

Q&A WITH

Pooja Goyal

Co-Head of Carlyle's
Infrastructure Group

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Pooja shares perspectives on the opportunities in the renewable energy market:

Q *Who is the Renewable and Sustainable Energy Team at Carlyle and what do you do?*

A Renewable and Sustainable Energy at Carlyle is a dedicated team addressing the energy transition by investing globally in the renewable energy and sustainable resources sector. We seek to invest in scalable companies or development platforms with proven track records and robust value creation plans, primarily in developed countries.

Q *What trends are you seeing in the renewable and sustainable energy market? Where do the opportunities lie?*

A We believe the energy transition offers a rich and diverse environment where we can both find attractive opportunities and also respond to the global call to action to tackle climate change, one of the greatest challenges of the 21st century. Critically, this is an investment area where we believe profitability and driving positive environmental change aren't at odds – they actually are convergent with each other. We see several sub-themes within the energy transition which have interesting characteristics including batteries, storage, distributed generation and micro grid.

Q *What role does private infrastructure play in renewables? Are they driving its development in the future?*

A According to the International Energy Agency, the energy transition is creating a \$3-5 trillion opportunity in renewable energy over the coming decades. We believe the sector is at an inflection point, and that private capital investment will be key to progressing the transition. Private capital's long-term orientation and focus on active value creation make it particularly suited to address this shift.

Q *How are consumers interacting with the renewable energy sector?*

A The reality is that data is empowering consumers – like in so many other sectors – leading them to have control over their energy consumption and costs. This is creating a massive opportunity. Real, tangible data can have a significant impact on addressing overall demand and reducing waste. In the next phase of the energy transition, better data will empower customers at all layers in our energy system.

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Q *What shifts are you seeing across geographies with regard to the renewable energy sector?*

A We're seeing the United States set up ambitious renewable energy targets at the state and local level. There is also a strong climate and renewables agenda in Europe, with significant support from multiple stakeholders – governments, investors, companies, and the general public. Subsidy-free projects are becoming economical across geographies, but supportive policies are providing additional tailwinds.

Q *How do you think about impact and ESG themes in this strategy?*

A The team's core investment thesis – driving economic value creation through the development of renewable and sustainable energy – is convergent with several core impact theses, which we evaluate during our diligence process and track quantitatively over time. These themes map to a number of the United Nation's Sustainable Development Goals, particularly those involving affordable and clean energy, innovation and infrastructure, responsible consumption, and climate action. Importantly, just because the strategy is focused on core impact themes, ESG considerations aren't any less relevant. Issues such as community engagement, environmental impact, and others are material dimensions of how we evaluate and successfully manage potential investments.

Q *What are the biggest changes you're seeing in this space?*

A People have been discussing the energy transition for a long time now, and the main focus of the last 10 years has been primarily renewables – specifically wind and solar. Wind and solar have been the darlings of the energy transition story, and for good reason. But on their own, they don't get us anywhere near making a dent in tackling climate change. Energy storage can mitigate one of renewable energy's largest drawbacks: the inability of wind & solar photovoltaics to deliver predictable levels of power to the grid regardless of time of day or weather. The rapid expansion of storage capacity and plummeting cost of storage is expected to be a significant contributor to the long-term viability of renewable energy. Batteries and storage are some of the unsung heroes here – creating an investment opportunity where there is a convergence of attractive returns, alongside outsize impact given the critical role of storage in unlocking the energy transition.

Q *What new and exciting investment activities have you seen in the field?*

A Relatedly, Electric Vehicles (EVs) are expected to be cost competitive with internal combustion engines in the next 5 years, which is an incredible development. Investments made by the largest car manufacturers in transitioning their fleets to electric vehicles are driving these efficiencies of scale. Given the pace at which EVs are reaching price parity, the big bottlenecks on EV adoption is actually charging infrastructure. This is the other unexpected winner. The charging infrastructure is expected to lead to emerging business models focused on efficiently pricing the usage of the infrastructure.

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