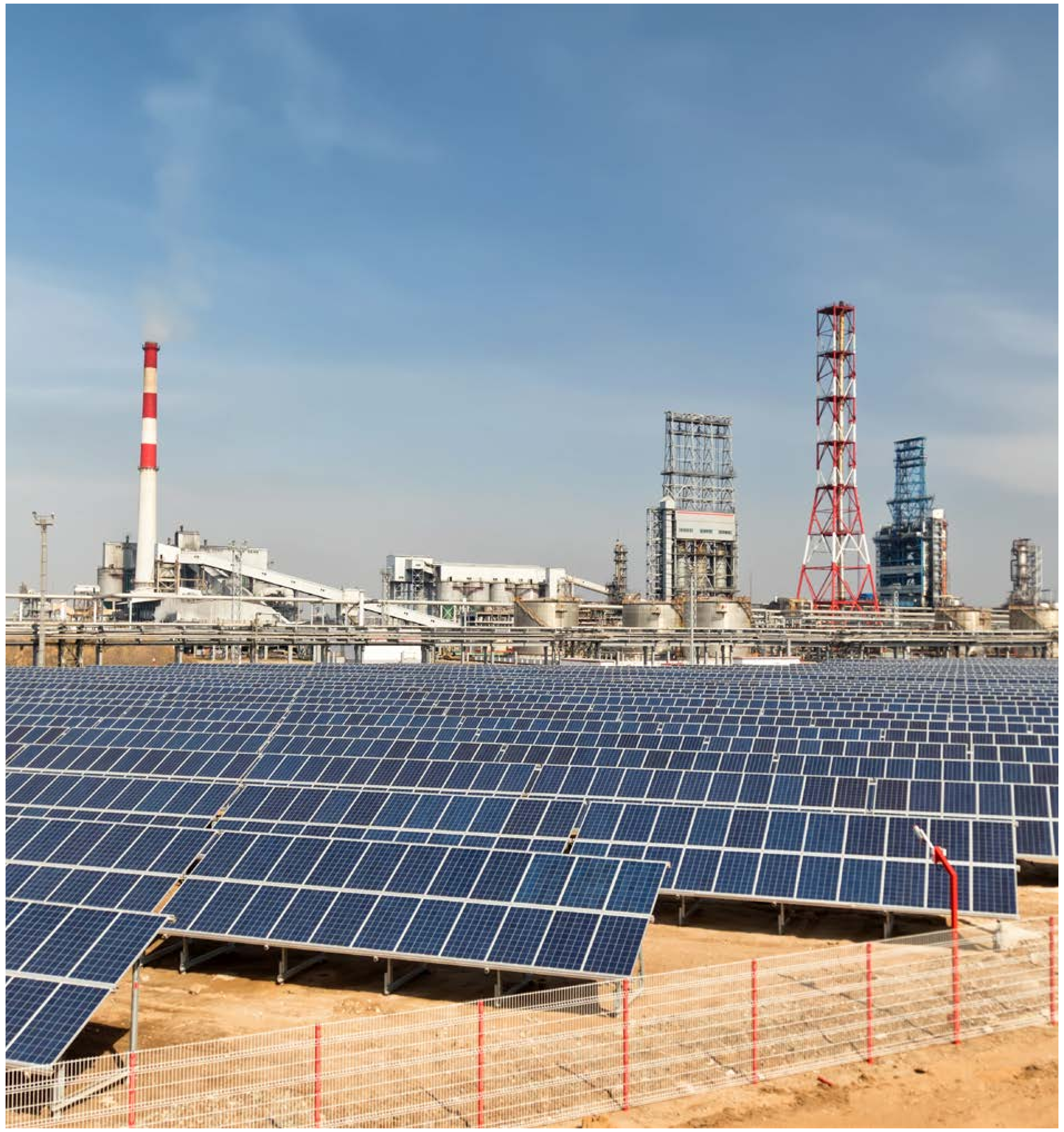
JASON THOMAS
Head of Global Research & Investment Strategy



JEFF CURRIE
Chief Strategy Officer of Energy Pathways

We believe the global energy transition is creating investment opportunities as the world decarbonizes, energy infrastructure recalibrates, and the responsible management of traditional energy remains paramount. Jason Thomas, Head of Global Research & Investment Strategy, and Jeff Currie, Chief Strategy Officer of Energy Pathways, discuss how Carlyle's investment thesis for the energy transition lies in the convergence of traditional energy and the low-carbon economy, and balancing energy availability, security, and affordability.

Certain statements herein are the opinions and beliefs of Carlyle. There can be no assurance that any historical trends will continue. The information provided herein is for informational purposes only. Please refer to the final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents for the investment strategy and criteria of any particular fund.



Jason Thomas: You joined Carlyle earlier this year to lead our firm's energy transition analysis. When most people think of the energy transition, they think of decarbonization. Investors are certainly familiar with that concept and the importance of transitioning to renewable or non-carbon-emitting sources of energy. But what do we mean when we talk about 'energy pathways'? Why use that term specifically?

Jeff Currie: We talk about 'pathways' to call out the complexity of this transition and the uncertainty about how exactly we will get to the end goal. There are many different paths to the same goal, but we need to experiment in order to find the right one.

There are three terms I want to discuss: energy transitions, energy additions, and energy pathways. Let's define each.

An energy transition means moving out of one energy source and into another, and we've never actually done that before. What we have done before is 'energy additions.' A great example is when we moved from wood to coal in the 1800s. That happened because the economics of coal were superior, but wood never completely went away as an energy source. In fact, we still burn about as much wood (and coal) as we ever did in the past. But we also consume vastly more energy in total then we did in the past, and that is because we added on oil, gas, nuclear, and hydro. All of these constitute energy additions.

Energy pathways are an extension of these transitions and additions. Each of the energy sources we added required a path because you needed to create the linkages from the old to the new. Again, let's use coal as an example. Once we discovered coal as an energy source, we needed to create all of the consumption infrastructure required to support that downstream. These pathways complicate the energy additions.

But today, we're transitioning out of the old and into the new, as well as adding. I want to emphasize that for the first time in history, we are trying to stop ourselves from using specific energy sources. And that means the pathways here are wide. This requires experimentation, and we need to be technologically agnostic because we don't yet know exactly what these pathways look like. We'll have to try different things until we find the right pathways.

I want to add on one other point—we also must contend with cycles that add to the variability. Specifically, we're in the midst of a commodity supercycle, where commodity prices are much higher for much longer mostly because of a big structural shift in demand that the supply side didn't anticipate. But this time the supercycle is also a CapEx cycle, because we also need to invest in the transition infrastructure.

Jason Thomas: I agree that the current environment is critical to understanding the opportunity set around the energy transition, and the idea that the current commodity supercycle is also a CapEx cycle is a great point. What else is important to consider when thinking about the current macro environment?

Jeff Currie: This kind of a transition may bring increased macro volatility. If we choose a path that leaves an energy deficit because old supply is removed before new supply can be added, then balancing the system in real time could result in disruptions and price shocks.

I'd also say that this energy transition is extremely disorganized and nothing short of chaotic right now. There's a lot of trial and error happening, and that's part of the process.

Jason Thomas: We're seeing what the stress on critical minerals and the transition is doing to commodities. What are you seeing in the commodity complex today and how does it differ from what you've seen over the course of your 30-year career?

Jeff Currie: What we're seeing in the United States right now is exceptional demand across the commodities complex. This is a classic late cycle rally, which is following a period of under-investment in natural resources. This is putting stress on the system, which creates what I describe as 'the revenge of the old economy.'

The revenge of the old economy starts when poor returns in the old economy, in commodities for instance, cause capital to be redirected to the new economy, such as in tech. This divergence in capital allocation historically continues until the system finally breaks and capital is redirected back to the old economy. This happens through higher prices, and thus higher returns, in the old economy. And that's what will attract capital back to the space.

But this is happening at a time when we also have an energy transition, with certain metals being particularly pinched. Take copper, for example. Greenfield copper projects are capital-intensive and have long lead times, and this simply isn't where capital was flowing ten and fifteen years ago. Now we have the cyclical demand from a recovering global economy, plus the additive energy demand from new tech like AI, as well as the transition-related demand required to build the infrastructure to enable clean energy consumption. The entire copper price curve is going to have to rise significantly—the front end to balance the market for today, and the back end to incentivize supply for tomorrow.

We believe this dynamic is going to be repeated across the metals complex in the years to come. The whole point of the new energy economy is that we will build infrastructure that allows us to capture, distribute, and store renewable energy. Right now, we are extracting the minerals to build that infrastructure, but unlike the oil and gas we pull from the ground, these metals aren't consumed when we use them. Eventually, our energy economy will be focused on metals, and in particular recycling metals.

But until we get there, we are going to need to pull more metal out of the ground, and we are also going to need to keep enough traditional energy capacity on hand to keep the lights on.

Jason Thomas: Policy is very much central to the energy transition, particularly when we consider the amount of public support that is made available through the Inflation Reduction Act and similar regulations and policies enacted elsewhere in the world around energy. What are you watching in this space and how do you incorporate policy decisions into your analysis?

Jeff Currie: Let's go back to the example I used when discussing energy additions. They occurred because economics motivated change. Coal was cheaper and more efficient than wood, then oil was cheaper and easier to transport than coal. Energy transitions will be driven by economics and convenience if the price incentive is there. I believe we would have already completed the energy transition long ago if the economics were there. But they're not.

So, this means you have to rely on policy to drive change. Think about carbon. We know what to do with carbon; impose a carbon tax. We've learned that, and we've seen it with sulfur. It works.

I don't want to get into the politics of why we don't have carbon taxes and carbon prices all over the world. They're in places in Europe, in California, and a few places around the world, but they need to be global. Sulfur pollution is relatively localized, and thus easier for a government to target. Carbon is a global problem, and therefore a tougher challenge.

And that really sits at the core. The short answer is that it absolutely requires a policy response, and our job as investors is to respond to these developments.

Jason Thomas: What does this mean going forward for traditional energy companies? How do you chart the course, given the uncertainty in these various dimensions when thinking about traditional energy companies and markets?

Jeff Currie: You know, I like to point out that the focus is often on the oil producers, because they take on challenges the rest of the world doesn't want to deal with. However, you can't shun oil producers, because doing so simply pushes the problem to other countries.

Jason Thomas: That's a really important point. I think we've been through this period of years where people are focused on decarbonizing their portfolios through divestment, which have done little to take molecules of carbon out of the atmosphere. If you want to decarbonize it's important to actually own the carbon-emitting assets.

Jeff Currie: That's right. You've got to own the emissions to control the emissions, and divestment shirks the responsibility of decarbonization. And by taking ownership of these assets, you're in a position to control their wind-down and make the transition occur in an orderly, non-volatile environment.

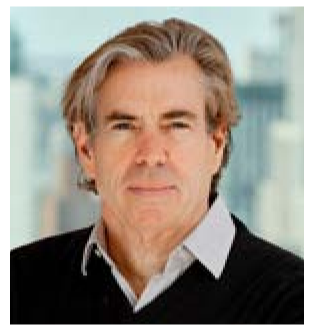
We need to make sure that people have access to the energy they need. If they can't access green energy, then they will access brown. Asking some of us to accept being energy poor is a bad idea. The pathways through this transition need to allow for this in a sensible way. This understanding is going to be critical to creating those pathways that I think all of us are looking for.

Jason Thomas: Is the idea that decarbonizing portfolios leads to greater fragility and instability in the economy something people are starting to appreciate?

Jeff Currie: Unfortunately, at this point, people may recognize the uncertainty along the pathways to decarbonization, but what drives it is less well understood. There is a recognition that the energy transition is going to require significant capital, and that problems exist, but we're not at a point of fully identifying, much less understanding, these problems. As a result, we need to brace ourselves for surprises.

The actual actions that we need to make this happen are like a slow-moving supertanker. It's going to take a long time to turn it, but I think we're going to get there on a more stable path. Before then, we will likely experience unforeseen supply and demand shocks that have an outsized impact on energy balances undergoing a transition.

"You've got to own the emissions to control the emissions, and divestment shirks the responsibility of decarbonization."



JEFF CURRIE
Chief Strategy Officer of Energy Pathways

Jason Thomas: All of this creates an incredibly fascinating, and complex, environment. What does all this mean for portfolios? How should investors think about new opportunities, and what risks accompany those opportunities?

Jeff Currie: From a portfolio perspective, there is a new kind of risk investors have not yet addressed: transition risk. Transition risk is the risk to asset prices along the pathways to the energy transition, including the risk of falling terminal value in brown assets, of under-utilized green assets if demand growth doesn't match expectations, and of macro-instability from transition-induced energy inflation or geopolitical risk from strategic competition in green industries. As with all risks, these also present the opportunity for return.

Handled badly, these risks will continue to create a poorer, more volatile, and dirtier world. The transition becomes two steps forward, one (or two) steps back—investment cycles shorten, price cycles become more volatile, and we may end up reverting to the dirtiest energy sources to fill shortfalls. And of course, this energy volatility could keep inflation, and thus interest rates, persistently higher.

The key is to optimize the mix of brown assets with green assets to own both sides of the high-to-low-carbon energy substitution. One example is pairing petrol stations with charging stations, both providing energy for transport, like we are doing with Cepsa, our Spanish energy company. This allows the investor to potentially profit from multiple forms of transition risk: duration, technology and regulatory. Holding both high free-cash-flow brown assets and high-growth green assets may create a natural hedge to duration, while exposure to carbon can create a natural hedge to inflation. And by matching assets by function, both technology and regulatory risk are also potentially hedged.

NEPTUNE ENERGY

Case Study

Demonstrating the Value of Decarbonization in Exits

Zero

target for routine flaring by 2030[1]

Top 1%

of over 100,000 companies assessed by EcoVadis[1]

2030

target year to be carbon positive[1]

~50k

target for barrel of oil equivalent per day (boepd) of production electrified by 2027[1]

In January 2024, Carlyle completed the sale of global exploration and production company Neptune Energy. Neptune Energy—with operations across Europe, North Africa and Asia Pacific—was acquired by Eni International BV, and Neptune Energy Norge AS sold to Vår Energi ASA. Eni cited the attractive carbon profile of the assets as a core part of their acquisition thesis.[2]

In most global decarbonization scenarios, oil and gas production remains a core part of the global energy mix for the next 20 to 30 years as the economy makes the substantial transition to cleaner and greener energies. In the near term, that increases the importance of pursuing low-carbon production, helping ensure energy security and enabling the orderly ramp-up of renewable energy sources.[3]

High-cost, long-cycle developments, such as those in the North Sea, face a potentially high risk of becoming economically threatened as the low-carbon economy is established.[4] This set of circumstances, however, also makes existing assets that produce relatively carbon efficient energy an attractive investment target for some of the major diversified energy companies.

The transfer of Neptune Energy's operations to Eni and Neptune Energy Norge AS to Vår Energi ASA marked the conclusion of a period of close partnership and high growth for the Carlyle portfolio company. This represented one of the largest cash acquisitions of an upstream group in international markets in nearly a decade and highlights Neptune's strategic value for energy security and energy transition purposes.

Neptune Energy's emissions intensity of 6.5kg CO_2 per boe at the point of sale was ~60% lower than the industry average.[1] Additionally, Neptune Energy has made investments in carbon capture and sequestration (CCS) projects and secured the first license for carbon storage in the North Sea, awarded by the the Norwegian Ministry of Petroleum and Energy.

Throughout its growth, Carlyle fostered a deeply collaborative relationship with the company, focused on accelerating progress during the energy transition.

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://www.neptuneenergy.com/sites/neptuneenergy-corp/files/investor/reports-and-presentation/2023/ARA/neptune-energy-annual-report-2022-v1.pdf.
2. https://www.eni.com/en-IT/media/press-release/2023/06/eni-and-var-energi-to-acquire-neptune.html.
3. IEA World Energy Outlook 2022, Outlook for Liquid Fuels, accessed https://www.iea.org/reports/world-energy-outlook-2022/outlook-for-liquid-fuels.
4. Carbon Tracker: Are More UK North Sea Oil and Gas Licences really the answer? https://carbontracker.org/are-more-uk-north-sea-oil-and-gas-licences-really-the-answer/.

Examples of our work together include the successful introduction of a dedicated New Energies Team, which helped to implement a strategy that focused on operational decarbonization and methane reduction, as well as exploring new ventures which helped better position the company for the energy transition.

In addition, Carlyle, Neptune Energy, and the Environmental Defense Fund, a global environmental non-profit, partnered to test a novel approach for more accurately measuring methane emissions from offshore oil and gas facilities. By leveraging new technologies, data reliability and credibility were improved while limiting methane leakage. The team deployed state-of-the-art drone, aircraft, and methane-sensing technologies on its Cygnus platform to provide a close-up view of operations typical of a North Sea offshore facility, such as gas separation, drying and compression technology, and flaring and venting.

In 2023, Neptune Energy joined the Oil & Gas Methane Partnership, an initiative led by the Climate and Clean Air Coalition under the auspices of the UN Environment Programme. The coalition has committed to reducing the potent greenhouse gas methane across the industry.

The approach provided Neptune Energy with more granular data to prioritize interventions toward its Net Zero emissions by 2030 target. The project team partnered with international researchers and technology developers to evaluate advanced methods for quantifying facility-level offshore methane emissions, identify key sources, and prioritize mitigation actions.

To meet its Net Zero commitment, Neptune Energy also started to develop CCS projects, leveraging technology that can play a significant role in mitigating global emissions during the energy transition by making use of expired oil and gas fields as well as saline aquifers. Neptune Energy brings subsurface expertise and extensive CCS experience, having participated in re-injection in the K12-B gas field since 2008.

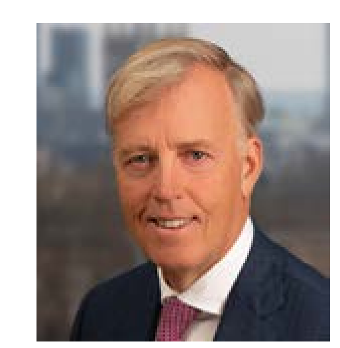
With increased adoption of CCS, the UK Government's North Sea Transition Authority (NSTA) has published guidelines[1] that bring rigor to this nascent sector and are designed to create jobs. Neptune Energy follows NSTA guidelines on issues such as injection flow rates and technologies to prevent CO_2e leakages from reserves, and in September 2023, the NSTA awarded Neptune Energy one of the first 21 licenses for the development of CCS in the North Sea area.[2]

Carlyle also worked with Neptune Energy to enable lower-carbon energy production and design integrated energy hubs, where renewable capacity such as wind and solar can share facilities with oil and gas production. Neptune Energy's renewable energy program includes two projects that are planned to use new additional offshore wind farms to produce hydrogen from seawater via catalysis. The two projects, set to be operational from 2026 and 2027, are both located in Dutch waters. Together, they are expected to produce more than 70 kilotons of lower carbon hydrogen.

The approval of new electrification projects in 2022 is expected to increase the proportion of Neptune Energy's Norwegian production that is fully or partly powered from shore to 100% by 2028. The electrification of additional aspects of the company's infrastructure will help maintain its low-carbon intensity in what is its largest producing region—and will help support the development of integrated energy hubs. By the end of 2022, Neptune Energy had achieved the electrification of 22% of its net production and was assessing opportunities to help power its platforms with wind energy. The company has set a target to drastically reduce its operational emissions and have ~50kg CO_2 per boe of production electrified by 2027.[3]

In 2023, ESG ratings organization EcoVadis awarded Neptune Energy platinum status placing it in the top 1% of over 100,000 companies assessed for its performance on environment, labor and human rights, ethics, and sustainable procurement.[4]

"Neptune's successful exit demonstrates that we can generate attractive returns by investing in assets that are often overlooked by the market. Our thesis to invest in energy security whilst adding energy transition business lines was validated by Eni SpA."



MARCEL VAN POECKE
Chairman of Energy

1. https://www.nstauthority.co.uk/regulatory-information/guidance/.
2. https://www.nstauthority.co.uk/news-publications/net-zero-boost-as-carbon-storage-licences-accepted/.
3. https://www.neptuneenergy.com/sites/neptuneenergy-corp/files/investor/reports-and-presentation/2023/ARA/neptune-energy-annual-report-2022-v1.pdf.
4. Such rankings are based on methodology and criteria created by EcoVadis, which are not known to Carlyle. Carlyle did not pay for inclusion in such ratings.

Copia Power
A Carlyle Portfolio Company

1GW

targeted of solar and BESS projects annually

Two

of the largest and lowest-cost US renewable energy projects currently under construction

Case Study

Accelerating Decarbonization Through Energy Transition Development

With over 90% of the global economy committed to Net Zero targets, it is projected that the deployment rate of renewable energy will need to increase sevenfold within the next 15 years.[1] Effective and nimble renewable energy solutions will be instrumental in achieving global decarbonization goals.

Potential supply chain disruptions, complex policy environments, and grid reliability concerns are all risks during the transition, and call for a regionally nuanced, flexible, and cost-effective approach to renewable development.

Recognizing the realities of the global decarbonization challenge, Carlyle launched Copia Power ('Copia') in 2021. Copia is a wholly-owned energy transition platform specializing in developing large-scale renewable energy projects in select US markets.

Today, Copia is constructing two of the largest and lowest-cost renewable energy projects in the US. Delivering projects of this scale demands a nimble organization with execution excellence in development, commercialization, construction, and value creation.

Carlyle designed Copia from the ground up with a hand-selected team of industry veterans with a successful track record of execution. In partnership with Carlyle, Copia has scaled at a rapid pace, growing from three employees and zero assets in 2021 to over 50 professionals and a pipeline exceeding 17,000MW.

Less than three years after its formation, Copia achieved a significant milestone in 2023 with the commencement of construction on its Harquahala Sun I and Harquahala Sun II projects in southwest Arizona. Harquahala Sun I, a 150MW solar project, and Harquahala II, a 300MW solar and 1,200MWh battery energy storage system ('BESS'), are the first two phases of Copia's flagship Harquahala Sun complex located outside of Phoenix. With support from Carlyle's Capital Markets and Infrastructure teams, Copia secured an inaugural $1.2 billion financing facility for the construction of these projects and a $300 million corporate development facility.

In 2024, Copia expects to start construction on its utility-scale project Centennial Flats, a 500MW solar and 1,068MWh BESS project located in Arizona. Copia remains committed to its goal of advancing global decarbonization efforts by delivering 1GW of solar and BESS projects annually.

Copia underscores Carlyle's commitment to advancing innovative and resilient business models that can effectively support the energy transition.

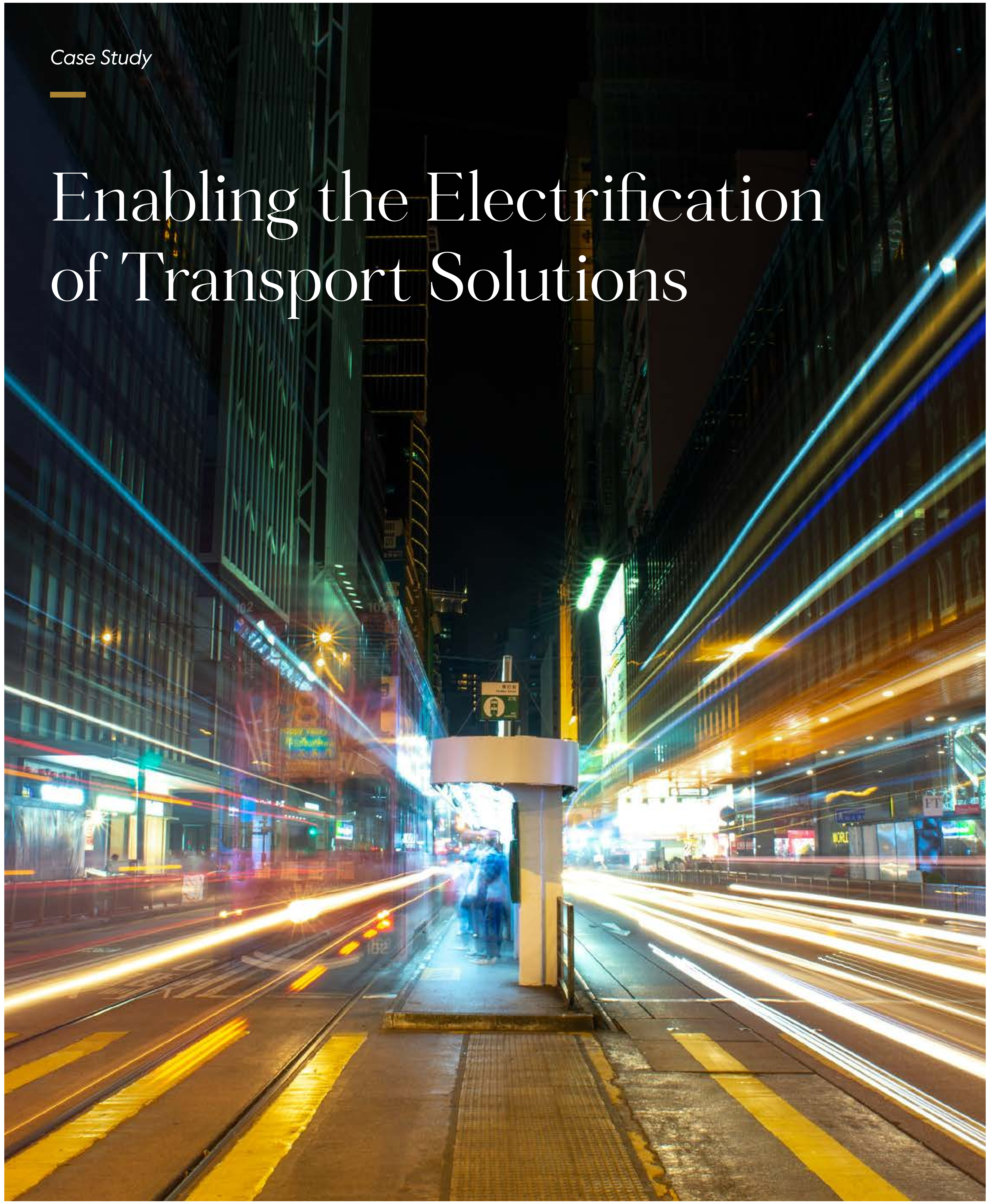
Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. *Net Zero targets refers to Net Zero or related decarbonization commitments. Source: Science Based Targets Initiative. https://sciencebasedtargets.org/resources/files/Net-Zero-Standard-overview.pdf.*

SCHALTBAU

Case Study

Enabling the Electrification of Transport Solutions



The energy transition is not just driven by energy sources themselves, but by capturing shifting opportunities in how energy is used. Transportation is a key driver of energy usage. It accounts for more than a third of CO_2 emissions from end-use sectors,[3] and road transport emissions alone are responsible for 50% of global oil demand.[1]

In 2021, Carlyle invested in an innovative provider of safety and direct current (DC) technology for rail, new energy, e-mobility and other industries. Headquartered in Munich, Germany and founded in 1929, Schaltbau Group has risen to be a global industry leader in DC technologies. The group's divisions develop and manufacture components that enable the electrification of public and private transport solutions and help the world transition to a low-carbon future.

To meet Net Zero emissions by 2050, CO_2 emissions from the transport sector must fall by more than 3% per year by 2030, which means a decoupling from oil use.[4] Schaltbau's high voltage direct current technology enables the transmission of electrical energy over long distances with limited losses. As national energy systems develop their renewable supplies, this technology, together with Schaltbau's advanced switching and connecting products, can play a significant role in enabling the transformation of transport to meet climate targets.

From the outset, a core element of Carlyle's investment thesis was helping the business focus on its competitive edge, which is providing components rather than charging infrastructure systems for its customers in rail, energy, and e-mobility. In October 2022, one year into our investment period, we announced the sale of Schaltbau's Charging Solutions business to Shell. The sale released charging technology, which aims to serve electrified vehicle fleets including Germany's bus network. It also enabled the company to focus on developing the technology.

Key to Schaltbau's growth is a new factory located in Velden, Bavaria, where a large portion of Carlyle's investment capital has been directed. Called NExT, Schaltbau designed the factory to be the world's first direct current factory. It became fully operational on September 1, 2023, and utilizes several innovations to support the low-carbon production of contactors and connectors. Standing at 9,500 square meters, the design takes advantage of its large area with photovoltaic solar panels covering the roofs, enabling the whole factory to be electrified.

50%

of global oil demand is due to road transport[1]

First

direct current electrically powered factory constructed in the world[2]

Information as of May 2024, unless otherwise noted. Data shown has been provided directly by the portfolio company and has not been independently verified. There is no guarantee that the portfolio company will successfully implement its business plan or meet stated commercial or ESG targets. There can be no assurance that any trends described herein will continue. Past performance is not indicative of future results. Goals are subject to change and no assurance can be given that goals or targets will be achieved. Case studies are provided for illustrative purposes only. Carlyle's track record is available upon request.

1. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9821368/.
2. As of March 2024. https://schaltbaugroup.com/wp-content/uploads/2024/05/CSR_Report_2023_ENG_c.pdf.
3. https://www.iea.org/reports/tracking-clean-energy-progress-2023.
4. https://www.iea.org/energy-system/transport#.

The factory's photovoltaic system produces around 1.6MWh of energy per year.[1] The generated electricity is fed straight into the plant via a direct current grid, avoiding losses that occur when direct current is converted into alternating current. Schaltbau's products play a central role in this, enabling the smooth switching of direct current at high voltages and allowing efficient power distribution within the production facility. This alone can save up to 15% of energy annually. Combined with intelligent energy management and battery and thermal storage, we believe the NExT factory's energy costs can be reduced by 35% annually. Completely electrified, the factory manufactures contactors and connectors with zero CO_2e emissions.

Post-investment, Carlyle helped Schaltbau deepen relationships with existing customers such as national rail providers, as well as find new ones in the electrified transport sector. In March 2024, Schaltbau announced the introduction of a new sub-brand to serve the fast-growing markets of energy and e-mobility. Called Eddicy, the initiative leverages the Group's expertise in railway applications to work toward becoming a technology leader for DC power in other sectors.

Uses for the company's technology extend past land-based transport solutions. With the International Maritime Organization targeting a reduction in annual shipping industry GHG emissions by at least 70% by 2040 compared to 2008, and maritime environmental regulations continuing to tighten, the transition toward sustainable solutions in the sector is deeply needed.[2] Hybrid solutions and electric propulsion are becoming an option for some vessel types and ferries, especially those operating close to coastal areas and on inland waterways.

Some vessel manufacturers who equip electric and hybrid ships and ferries with certain environmentally friendly propulsion technology are working with Schaltbau where appropriate to enable the reliable operation of battery-powered drives. As a pioneer in direct current applications, Schaltbau's fully bi-directional DC contactors have a high electrical performance in the handling of short circuit currents.[3] Additional benefits include a longer service life and low power consumption when switched on. Together with its customers and partners, Schaltbau is working toward improved energy efficiency onboard to help prepare electric zero-emissions and hybrid vessels to meet the growing demand for lower carbon operations in line with tightening regulations.

Internally, the organization is also upgrading its production process to align closer with product segment and engineering expertise. Increased digitization and automation of processes have been complemented by an internationally aligned, flexible organizational structure to place more emphasis on customer relationships. The company has also strengthened its team with several new hires to key roles including leaders of the Finance, Human Resources, and Sales teams. In 2023, the EcoVadis Sustainability Rating placed the Group in the top 4% of high-performing ethical and environmental companies.[4]

With the support of the Carlyle network, Schaltbau is developing a stronger presence in key growth markets. In February 2024, the group announced the opening of a sales office in South Korea which has a fast-growing transport sector, driven by innovation in electrified solutions. The Carlyle Korea team can support building relationships in the region, as well as enhance Schaltbau's ability to adapt to the local market. Target segments are energy applications (charging infrastructure, energy storage and generation), e-mobility applications, and its longstanding business in railway.

Schaltbau technology and innovation are important enablers of electrifying the transportation sector. An established European player, supported by Carlyle's global reach, Schaltbau is expanding into other key markets, helping to support a global energy transformation.

1.6MWh

of energy generated per year from Schaltbau's NExT factory's photovoltaic system

1. https://www.schaltbau.com/en/company/sustainability/next-factory-efficient-smart-green/schaltbau-opens-next-factory-in-velden/#:~:text=This%20climate%20friendliness%20begins%20on,as%20is%20usually%20the%20case.
2. https://www.imo.org/en/MediaCentre/PressBriefings/pages/Revised-GHG-reduction-strategy-for-global-shipping-adopted-.aspx.
3. https://www.schaltbau.com/en/solutions/e-mobility/marine/.
4. *EcoVadis rankings are based on methodology and criteria created by EcoVadis, which are not known to Carlyle. Carlyle did not pay for inclusion in such ratings.*

Sustainability in Global Investment Solutions

CARLYLE | ALPINVEST

Accelerating Progress Through GP Engagement

AlpInvest, part of Carlyle's Global Investment Solutions (GIS) segment, builds relationships with GPs, spanning primary fund commitments, secondaries and co-investments.

Situated between GPs and LPs, AlpInvest's distinct role in the private markets industry provides an opportunity to connect both groups on key Responsible Investment (RI) themes in a way that drives both progress and returns.

We believe that integrating sustainability considerations into our investment process can support our goal to deliver risk-adjusted returns to our investors. To that end, we seek to use our influence to encourage and improve the RI performance of GPs and portfolio companies, as well as the adoption of more insightful RI reporting. To progress this work systematically across our portfolio, we have developed proprietary investment tooling, such as our RI scorecard, which seeks to provide GPs with key insights gained through our long-standing GP due diligence and RI scoring process.

Our RI Scorecard

Since 2022, AlpInvest has sent out more than 130 RI scorecards to GPs to whom we have made primary commitments between 2020 and 2023.[1] We have developed the scorecards to provide GPs with constructive feedback to improve their programs with the objective to drive further value creation in their portfolio.[2] Scorecards include key findings from our RI due diligence process and provide practical tools and suggestions on how to improve RI practices. We also place individual scores into context, comparing them to the rest of AlpInvest's portfolio, which provides GPs with a benchmark they can use internally to advocate for resources and changes in policy or approaches.

Scores are structured around three key areas: ESG, DEI and climate change. In these sections, we evaluate existing performance as well as how policies set each partner up for future success. We also look at policies at the GP level and engagement in the portfolio. For the scoring itself, AlpInvest classifies GPs as Beginner, Intermediate or Advanced. To acknowledge the GPs most advanced in their practices, we have also added a new 'Leader' category that is available for commitments made from 2024 onwards.

Categories of General Partners[3]

→ **Beginners** typically do not have, or have only recently adopted, RI policies. They take an unstructured approach as they consider RI risks and opportunities in their investment processes and portfolio management, and do not proactively report on RI or disclose RI incidents.

→ **Intermediates** are often close to fully implementing RI policies. They are in the process of implementing a structured approach toward addressing RI risks and opportunities in their investment process and portfolio management and can provide basic, practical examples. There is usually some level of disclosure about RI developments and incidents.

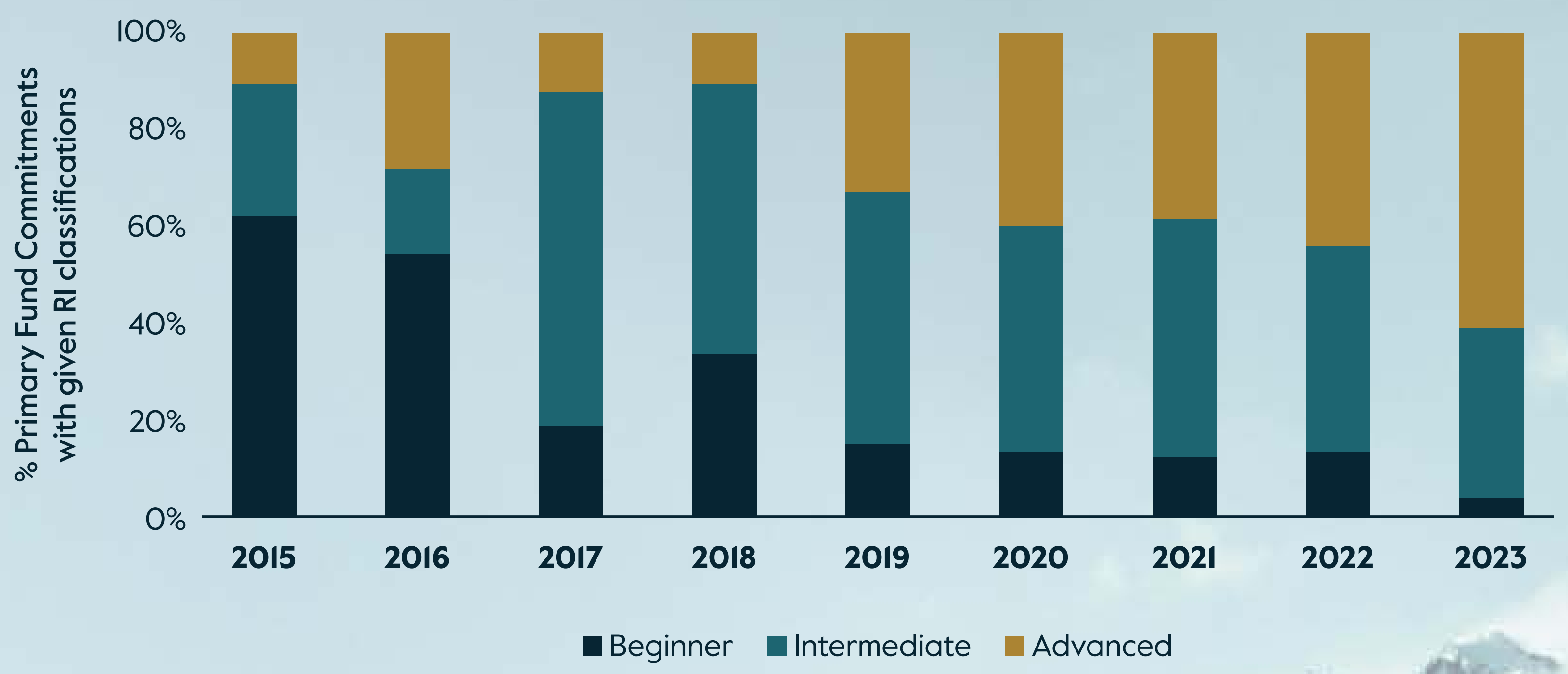
→ **Advanced** have fully adopted RI policies. They take a structured approach to addressing RI risks and opportunities in their investment process and portfolio management, and can provide positive practical examples. RI reporting is provided at least annually, addressing both relevant RI developments at the GP level as well as within applicable portfolios.

1. *As of December 31, 2023.*
2. *The RI Scorecard is not a determining factor for AlpInvest when making its investment decisions. The RI Scorecards are intended to provide GPs feedback on their RI practices and policies. AlpInvest's use of the RI scorecard, ability to engage on RI practices, and degree of influence with GPs varies on a case by case basis.*
3. *Scoring is carried out at AlpInvest's discretion. AlpInvest's RI scoring methodology is based on AlpInvest's proprietary RI due diligence questionnaire with more than 40 questions in three categories: ESG, DEI, and Climate Change. Based on the information received during due diligence, each question is scored (Beginner, Intermediate or Advanced). Individual scores are then aggregated into an overall score. This overview is a non-exhaustive, high-level description of RI practices that are typically observed in a certain scoring band. We acknowledge that there can be individual differences between GPs receiving a similar score that can also sit between categories.*

Insights and Tracking Progress

In 2023, 97% of the new primary commitments we made were with GPs that AlpInvest rated as Advanced or Intermediate in ESG. This is in stark contrast to 2015, when more than 60% of GPs were only at the beginning stages of implementing responsible investment practices. This is a testimony to the rapid development in the field, where many GPs have adopted ESG polices and hired dedicated sustainability personnel to drive progress.

AlpInvest GP RI classification for new primary fund commitments by year



97%

of the new primary commitments made by AlpInvest in 2023 were with GPs that AlpInvest rated as Advanced or Intermediate in ESG

We have observed this progress in our core relationships as well. Of the 70 GPs to whom we made multiple commitments between 2015 and 2023, 74% improved their ESG classification between fundraisings or remained at the Advanced level.

RI scorecards also provide more granular insights into our portfolio and where GPs are making the most progress on sustainability. Diving deeper into the ESG subtopics, GPs generally score better in terms of policy and governance, as well as ESG integration in investment stewardship. Opportunities for improvement include ESG disclosures and communication.

With regards to climate change, 80% of European GPs assessed in 2023 scored as advanced on climate change, whereas this remains an improvement area for the North American GPs assessed in the same year, 92% of which are in the very early stages of developing and implementing an approach.

When it comes to gaining insights on DEI practices, we observe that DEI policies and codes of conduct on harassment and discrimination are now common in the private equity industry. In 2023, 97% of the GPs we made primary fund commitments to had one or both in place.

Using Data to Drive Progress

In 2023, AlpInvest collected over 7,600 portfolio company data points covering metrics from the ESG Data Convergence Initiative (EDCI) from 100 funds, doubling the number of reporting funds compared to last year. This ESG data is captured in our own in-house investment data solution and used to report ESG performance to investors.

Where the GP scorecard tells us about the strength of a GP program in terms of policies and procedures, having access to primary ESG data helps us to add another dimension to our understanding of our investment program. Ultimately, the real world outcomes of a good ESG program should be reduced portfolio risk and increased valuations in companies.

The EDCI, which was co-founded by Carlyle and the California Public Employees' Retirement System (CalPERS) in 2021, offers a framework to track multiple metrics, including GHG emissions, Net Zero goals, renewable energy usage, board and C-suite diversity, work-related injuries, net new hires, and employee engagement, all of which can be adjusted and refined as the program evolves.

"The EDCI has been a game changer in the private equity industry and for AlpInvest. Now we can collect portfolio company data in a standardized way and are able to use it to monitor ESG progress across our portfolio and bring relevant insights to our investors."

MAAIKE VAN DER SCHOOT
Head of Responsible Investment, AlpInvest Partners

Information as of May 2024, unless otherwise noted. There can be no assurance that any trends described herein will continue.

Sustainable Investment Solutions

Twenty-seven percent of LPs are looking to increase their allocation to impact and sustainable investing strategies.[1]

In a market where many LPs are reducing allocations to new strategies in private markets, impact and sustainable investing are experiencing the second largest allocation increase right after healthcare-focused allocations (37%).[1] We have seen this trend with AlpInvest's own investors, reflected through increasing inbounds and questions, and we seek to position ourselves as a gateway to sustainable investing alongside financial returns. Currently, AlpInvest is tracking more than 300 impact funds and has committed over $4 billion to investments in various sustainability, healthcare, and impact-related themes.[2]

Our investment solutions can be created within a broad range of ESG and sustainability profiles, which include commingled funds in our co-investment and secondaries strategies that disclose in line with Article 8 Sustainable Finance Disclosures Regulation. For our separately managed account clients, we can tailor portfolios to certain sustainability preferences such as ESG maturity, impact-related themes, or SFDR Article 8 or 9 commitments.

Last year, more than 250 impact funds were actively raising across a huge breadth of strategies.[3] At AlpInvest, we have developed an impact assessment tool to help us assess potential opportunities for our clients that align with their impact and risk/return objectives.[4]

The tool is an integral part of due diligence for fund commitments considered for impact programs, and it covers a fund's impact approach and the integration of impact practices in investment decision-making, portfolio management, and reporting.

To provide better ESG insights to our investors, we track companies whose products and services seek to contribute positively to the United Nations' Sustainable Development Goals (SDGs). Originally, we started tracking this across our co-investments, and during 2024 we expanded this to cover all our portfolio and are reporting on it to investors.[5]

$4BN+

committed by AlpInvest to investments in various sustainability, healthcare, and impact-related themes

Information as of May 2024, unless otherwise noted.

1. *Rede and Partners LP Survey 2023 published in New Private Markets June 2023. https://www.newprivatemarkets.com/impact-and-sustainability-remain-high-on-lp-wish-lists-says-rede-survey/.*
2. *Includes commitments to impact and SFDR Article 9 funds, healthcare funds and co-investments in companies with a significant part of revenues from products/services that seek to contribute positively to the Sustainable Development Goals (SDGs), in each case based on AlpInvest's internal analysis. The United Nations' SDGs are aspirational in nature. The analysis involved in determining whether and how certain investments may contribute to or support the SDGs is inherently subjective and dependent on a number of factors and AlpInvest makes no commitment or guarantee that it is investing in companies that have a formal commitment or plan or take specific actions to support or contribute to the SDGs. There can be no assurance that reasonable parties will agree on a decision as to whether certain investments contribute to or support a particular SDG. Accordingly, investors should not place undue reliance on AlpInvest's application of the SDGs, as such application is subject to change at any time and at AlpInvest's sole discretion.*
3. *New Private Markets Database; 2023. https://www.newprivatemarkets.com/256-impact-funds-are-braving-a-period-of-slower-fundraising/#:~:text=There%20are%20currently%20256%20impact,in%20either%202021%20or%202020.*
4. *The impact assessment tool is intended to inform AlpInvest of their impact and ESG-related practices and policies. AlpInvest's use of the impact assessment tool, ability to engage on ESG and impact practices and degree of influence with GPs varies on a case-by-case basis.*
5. *This analysis covers our active portfolio as of Q3 2023.*

Diversity, Equity, and Inclusion

DEI as a Competitive Advantage

Carlyle first established a DEI Council over ten years ago, having identified the power of having diverse perspectives around our decision-making tables. This is grounded in our belief that diverse perspectives play a critical role in propelling performance, which we've observed through research and rigorous analysis of our performance results.[1] These teams are better equipped to grapple with complexity, manage risk and generate new ideas.

We aspire to continue to build an organization with a range of perspectives and the capability to leverage that to seek outperformance. This report details some of the ways we have invested in people from early career to senior leadership and are advancing inclusive leadership skills at all levels in support of objective, high-quality decision-making. You'll also see examples of some of the diverse decision-making teams that steer our business with innovation and resilience. This year we announced new portfolio goals, developed by a global task force of investment team leaders from the United States, Europe, Asia, and Japan, and appointed by Carlyle's DEI Council. Each of these leaders is an expert in their individual markets, and as such, these goals cater to the bespoke needs and regional nuances of the firm's global portfolio.

Undoubtedly, the next ten years will look remarkably different than the last ten—but we are emboldened by our experience to continue to cultivate teams with diverse perspectives, knowledge bases, interests and cultural identities—who can examine ideas from every angle to adapt, outperform and deliver for our investors and stakeholders.

KARA HELANDER
Chief Diversity, Equity and Inclusion Officer

Information as of May 2024, unless otherwise noted.

DEI Subcommittee

Grounded in a belief that DEI plays a critical role in propelling performance, Carlyle has announced a renewed set of targets for our portfolio, focused on the most influential leadership roles that we feel are compelling and achievable. These include our ambition to have:

→ **40% of all board seats** held by diverse executives in Global Private Equity controlled companies by year-end 2027, with an interim goal of 35% by 2025.

→ **75% of private equity-controlled companies** have at least one woman among the top 5 executives by year-end 2027. These leadership roles include the CEO and roles that have the greatest impact on value creation initiatives, dependent on each company's business objectives.

These goals were developed by a global task force comprised of investment team leaders who were appointed by Carlyle's DEI Council from the United States, Europe, Asia, and Japan, all of whom are experts in their individual markets. As such, these goals cater to the bespoke needs of the firm's global portfolio. With these targets in place, we believe Carlyle is one of the first private equity firms to establish global diversity goals tied to portfolio company leadership.

DEI Subcommittee Leadership Members

CYRIL BOURDAROT
Managing Director, Europe

KAPIL MODI
Managing Director, Asia

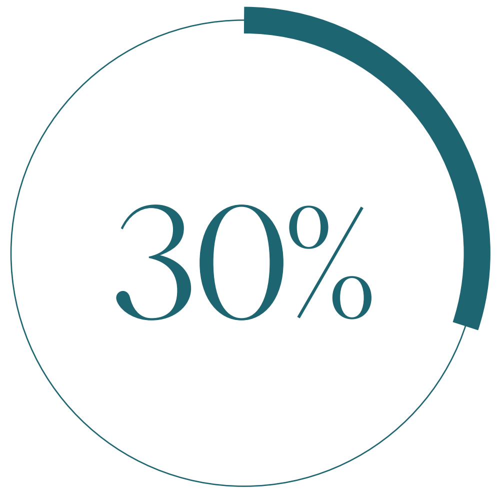
REIJI TERASAKA
Managing Director, Japan

ANNA TYE
Managing Director, United States

1. *Research published: Thomas, Khizgilov and Helander (2023). 'Diversity as Excellence in Risk Management.' Thomas and Starr (2020). 'From Impact Investing to Investing for Impact.'*

Diversity, Equity and Inclusion Highlights

In 2023, we focused on creating synergies across our firm, portfolio and communities to capture the potential performance benefits of DEI. Below are highlights that span our spheres of influence and illustrate our commitment to progress.



increase in the number of submitted award nominations in 2023

Our Firm

At Carlyle, ensuring our people have the right insights and tools to make DEI an active and credible pursuit driven by all of us, is essential to our firm's strength. Chaired by our CEO, our global DEI Council continues to demonstrate leadership and our commitment to DEI at the most senior levels of the firm.

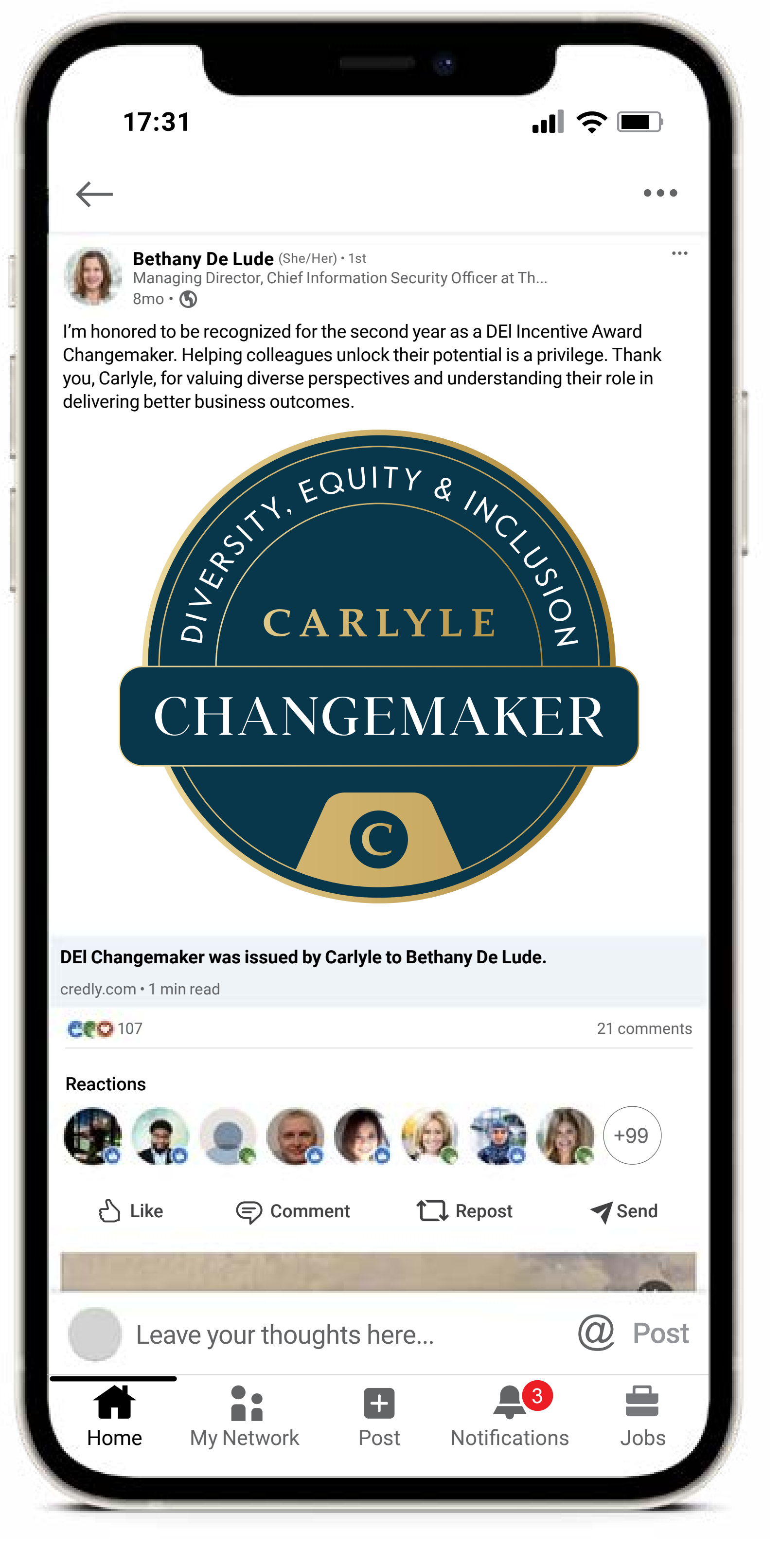
In the past year, the Council has welcomed several new leaders who've stepped into broader roles at firm. These included Chief Financial Officer and Head of Corporate Strategy John Redett, Chief Information Officer and Head of Technology Transformation Lúcia Soares, Global Head of Distribution Jeff Nedelman, and Chief Human Resources Officer Jennifer Barker. Global Head of Corporate Affairs Meg Starr and Deputy Chief Operating Officer Lindsay LoBue also joined the group, which is critical in developing our strategy and driving our progress. For example, the Council confirmed our 2023 DEI Incentive awardees. We're now in our third year of recognizing colleagues who have made a substantial impact in their DEI efforts. The number of submitted award nominations rose 30% from the previous year.

"To build better businesses and create value for all of our stakeholders, we are focused on assembling boards and leadership teams with the strongest insights from a range of perspectives. And to do that, diversity is key. The data is clear: diversity drives operational performance."

HARVEY SCHWARTZ
Chief Executive Officer

DEI Changemaker

In 2023, we created a digital DEI Changemaker badge for winners to add to their LinkedIn profile and share the recognition with their personal network.



A sampling of previous DEI Incentive Award winners

RIEKO FUJI

MANAGER
JAPAN BUYOUT
TOKYO

Rieko helped originate DEI initiatives at Carlyle Japan by communicating with external DEI experts and attending seminars to educate herself. She assumed a pivotal role in an education session about establishing a more open and inclusive working environment for our LGBTQ+ employees.

CARLYLE DEI INCENTIVE AWARDS

GAIRY HALL

MANAGING DIRECTOR
INVESTOR RELATIONS
NEW YORK

As a member of the IR DEI Committee, Gairy regularly taps into various networks to ensure we are identifying and recruiting diverse talent. Gairy co-founded the Black and Latinx men sub-group within the Multicultural ERG and hosts events to bring the growing number of Black professionals at Carlyle together.

CARLYLE DEI INCENTIVE AWARDS

DANYA ZENG

VICE PRESIDENT
INTERNATIONAL ENERGY
LONDON

Progressed DEI on her team and within the portfolio. Most notably, Danya played a key role in helping 100% of portfolio companies in CIEP establish a DEI policy.

CARLYLE DEI INCENTIVE AWARDS

DAVID PAREJA

PRINCIPAL
ALPINVEST
NEW YORK

David engages prospective candidates from the Out 4 Undergrad Business Conferences and serves as co-chair of the LGBTQ+ ERG. David's impact includes representing the ERG at recruiting events, orientation for new joiners and being a proponent of active allyship at the firm. His efforts have helped Carlyle score 100% on the Human Rights Campaign's Corporate Equality Index which we've maintained five years in a row.

CARLYLE DEI INCENTIVE AWARDS

CONOR KEEVEY

VICE PRESIDENT
GLOBAL CREDIT
NEW YORK

Conor was instrumental in the on-cycle recruiting process for Global Credit, speaking with almost every candidate and setting up coffee chats. In addition to hiring diverse talent to the team, he shared top candidates with other groups across Carlyle who were able to incorporate them into their recruitment processes.

CARLYLE DEI INCENTIVE AWARDS

JOERI DE GROOT

MANAGING DIRECTOR
ALPINVEST
AMSTERDAM

Joeri is an active member of the AlpInvest DEI task force. He worked to improve the back-to-work policy after maternity leave, facilitated multiple unconscious bias sessions for colleagues across the firm and proactively engages with multiple DEI initiatives in the Dutch Private Equity community.

CARLYLE DEI INCENTIVE AWARDS

Information as of May 2024, unless otherwise noted. There can be no assurance that any trends described herein will continue.

Inclusive leadership permeates the Carlyle ecosystem, supporting skills-building and performance. In 2023, we launched a new learning experience that helps leaders understand the power they have to maximize the performance of their teams. By March 2024, over 200 leaders had completed a Power session to upskill in this space and learn practical tools and guidance that will enable teams across divisions to thrive.[1]

The globalization of our DEI efforts—a process led by our people—has been especially notable. Our Asia DEI Task Force comprises leaders across the Asia region and launched a DEI training for select people managers containing insights and tools. Our Employee Resource Groups (ERGs) had considerable momentum, including engaging members and allies across six offices for the Lunar New Year, volunteering with the Warrior K-9 Connection, and learning about colleagues' experiences navigating fertility and family planning. Our ERGs also created forums to engage with and gain insights from leaders including R. Martin Chavez, former Chief Financial Officer at Goldman Sachs and current Partner and Vice Chairman of Sixth Street Partners, Lawton Fitt, Lead Independent Director for Carlyle, and Katie Koch, President and Chief Executive Officer of TCW. More than a third of all Carlyle employees are members and allies of an ERG.[2]

Our Investments

Carlyle's belief that diversity of perspectives and experiences is essential to capturing performance extends to our network of portfolio companies around the globe. This past year, we met with 22 different portfolio companies to support their individual DEI strategies and made strides toward amplifying our impact through network effects. Our Carlyle DEI Leadership Network offered sessions on the performance impact of diverse teams, sponsorship, working across cultures, and inclusive leadership to a broad audience that included colleagues, portfolio leadership teams, and select LPs across regions.

This effort has delivered tangible progress. In Q3 2023, we surpassed our goal to have diverse executives occupy 30% of all board seats in controlled, corporate, and private equity portfolio companies around the world by the end of 2023. Since 2020, Carlyle portfolio companies have filled over 390 portfolio board seats with underrepresented professionals. Upon reaching our target, we established a new goal that continues our ambitious pace for future progress, increasing that target to 40%. This decision reflects the diverse perspectives of our global DEI subcommittee, which came together to define a target that would effectively and flexibly address the needs of our markets around the world.

We also measure what matters. Our GIS segment continued its focus on improving the visibility of DEI across the AlpInvest portfolio, which resulted in over 650 underlying companies reporting on one or more EDCI DEI metrics,[3] more than doubling the previous year. These metrics allow us to capture valuable data related to the diversity of our portfolio company boards and senior management. AlpInvest's investment teams continue to identify opportunities for partnership with diverse GPs and maintain a pipeline of more than 100 actionable DEI investment opportunities in the mid-market.[4] Within all new primary commitments made within the last three years, 42% rate as 'advanced' for their implementation of DEI-focused policies.[5]

Information as of May 2024, unless otherwise noted. There can be no assurance that any trends described herein will continue.

1. *As at April, 19 2024.*
2. *Allies are counted as members of ERGs.*
3. *Data set as of December 31, 2023.*
4. *There can be no assurance that any pipeline opportunities will ultimately materialize or will materialize on the terms currently contemplated. AlpInvest counts all GPs that have a diverse managing partner or equivalent senior employee as a diverse GP.*
5. *See AlpInvest RI Scorecard methodology described above.*

Our Communities

In 2023, we expanded our work to build the pipeline of future leaders in asset management—both for Carlyle's future success and the benefit of the larger industry. In the United States, we hosted the inaugural Carlyle Collegiate Series (CCS), which exposed 800 undergraduate students to careers in alternative asset management and provided them the opportunity to interact with Carlyle investment professionals. Participants represented over 20 schools, including HBCUs, Hispanic-Serving Institutes, and state schools. Carlyle professionals also worked closely with a broad range of organizations to expand access to careers in financial services. These included Access Distributed, BLK Capital Management, IntoUniversity, Level 20, Out for Undergrad, Sponsors for Educational Opportunity, and Toigo. In the United Kingdom, we marked the third summer of our work with #10000 Black Interns hosting internships in the Europe Buyout and Fund Management teams. In 2024, the #10000 Black Interns program will expand to include the #10000 Able Interns initiative.

We also leveraged our relationships to build connections and elevate discussions about how to advance DEI to benefit our investors and the broader business community. We continued to build upon our existing role as the inaugural underwriter of The Milken Institute DEI in Asset Management Program Advisory Board. The advisory board, which features 19 senior leaders from LPs, peer firms, and academia collaborated on a second report released in December 2023; Inclusive Capitalism: Seven Strategies for Specific Action in Asset Management. This report built on the first, published in December 2022 titled The Path to Inclusive Capitalism: An Asset Owner Guide for Investment Portfolios.

The Path Ahead

Leaders today are navigating complex challenges: disruptive automation, an uncertain economic environment, geopolitical challenges amid further globalization of markets, and heightened stakeholder expectations. Data, including that from our own portfolio, shows that having access to a diversity of perspectives and backgrounds is mandatory for responding to these challenges effectively.[1] We will continue to seek to create synergies across our spheres of influence to further empower our people, our portfolio companies, and the broader community to deliver the performance benefits that diverse and inclusive teams can produce.

71%

of US hires identify as women or ethnically diverse

52%

of Asia hires identify as women, up from 40% in 2021

48%

of Europe hires identify as women

17%

of US senior hires identify as Black, Hispanic, or Latinx

64%

of US employees identify as women or ethnically diverse

45%

of US senior employees identify as women or ethnically diverse

80%

of Carlyle boards have gender diversity, compared to 57% private benchmark

390+

Carlyle-employed seats have been filled with diverse directors since January 1, 2020

35%

of Carlyle employees are ERG members as of December 15, 2023

200+

Carlyle leaders participated in Power as of March 2024

Representation data as of January 1, 2024. Hiring data from January 1 through December 31, 2023.

Ethnically diverse definition: Asian, Black, Hispanic or Latinx, Native Hawaiian/Pacific Islander, American Indian/Alaskan Native, or Two or More Races.

Carlyle-controlled companies acquired since 2016 and as of September 30, 2023 compared to the ESG Data Convergence Initiative data report released in October 2023.

Between January 1, 2020 and September 30, 2023, 390 seats in controlled and minority-owned CPE companies have been filled with a diverse director. US Buyout, Carlyle Equity Opportunities Fund, Financial Services, Carlyle Global Partners, Carlyle Partners Growth, Carlyle Europe Partners, Carlyle Europe Technology Partners, Carlyle Asia Partners, (including Carlyle Asia Partners Growth), Carlyle Japan Partners, Carlyle South America Buyout Fund (incl Carlyle Peru Fund), Carlyle Sub-Saharan Africa Fund. Diverse board director: female (global) or Asian, Black or African American, Hispanic or Latin, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races (where available; some boards do not report on race or ethnicity. Asians excluded from Asia Region and Hispanic or Latin excluded from South America, Portugal, and Spain).

1. *Research published: Thomas, Khizgilov and Helander (2023). 'Diversity as Excellence in Risk Management.'*

Portfolio Company Sustainability Awards

Sustainability Awards for Our Portfolio Companies

Acknowledging sustainability leadership across sectors.

Carlyle's Sustainability Awards recognize outstanding portfolio companies' progress on sustainability-related topics most material to their business—from operational improvements to sustainability-driven product innovation.

Deal teams across buyout funds are able to nominate portfolio companies. Nominees are then presented to a Sustainability Awards committee, made up of senior representatives across our major buyout funds, for voting. We have one global winner in each category 'Sustainability Fast Mover' and 'Best Sustainability Program Management'. In the 'Best Sustainable Innovation' category, we received two very strong nominations and had a tie, so an award was allocated to both. The winning companies each received a basket of carbon credits and renewable energy certificates donated by our partners **Anthesis** and **Watershed**.

Sustainability Fast Mover

The company that has demonstrated the most improvement in their sustainability program and ESG integration efforts in the prior year.

2024 Winner

→ Rigaku Corporation

- Rigaku rapidly scaled up its ESG program, launching a special committee in July 2022 and quickly accelerating to define the company's most material topics: calculating a carbon footprint and setting goals to reduce carbon emissions by 50% by 2030.
- Rigaku Corporation is a global leading manufacturer of analytical X-ray instruments.

Best Sustainability Program Management

The company that has demonstrated excellence in its corporate sustainability program and operations.

2024 Winner

→ SierraCol Energy

- SierraCol was the first Carlyle portfolio company to publish a Task Force on Nature-related Financial Disclosures Report (TNFD) highlighting its progress on biodiversity and nature topics, on top of its strong year-on-year improvement in its sustainability program outlined in its sustainability report.
- The company is also on track to deliver a significant reduction in Scope 1 and Scope 2 emissions since acquisition by year-end 2024.
- SierraCol is an energy exploration and production business with a portfolio of assets in Colombia.

Best Sustainable Innovation

The company that has introduced the most innovative product or service with sustainable benefits.

2024 Winners

→ Nobian

- Developed and commercialized a way to repurpose its depleted salt mining caverns for green hydrogen storage, an important enabler in the transition to clean energy.
- Nobian is a European leader in the production of essential chemicals for industries ranging from construction and cleaning to pharmaceuticals and water treatment.

→ Sedgwick Inc.

- Sedgwick launched a suite of Climate Resiliency Solutions to address the increasing risks from changing climates. In 2023, Sedgwick's UK team alone completed nearly 700 restoration cases from flooding and fire events.
- Developed a unique carbon calculator in partnership with QBE Insurance aimed at reducing carbon emissions in commercial property claims handling.
- Sedgwick is the largest multiline claims management firm in the world.

ESG awards are awarded by Carlyle in its sole discretion and are necessarily based on subjective factors. Only Carlyle portfolio companies are eligible to receive these awards. Quantitative or qualitative inputs were determined by Carlyle and views may differ on sustainability or ESG performance or outcomes. Awards granted to portfolio companies should not be viewed as a recommendation of any particular security or portfolio company.

Task Force on Climate-related Financial Disclosures

This document applies to Carlyle's Direct and majority-owned investments by Global Private Equity and Direct investments by Global Credit, unless otherwise stated.

As a global investment firm, we seek long-term value for our investors, companies, shareholders, employees, and communities. We believe that a better understanding and managing the emerging risks and opportunities that arise from climate change are important components of delivering value to our investors.

Since our last TCFD report, we have three significant updates to share.

First, we are proud to share that we have met Climate Goal #1. Thirty-eight in-scope companies representing 93% of Scope 1 and 2 GHG emissions of our emissions baseline have met the criteria for Climate Goal #1, including setting Paris-aligned climate goals.[1] We continue to progress on our longer-term climate goals concurrently.

Second, we have developed an approach to integrating biodiversity considerations for most majority-owned GPE investments and components of our Global Credit platform. We recognize that biodiversity is increasingly an important business consideration with the potential to affect long-term profitability across a range of businesses, posing potential risks and opportunities across our portfolio. We believe that more effectively identifying and managing areas of potential risk and opportunity arising from biodiversity considerations may better position portfolio companies commercially. Please read more about our approach to biodiversity here.

Third, we launched the Decarbonization Bootcamp in 2024. The Bootcamp is a voluntary six-month course, designed by the Carlyle Sustainability team, with structured monthly training sessions that seek to equip portfolio companies with the knowledge, tools and resources they might need on their path to decarbonize. Forty-one portfolio companies are currently participating in our inaugural cohort.

Carlyle's action plan on climate change incorporates the recommendations from 'TCFD for Private Equity General Partners: A Technical Guide', which addresses each pillar of the TCFD in turn, and outlines a series of priority actions in each specific pillar. We have highlighted the corresponding actions taken by Carlyle over 2023 in support of these pillars, alongside some recent highlights from 2024.

1. *Please see "Carlyle's Near-Term Climate Goal" section of this document for additional information.*

Carlyle's Climate Actions

Governance

Objective

Raise climate awareness throughout the organization and broader field.

Carlyle Actions

Carlyle played an active role in raising climate awareness in the broader field. For example, we:

01 Continued our leadership in the ESG Data Convergence Initiative as co-head of the Initiative's Steering Committee. The initiative has reached over 425 global LP and GP participants representing more than $28TN in AUM. The group's focus is to catalyze convergence toward reporting on a standard set of ESG metrics for private companies, including greenhouse gas emissions and renewable energy use. This year, the initiative added optional new metrics regarding portfolio companies' Net Zero strategies, targets, and ambitions.

02 Held deep-dive sessions for 60+ professionals from various LPs on the 'anatomy of decarbonization' within our portfolio companies, covering topics such as building the business case for decarbonization, generating a marginal abatement cost curve, and specific decarbonization levers.

03 Hosted a webinar for over 40 attendees from our LPs on climate risk integration and data collection within our portfolios and provided a decarbonization case study from our US Corporate Private Equity portfolio.

04 Contributed to Net Zero working groups such as the Institutional Investors Group on Climate Change (IIGCC)'s Net Zero Implementation Framework Guide (NZIF).

05 Continue to be a member of the Initiative Climat International (iCI) Europe, a global, practitioner-led community of private equity firms and investors that seek to better understand and manage the risks associated with climate change.

06 Participated as a member of the One Planet Private Equity Funds Initiative, a group of private investment firms focused on integrating climate change into our investment stewardship, including through our participation in ongoing meetings and the 2023 deliverables.

07 Helped to launch the iCI-Sustainable Markets Initiative Private Equity Task Force (PESMIT) Decarbonization Roadmap at PRI In Person 2023.

08 Spoke at Bloomberg Sustainable Business Summit, Private Equity International's New Private Markets Impact Investor Summit, and Private Equity Wire's US ESG Summit, as well as multiple industry conferences on climate change and ESG more broadly.

09 Directly engaged with the Institutional Investors Group on Climate Change, iCI, CDP and other leading organizations on identifying leading practices in integrating climate change considerations as part of the investment process.

10 Promoted climate integration in higher education by speaking at climate and ESG-focused events such as the New York University Stern School of Business' Private Equity Sustainability Practicum and a speaker series at Fordham University.

Carlyle Actions

Carlyle also implemented several initiatives to raise climate awareness throughout our organization:

01 During 2023, provided training to 30 Carlyle-employed portfolio company Board Directors in Milan, London, Hong Kong, and Tokyo with ESG training tailored to Board Members active on Carlyle portfolio company boards. Overall, 86 Board Directors and 20 Non-Board Directors have participated in the trainings since 2021. This training included an interactive section on climate change covering topics such as climate risk and decarbonization.

02 Hosted a teach-in for ~50 professionals from our Corporate Private Equity European Buyout team focused on carbon footprinting, climate goals, and the role of carbon offsets.

03 Published our third annual report for investors in our Renewable and Sustainable Energy strategy, quantifying the climate-related impacts generated from the business activities of the strategy's investments such as new installed capacity and total energy generated.

04 Held targeted educational and training sessions for investment teams across Carlyle, such as a workshop for ~25 Real Estate investment professionals covering physical climate risk processes, TCFD reporting, Net Zero carbon targets, and decarbonization levers for real estate.

Finally, we engaged with our portfolio companies and management teams on climate change issues through several different means including:

01 Launched the Carlyle Decarbonization Bootcamp for portfolio companies, a set of structured monthly training courses designed to equip companies with the knowledge, tools, and resources to help their businesses develop and evolve a decarbonization strategy. More details can be found here.

02 A fund managed by Carlyle invested in Anthesis Group, a purpose-driven advisory firm helping its client partners drive sustainable performance. Anthesis operates globally and has a distinct combination of deep sustainability technical expertise, carbon project development, digital tools and business strategy, innovation and stakeholder engagement capabilities. Carlyle has partnered with Anthesis to help provide Anthesis' services to other Carlyle portfolio companies and to co-develop services to meet the emerging sustainability needs of businesses across Carlyle's portfolio.

03 Hosted Decarbonization Expos for over 80 attendees comprised of portfolio companies, Limited Partners, and Carlyle staff members, featuring topical sessions such as understanding the business case for decarbonization, developing decarbonization pathways, and building a renewables procurement strategy. Sessions were held virtually for global participation and in person in London. The expos were facilitated by the Decarbonization team of Anthesis Group.

04 Partnered with Watershed, an enterprise sustainability platform, to create a streamlined GHG footprinting tool for Carlyle portfolio companies in order to provide them a starting point for GHG measurement based on activity-specific data. This tool was shared with 50 portfolio companies globally in 2023.

05 Engaged one-on-one with a subset of our portfolio companies to help them understand their GHG footprint and actionable ways to seek to reduce it, as well as with certain portfolio companies that are working to set decarbonization targets and action plans.

06 Hosted a sustainability workshop welcoming over 70 portfolio company attendees, covering key climate and ESG topics.

07 Requested climate-related data points from our Global Private Equity portfolio companies.

08 Developed new educational materials for portfolio companies centered on climate-related issues, including a webinar on physical climate risk in conjunction with Jupiter Intelligence, targeting portfolio companies with significant physical assets and/or real estate.

09 Presented on climate change and the energy transition at portfolio company-hosted events and conferences to promote climate education within various levels of their organizations.

10 Helped 38 companies set their own Paris-Aligned Climate Goals to date, as further described in the Carlyle Climate Goals section of this document.

11 Grew our decarbonization-linked financing program across segments of our Global Credit platform, providing an electable incentive for borrowers to reduce GHG emissions or achieve other climate-related targets.

12 Launched Carlyle's Sustainability Awards for portfolio companies, providing sustainability leaders across our portfolio with no-cost Renewable Energy Certificates to help reduce residual Scope 2 emissions.

13 Shared over 100 Responsible Investment scorecards between 2022 and 2024 with GPs in AlpInvest's Global Investment Solutions portfolio which provide practical tools and suggestions on how to improve performance on climate issues, and other ESG practices.

Governance

Objective

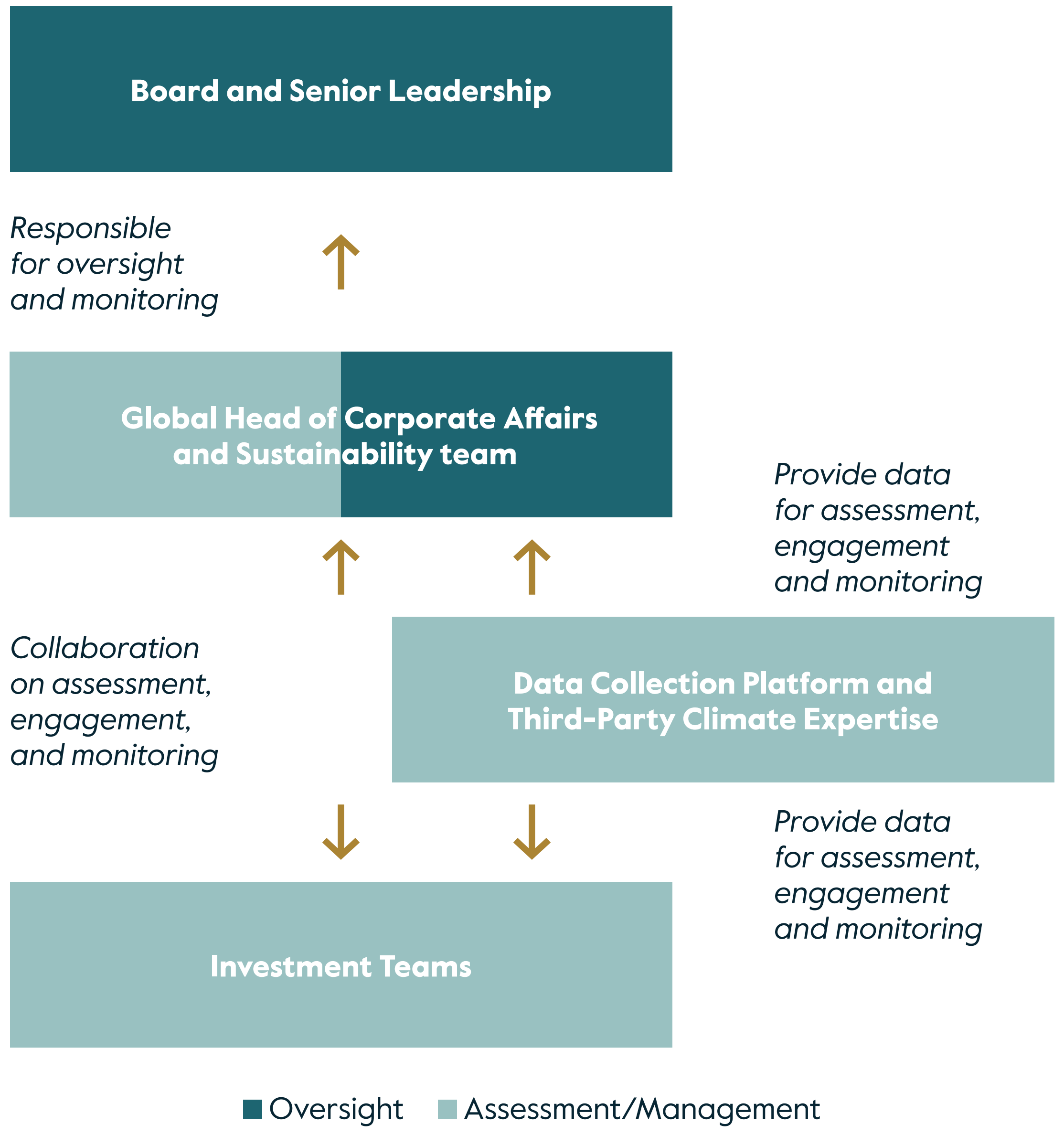
Define climate-related oversight and governance.

Carlyle Actions

In 2020, Carlyle formally established oversight for our ESG activities, including our approach to climate risks and opportunities, through the Carlyle Board of Directors. The Board receives regular updates on the firm's sustainability strategy and investment implications, which have included Carlyle's approach to climate risk and opportunity. One of the independent members of our Board of Directors has been appointed by the Nominating and Corporate Governance Committee of the Board as the Sustainability Lead, directly responsible for oversight of the firm's work in this area.

Carlyle's Sustainability team reports into Carlyle's Global Head of Corporate Affairs, with ultimate oversight from the COO.

Please see the below graphic, which details our climate governance.



Strategy

Objective

Develop an implementation plan.

Carlyle Actions

Our climate strategy includes the following aspirational steps at both the firm-level and within our funds' portfolios:

→ Firm

01 Identify how climate risks and opportunities can impact portfolio holdings and, in some instances, establish strategy-specific recommendations and build-out monitoring tools.

02 Establish appropriate governance, oversight, and resourcing toward implementing climate change-related regulations.

03 Report on our activities and progress toward our goals through an annual TCFD report.

04 In 2023, we started to develop a more detailed implementation roadmap toward our 2050 Net Zero ambition, including an assessment of external frameworks guiding private markets' approaches.

→ Portfolio

01 Depending on the materiality of climate risks and/or opportunities, initiate deeper diligence—integrating third-party expertise where necessary and appropriate.

02 Advance portfolio company target-setting and decarbonization strategy development and implementation where we believe climate is a financially material consideration.

03 Track climate-change related data points for Global Private Equity investments annually over our hold period.

04 Partner with select portfolio companies on tailored plans to seek climate change-related value creation.

05 During due diligence, understand how third-party fund managers in our GIS portfolio consider climate change in their investment activities and reporting.

Carlyle Actions

The Carlyle strategy for managing climate risk and opportunity is complemented by several robust climate-related activities across the firm including:

01 Became one of the first major private equity firms to set a Net Zero by 2050 goal with associated Near-Term Climate Goals and was one of the first major private equity firms to publish a TCFD report in 2020.

02 Invested over $1.75 billion in renewable and sustainable energy as part of our Global Infrastructure portfolio as of December 31, 2023.

03 Powered 100% of Carlyle's operations by renewable energy via the purchase of renewable energy credits. We additionally elected to purchase carbon offsets to address a component of our operational footprint.

04 Hired a dedicated Chief Strategy Officer of Energy Pathways, helping to conduct analysis of global commodity market trends and the evaluation of investment opportunities across energy markets and the commodity supply chains, central to the energy transition.

05 Building on two years of analytical work to understand bottom-up decarbonization levers and decarbonization potential in Carlyle's International Energy Partners platform, we established guardrails for our decarbonization value creation opportunities in investing in energy assets. These include a goal for all companies to complete a decarbonization and transition assessment within two years of ownership, as well as a goal for companies to evaluate low-carbon/green CapEx opportunities annually. This comes in addition to thorough climate and decarbonization due diligence.

Strategy

Objective

Conduct materiality analysis on a subset of current portfolio holdings to identify climate risk exposure.

Carlyle Actions

In 2023, Carlyle finalized an internal standard operating procedure ('SOP') document that outlines the scope, definitions, calculation methods, documentation, data quality guidance and verification, governance responsibilities, and reporting protocol for our climate goals. This analysis has helped to identify areas of high potential value-at-risk from near-term energy transition risks.

Risk definitions

In assessing the potential risks from climate change, we look to the definitions established by the TCFD, as set forth below. Given the average hold period of our typical investment, we focus most on potential material acute physical risks, policy and legal, technology, market, and reputation transition risks. The broader set of risks are important components of longer-term strategy.

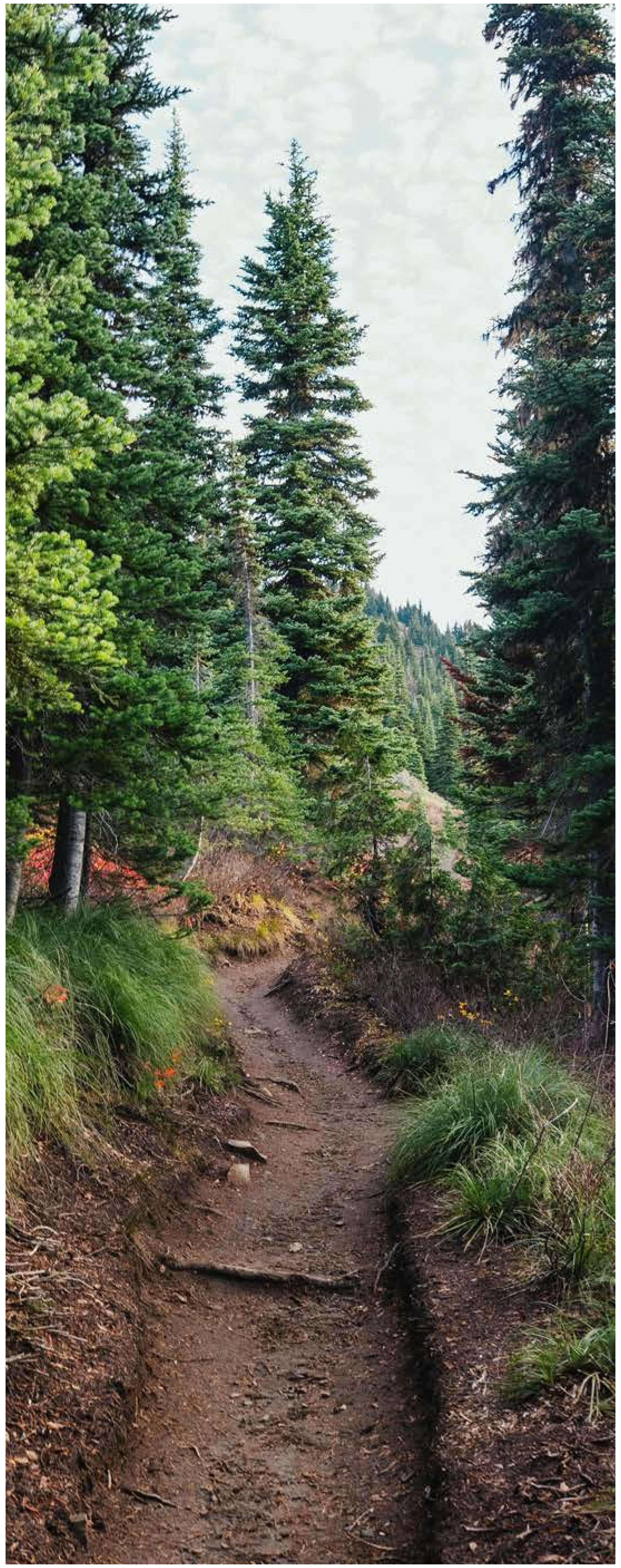
→ **Physical risks** resulting from climate change:

- Acute risks: event-driven exposures, including the increased severity of extreme weather events (cyclones, hurricanes, floods, etc.).
- Chronic risks: longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea-level rise or chronic heat waves, for example.

→ **Transition risks** resulting from the transition to a lower-carbon economy:

- Policy and legal risks: the evolution of regulations and potential litigation or legal risk.
- Technology risks: technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system.
- Market risks: the effects of climate change on supply and demand.
- Reputation risks: changing customer or community perceptions related to climate considerations.

In 2023, we developed a partnership with Jupiter Intelligence, which offers analytics to help companies improve their climate resilience. We piloted the tool across a subset of our US Real Estate properties.



Risk Management

Objective

Define key climate performance indicators for a subset of portfolio holdings.

Carlyle Actions

We track certain ESG KPIs that we believe are relevant across diverse geographies and assets for our Global Private Equity investments. These KPIs may include a dedicated greenhouse gas emissions module and several climate-related questions, such as if a company purchases renewable energy and/or has a target for purchasing renewable energy, if a company monitors energy usage and/or greenhouse gas emissions and reports on their footprint, if a company purchases carbon credits, and if a company has set energy efficiency or greenhouse gas emissions reduction targets.

Additionally, for a subset of investments made by our Renewable and Sustainable Energy funds, in which climate metrics are closely linked to the core businesses of the portfolio companies, we perform a qualitative and quantitative analysis[1] of the abatement potential of each investment as part of our due diligence process, which is included in our Investment Committee memos. As an example, we estimated the total GHG emissions abatement capacity potential of a pipeline of solar projects in various stages of development. This quantitative approach helps us refine our investment analysis and evaluation and more effectively underwrite our renewable and sustainable energy investments. These calculations are tracked and aggregated annually at the portfolio company and strategy levels.

Carlyle Actions

→ **Portfolio greenhouse gas footprinting**

01 We recently completed our fifth year of work to footprint Scope 1 and Scope 2 CO_2e emissions for majority-owned portfolio companies across the most recent vintages of our primary corporate private equity strategies: US Buyout, Europe Buyout, Europe Tech, Asia Buyout, our International Energy platform as well as select infrastructure strategies such as Europe Real Estate. The work was accomplished through a partnership with Watershed, consulting support, and our dedicated Sustainability team. In cases where we were unable to collect the greenhouse gas footprint directly from the company, we used estimations to calculate a GHG footprint, for example by using revenue, square footage, location, and activity data.[2]

02 Our portfolio GHG footprinting methodology is consistent with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard and Scope 2 Guidance developed by the World Resources Institute. It includes the portfolio company Scope 1 emissions from owned or controlled sources as well as portfolio company Scope 2 emissions associated with purchased energy for the 2023 reporting year, expressed in MT CO_2e.

03 For companies that do not have an established process already, we partnered with Watershed to create a voluntary, streamlined GHG footprinting tool for Carlyle portfolio companies in order to provide them a starting point based on activity-specific data. This tool was shared with 50 portfolio companies globally in 2023 and we supported electing user companies with onboarding and data reviews.

04 In addition, we collected GHG emissions, renewable energy and other ESG data points from 46 fund managers in AlpInvest's Global Investment Solutions platform.

05 We believe this GHG footprinting exercise can help companies better understand their climate impact, exposure, and resilience, prepare for potential climate-related policy changes, comply with GHG emissions reduction and reporting requirements from customers and regulators, understand risks, and better position themselves for growth in a business and consumer context that is increasingly focused on climate change.

06 Through this exercise, we observed that there are increasing market pressures for consumer-facing companies to disclose and reduce GHG emissions. Investors, employees, and customers are increasingly interested in the climate positioning of the companies they invest in, work for, and buy from. By calculating and publishing carbon data, companies may be able to improve transparency, bolster their credibility and reputation among stakeholders, and improve profitability through identifying cost savings and operational efficiency measures. Strategic carbon management can potentially be leveraged as a value proposition that brings a competitive advantage.

07 We hope to continue to share the learnings and challenges we experienced with our peers and stakeholders, to help advance this work across the investment field.

Fifth year

of work completed to footprint Scope 1 and 2 CO_2e emissions for certain majority-owned portfolio companies

Risk Management

Objective

Integrate climate considerations within the investment process.

Carlyle Actions

→ **Carlyle Global Private Equity (GPE)**

01 Carlyle developed a climate risk triage and materiality analysis, which we began integrating into diligence in 2021.

02 We use a risk-based approach based on investment type, sector, location/geography, exposure to carbon-related regulations, intended hold duration, and likelihood of climate- related considerations potentially impacting the exit process.

03 Where a potential investment triggers issues with respect to two or more of these categories, we recommend additional climate change risk and opportunity reviews, in some cases leveraging third-party expertise.

04 In 2023, we developed a biodiversity risk triage to be integrated into due diligence, detailed further here.

→ **Carlyle Global Credit**

Our Global Credit platform rolled out a proprietary ESG Materiality Analysis tool at the beginning of 2021, which is now used to evaluate select investments, as applicable.[3] The tool focuses on climate change in three ways. First, it draws on the Sustainability Accounting Standards Board (SASB) framework to focus on material climate change-related risks for a given sector and industry; second, it suggests some targeted engagement questions to use in any conversations with management on material ESG risks, including climate change, where relevant; and third, it incorporates a third-party data set that highlights the potential physical risks of climate change based on the geography of the borrower's operations and/or supply chain. A summary of the ESG Materiality Analysis is included

1. *In certain instances, we are unable to perform a quantitative climate impact analysis where credible factors, estimates, or abatement models do not exist.*
2. *Beginning in 2020, Carlyle sought to obtain GHG emissions for majority-owned investments, based on cumulative fully diluted ownership, in US, European, and Asian Buyout funds. Where a company included in this group does not already calculate GHG emissions, Carlyle has urged the portfolio company to calculate its emissions via a third-party tool using primary data. While primary data is preferred, it is recognized this is not always possible to collect and reasonable estimates using proxy figures or extrapolation (e.g. building area) are accepted. Where a company does not calculate its emissions, Carlyle partners with a third-party provider to estimate emissions.*
3. *In certain circumstances, this tool may not be applicable and as a result may not be used. For example, our Aviation Finance team does not use this tool, given the bespoke nature of that investment strategy. We are happy to share our approach to ESG/climate risks and opportunities for our Aviation Finance strategy separately.*

in the investment committee memo for relevant strategies. In certain instances, climate change-related risks have been a contributing factor in our decision to decline a potential investment. We recently began incorporating an ESG Risk Rating into the ESG Materiality Analysis as well.

Additionally, in 2022 our Global Credit platform launched a decarbonization-linked financing program, providing an incentive for certain borrowers to reduce greenhouse gas emissions or achieve other climate-related targets.

→ Carlyle Global Investment Solutions

01 Our GIS platform adopted a climate change approach in 2020.

02 In 2021, a dedicated climate change section was added in the due diligence questionnaire used when making new primary fund commitments which aims to establish how third-party fund managers consider climate change in their investment activities and reporting.

03 In 2022, we developed an assessment tool to help identify potentially material sustainability risks, including climate change, during diligence of co-investment and certain secondary investments. The tool has been developed based on the SASB framework as well as country risk indices. It focuses on certain potentially material sustainability risks related to key company characteristics such as industry or sector, and geography of operations and supply chain. Typically, the conclusions of the sustainability risk analysis are included in the investment proposal that is presented to the investment committee.

Metrics and Targets

Objective

Support holdings with tools and recommendations to address climate risk and opportunity.

Carlyle Actions

We have worked to significantly expand the support we are able to provide to portfolio companies as they work to address climate change. Some examples of our work done in 2023 and early 2024 include:

01 Completed our inaugural year of the voluntary Carlyle Decarbonization Bootcamp for portfolio companies, a systematic approach with high caliber tools and resources necessary to help accelerate decarbonization progress. We are proud to report that 41 companies have participated in the course.

02 Held regular direct calls with a subset of our higher carbon intensity portfolio companies to support them individually in setting climate goals, identifying and implementing decarbonization levers, understanding and reporting on progress, and more. In addition to our in-house expertise, we have built a roster of external advisors and consultants to assist companies in setting and executing climate goals.

03 Assisted portfolio companies with ESG- and climate-related data collection, in part through a dedicated webinar on ESG data collection welcoming over 100 portfolio company attendees.

04 Launched a Scope 3 supplier engagement playbook to help portfolio companies reduce GHG emissions in their supply chains.

Risk Management, Metrics and Targets

Objective

Conduct yearly reviews of portfolio holdings to assess progress toward climate objectives.

Carlyle Actions

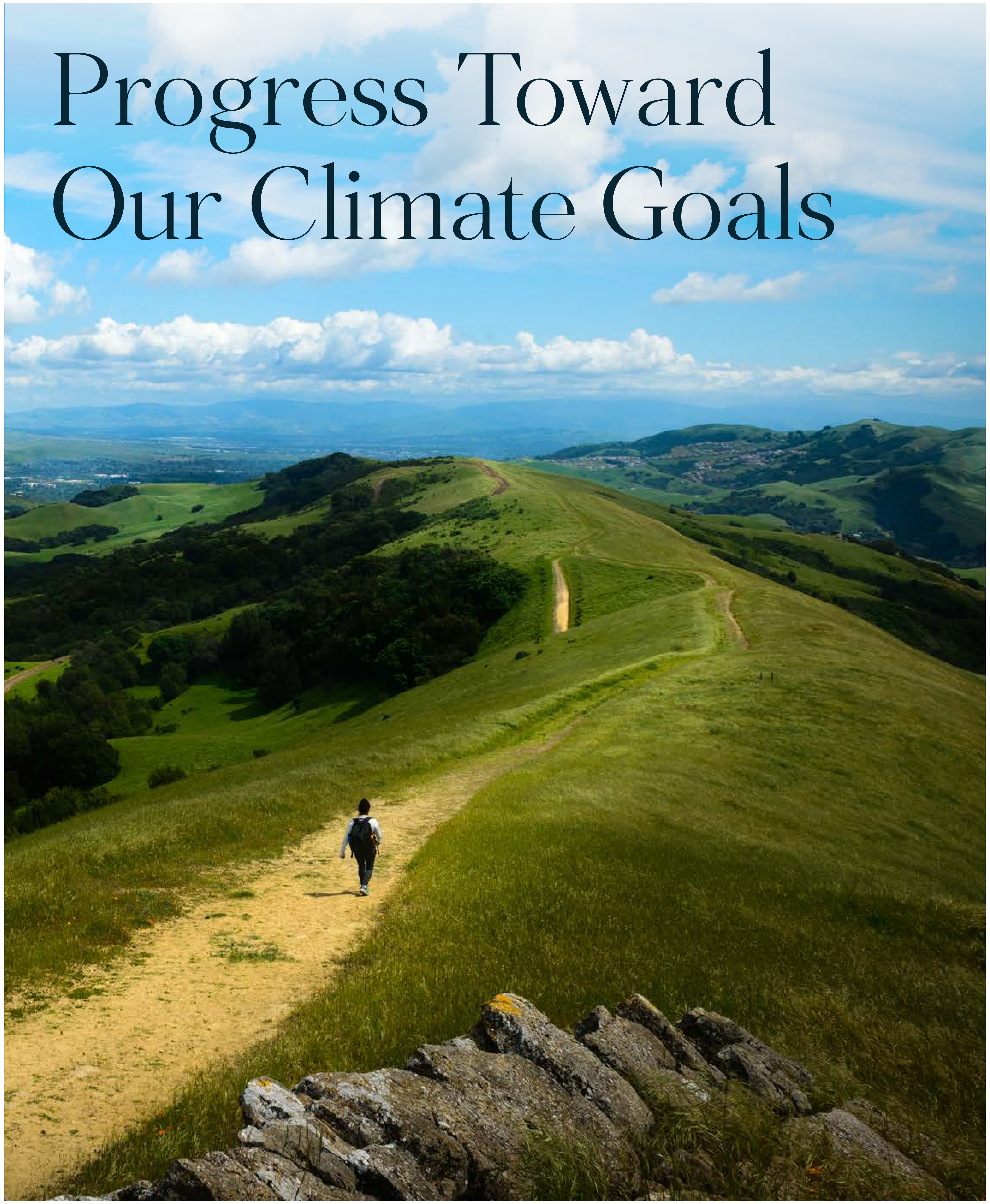
In 2023, we have significantly progressed our monitoring and measuring approach. A few important components include:

01 Partnered with two Big Four global accounting firms to develop an internal standard operating procedure ('SOP') document that outlines the scope, definitions, calculation methods, documentation, data quality guidance and verification, governance responsibilities, and reporting protocol for our climate goals. Combined with our GHG footprinting work as detailed in the Risk Management section of this document, this has helped to further identify what we believe to be the areas of highest potential value-at-risk from near-term energy transition risks and associated value creation initiatives.

02 We also track a series of data points for our Global Private Equity investments which focus on the maturity of climate change-related management practices. We use this data, in part, to understand the progress of investments toward climate objectives and in some instances, to report this progress to our Limited Partners. For certain strategies, we submit anonymized climate data to the ESG Data Convergence Initiative.

03 Within GIS, we have set up our own in-house investment data solution to capture climate and other ESG portfolio company metrics that are reported to us by third-party fund managers. This will help us to better monitor, measure, evaluate, and report to our investors on climate and other ESG performance as more data becomes available.

Progress Toward Our Climate Goals



In February 2022, Carlyle announced our Long-Term Climate Goal to achieve Net Zero GHG emissions by 2050 or sooner across direct investments, along with a set of Near-Term Climate Goals. Our first Near-Term Goal (herein known as Goal #1) is for 75% of Carlyle's In-Scope portfolio companies' aggregated Scopes 1 and 2 emissions to be covered by Paris-Aligned Climate Goals by 2025.

The scope of Goal #1 is Carlyle's majority-owned corporate private equity, power, and energy portfolio companies (companies defined as 'In-Scope Companies'), set as of December 31, 2021. In partnership with these portfolio companies, we are pleased to report that we have achieved Goal #1 as of June 2024.

We are committed to driving real emissions reductions within certain portfolio companies to help position them competitively in a global economy that is increasingly decarbonizing, in order to achieve better financial outcomes.[1] We strive to be transparent and therefore seek to publicly report on progress toward our climate goals and our work to achieve it.

Goal #1

achieved as of June 2024

1. *Please see 'Carlyle's Near-Term Climate Goal' for the scope of this goal.*

Climate Goal #1 Parameters

We have worked to clearly define how we measure our progress toward Goal #1. Specifically, Carlyle has developed an internal SOP document that outlines the scope, definitions, calculation methods, documentation, data quality guidance and verification, governance responsibilities, and reporting protocol for our portfolio companies' climate goals. These procedures were informed by leading standards including, The Greenhouse Gas Protocol—A Corporate Accounting and Reporting Standard ('GHG Protocol'), Partnership for Carbon Accounting Financials ('PCAF') Global GHG Accounting and Reporting Standard for the Financial Industry, Institutional Investors Group on Climate Change ('IIGCC'), and Initiative Climate International ('iCI') guidance on GHG Accounting for Private Equity. The SOP has been independently reviewed by two Big Four accounting firms to assess and provide recommendations on several components including comparison against the aforementioned GHG accounting standards, technical rigor, and processes and controls. Additionally, a third-party provider has conducted an assurance readiness assessment to determine consistency and completeness.

The scope of Goal #1 includes Carlyle's majority-owned corporate private equity, power, and energy portfolio companies (companies defined as "In-Scope Companies"), set as of December 31, 2021 and target progress is tracked against calendar year 2021 emissions. A company may subsequently be deemed out of scope based on defined criteria in our SOP, including a change in ownership type (i.e., moving from majority to minority interest based on fully diluted ownership), a change in investment status (i.e., moving from an unrealized to a realized investment), or other major event.

Goal #1 Criteria:

A non-power portfolio company is counted toward the achievement of Goal #1 when it meets the following three criteria:

→ **Baseline**

Calculates a baseline GHG footprint, independently assured or verified by a third-party where possible.

→ **Targets**

Sets clearly defined short- and long-term GHG reduction targets aligned with the Paris Agreement.[1]

→ **Reporting**

Publicly reports on progress, ideally aligned with the TCFD.

Given the limited guidance for setting a Paris-aligned climate goal for existing, operational thermal power assets (or portfolios of assets), Carlyle has created guidelines for managing our existing thermal power investments on a 'Paris-aligned trajectory' (herein known as Paris-aligned). This draws on work from groups such as the SBTi PE Sector Guidance (November 2021), SBTi's high-level guidance for power, the International Energy Agency's Net Zero by 2050 Roadmap projections on the global power mix under Paris-aligned scenarios, the United States Environmental Protection Agency's Proposed Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants (issued May 2023), the EU Taxonomy's criteria for sustainable gas-fired power generation, and the CDC Group's conditional alignment criteria for natural gas power plants, drawn from the World Resources Institute's framework. We will continue to monitor developments if new guidance is issued and reevaluate if adjustments are necessary for our approach.

Within power, the portfolio company is counted toward the achievement of Goal #1 when it meets the following five criteria:

- Emissions intensity: Strive to manage emissions intensity (MT CO_2e/MWh) to the lowest rate that is commercially feasible for the size and technology of the facility, as well as proactively monitor and mitigate methane leakage.
- Low-carbon innovation: Strive to evaluate at least one low-carbon opportunity to be developed at the facility.
- Displacement of higher carbon assets: Measure and verify displacement of higher carbon assets.
- Grid stability: Measure and verify critical grid stability.
- Annual reporting: Disclose annual GHG CO_2e emissions data, upon request to select stakeholders.

Goal #1 is measured against a baseline of the GHG data for each In-Scope Company for the calendar year 2021. Carlyle collects total Scope 1 and Scope 2 GHG emissions from In-Scope Companies (not allocated based on an attribution factor) through one of three methods:

- The company calculates the emissions, either in-house or via a third-party, and submits the data to Carlyle.[2]
- Carlyle assists the company with calculating its emissions.
- Carlyle engages a third-party to perform a proxy calculation using factors which may include revenue, sector, and geographic location.

The criteria for counting a company toward Goal #1 were selected based on a number of factors including, alignment with the rapidly evolving set of aforementioned carbon accounting frameworks, leading industry practices, the diversity of our underlying portfolio companies, the varying levels of company maturities with regards to GHG management, and the intent to enable near-term progress while setting the foundation for long-term scalable success. While we believe it is not feasible to fully decarbonize most businesses during our hold period, we believe our role can be a catalyst for setting qualifying portfolio companies on the path toward decarbonization using a science-based approach, as we think this will lead to stronger long-term competitive positioning for our portfolio companies.

Climate Goal #1 Progress Toward Goals

As of June 30, 2024, 105 portfolio companies were in-scope for Climate Goal #1, and 38 companies, representing 93% of Scope 1 and Scope 2 GHG emissions of such companies have met the Goal #1 criteria. We are pleased to have achieved this goal as of June 30, 2024. While there is more work to be done, we believe our proactive engagement and collaboration with portfolio companies will continue to enable forward progress. Our engagement with portfolio companies includes providing companies with guidance and support, activating trusted third-party vendors for bespoke support, offering direct assistance from the Carlyle Sustainability team, and assisting in structuring decarbonization-linked financings for select portfolio companies.

There are a number of challenges our portfolio companies can face when pursuing an effective decarbonization pathway. This includes obtaining comprehensive data to accurately measure and identify significant sources of emissions, competing internally for appropriate budget and resourcing amongst a broadening set of corporate priorities, locating economically viable low-carbon reduction technologies, and implementing emissions reduction activities in places where a company has influence versus control (e.g., leased properties or supply chain). Over the next year, we seek to continue to help our portfolio companies address these challenges by employing a tactical set of solutions, potentially including technology-enabled carbon measurement platforms, preferred partnerships with decarbonization specialty firms, and leveraged purchasing opportunities with companies that provide carbon mitigation instruments (e.g., renewable energy credits), as appropriate.

Looking Ahead

We recognize that this is just the beginning. To date, we have focused our near-term work on the most carbon intensive majority-owned companies within our Global Private Equity portfolio, as well as where we believe we have the strongest potential to affect change through majority ownership. Future progress entails building out plans for executing on our Net Zero goals across our other investment strategies, including credit. As we continue on this journey, we welcome feedback and engagement with stakeholders and seek to continually improve our approach.

1. *While we recommend that portfolio companies consider aligning with globally recognized frameworks (e.g., SBTi) when setting GHG reduction targets, we do not require alignment with a single framework or standard.*
2. *Carlyle encourages but does not require applicable companies to use The GHG Protocol Corporate Accounting and Reporting Standard using the operational or financial control method when calculating GHG footprint and to obtain assurance or verification. While Carlyle believes the data received from portfolio companies to be reliable, we do not attest to the accuracy of the information received.*

Decarbonization Bootcamp Highlight

One of the key challenges in managing a large portfolio like Carlyle's is scalability. How do we reach as many companies as possible and work to drive progress at scale? We see new risks, as well as opportunities, emerging across our portfolio, including, for example, on climate-related challenges which spans many businesses across various industries.

As our portfolio companies look to navigate the evolving pressures from regulators and customers to decarbonize, we aim to provide resources and education to support companies as they seek to develop a decarbonization strategy that suits their bespoke needs. Our aim is to help companies build the 'muscles' to continue these efforts beyond our ownership period. After supporting over a dozen companies with bespoke strategies in the past few years, we were looking for a scalable way to offer our approach to more companies.

To this end, we designed the Carlyle Decarbonization Bootcamp ('the Bootcamp') in 2023 and launched it in 2024. The Bootcamp is a voluntary six-month course with structured monthly training sessions that seek to equip companies with the knowledge, tools and resources they might need on their path to decarbonize. Forty-one companies are currently participating in our inaugural cohort.

While developing a decarbonization strategy has become a pressing business consideration for many companies due in part to regulatory and commercial pressures and opportunities, company progress varies greatly with different levels of maturity, capacity and ambition. The Carlyle Decarbonization Bootcamp is designed to meet companies where they are by combining a structured approach with customizable content to catalyze progress.

The Bootcamp's curriculum is delivered virtually to portfolio companies globally over a six-month period. Each session aims to feature a variety of internal and external subject matter experts, with content centered on topics that are potentially relevant for our portfolio companies, including:

Build Strategy

- How to identify regulatory, customer, and business drivers for decarbonization
- Assessing risks and opportunities
- A framework for governance, data collection, and communication

Measure Emissions

- Intro to GHG emissions
- How to calculate and estimate emissions
- Data collection methods and process
- Intro to GHG calculation tools

Set a Target

- Intro to GHG goal types
- Aligning target with drivers
- Setting a baseline
- Estimating the cost of reaching a target and introduction to MACC[1]

Take Action

- Intro to supply side levers (solar, RECs, etc.)
- Intro to demand side levers (energy efficiency, etc.)
- Developing a Scope 3 strategy
- Low-carbon innovations (hydrogen, green ammonia, etc.)

Create Disclosures

- Intro to TCFD
- Assurance readiness
- Building a decarbonization narrative
- Tips for designing content for different reporting channels

Assess Physical Risk

- Intro to physical risks
- How to identify and mitigate potentially material risks

1. *Marginal abatement cost curve: A graph that indicates the cost associated with the last unit (the marginal cost) of emission abatement for varying amounts of emission reduction.*

To tailor content to the variety of companies represented within sessions, we separate portfolio companies into smaller groups based on their specific contexts. For example, in our 'Setting a Target' session, companies were able to elect the most relevant discussion for them based on whether they were asset-light or asset-heavy businesses.

As we designed and implemented the inaugural year of the Bootcamp, a core focus has been continued engagement between sessions. To this end, we request that attendees complete pre-work to maximize the time and utility of the group sessions. For example, ahead of the 'Take Action' session where we discussed specific decarbonization levers, we sent the Carlyle Energy and Carbon Management playbook to help participants understand core concepts that were ultimately fleshed out in the session.

In addition to the monthly 1.5-hour group sessions, the Bootcamp has enabled us to deepen our one-on-one connection with portfolio companies. Both at the mid-point and after the conclusion of the Bootcamp, we conduct deep dive strategy and feedback sessions with each participating portfolio company. We have found that the peer-to-peer exchange can be one of the most valuable aspects of the bootcamp.

We believe the Bootcamp has been integral in helping build and strengthen relationships between portfolio companies who are looking to tackle similar challenges. Not only have companies been able to share with each other during the sessions themselves, but we've had several instances where companies have been able to connect offline as a result—often with companies that are similar in terms of sector and size.

Information as of May 2024.

Six months into the program, our core observations have been that:

- Many portfolio companies have highlighted that participating in the Bootcamp has been valuable from a customer engagement perspective. Increasingly, companies are receiving more detailed requests on carbon and decarbonization targets as part of requests for proposal from their customers. Bootcamp participants also noted that their participation has helped them with strategy development (e.g., better understanding the nuances between the various carbon footprint calculation methodologies, and different types of decarbonization targets) and checking that initiatives were also aligned with customer requests and requirements.
- By breaking companies out into different cohorts based on whether the business model is asset-heavy or asset-light, companies were able to help identify the pathways to decarbonization that are most appropriate to their specific context, translating decarbonization discussions from nebulous to tactical.
- One of the prevalent topics was 'Scope 3' emissions. Many companies are calculating their Scope 3 emissions for the first time this year or looking to improve accuracy by starting to collect actual data rather than estimates and are discussing supplier engagement and product level footprints.

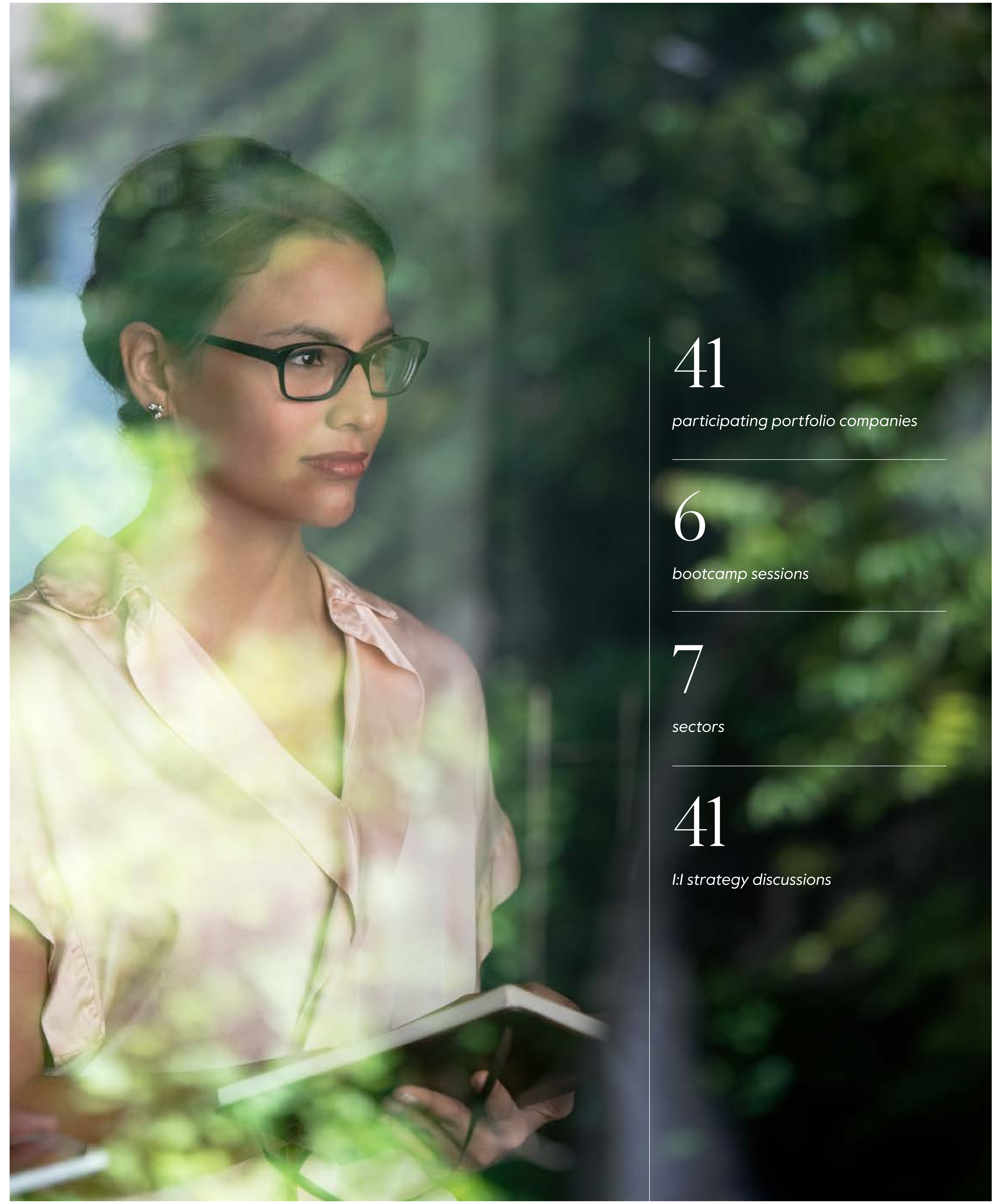
Specific portfolio company feedback included:

"Even though we are perhaps more advanced than other companies in the program, it's been helpful to refresh the business thesis behind focusing on decarbonization as we look to expand and deepen our efforts."

VERITAS

"We loved the structured approach to unpacking and tackling decarbonization, making these efforts increasingly approachable."

LPG SYSTEMS



41
participating portfolio companies

6
bootcamp sessions

7
sectors

41
1:1 strategy discussions

Corporate Sustainability

Most of our time, resources, and sustainability efforts are spent on our portfolio, where most of our emissions lie, as well as where we, as an investment firm, contribute to generating returns for our shareholders and LPs.

However, in parallel, we are also evolving sustainability efforts across the firm. We are in the process of refreshing our ESG materiality analysis to be compliant with new and emerging regulations in Europe, as well as in the United States.

In the past few years, we developed a Responsible Supplier Code for Carlyle's own supply chain and have integrated diversity criteria[1] into our supplier selection. Employees have founded an ESG Employee Resource group with lively debate about how to improve our corporate environmental impact as well as enhance our engagement with local communities and causes.

A key element of our corporate sustainability work is also to address and reduce our corporate carbon footprint. Since 2018, on an annual basis we have purchased carbon credits in an amount equal to our operational emissions[2] across 29 global offices and ~2,200 employees. In 2022, we updated our methodology[3] for calculating our operational greenhouse gas footprint, and enlisted Watershed to calculate our operational footprint for 2022.

Our operational emissions for 2021-2023 are detailed in the table. As a complement to our portfolio decarbonization efforts, Carlyle purchases carbon credits in an amount equal to its operational emissions. For the 2023 emissions, we have taken a modified approach to purchasing carbon credits. We first sought to neutralize our Scope 2 emissions through the purchase of Renewable Energy Certificates (RECs) matched to the amount of emissions incurred across our major operating countries. We have focused on carbon offsets for the remainder of our Scope I and select Scope 3 (business travel) emissions.

We purchased our RECs and carbon offsets through Anthesis. Before selecting the providers and projects, we conducted thorough diligence and used our carbon quality framework that we developed last year. Based on this, we selected a portfolio of projects with a mix of high integrity credits. This year, we focused our carbon credit purchases on nature-based solutions and projects with co-benefits for local communities and biodiversity, electing to support two projects for offseting Carlyle's 2023 operational emissions.

Category (MT/CO_2e)	2023	2022	2021
Scope 1	1,139	3,058[4]	3,099
Scope 2	2,719[5]	2,954[6]	2,827
Scope 3	20,568[7]	14,889[7]	4,977[7]
Total Emissions	24,426	20,900	10,903

1. Our Supplier Code of Conduct expects all suppliers, regardless of whether they are existing, new, or potential suppliers, to uphold high legal and ethical standards, including non-discrimination and commitment to diversity and inclusion in the workplace. The Supplier Code of Conduct includes a general encouragement to work with diverse suppliers who ensure fair employment practices and prohibit discrimination based on various protected characteristics.
2. Between 2017 and 2022, Carlyle measured and offset the carbon footprint of our operational greenhouse gas emissions inclusive of the following categories: office utilities (Scope I and Scope 2), data centers (Scope 2), and employee business travel (Scope 3, category 6). For 2024, Carlyle's GHG emissions across Scopes I, 2, and certain key Scope 3 categories (excluding category 3.15) are derived using information from direct fuel usage, purchased energy, and American Express-provided business travel data, as well as emissions from data centers and spend-based proxies for supplier emissions. Energy consumption data for offices accommodating more than 80% of our workforce are obtained from utility bills or building management. Emission factors are provided by Carlyle's third-party climate vendor, which utilizes emission factors from the Carbon Disclosure Project (CDP). Prior to 2024, Scope 3 data reflects employee business travel (Category 6) and does not include data from any transactions booked outside the Concur Travel & Expense platform. Data excludes AlpInvest and Aviation Partners. Please see Corporate Disclosures for more information.
3. Carlyle has adopted the calculation-based quantification methodology to estimate emissions, as appropriate emission factor guidelines have been released by authoritative sources covering Carlyle's reported activities. Our selected unit measurement for emissions will be CO_2e throughout our GHG footprint calculation. Activity data is collected from key internal and external data sources including, for example, invoices, reports provided by suppliers (such as building managers and travel suppliers) and internally generated consumption reports (such as expenses claimed). Carlyle calculates Scope 2 emissions utilizing a location-based methodology based on the emissions factors. The location-based method involves applying a "national grid average" emission factor which is an average that relates to the grid on which electricity consumption occurs. Employee business travel does not include data from AlpInvest or Aviation Partners, nor any transactions booked outside the Concur Travel & Expense platform.
4. Carlyle has amended our 2022 Scope I emissions due to a unit conversion error.
5. For 2023 with respect to our London office, Q4 electricity consumption was proxy calculated using 2022 figures as utility bills are not yet available.
6. For 2022 with respect to our London and NY OVA office, Q4 electricity consumption was proxy calculated using 2021 figures as utility bills are not yet available.
7. Employee business travel does not include data from transactions booked outside the Concur Travel & Expense platform.

Corporate Disclosures

Materiality Assessment Methodology

For this year's report, we used the Global Reporting Initiative (GRI) Standards, which provides an internationally recognized framework to communicate our material ESG issues as a firm to our stakeholders with improved disclosure and transparency. In 2021, we began reporting according to the World Economic Forum's (WEF) ESG metrics. The WEF metrics were developed in an effort to identify a core set of material ESG metrics that can be reported on a consistent basis across industries, sectors, and countries.

In our 2020 Impact Review, we developed a materiality assessment that we continue to employ. As part of our initial materiality assessment, we took into account the expectations and requirements of our stakeholders, the knowledge and experience of our in-house ESG team members, and the SASB Asset Management & Custody Activities Standards. These inputs helped us identify the material topics to be covered in this report, while also taking into account the degree to which Carlyle has control over each issue. We also included topics that are important to Carlyle (for example, through enhanced disclosures on diversity, equity, and inclusion, and climate change). Details of the material issues we identified for our firm can be found on the right.

Economic

Economic issues are core to our business. As a global investment firm, we work together to create long-term value for our investors, companies, shareholders, people, and communities. Economic factors have the potential to impact both our own operations, as well as our investment portfolio. Stewarding capital is a key aspect creating both opportunities and risks. We therefore believe that the following GRI "economic topics" are the most material to our organization:

01 Direct economic value generated and distributed.

02 Infrastructure investments and services supported.

03 Communication and training about anti-corruption policies and procedures.

Environmental

As a global investment firm, the majority of our direct operations are office-based; hence we are keenly aware that our environmental impacts as a firm are relatively small. However, as referenced in the Climate Resilience section of this report and in our TCFD report, Carlyle believes that climate change is one of the most pressing issues of our time, creating unprecedented risks and opportunities for businesses across all industries. To respond to this challenge and to provide greater transparency on our direct environmental impacts, we believe the following GRI "environmental topics" are the most material to our organization:

01 Energy consumption within the organization.

02 Energy intensity.

03 Direct (Scope 1) GHG emissions.

04 Energy indirect (Scope 2) GHG emissions.

05 Other indirect (Scope 3) GHG emissions.

06 Non-compliance with environmental laws and regulations.

Social

We aim to ensure that every colleague feels that they matter, are valued, and have access to high-quality benefits and opportunities for learning and development—so we can all contribute. We believe that the continued development of our employees at every level in our organization, as well as our focus on enhancing diversity and inclusivity, are areas of competitive strength at Carlyle. We therefore consider that the following GRI "social topics" are the most material to our organization:

01 Benefits provided to full-time employees that are not provided to temporary or part-time employees.

02 Programs for upgrading employee skills and transition assistance programs.

03 Percentage of employees receiving regular performance and career development reviews.

04 Diversity of governance bodies and employees.

05 Incidents of noncompliance concerning marketing communications.

Stakeholder Engagement

The chart on the right illustrates our key stakeholders, as well as our channels for directly engaging with each of those stakeholders on ESG-related matters. Our direct stakeholders are increasingly interested in understanding more about the broader environmental and social impacts of our business and our portfolio companies, and to see Carlyle leadership on key global challenges such as climate change, and diversity and inclusion. Our progress on these topics is highlighted in this report.

Disclosures

→ GRI 102

General Disclosure is used to report contextual information about an organization and its sustainability reporting practices. This includes information about an organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process.

→ GRI 103

Management Approach is used to report information about how an organization manages a material topic. It is designed to be used for each material topic in a sustainability report, including those covered by the topic-specific GRI Standards (series 200, 300, and 400) and other material topics.

→ Topic-specific Standards 200 series (Economic topics) and 300 series (Environmental topics), and 400 series (Social topics)

The 200, 300, and 400 series include numerous topic-specific Standards. These are used to report information on an organization's impacts related to economic, environmental, and social topics (e.g., Indirect Economic Impacts, Water, or Employment).

Carlyle's Stakeholders and Respective Channels of Engagement

→ Shareholders

- Annual ESG Report.
- GRI reporting and ESG data.
- Public filings and one-to-one conversations.
- Investor Day.

→ Broader Public

- Annual ESG Report.
- Regulatory compliance and audits.
- Engagement with industry and issue groups.
- Investor Day.

→ Employees

- ESG training across functional teams.
- Centralized ESG resources on firm's intranet.
- Dedicated internal personnel on ESG, diversity and inclusion, human capital, cyber security, and more.
- Ongoing mentoring and employee engagement programs (detailed in GRI Standard 404-2).
- ESG-linked compensation.

→ Limited Partners

- LP meetings and engagements.
- Updates via our LP Connect portal.
- ESG research publications.
- Investor conferences.
- Quarterly and ad-hoc reporting.

→ Portfolio Companies

- Annual Sustainability Workshop.
- ESG data collection and analysis.
- One-to-one engagement with ESG team.
- ESG Action Plan and value creation support.
- Quarterly ESG updates via newsletter.
- Thematic webinars.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-1	Name of the organization	The reporting organization shall report the following information: **01** Name of the organization.	The Carlyle Group Inc.
102-2	Activities, brands, products, and services	The reporting organization shall report the following information: **01** A description of the organization's activities. **02** Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	Please see pages 7-11 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-3	Location of headquarters	The reporting organization shall report the following information: **01** Location of the organization's headquarters.	Washington, D.C.
102-4	Location of operations	The reporting organization shall report the following information: **01** Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Please see page 7 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf and a list of our global offices here: https://www.carlyle.com/contact-us.
102-5	Ownership and legal form	The reporting organization shall report the following information: **01** Nature of ownership and legal form.	Please see page 15 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf and pages 91-92 of our 2023 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.
102-6	Markets served	The reporting organization shall report the following information: **01** Markets served, including: I. Geographic locations where products and services are offered. II. Sectors served. III. Types of customers and beneficiaries.	Please see pages 7-20 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-7	Scale of the organization	The reporting organization shall report the following information: **01**. Scale of the organization, including: I. Total number of employees. II. Total number of operations. III. Net sales (for private sector organizations) or net revenues (for public sector organizations). IV. Total capitalization (for private sector organizations) broken down in terms of debt and equity. V. Quantity of products or services provided.	Please see pages 7-23 and the audited financial statements included in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-8	Information on employees and other workers	The reporting organization shall report the following information: **01** Total number of employees by employment contract(permanent and temporary), by gender. **02** Total number of employees by employment contract (permanent and temporary), by region. **03** Total number of employees by employment type (full-time and part-time), by gender. **04** Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed byworkers who are not employees. **05** Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). **06** An explanation of how the data have been compiled, including any assumptions made.	Please see information on diversity within our teams here: https://www.carlyle.com/impact/diverse-teams. Please see pages 20-23 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-9	Supply chain	The reporting organization shall report the following information: **01** A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	As a global investment firm, Carlyle works with a number of third party service providers that support its dayto-day business operations. Please see our Supplier Code of Conduct: https://www.carlyle.com/sites/default/files/2022-04/Carlyle%20Supplier%20Code%20of%20Conduct.pdf. In addition, in our dealings with third party vendors, Carlyle applies the principles, values, standards, and norms of behavior as summarized in our Code of Conduct: https://ir.carlyle.com/static-files/8132f9b6-c813-4834-ba03-7771deb2a6c2. Our Form ADV also provides additional information: https://adviserinfo.sec.gov/firm/summary/111128.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-10	Significant changes to the organization and its supply chain	The reporting organization shall report the following information: **01** Significant changes to the organization's size, structure, ownership, or supply chain, including: I. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions. II. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). III. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	As a global investment firm, we have a small operational footprint and, as a result, supply chain. Please see pages 7-11, 109, and 175 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-12	External initiatives	The reporting organization shall report the following information: **01** A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	• Alternative Investment Management Association • American Investment Council • British Private Equity and Venture Capital Association • Business Roundtable • CEO Action for Diversity • ESG Data Convergence Initiative • European Leveraged Finance Association • Focusing Capital on the Long-Term • German Private Equity and Venture Capital Association • Global Private Capital Association (founded as EMPEA) • Global Real Estate Sustainability Benchmark (Management) • Initiative Climat International • Institutional Limited Partners Association - Diversity in Action Initiative • International Sustainability Standards Board - Investor Advisory Group • InvestEurope • Loan Syndications and Trading Association • One Planet Private Equity Funds Initiative • Renewable Energy Buyers Association • Task Force on Climate-related Financial Disclosures • The 30% Coalition • UN Principles for Responsible Investment (UNPRI) • UNPRI Private Equity Advisory Committee
102-13	Membership of associations	The reporting organization shall report the following information: **01** A list of the main memberships of industry or other associations, and national or international advocacy organizations.	Please see our response to 102-12.
102-14	Statement from senior decision-maker	The reporting organization shall report the following information: **01** A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Please see page 5 of this report.
102-15	Key impacts, risks, and opportunities	The reporting organization shall report the following information: **01** A description of key impacts, risks, and opportunities.	Please see pages 30-104 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf. Please also see pages 22-25 of our 2024 Proxy Statement for additional information on impacts and risks: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-16	Values, principles, standards, and norms of behaviour	The reporting organization shall report the following information: **01** A description of the organization's values, principles, standards, and norms of behaviour.	Carlyle's Global Code of Conduct is available to all employees and all Fund Investors: https://ir.carlyle.com/static-files/8132f9b6-c813-4834-ba03-7771deb2a6c2. We train both full-time and part-time employees on the Code of Conduct. In addition, please see our Environmental, Social & Governance Statement: https://www.carlyle.com/sites/default/files/Carlyle-ESG-Policy.pdf.
102-17	Mechanisms for advice and concerns about ethics	The reporting organization shall report the following information: **01** A description of internal and external mechanisms for: I. Seeking advice about ethical and lawful behaviour, and organizational integrity. II. Reporting concerns about unethical or unlawful behaviour, and organizational integrity.	The mechanisms for advice and reporting concerns are summarized in our Code of Conduct: https://ir.carlyle.com/static-files/8132f9b6-c813-4834-ba03-7771deb2a6c2 and our Process for Reporting of Concerns Regarding Accounting and Other Matters: https://ir.carlyle.com/static-files/d63f7142-e03e-4084-a118-57bc0ca506b8#:~:text=Employees%20may%20make%20a%20report,Committee%2C%20as%20promptly%20as%20practicable.&text=The%20firm%20strictly%20prohibits%20any,law%2C%20ethics%20or%20firm%20policy. Our Whistleblower Policy is published internally for employees to review. The policy is included as part of training during onboarding. In addition, an Ethics and Compliance hotline is available to all employees. The requirements for reporting of known or suspected violations of Carlyle's Code of Conduct or illegal or unethical behavior are detailed below. Reporting of Known or Suspected Violations or Illegal or Unethical Behavior Employees must either (1) promptly contact Carlyle's Office of the General Counsel or Chief Compliance Officer or (2) submit an anonymous report using one of the alternative reporting options outlined in the Carlyle Whistleblower Policy if they are concerned that a Covered Party (as defined in the Code) may have violated the Code or that other illegal or unethical conduct by a Covered Party has occurred or may occur. Carlyle will take measures to protect the confidentiality of any report made, subject to applicable law, regulation, or legal proceedings. Carlyle will not permit or tolerate retaliation of any kind by or on behalf of Carlyle and its personnel against employees who make good faith reports or complaints regarding violations of the Code or other illegal or unethical behavior.
102-18	Governance structure	The reporting organization shall report the following information: **01** Governance structure of the organization, including committees of the highest governance body. **02** Committees responsible for decision-making on economic, environmental, and social topics.	Carlyle's Board of Directors oversees the business and affairs of Carlyle, and has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. See pages 25-27 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. Carlyle's Co-Heads of Sustainability report into our Global Head of Corporate Affairs, with ultimate oversight from the firm's Chief Operating Officer. The team provides regular updates to Carlyle's Board of Directors. Carlyle's Board maintains oversight of sustainability activities. Carlyle has designated an independent board lead on sustainability, Linda Filler: https://www.carlyle.com/about-carlyle/team/linda-h-filler. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.
102-19	Delegating authority	The reporting organization shall report the following information: **01** Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	Carlyle's Board of Directors receives information about material sustainability issues for the firm. The members of theBoard are publicly available here: https://ir.carlyle.com/corporate-governance/board-of-directors. In April 2022, Linda Filler was appointed to serve as the sustainability lead to enhance the Board's oversight of sustainability efforts. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. Carlyle's Co-Heads of Sustainability report into our Global Head of Corporate Affairs, with ultimate oversight from the firm's Chief Operating Officer. The team provides regular updates to Carlyle's Board of Directors. ESG topics are covered in at least one Board meeting annually, with written updates on sustainability provided to the Board more frequently. In addition, Carlyle's Sustainability team provides regular updates on the firm's sustainability work to the firm's Chief Executive Officer. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. There also is a firmwide ESG Review Committee focused on ESG risks that is comprised of the Chief Operating Officer, the Chief Risk Officer, and the Global Head of Corporate Affairs.
102-20	Executive-level responsibility for economic, environmental, and social topics	The reporting organization shall report the following information: **01** Whether the organization has appointed an executive level position or positions with responsibility for economic, environmental, and social topics. **02** Whether post holders report directly to the highest governance body.	Please see our response to 102-19.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-21	Consulting stakeholders on economic, environmental, and social topics	The reporting organization shall report the following information: **01** Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. **01** If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	Please see our response to 102-19.
102-22	Composition of the highest governance body and its committees	The reporting organization shall report the following information: **01** Composition of the highest governance body and its committees by: I. Executive or non-executive. II. Independence. III. Tenure on the governance body. IV. Number of each individual's other significant positions and commitments, and the nature of the commitments. V. Gender. VI. Membership of under-represented social groups. VII. Competencies relating to economic, environmental, and social topics. VIII. Stakeholder representation.	Carlyle's Board of Directors oversees our business and affairs. The Company's Board is majority independent, and the committees of the Board are entirely independent. Please see pages 8-21 (including the Board Diversity Matrix on page 20) of our 2024 Proxy Statement for additional information: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. Two of our founding partners, David M. Rubenstein and William E. Conway, Jr., currently serve as nonexecutive Co-Chairmen of the Board, and another founding partner, Daniel A. D'Aniello, serves as Chairman Emeritus and as a member of the Board. Our Chief Executive Officer, Harvey M. Schwartz, also serves as a member of the Board. Linda H. Filler was appointed to our Board of Directors effective April 1, 2022, and is a member of the Nominating and Governance Committee. She serves as the Carlyle Board of Directors lead in ESG and DEI. Ms. Filler retired as President of Retail Products, Chief Marketing Officer, and Chief Merchandising Officer at Walgreen Co. in 2017. Prior to Walgreen Co, Ms. Filler served in Executive Vice President roles at Walmart and at Kraft Foods. Prior to Kraft, Ms. Filler served a long tenure at Hanesbrands, including Group CEO roles of its largest branded apparel businesses. Ms. Filler is Lead Independent Director at Danaher Corporation, where she has served as a Director since 2004. Carlyle representatives from across the organization, including those who sit on the highest governance body, routinely talk to shareholders, limited partners, NGOs, and government bodies on economic, environmental, and social topics.
102-23	Chair of the highest governance body	The reporting organization shall report the following information: **01** Whether the chair of the highest governance body is also an executive officer in the organization. **02** If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	The Co-Chairmen of Carlyle's Board of Directors, David M. Rubenstein and William E. Conway, Jr., are not executive officers. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.
102-24	Nominating and selecting the highest governance body	The reporting organization shall report the following information: **01** Nomination and selection processes for the highest governance body and its committees. **02** Criteria used for nominating and selecting highest governance body members, including whether and how: I. Stakeholders (including shareholders) are involved. II. Diversity is considered. III. Independence is considered. IV. Expertise and experience relating to economic, environmental, and social topics are considered.	The Board's Nominating and Corporate Governance Committee is responsible for reviewing the qualifications of potential director candidates and recommending to the Board those candidates to be nominated for election to the Board. Please see pages pages 7, 18-21 of Carlyle's 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. The Nominating and Corporate Governance committee considers certain sustainability factors as part of its analysis of potential candidates. See pages 18-21 of Carlyle's 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf for the skills, qualifications, and traits considered by the Nominating and Corporate Governance Committee.
102-25	Conflicts of interest	The reporting organization shall report the following information: **01** Processes for the highest governance body to ensure conflicts of interest are avoidedand managed. **02** Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: I. Cross-board membership. II. Cross-shareholding with suppliers and other stakeholders. III. Existence of controlling shareholder. IV. Related party disclosures.	Carlyle is a publicly traded company and is subject to the SEC's standards in terms of identifying, mitigating, and disclosing conflicts of interest. In addition, the funds we manage are advised by investment advisers registered with the SEC as registered investment advisers (RIAs). As such, these RIAs are also subject to high standards in terms of identifying, mitigating, and disclosing conflicts of interest. The other boards on which the members of our Board of Directors serve (if any) are disclosed on pages 8-17 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. Effective in August 2021, we ceased to be a controlled company. For more information regarding the ownership of our significant shareholders, see pages 91-92 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. For information regarding related parties and related transactions, see pages 88-90 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-26	Role of highest governance body in setting purpose, values, and strategy	The reporting organization shall report the following information: **01**. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	Carlyle's dedicated Sustainability team is responsible for developing and updating Carlyle's ESG policy and approach to sustainability and ESG issues, in conjunction with senior executives across the firm. Any material updates or changes to Carlyle's approach to sustainability are reviewed and approved by Carlyle's Chief Executive Officer, and in some cases, Carlyle's Board of Directors. Our Environmental, Social & Governance Statement can be found here: https://www.carlyle.com/sites/default/files/2021-02/2020_Carlyle_ESG-Policy.pdf. Carlyle's Board of Directors is responsible for the development, approval, and updating of the organization's purpose, value, or mission statements, strategies, policies, and goals related to economic, environmental, and social topics. The Board has oversight of the firm's approach to sustainability. The Board receives an overview of the firm's approach to sustainability issues at least annually and annually reviews the firm's ESG report. Please see page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf and pages 22-23 in our 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-27	Collective knowledge of highest governance body	The reporting organization shall report the following information: **01** Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	Carlyle's Board of Directors receives updates on material issues for the firm and education on emerging topics, including on certain economic, environmental, and social issues such as diversity and inclusion, cybersecurity, and more. Linda H. Filler was appointed to our Board of Directors effective April 1, 2022, and is a member of the Nominating and Governance Committee. She serves as the Carlyle Board of Directors lead in ESG and DEI. Ms. Filler retired as President of Retail Products, Chief Marketing Officer, and Chief Merchandising Officer at Walgreen Co. in 2017. Prior to Walgreen Co, Ms. Filler served in Executive Vice President roles at Walmart and at Kraft Foods. Prior to Kraft, Ms. Filler served a long tenure at Hanesbrands, including Group CEO roles of its largest branded apparel businesses. Ms. Filler is Lead Independent Director at Danaher Corporation, where she has served as a Director since 2004. Carlyle's Board of Directors receives an overview of the firm's approach to sustainability issues on at least an annual basis. This overview includes information on how Carlyle is actively managing the most material sustainability and ESG issues for itself as a corporation, as well as how Carlyle seeks to integrate ESG across its investment processes in order to drive long-term, sustainable value in its investments. Carlyle's Board also receives education on emerging sustainability and ESG issues of importance to the firm at least annually. The Board annually reviews the firm's ESG report and has oversight of the firm's approach to sustainability. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf and pages 22-23 in our 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-28	Evaluating the highest governance body's performance	The reporting organization shall report the following information: **01** Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. **02** Whether such evaluation is independent or not, and its frequency. **03** Whether such evaluation is a self-assessment. **04** Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	Each year, Carlyle's Board of Directors and its Committees conduct an assessment of their performance, including against the requirements of their charter documents. As part of this assessment, the Board considers its strengths and areas for improvement. Among other topics, the Board considers whether it has the right mix of skills and experience on the Board. The Nominating and Corporate Governance Committee considers sustainability as part of its analysis of potential new director candidates.
102-29	Identifying and managing economic, environmental, and social impacts	The reporting organization shall report the following information: **01** Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. **02** Whether such evaluation is independent or not, and its frequency. **03** Whether such evaluation is a self-assessment. **04** Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	Carlyle's Board of Directors oversees Carlyle's sustainability strategy. At least annually, the Sustainability team presents developments in sustainability and DEI strategy and process to Carlyle's Board. See pages 25 and 37 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf and pages 22-23 in our 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-30	Effectiveness of risk management processes	The reporting organization shall report the following information: **01** Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	Please see page 22-25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-31	Review of economic, environmental, and social topics	The reporting organization shall report the following information: **01** Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	Carlyle's Co-Heads of Sustainability report into Carlyle's Global Head of Corporate Affairs, with ultimate oversight from the firm's Chief Operating Officer and also provide direct updates to Carlyle's Board of Directors. Sustainability topics are covered in at least one board meeting annually, with written updates on sustainability provided to the Board more frequently. In addition, Carlyle's Sustainability team provides regular updates on the firm's sustainability work to Carlyle's Chief Executive Officer. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf and page 22-23 in our 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf. In addition, Carlyle has reported on economic, environmental, and social topics since 2010 on an annual basis. Please see our historical ESG reporting archive here: https://www.carlyle.com/esg-report-archive.
102-32	Highest governance body's role in sustainability reporting	The reporting organization shall report the following information: **01** The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	Carlyle's ESG report is reviewed by multiple senior stakeholders in the firm. The report is ultimately reviewed by Carlyle's Chief Executive Officer, who is also a member of the Board of Directors. The Board has oversight of the firm's approach to sustainability. See page 25 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf and pages 22-23 in our 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-33	Communicating critical concerns	The reporting organization shall report the following information: **01** Process for communicating critical concerns to the highest governance body	Carlyle has a Ethics and Compliance hotline that is available to all employees, and has other processes for submitting concerns anonymously. The General Counsel reports on any whistleblower activity at each meeting to the Audit Committee of the Board of Directors. The Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal accounting controls, or auditing matters.
102-35	Remuneration policies	The reporting organization shall report the following information: **01** Remuneration policies for the highest governance body and senior executives for the following types of remuneration: I. Fixed pay and variable pay, including performancebased pay, equity-based pay, bonuses, and deferred or vested shares. II. Sign-on bonuses or recruitment incentive payments. III. Termination payments. IV. Clawbacks. V. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. **02** How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	Please see pages 36-85 of Carlyle's 2024 Proxy Statement for information on Carlyle remuneration policies for senior executives and Board members: https://www.sec.gov/ix?doc=/Archives/edgar/data/1527166/000152716624000034/cg-20240403.htm. We believe that embedding inclusive leadership and management into our organization is key to honing our competitive edge. Accordingly, in assessing employee and firm performance in connection with year-end compensation decisions, we consider progress in DEI efforts for the year, including individual achievement against DEI objectives we ask our employees to set at the beginning of each year. In addition, in order to further reward employees who go above and beyond in contributing to DEI progress, we have continued our Carlyle DEI Incentive Award Program, initially introduced in 2021, in order to create a further formal link between progress on DEI efforts and compensation. These strategies are designed to incent inclusive behavior, drive progress on key metrics, and align with our strategy and values while prioritizing accountability from all employees of the firm.
102-36	Process for determining remuneration	The reporting organization shall report the following information: **01** Process for determining remuneration. **02** Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. **03** Any other relationships that the remuneration consultants have with the organization.	Carlyle believes quality compensation and incentive programs are critical to hiring and retaining highly qualified individuals. Please see GRI disclosure 102-35 in this report for information on how ESG impacts remuneration decisions. Please see pages 36-85 of Carlyle's 2024 Proxy Statement for information on Carlyle remuneration policies for senior executives and Board members: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. The Compensation Committee engages a compensation consultant, Pay Governance, and the Compensation Committee considered the independence of such compensation consultant and determined that its work during 2023 did not raise any conflicts of interest. Please see page 50 of Carlyle's 2024 Proxy Statement for information on the Compensation Committee's engagement of a compensation consultant: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. The Company has implemented Executive Stock Ownership Guidelines as well as an Incentive Compensation Clawback Policy and Dodd-Frank Incentive Compensation Clawback Policy. Please see pages 65-66 of our 2023 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.
102-37	Stakeholders' involvement in remuneration	The reporting organization shall report the following information: **01** How stakeholders' views are sought and taken into account regarding remuneration. **02** If applicable, the results of votes on remuneration policies and proposals.	Carlyle's approach to stakeholder engagement is described on pages 29 and 47 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf. The results of the "say-on-pay" vote for the 2023 Annual Meeting of Shareholders are reported on a Current Report on Form 8-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716623000068/cg-20230530.htm.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-38	Annual total compensation ratio	The reporting organization shall report the following information: **01**. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highestpaid individual) in the same country.	For 2023, the total compensation for Mr. Schwartz, our principal executive officer as of December 31, 2023, was $186,994,098 and the total compensation for Mr. Conway, our former principal executive officer was $500,000, resulting in an aggregate principal executive officer total compensation amount of $187,494,098 for these purposes. For 2023, our median employee's annual total compensation was $230,750. Based on the aggregate principal executive officer total compensation, our CEO Pay Ratio for 2023 was 813:1. See page 79 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.
102-40	List of stakeholder groups	The reporting organization shall report the following information: **01** A list of stakeholder groups engaged by the organization.	Please see the Materiality Assessment Methodology on page 67 of this report. Carlyle's approach to stakeholder engagement is described on pages 29 and 47 of our 2024 Proxy Statement: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000044/def14a.pdf.
102-41	Collective bargaining agreements	The reporting organization shall report the following information: **01** Percentage of total employees covered by collective bargaining agreements.	There is a de minimis number of employees covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	The reporting organization shall report the following information: **01** The basis for identifying and selecting stakeholders with whom to engage	Please see our response to 102-40.
102-43	Approach to stakeholder engagement	The reporting organization shall report the following information: **01** The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Please see our response to 102-40.
102-44	Key topics and concerns raised	The reporting organization shall report the following information: **01** Key topics and concerns that have been raised through stakeholder engagement, including: I. How the organization has responded to those key topics and concerns, including through its reporting. II. The stakeholder groups that raised each of the key topics and concerns.	Please see our response to 102-40.
102-45	Entities included in the consolidated financial statements	The reporting organization shall report the following information: **01** A list of all entities included in the organization's consolidated financial statements or equivalent documents. **02** Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Please see pages 166-174 in Carlyle's 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/a10-k.pdf.
102-46	Defining report content and topic Boundaries	The reporting organization shall report the following information: **01** An explanation of the process for defining the report content and the topic Boundaries. **02** An explanation of how the organization has implemented the Reporting Principles for defining report content.	Please see our response to 102-40.
102-47	List of material topics	The reporting organization shall report the following information: **01** A list of the material topics identified in the process for defining report content.	Please see our response to 102-40.
102-48	Restatements of information	The reporting organization shall report the following information: **01** The effect of any restatements of information given in previous reports, and the reasons for such restatements.	There have been no significant restatements of our Corporate Sustainability reporting compared to the previous reporting period.
102-49	Changes in reporting	The reporting organization shall report the following information: **01** Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	No significant changes.
102-50	Reporting period	The reporting organization shall report the following information: **01** Reporting period for the information provided.	Except as otherwise indicated, the reporting period is January 1, 2023 through December 31, 2023.
102-51	Date of most recent report	The reporting organization shall report the following information: **01** If applicable, the date of the most recent previous report.	June 30, 2023.
102-52	Reporting cycle	The reporting organization shall report the following information: **01** Reporting cycle.	Carlyle has produced an annual sustainability report since 2010. Previous reports can be found here: https://www.carlyle.com/esg-report-archive.

General Disclosures

Disclosure Number	Disclosure Title	Description	Location/Relevant Information
102-53	Contact point for questions regarding the report	The reporting organization shall report the following information: **01** The contact point for questions regarding the report or its contents.	Please contact Katharina Neureiter, Co-Head of Global Sustainability, at katharina.neureiter@carlyle.com.
102-54	Claims of reporting in accordance with the GRI Standards	The reporting organization shall report the following information: **01** The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: I. 'This report has been prepared in accordance with the GRI Standards: Core option'. II. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	The reporting organization shall report the following information: **01** The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. **02** For each disclosure, the content index shall include: I. The number of the disclosure (for disclosures covered by the GRI Standards). II. The page number(s) or URL(s) where the information can be found, either within the report or in other published materials. III. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	The GRI content index (this report) is in accordance with the GRI Standards.
102-56	External assurance	The reporting organization shall report the following information: **01**. A description of the organization's policy and current practice with regard to seeking external assurance for the report. **02** If the report has been externally assured: I. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process. II. The relationship between the organization and the assurance provider. III. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	At this time, Carlyle does not seek external assurance for its ESG report. The report is reviewed by Carlyle's Chief Executive Officer, Chief Operating Officer, Chief Risk Officer, Legal and Compliance, and our Global Head of Corporate Affairs, in addition to our Co-Heads of Sustainability. Carlyle's consolidated financial statements are externally audited by Ernst and Young LLP.

Economic Disclosures

GRI number	GRI title	Disclosure number	Disclosure title	Description	Location/Relevant information
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	The reporting organization shall report the following information: **01** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: I. Direct economic value generated: revenues. II. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments. III. Economic value retained: 'direct economic value generated' less 'economic value distributed'. **02** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	Please see pages 166–174 in our 2023 Annual Report on Form 10-K: https://www.sec.gov/Archives/edgar/data/1527166/000152716624000019/cg-20231231.htm.
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	The reporting organization shall report the following information: **01** Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: I. A description of the risk or opportunity and its classification as either physical, regulatory, or other. II. A description of the impact associated with the risk or opportunity. III. The financial implications of the risk or opportunity before action is taken. IV. The methods used to manage the risk or opportunity. V. The costs of actions taken to manage the risk or opportunity.	We view climate change as systemically important across our portfolio, and are committed to understanding and addressing material climate risks and opportunities. We were one of the first major private equity firms to publish a Task Force on Climate-related Financial Disclosures report, which details our approach to navigating climate risks and opportunities.
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	The reporting organization shall report the following information: **01** Extent of development of significant infrastructure investments and services supported. **02** Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. **03** Whether these investments and services are commercial, in-kind, or pro bono engagements.	Please see our infrastructure website: https://www.carlyle.com/our-firm/global-private-equity/global-infrastructure.
GRI 205	Anticorruption	205-2	Communication and training about anticorruption policies and procedures	The reporting organization shall report the following information: **01** Total number and percentage of governance body members that the organization' anti-corruption policies and procedures have been communicated to, broken down by region. **02** Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. **03** Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. **04** Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. **05** Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	Our Anticorruption and Anti-Bribery (ABC) Policy is shared with all employees globally. In addition, training is provided to all Carlyle employees globally on ABC. An internal audit function also carries out periodic monitoring activity. We do not routinely share our ABC Policy with our business partners. However, we do require certain business partners to certify that they are in compliance with ABC minimum standards set forth in our commercial contracts.

Environmental Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 302	Energy	302-1	Energy consumption within the organization	The reporting organization shall report the following information: **01** Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. **02** Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. **03** In joules, watt-hours or multiples, the total: I. Electricity consumption. II. Heating consumption. III. Cooling consumption. IV. Steam consumption. **04** In joules, watt-hours or multiples, the total: I. Electricity sold. II. Heating sold. III. Cooling sold. IV. Steam sold. **05** Total energy consumption within the organization, in joules or multiples. **06** Standards, methodologies, assumptions, and/or calculation tools used. **07** Source of the conversion factors used.	(**01, 02**) Carlyle has no direct fuel consumption as a part of its operations. (**03**) Total estimated electricity & heating consumption: 2022: 25,597MWh, 2023: 55,016MWh. (**04**) Zero energy sold for 2022. (**05**) 2022: 25,597MWh, 2023: 55,016MWh. (**06, 07**) Sources: US DoE "eGrid," International Energy Agency, US EPA. Procedures align with WRI GHG Protocol, reviewed by Watershed. We offset our emissions by purchasing carbon offsets as detailed in our TCFD report. We undertake a number of initiatives to reduce our overall environmental footprint. Please see details here https://www.carlyle.com/sites/default/files/Carlyle%20Firmwide%20Operations-vFL.pdf. Additional information on our approach to climate change and the energy transition within our investment portfolios can be found in our most recent TCFD report, which is included as part of this report. In 2022, we announced firmwide climate goals inclusive of a Net Zero by 2050 goal and corresponding near-term goals: https://www.carlyle.com/media-room/news-release-archive/carlyle-sets-net-zero-2050-and-near-term-climate-goals.
GRI 302	Energy	302-3	Energy intensity	The reporting organization shall report the following information: **01** Energy intensity ratio for the organization. **02** Organization-specific metric (the denominator) chosen to calculate the ratio. **03** Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. **04** Whether the ratio uses energy consumption within the organization, outside of it, or both.	(**01**) 2022: 11.74MWH per employee of energy use. 9.6MT of CO_2e per employee of GHG emissions. 2023: 24.86MWH per employee of energy use. 11.0375MT of CO_2e per employee of GHG emissions. (**02**) Employee headcount. (**03**) All energy types included. (**04**) Energy use refers specifically to Scope 2, while the GHG footprint includes all Scopes.
GRI 303	Water and Effluents	303-5	Water consumption	The reporting organization shall report the following information: **01** Total water consumption from all areas in megaliters. **02** Total water consumption from all areas with water stress in megaliters. **03** Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact. **04** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.	We believe our water consumption is de minimis as we lease our office spaces. The majority of our buildings are outfitted with water efficiency measures such as low-flow toilets. As tenants, we are unable to obtain the data to undertake a comprehensive analysis of our water consumption across our global offices.

Environmental Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	The reporting organization shall report the following information: **01** Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent. **02** Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. **03** Biogenic CO_2 emissions in metric tons of CO_2 equivalent. **04** Base year for the calculation, if applicable, including: I. The rationale for choosing it. II. Emissions in the base year. III. The context for any significant changes in emissions that triggered recalculations of base year emissions. **05** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. **06** Consolidation approach for emissions; whether equity share, financial control, or operational control. **07** Standards, methodologies, assumptions, and/or calculation tools used.	(**01**) 2022: 3,058MT CO_2e (originally reported) 1,194MT CO_2e (revised),[1] 2023: 1,139MT CO_2e. (**02**) N/A. (**03**) All included. (**04**) First year of GHG accounting was 2017. Current reporting covers the 2021, 2022 and 2023 emissions year. (**05**) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors. (**06**) Operational control. (**07**) WRI GHG Protocol. Reviewed by Watershed.
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	The reporting organization shall report the following information: **01** Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent. **02** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent. **03** If available, the gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. **04** Base year for the calculation, if applicable, including: I. The rationale for choosing it. II. Emissions in the base year. III. The context for any significant changes in emissions that triggered recalculations of base year emissions. **05** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. **06** Consolidation approach for emissions; whether equity share, financial control, or operational control. **07** Standards, methodologies, assumptions, and/or calculation tools used.	(**01**) 2021: 2,827MT CO_2e, 2022: 2,954MT CO_2e, 2023: 2,719MT CO_2e (location based). (**02**) 2023: 2,756MT CO_2e (market based). (**03**) All included. (**04**) First year of GHG accounting was 2017. Current reporting covers the 2021, 2022, and 2023 emissions year. (**05**) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors. (**06**) Operational control. (**07**) WRI GHG Protocol. Reviewed by Watershed. For 2023 with respect to our London office, Q4 electricity consumption was proxy calculated using 2022 figures as utility bills are not yet available.

1. Carlyle has amended our 2022 Scope 1 emissions due to a unit conversion error.

Environmental Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	The reporting organization shall report the following information: **01** Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent. **02** If available, the gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all. **03** Biogenic CO_2 emissions in metric tons of CO_2 equivalent. **04** Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. **05** Base year for the calculation, if applicable, including: I. The rationale for choosing it. II. Emissions in the base year. III. The context for any significant changes in emissions that triggered recalculations of base year emissions. **06** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. **07** Standards, methodologies, assumptions, and/or calculation tools used.	(**01**) 2021: 4,977MT CO_2e.[1] 2022: 14,889MT CO_2e.[1] 2023: 20,568MT CO_2e.[1] (**02**) All included. (**03**) N/A. (**04**) First year of GHG accounting was 2017. Current reporting covers the 2021, 2022, and 2023 emissions year. (e) As above, sources include US DoE eGrid, International Energy Agency (IEA) emissions factors. (**05**) Operational control. (**06**) WRI GHG Protocol. Reviewed by Watershed.
GRI 305	Emissions	305-4	GHG emissions intensity	The reporting organization shall report the following information: **01** GHG emissions intensity ratio for the organization. **02** Organization-specific metric (the denominator) chosen to calculate the ratio. **03** Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). **04** Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all.	(**01**) 2021: 5.9, 2022: 9.6, 2023: 11.0375. (**02**) Number of employees: 2213. (**03**) Scope 1, Scope 2 and Scope 3. (**04**) All included.

1. Employee business travel does not include travel booked outside the Concur Travel and Expense platform.

Environmental Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	The reporting organization shall report the following information: **01** Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: I. Reuse. II. Recycling. III. Composting. IV. Recovery, including energy recovery. V. Incineration (mass burn). VI. Deep well injection. VII. Landfill. VIII. On-site storage. IX. Other (to be specified by the organization). **02** Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: I. Reuse. II. Recycling. III. Composting. IV. Recovery, including energy recovery. V. Incineration (mass burn). VI. Deep well injection. VII. Landfill. VIII. On-site storage. IX. Other (to be specified by the organization). **03** How the waste disposal method has been determined: I. Disposed of directly by the organization, or otherwise directly confirmed. ii. Information provided by the waste disposal contractor. iii. Organizational defaults of the waste disposal contractor.	As a global investment firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of in a responsible way and recycle.
GRI 306	Effluents and Waste	306-3	Significant spills	The reporting organization shall report the following information: **01** Total number and total volume of recorded significant spills. **02** The following additional information for each spill that was reported in the organization's financial statements: I. Location of spill. II. Volume of spill. III. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). **03** Impacts of significant spills.	We have had no significant spills as a result of our direct operations during the reporting period.

Environmental Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 306	Effluents and Waste	306-4	Transport of hazardous waste	The reporting organization shall report the following information: **01** Total weight for each of the following: I. Hazardous waste transported. II. Hazardous waste imported. III. Hazardous waste exported. IV. Hazardous waste treated. **02** Percentage of hazardous waste shipped internationally. **03** Standards, methodologies, and assumptions used.	As a global investment firm, we do not transport hazardous waste directly.
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	The reporting organization shall report the following information: **01** Significant fines and non-monetary sanctions for noncompliance with environmental laws and/or regulations in terms of: I. Total monetary value of significant fines. II. Total number of non-monetary sanctions. III. Cases brought through dispute resolution mechanisms. **02** If the organization has not identified any noncompliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	We are not aware of any material fines for noncompliance with environmental laws or regulations within our operations.

Social Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The reporting organization shall report the following information: **01** Benefits which are standard for full-time employees of the organization but are not provided to temporary or parttime employees, by significant locations of operation. These include, as a minimum: I. Life insurance. II. Health care. III. Disability and invalidity coverage. IV. Parental leave. V. Retirement provision. VI. Stock ownership. VII. Others. **02** The definition used for 'significant locations of operation'.	Globally, dependent on eligibility and geographic location, Carlyle may offer the following benefits to full and/or part-time employees. Generally, in its US offices, Carlyle provides the following benefits to its full-time employees: • Life insurance. • Health care. • Mental health/behavioral health. • Disability and invalidity coverage. • Parental leave. • Retirement provision. • Stock ownership (for certain grades). • Tuition reimbursement. • Commuter allowance. • Childcare backup. • Dental care insurance. • Healthcare advocacy service. In the United States, part time employees (which generally include employees working less than 30 hours per week), typically only are eligible for retirement benefits, which are the same across full-time and part-time employees. Almost 100% of Carlyle's full-time employees are eligible for coverage on the benefit and leave plans offered in their respective geographies. An Employee Assistance Program (EAP) has been implemented across all Carlyle locations. In the United States, the EAP includes a virtual platform and a new network of mental health providers. This network was also added to the US medical plan as an in-network resource for more mental health provider options.
GRI 401	Employment	401-3	Parental leave	The reporting organization shall report the following information: **01** Total number of employees that were entitled to parental leave, by gender. **02** Total number of employees that took parental leave, by gender. **03** Total number of employees that returned to work in the reporting period after parental leave ended, by gender. **04** Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. **05** Return to work and retention rates of employees that took parental leave, by gender.	100% of full-time employees are eligible for parental leave. We offer parental leave to employees of all genders. In 2023, Carlyle implemented minimum global standards for fully-paid maternity and paternity caregiver leave, which are 20 weeks and 4 weeks of leave, respectively. Generally, this was an increase in leave for most Carlyle offices. Local customizations to account for local needs were also taken into consideration. For example, in the United States, birth mothers are eligible to up to 26–28 weeks of fully-paid leave.

Social Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 403	Occupational Health and Safety	403-6	Promotion of worker health	The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization: **01** An explanation of how the organization facilitates workers' access to nonoccupational medical and healthcare services, and the scope of access provided. **02** A description of any voluntary health promotion services and programs offered to workers to address major non-workrelated health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.	At Carlyle, keeping our employees healthy is front of mind. We have invested in developing a global five-pillar wellbeing plan, which has support from the highest levels of the firm. This plan is focused on the emotional, physical, social, financial, and environmental wellness of our employees, which includes experts presenting webinars on health, nutrition, resilience and life longevity, movement programs and challenges, and putting tools in place so that our employees feel safe and productive while working in a hybrid environment. In the United States, we provide access to a membership for full-time employees and their families to One Medical, which is a Carlyle portfolio company. One Medical is a primary care practice that is focused on patient comfort and convenience. Importantly, One Medical provides 24/7 virtual care via video, phone, and email, as well as online appointment booking and prescription renewals via the app or web. Carlyle considered equity and inclusivity as we worked to redesign certain of our employee benefits. In January 2020, we partnered with Progyny, a leading fertility benefits provider, to offer inclusive family building benefits and support to our employees and their partners, including single parents by choice and LGBTQ individuals and couples. Brought forth by the LGBTQ and Working Parents employee resource groups (ERGs) in partnership with our Human Capital Management team, this benefit is available to all (versus traditional benefits that require evidence of infertility). The benefit provides access to a large network of fertility specialists, and support for adoption or surrogacy options, as well as coverage for family planning processes. This benefit is available to all participants of the Carlyle medical plan who work 30+ hours a week. Commencing in 2021, we provide an annual wellbeing stipend for employees at the level of Principal and below that can be used in the employee's discretion for health and wellness related items or services. Suggested uses for this stipend include gym memberships and class fees, meditation or sleep apps, equipment such as a weight set, a commuting bike, fees for a nutrition coach or a massage therapist, and other related items or services. In addition to the benefits outlined above, we are particularly focused on employee satisfaction and mental health during the pandemic. Global manager trainings were implemented to train managers to recognize burnout versus stress in themselves and their staff with subsequent training on how to respond in a motivating and inspiring way. Moreover, we understand that it is more difficult to disconnect while working from home, so we have made the decision, similar to prior years, to close our offices globally for a week in August 2023 in order for Carlyle employees to fully disconnect. The week-long closing will not count towards employees' regularly allotted vacation days. Similarly, we had a week-long closing at the end of December 2023 to allow employees to disconnect. This decision was made, in part, in response to the results of our annual employee engagement survey. The survey is an integral part of our Human Capital Management development strategy. An overview of the results of the employee engagement survey are shared with all global employees. The focus on worker health extends to our physical offices as well. All of our DC and New York, NY offices have motorized standing desks.

Social Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 404	Training and Education	404-1	Average hours of training per year per employee	The reporting organization shall report the following information: **01** Average hours of training that the organization's employees have undertaken during the reporting period, by: I. Gender. II. Employee category.	In 2021, we implemented a new learning management system called EMPOWER, which has equipped us to track hours and cost for a portion of our internal training programs offered by the Carlyle Learning and Development team. Globally, employees completed an average of ~9 hours of training in 2023. Not all external trainings are not captured in the reported hours. Carlyle is committed to ensuring that its employees have the relevant knowledge, skills, and expertise to perform their work at high standards and achieve their full potential. Global employees can access training and learning resources by visiting EMPOWER.
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	The reporting organization shall report the following information: **01** Type and scope of programs implemented and assistance provided to upgrade employee skills. **02** Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	Carlyle provides a range of programs to assist employees to upgrade their skills. These programs include: **01** Instructor-led Training Delivery/Facilitation: • Full curriculum of scheduled training with CPE credits available – these trainings are typically focussed on professional and leadership skills. • Technical Training (offered as needed). **02** eLearning Programs from Top Vendors: • eLearning programs are offered to both full-time and part-time Carlyle employees. • LinkedIn Learning provides an extensive online library of high-quality instructional videos on professional and leadership skills. Videos and courses are taught by industry experts and designed to keep viewers engaged. • Blue Ocean Brain provides short articles, tips, and brain performance challenges that elevate one's critical thinking skills and build brain-healthy habits. This is an interactive application that offers brand new, daily experiences. **03** Onboarding: • Monthly Global Employee Orientation sessions providing overviews of different areas of the firm. **04** Annual training programs: • Investment Professionals and Investment Relations Continuing Education • Finance Training Day - A day of training specifically for those in support functions in the US (for example finance or technology). CPE credit is offered for the majority of the sessions. Recordings are typically available for EMEA and APAC employees as well. **05** Leadership Programs: • Better Managers Program: Focuses on building core, "foundational" management behaviors and skills; Topics include: increasing self-awareness, transitioning to management, setting goals, giving and receiving feedback, having difficult conversations, harnessing presence and gravitas. • Better Leaders Program: Focuses on more advanced management behaviors and skills; Topics include: effectively delegating, inspiring followership, building high-performing teams, leading difficult conversations, performance coaching, and managing upwards. Participants complete MBTI assessments. • Leadership Principles program: 3-day Residential Experience to network and build relationships. Sessions focus on: building resilience, strategic networking, delegating, decision making, strategic communications. • Future Leaders Academy: Recent promotes to Managing Director receive hands-on executive coaching and an opportunity to collaborate on a project. • Career Strategies Initiative: Provides underrepresented professionals with the access to expand their scope; Builds inclusive teams and boosts the effectiveness of the participants' managers as leaders; includes a robust assessment center, assigned Career Coach and Executive Sponsor, peer learning cohorts, bi-monthly skill building workshops, and career action planning.

Social Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
					• Quarterly Learning Sessions for People Managers: Provides open-enrollment sessions to all people managers globally in the form of two-hour virtual learning sessions that offer the latest best practices research and interactive exercises that will provide participants with opportunities to learn and practice using concepts, tools and techniques. **06** Formal Mentorship Program: Mentoring is a career development method whereby less experienced employees are matched with more experienced colleagues for guidance in order to gain knowledge, skills, experience, information, and ad vice. Mentorship is extremely important at Carlyle. **07** Training Tuition Reimbursement Program: Carlyle reimburses employees for a portion of the cost of external training programs, including: undergraduate coursework, graduate coursework, various professional certifications, standardized test preparation, or academic seminars.
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	The reporting organization shall report the following information: **01** Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Carlyle's annual performance management processes seek to optimize the firm's most valuable asset—our talent. Our global performance management strategy includes the following components that are managed in our performance management system, PerformYard: **Q1:** Goal Setting. Employees are encouraged to set 3-5 professional goals that are aligned to Segment/Department priorities. At least one goal should be a DEI and one a skill development goal. Goals should be discussed with managers throughout the year to track progress and confirm they are aligned to work efforts. **June:** Mid-Year discussion is an employee-driven process to assess achievements to date, track goal progress, and solicit manager feedback. **Ongoing:** Throughout the year informal gathering of stakeholder feedback and manager discussions take place to confirm strengths and solicit candid feedback. **December:** Year-End Evaluation. Out of the 1898 employees who participated in the yearend review process, 88.9% of the population had a performance discussion in 2023 with their manager. This means in PerformYard, the manager signed off on the review. Business leaders meet regularly to discuss how the firm's growth objectives may create opportunities for each team member to grow and advance over time. These discussions ensure we are identifying and investing in future leaders and building a strong leadership bench across Carlyle. Managers share insights and outputs from these discussions with their respective team members. Additionally, Carlyle is focused on transparency in the promotion process. In the most recent Employee Engagement survey, employees asked for more transparency into how promotion decisions are made. In response, our Human Capital Management team is working to transform our performance management processes to drive a feedforward culture that encourages more ongoing and candid conversations and transparency on how performance management data is used.

Social Disclosures

GRI Number	GRI Title	Disclosure Number	Disclosure Title	Description	Location/Relevant Information
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	The reporting organization shall report the following information: **01** Percentage of individuals within the organization's governance bodies in each of the following diversity categories: I. Gender. II. Age group: under 30 years old, 30–50 years old, over 50 years old. III. Other indicators of diversity where relevant (such as minority or vulnerable groups). **02** Percentage of employees per employee category in each of the following diversity categories: I. Gender. II. Age group: under 30 years old, 30–50 years old, over 50 years old. III. Other indicators of diversity where relevant (such as minority or vulnerable groups).	Our Board of Directors oversees our business and affairs and consists of 13 directors. We have a majority independent Board. Two of our founding partners, David M. Rubenstein and William E. Conway, Jr., currently serve as non-executive Co-Chairmen of the Board. Our Chief Executive Officer, Harvey M. Schwartz, also serves as a director. The Nominating and Corporate Governance Committee of the Board, which takes a leadership role in shaping our corporate governance, including our sustainability strategy, has appointed Linda H. Filler as the Board's Sustainability Lead, responsible for oversight of the firm's work in this area. Lawton W. Fitt serves as our Lead Independent Director. She presides at executive sessions of the independent directors and engages with them between Board and Committee meetings. Ms. Fitt works closely with the independent directors to provide objective oversight of our business. She facilitates communications with the Board, the identification of matters for consideration by the Board and management, and the formulation of appropriate guidance to be provided by the independent directors. In addition, Ms. Fitt routinely engages with our largest shareholders and other stakeholders and, along with the other independent directors and the fully independent Committees, as appropriate, provides input on the composition and design of the Board and the leadership team's approach to risk management. Carlyle's Board is comprised of 30%+ diverse directors. The Board believes that diversity is an important component of a board, which includes such factors as background, skills, experience, expertise, gender, race, and culture. Moreover, the Board does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual orientation in selecting director candidates.
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	The reporting organization shall report the following information: **01** Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: I. Social impact assessments, including gender impact assessments, based on participatory processes. II. Environmental impact assessments and ongoing monitoring. III. Public disclosure of results of environmental and social impact assessments. IV. Local community development programs based on local communities' needs. V. Stakeholder engagement plans based on stakeholder mapping. VI. Broad based local community consultation committees and processes that include vulnerable groups. VII. Works councils, occupational health and safety committees and other worker representation bodies to deal with impacts. VIII. Formal local community grievance processes.	Carlyle offers a gift match program. The firm will match employee donations to approved charitable organizations up to $2,000 per year per employee. Employees receive two paid days off per calendar year to arrange group volunteer activities that foster One Community goals by working together with colleagues across disciplines and teams and to participate in volunteer opportunities coordinated by their local office.
GRI 417	Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications	The reporting organization shall report the following information: **01** Total number of incidents of noncompliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: I. Incidents of non-compliance with regulations resulting in a fine or penalty. II. Incidents of non-compliance with regulations resulting in a warning. III. Incidents of non-compliance with voluntary codes. **02** If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	No instances of noncompliance with regulations and/or voluntary codes concerning marketing activities resulting in fines or nonmonetary sanctions from competent authorities were identified during the reporting period.

World Economic Forum Disclosures

Sub-Themes, Core Metrics & Disclosures	Location/Relevant Information
Setting Purpose Whether the company has a stated purpose linked to societal benefit and their core business.	An important component of Carlyle's mission statement is to be responsible and respected members of the global community. As stated on our firm's landing page, as a global investment firm, we work together to create long-term value for our investors, companies, shareholders, people and communities: https://www.carlyle.com. In addition, we are a signatory to the Business Roundtable's Statement on the Purpose of a Corporation in 2019, reaffirming our commitment to all of our stakeholders. The Statement on the Purpose of a Corporation is focused on a commitment to: • Deliver value to customers. • Invest in employees through fair compensation and provision of benefits. • Deal fairly and ethically with suppliers. • Provide support to the communities in which a company operates. • Generate long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. This includes transparency and effective engagement with shareholders. The full Statement on the Purpose of a Corporation can be found here: https://purpose.businessroundtable.org/#:~:text=In%20its%20place%2C%20the%20CEOs,communities%20in%20which%20they%20operate.
Board Composition Composition of the highest governance body and its committees by: • Executive or non-executive. • Independence; tenure on the governance body. • Number of each individual's other significant positions and commitments, and the nature of the commitments. • Gender. • Membership of under-represented social groups. • Competencies relating to economic, environmental and social topics. • Stakeholder representation.	Please see our response to GRI 102-22.
Impact of material issues on stakeholders A list of the material topics identified in the process of defining report content and how they impact stakeholders.	Please see our Materiality Assessment Methodology on page 67 of this report.
Anti-corruption **01** Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. **02** Total number and nature of incidents of corruption confirmed during the current year but related to previous years. **03** Total number and nature of incidents of corruption confirmed during the current year, related to this year.	All of Carlyle's employees receive training on the organization's anti-corruption policies and procedures. Our Anticorruption and Anti-Bribery (ABC) Policy is shared with all employees globally. An internal audit function also carries out periodic monitoring activity. We do not routinely share our ABC Policy with our business partners. However, we do require certain business partners to certify that they are in compliance with ABC minimum standards set forth in our commercial contracts.

Sub-Themes, Core Metrics & Disclosures	Location/Relevant Information
Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: **01** seeking advice about ethical and lawful behaviour, and organizational integrity. **02** reporting concerns about unethical or unlawful behaviour, and organizational integrity.	Please see our response to GRI 102-17, which details our Code of Conduct, Whistleblower Policy, and Ethics and Compliance Hotline.
Integrating risk and opportunity into business process Company risk factor disclosures clearly identify the principal risks facing the company specifically (as opposed to generic sector risks), the Board appetite in respect of these risks, how these risks have moved over time and the response to those changes. These should include discussion of data security and other emerging principal risks and should disclose the number of data breaches in the reporting period.	Please see our response to GRI 102-15.
Greenhouse Gas (GHG) emissions Report GHG Protocol Scope 1 and 2 emissions in tonnes of carbon dioxide equivalent (tCO_2e) and estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where material.	**2021** • Scope 1 emissions: 3,099MT CO_2e. • Scope 2 emissions: 2,827MT CO_2e. • Scope 3 emissions: 4,977MT CO_2e.[1] **2022** • Scope 1 emissions: 3,058MT CO_2e (originally reported) 1,194MT CO_2e (revised).[2] • Scope 2 emissions: 2,954MT CO_2e. • Scope 3 emissions: 14,889MT CO_2e.[1] **2023** • Scope 1 emissions: 1,139MT CO_2e. • Scope 2 emissions: 2,719MT CO_2e (location-based), 2,756MT CO_2e (market-based). • Scope 3 emissions: 20,568MT CO_2e.[1] For 2023 with respect to our London office, Q4 electricity consumption was proxy calculated using 2022 figures as utility bills are not yet available.
TCFD-aligned reporting on material climate risks and opportunities TCFD-aligned reporting on governance and risk management for all. If climate change is material in short, medium or long term, disclose strategy and metrics/targets as well, including whether the company has committed to set a science-based target in line with Net Zero by 2050.	In 2022, we announced our firmwide climate strategy and corresponding near- and long-term goals: https://www.carlyle.com/media-room/news-release-archive/carlyle-sets-net-zero-2050-and-near-term-climate-goals. Our strategy to addressing climate risks and opportunities is publicly available in our TCFD report, which is included as part of this report.
Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity.	Please see information on diversity within our teams here: https://www.carlyle.com/impact/diverse-teams.

1. Employee business travel does not include data booked outside the Concur Travel and Expense platform.

2. Carlyle has amended our 2022 Scope 1 emissions due to a unit conversion error.

World Economic Forum Disclosures

Sub-Themes, Core Metrics & Disclosures	Location/Relevant Information
Training provided (#) **01** Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees). **02** The average training and development expenditure per full time employee.	Please see our response to GRI 404-1.
Net Economic Contribution **01** Direct economic value generated and distributed (EVG&D) – on an accruals basis, covering the basic components for the organization's global operations, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government. **02** Financial assistance received from the government (e.g. tax breaks, subsidies, investment grants etc.). **03** Net Economic Contribution = (EVG&D) minus (Financial assistance received from the government).	Please see our response to GRI 201-1.
Community investment (%) A percentage breakdown of community investment, including monetary contributions such as charitable gifts and community partnerships; time contributions such as staff volunteering in paid time; in-kind contributions from services or equipment; and management costs, normalized as a percentage of pre-tax profit In.	In 2023, Carlyle matched 625 donations to 254 charitable organizations. In total, $652,616.70 was donated. Additionally, we engaged in a number of volunteering and fundraising initiatives. Select examples include: • Partnered with Capital Area Food Bank (CAFB) to provide an essential first step in getting food flowing into the community for those who need it most; donated $5,000 to CAFB to support the ongoing partnership; employees donated over 30 pounds of food during the food drive. • CAFB hosted an event where volunteers sorted food donations and packed emergency and senior citizen food boxes. • Partnered with Community of Hope to provide new backpacks filled with school supplies to underserved students in DC. Volunteers distributed backpacks with supplies. Employees contributed in-kind donations. • To promote access to healthy food to families in Wards 7 & 8 of DC, Martha's Table has a full service no-cost Grocery Market. Employees volunteered at their Commons Grocery Market to set up and operate the market, maintain inventory, and distribute groceries. • So Others May Eat (SOME) annual holiday gift box packing event. Employees packed 360 boxes brimming with essential items to be given out during the holidays. • Annual raffle raised of £30K for the Rory Macmillan Scholarship Fund, World Child Cancer to support survivors of childhood cancer in Ghana and is now assisting children and young people financially with their continuing education. Also raised £10K for World Child Cancer, Rory Macmillan Fund with a static bike challenge and bake sale. • Employees participated in The Trident triathlon where they raised over £70,000 including gift matching for the Special Boat Service Association (SBSA).
Country by country tax reporting **01** All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. **02** For each tax jurisdiction reported in Disclosure 207-4-a: • Names of the resident entities. • Primary activities of the organization. • Number of employees and the basis of calculation of this number. • Revenues from third-party sales. • Revenues from intra-group transactions with other tax jurisdictions. • Profit/loss before tax. • Tangible assets other than cash and cash equivalents. • Corporate income tax paid on a cash basis. • Corporate income tax accrued on profit/loss. • Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. **03** The time period covered by the information reported in Disclosure 207-4.	Please see Carlyle's 2023 Annual Report on Form 10-K.

Notice to Recipients

All content included in this 2024 ESG Report, such as graphics, logos, articles, and other materials, is the property of Carlyle Investment Management L.L.C. (together with its affiliates, "Carlyle") or others noted herein and is protected by copyright and other laws. All trademarks and logos displayed in this 2024 ESG Report are the property of their respective owners, who may or may not be affiliated with our organization. Any person receiving this 2024 ESG Report is permitted to copy and print individual pages for informational, non-commercial use. These copies must not alter the original report's content, including all legal notices and legends. All information contained herein is presented as of May 2024, unless otherwise specifically noted. There can be no assurances that Carlyle's investment objectives will be achieved or that our investment programs will be successful. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.**

The information provided herein is for informational purposes only and is not and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle. Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. Private equity funds and investment strategies are intended for qualified investors only. They are typically speculative, provide limited liquidity, involve a high degree of risk, including a total loss of capital, and they may engage in the use of leverage, short sales, and derivatives. This report is not and shall not be construed as an "advertisement" for purposes of the Investment Advisers Act of 1940, as amended. Further, nothing contained herein constitutes investment, legal, tax, or other advice nor is it to be relied on in making an investment or other decision. The information in this report is only as current as the date indicated and may be superseded by subsequent market events or for other reasons, and Carlyle and its affiliates assume no obligation to update the information herein. Please see Carlyle's public filings for the definition of "Assets under Management" or "AUM."

References to portfolio companies, including within any case studies, are intended to illustrate the application of Carlyle's investment or ESG process only and should not be viewed as a recommendation of any particular security or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by any fund or other product. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Past performance is not necessarily indicative of future results. Descriptions of any ESG or impact achievements or improved practices or outcomes are not necessarily intended to indicate that Carlyle has substantially contributed to such achievements, practices, or outcomes. For instance, Carlyle's ESG efforts may have been one of many factors—including such other factors as engagement by portfolio company management, advisors, and other third parties— contributing to the success described in each of the selected case studies. Further, the receipt of any awards by Carlyle or the portfolio companies described herein is no assurance that Carlyle's investment objectives have been achieved or successful. Further, such awards are not, and should not be deemed to be, a recommendation or evaluation of Carlyle's investment management business.

Goals, targets, and commitments, including Carlyle's ESG goals and related timelines, are aspirational, subject to change, and not guarantees or promises that any or all goals, targets, and commitments will be met. Such goals, targets and commitments are not binding on investment decisions and/or Carlyle's management of investments and any reference herein to environmental or social considerations is not intended to qualify our intent to maximize risk-adjusted returns. Relatedly, any figures or data on emission reduction targets and/or progress, as well as any cost savings associated with emissions reductions, have not been independently verified by auditors or third-party assurance providers. The analysis involved in determining whether and how certain initiatives may contribute to such goals is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree as to whether certain projects or investments contribute to a particular goal, target, or commitment. Carlyle makes no commitment or guarantee that it is investing in companies that have a formal commitment or plan or take specific actions to support or contribute to any goal, target or commitment.

Similarly, there can be no assurance that Carlyle's ESG policies and procedures as described in this report, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process, will be successfully implemented or continue; such policies and procedures could change, even materially, or may not be applied to a particular investment. Carlyle is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG goals, initiatives, policies, and procedures based on cost, timing, or other considerations. No assurance can be given that Carlyle will remain a signatory, supporter, or member of any ESG-related initiative or other similar industry frameworks. Statements about ESG initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of or, control or influence exercised by Carlyle with respect to the portfolio company; and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis.

ESG factors are only some of the many factors Carlyle considers in making an investment, and there is no guarantee that Carlyle's consideration of ESG factors will enhance long-term value and financial returns for investors. To the extent Carlyle engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the long-term value of the investment. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by Carlyle will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends. There can be no assurance that the operations and/or processes of Carlyle as described herein will continue, and such processes and operations may change, even materially. The actual investment process used for any or all of Carlyle's investments may differ materially from the process described herein. Investors should read this 2024 ESG Report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments listed herein.

Investors should also review Carlyle's annual, quarterly, and other reports filed with the U.S. Securities and Exchange Commission ('SEC'). Certain of the information contained in this 2024 ESG Report represents or is based upon forward-looking statements or information. Any statements that are not statements of historical facts may be deemed to be forward-looking statements. When used in this 2024 ESG Report, the words "may," "could," "anticipate," "target," "plan," "continue," "goal," "commit," "achieve," "project," "impact," "intend," "estimate," "believe," "expect," "potential," "will," "should," "seeks" and similar expressions (or the negatives thereof) are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to those described under "Risk Factors" in Carlyle's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC, as such factors may be updated from time to time in its periodic filings, which are accessible on the SEC's website at www. sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this 2024 ESG Report and Carlyle's other periodic filings with the SEC. Therefore, undue reliance should not be placed on such statements or the conclusions drawn therefrom, which in no event shall be construed as a guarantee of future performance, results or courses of action. Any forward-looking statement speaks only as of the date on which such statement is made, and Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements, except as required by applicable law. Additionally, terms such "ESG," "impact," "green," "transition," "energy transition," "low-carbon," "decarbonization," and "sustainability" can be subjective in nature, and there is no representation or guarantee that these terms, as used by Carlyle, or judgment exercised by Carlyle Partner or its affiliates or advisors in the application of these terms, will reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular investor or other third-party or reflect market trends. There is additionally no guarantee that any of the ESG- or decarbonization-linked loans noted herein align with the Sustainability Linked Loan Principles developed by the Loan Market Association, Loan Syndications and Trading Association, and the Asia Pacific Loan Market Association. Moreover, there is no universal consensus on the meaning of "transition" or "energy transition" in relation to investments such as those that will be made by the Fund, and there is no guarantee that the criteria utilized or judgment exercised by the Carlyle will reflect the requirements, policies or preferred practices of any particular regulator, investor, other asset managers or align with market trends.

In this report, we are not using such terms as "material" or "materiality" as they are used under the securities or other laws of the US or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for purposes of this report should not, therefore, be read as equating to any use of the word in other Carlyle reporting or statements.

Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or estimates (which may prove to be inaccurate) or developing standards (including Carlyle's internal standards and policies). Certain information contained herein has been obtained from third parties, and in certain cases has not been updated through the date hereof. While these third-party sources are believed to be reliable, Carlyle makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor. Actual results may differ materially from any forward-looking statements. Except where opinions and views are expressly attributed to individuals, general discussions contained within this report regarding the market or market conditions represent the view of either the source cited or the assessment and interpretation of Carlyle based on the information available to it as of the date indicated.

Nothing contained herein is intended to predict the performance of any investment. There can be no assurance that actual outcomes will match the assumptions or that actual returns will match any expected returns. Please note that this 2024 ESG Report is not a marketing document and is provided for information purposes only. There is no guarantee that any ESG (including decarbonization) measures, targets, programs, commitments, incentives, initiatives, or benefits will be implemented or applicable to the assets held by funds advised or managed by Carlyle and any implementation of such ESG measures, targets, programs, commitments, incentives, initiatives, or benefits may be overridden or ignored at the sole discretion of Carlyle at any time and in accordance with relevant sectoral legislation unless otherwise specified in the relevant fund documentation or regulatory disclosures made pursuant to Regulation (EU) 2019/2088 ("SFDR"). References to "sustainable", "sustainability", or variations thereof are not intended to reflect the meaning of "sustainable investment" under SFDR. Carlyle has no involvement in or influence over the methodology applied in respect of any references to an Ecovadis score, rating or similar and such references are based on the Ecovadis methodology in place at the time as reported by portfolio companies.

The information and/or data required to discharge the TCFD disclosure requirements may not be available in every instance, and/or may be partially or fully incomplete due to a number of factors such as methodological challenges affecting the ability to collect and/or calculate certain data, or where data is sourced from third-party sources. Responses given in sections of this 2024 ESG Report may be based on estimated data, and Carlyle gives no representation or assurance as to the accuracy, completeness and/or reliability of such estimates. Carlyle does not independently verify data obtained from third-party sources, or estimated data, and no representation, warranty or undertaking, express or implied, is made as to the accuracy or completeness of such data. Responses in sections of this 2024 ESG Report may refer to internal systems and/or processes which are under development, evolution and review, and Carlyle gives no guarantee that these systems and processes with be implemented as described herein.

For purposes of the non-financial operating and statistical data included herein, foreign currencies have been converted to US dollars at the spot rate as of the last trading day of the reporting period when presenting period-end balances, and the average rate for the period has been utilized when presenting activity during such period.

Please note that this report does not include energy funds that are (i) legacy funds jointly advised with Riverstone Holdings LLC or its affiliates ("Riverstone") or (ii) managed by NGP Management Company, L.L.C. or its affiliates ("NGP"). Carlyle does not control or manage Riverstone or NGP. Affiliates of both Carlyle and Riverstone act as joint investment advisers to three legacy energy funds with vintages from 2003-2007. Carlyle's representation on the investment and/or management committees of the jointly sponsored legacy funds varies and after the last of these co-branded funds Carlyle does not have any interest in Riverstone's management or funds. Moreover, Carlyle does not operate NGP's business, have representation on NGP's board or serve as an investment advisor to any investment fund sponsored by NGP, nor does Carlyle direct the operations of any of NGP's portfolio companies. While Carlyle has consent rights over certain major actions by NGP outside of the ordinary course of NGP's business (including, for example, consent rights over items such as amendments to the organizational documents of the entity in which Carlyle is invested, changes to the management fee streams earned by NGP under its fund agreements, or the incurrence of certain debt by NGP and other similar items), Carlyle has no voting rights or consent rights on any NGP investment committee that selects investments to be made by NGP funds. None of the firm-level metrics included herein incorporate Riverstone or NGP.


CARLYLE
2024 ESG REPORT