

PRIVATE EQUITY
STAKEHOLDER
PROJECT

February 10, 2022

Kewsong Lee
Chief Executive Officer
Carlyle Group
1001 Pennsylvania Avenue Northwest
Washington, DC 20004-2505

Dear Mr. Lee,

We are writing to follow up on our previous correspondence regarding The Carlyle Group's investments in fossil fuels and fossil fuel infrastructure.

Bloomberg recently reported that Carlyle's peer Apollo Global Management is pledging not to invest in fossil fuels in its next flagship buyout fund (See "Apollo to Shun Fossil-Fuel Investments in Next Buyout Fund").ⁱ

Carlyle is in the process of raising its own flagship fund, Carlyle Partners VIII, seeking \$22 billion.ⁱⁱ

Will Carlyle, like Apollo, make a similar commitment to shun fossil fuels and fossil fuel infrastructure in funds it is raising this cycle?

We noticed Carlyle's recent Net Zero by 2050 commitment, but it appears to leave out important information. For example, it does not commit to avoid new fossil fuel investments.ⁱⁱⁱ It also excludes scope 3 emissions, and therefore fails to address the biggest contributor to climate change in your portfolio.

The announcement does not commit to public disclosure of your portfolio companies' emissions. Last October the Private Equity Stakeholder Project released a report, *Private Equity Propels the Climate Crisis*, which noted that Carlyle and NGP owned at least 68 fossil fuel companies.^{iv}

In August 2021, the Intergovernmental Panel on Climate Change (IPCC) released a report that highlights the costs of inaction, details the devastating impacts of climate change around the world, and underscores that we are running out of time to tackle this crisis.^v

The International Energy Agency's Net Zero by 2050 pathway calls for no new fossil fuel projects to be developed, and for intense focus on emissions reduction for all existing operations.^{vi}

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A year ago, the Private Equity Stakeholder Project and a number of environmental and environmental justice groups sent Carlyle a letter asking the firm to transition its energy portfolio away from fossil fuels by 2030, support a just and equitable transition for workers and communities impacted by Carlyle's investments, and disclose how its, its executives', and its portfolio companies political spending aligned with the Paris Climate Accords.

Will Carlyle also commit not to invest its new flagship buyout fund and other funds it is raising in fossil fuels?

Sincerely,



Jim Baker
Executive Director
Private Equity Stakeholder Project



Alyssa Giachino
Research/Campaigns Director on Climate
Private Equity Stakeholder Project

ⁱ "Apollo to Shun Fossil-Fuel Investments in Next Buyout Fund," Bloomberg, Jan 21, 2022, <https://www.bloomberg.com/news/articles/2022-01-21/apollo-plans-to-shun-fossil-fuel-investments-in-next-buyout-fund>.
ⁱⁱ <https://www.buyoutsinsider.com/carlyle-passes-halfway-mark-for-22bn-eighth-flagship-fund-2bn-growth-vehicle/>
ⁱⁱⁱ <https://www.carlyle.com/media-room/news-release-archive/carlyle-sets-net-zero-2050-and-near-term-climate-goals>
^{iv} https://pestakeholder.org/wp-content/uploads/2021/10/PESP_SpecialReport_ClimateCrisis_Oct2021_Final.pdf
^v <https://www.ipcc.ch/report/ar6/wg1/>
^{vi} <https://www.iea.org/reports/net-zero-by-2050>