

KKR

2021
Global Impact
Summary

SCALING OUR IMPACT

OUR MISSION

To invest behind scalable, commercial solutions to solve critical global challenges

OUR VISION

By investing in companies that deliver impact through their core products or services and actively managing environmental, social, and governance (ESG) risks, we seek to deliver more resilient, long-term outperformance.

About This Report This 2021 Global Impact Summary report presents an overview and highlights from our full 2021 Global Impact Report, which is provided to Global Impact limited partners, and includes all companies in Global Impact’s portfolio as of March 2022. Impact and ESG data are cumulative since investment as of December 31, 2021, unless otherwise noted. For more detail on some of the metrics and sources included in this report, refer to the Endnotes on p. 20. For important disclosures regarding the case studies presented, refer to the Cautionary Statement on p. 21. Learn more about the KKR Global Impact strategy at kkf.com/globalimpact.

Our Global Portfolio

Launched in 2018, the KKR Global Impact strategy (“Global Impact,” “we,” “us,” and our”) seeks to help investors achieve meaningful financial outcomes by helping to solve unprecedented societal challenges. We seek to invest in leading companies where financial performance and positive societal impact are aligned, across four investment themes.

■ **WHAT IS IMPACT INVESTING?**

To KKR, impact investing is the practice of investing in companies and organizations with the intent to contribute to measurable positive social or environmental outcomes alongside financial returns. As part of our Global Impact strategy, we invest in companies whose core product or service is providing a solution to a critical environmental or social challenge,¹ as defined by the UN Sustainable Development Goals (SDGs), thereby driving positive, measurable outcomes or impact.

■ **WHAT IS ESG MANAGEMENT?**

ESG management is thoughtfully evaluating and managing how a company operates on relevant ESG issues and engages with its stakeholders.

■ **IMPACT AT SCALE**

Global Impact has invested over **\$1bn** in **15 companies** that provide solutions to critical global challenges, contributing toward the achievement of **12 of the UN Sustainable Development Goals (SDGs)** as of March 2022.

Including investments made alongside Global Impact by other KKR strategies, KKR has put over **\$5bn** to work in SDG-aligned investments since 2019.

GLOBAL IMPACT PORTFOLIO COMPANIES



OUR INVESTMENT THEMES



A Note from the Co-Heads

When sharing the Global Impact's performance over the past year, we believe it is useful to reflect on macro trends, our investment themes, and lessons learned along the way.

■ MACRO TRENDS

Last year we noted that COVID served as a reminder of the importance of preparation and the need to build more sustainability, resilience, and equity across societies. In our judgment, Russia's unprovoked attack on sovereign neighbors in Ukraine and its fallout this year reinforces some of these needs, as do supply chain and worker shortages plaguing many industries.

For example, since the Russian assault, European leaders have accelerated their commitment to the energy transition. The use of renewables, distributed energy, and energy efficiency are all critical components of climate action. In addition, a decarbonized world delivers energy that is localized and decentralized, reducing vulnerability to oil and gas manipulation.

In addition, the Ukraine War is furthering another trend that the pandemic accelerated: the need to build more reliable, sustainable, and resilient local supply chains. As Ukraine is Europe's breadbasket, the war in that country will likely have long-term implications on food security. It is also causing the United States, Europe, China, and others to accelerate their commitments to building more local supply chains for key products and services, with sustainability, efficiency, and resilience as likely priorities. These supply chain bottlenecks are also in some nations accompanied by a shortage of workers for key functions. This will reinforce the need to upskill and reskill the global workforce, a theme on which we have also focused. Finally, the war has also highlighted cyber vulnerabilities, another trend we are following and have invested behind.



KEN MEHLMAN AND ROBERT ANTABLIN
CO-HEADS, KKR GLOBAL IMPACT

■ INVESTMENT THEMES

We also reflect on recent trends related to our four investment themes: **climate action, sustainable living, lifelong learning, and inclusive growth.** We have noted before the resilient nature of our investment themes.

Climate action and sustainable living investments can be buoyed by governments, companies, and consumers investing behind more efficient and resilient energy and supply chain transitions. Now, worker shortages are reinforcing the need for better trained workforces, a critical theme behind many of our lifelong learning investments. Both companies and governments are investing in retraining and upskilling and are likely to continue to do so as workforce dynamics evolve. Across the globe, complex and vulnerable financial and social systems yield important opportunities to invest in inclusive growth.

The regulatory requirements on climate action and other ESG priorities also accelerated in 2021 and affected our impact management and disclosures. In March 2021, the European Sustainable Finance Disclosure Regulation went into effect, setting a foundation for increased investor disclosure on ESG-related data. In the United States, the SEC proposed new disclosure rules on climate for public companies and on investment practices related to "ESG funds." In addition to their effect on our own work, these are likely to reinforce the importance of corporate ESG commitments, another component of the macro tailwinds behind our investment themes.

■ LESSONS LEARNED

We have a deep and long-held commitment to being an active member of the impact investing community. As such, we look to learn and share insights more broadly, including those below.

1. Use of platforms to enhance returns and scale impact

When we established the Global Impact strategy in 2018, our thesis was that by investing in proven business models we could both create value and maximize positive societal impact. One way we have achieved this has been through thoughtful mergers and acquisitions and positioning our companies as platforms to support the scaling of impact. Today we are building experience in critical components of the operational, cultural, and leadership tools needed to successfully merge existing enterprises.

2. Need to advance climate action in our companies

Climate action is not just an investment theme for us; it is an imperative across our work. Since Global Impact Fund I's launch, we have worked to understand climate-related risk and have helped our portfolio companies measure Scope 1 and 2 greenhouse gas emissions, including developing baselines for the seven companies that were not already measuring their emissions. We have also developed materiality-based² approaches for our engagement on climate topics. As one example, Viridor, a waste management company, is pioneering an industry-leading Net Zero 2040 commitment in the UK.

3. Using management team incentives to align on impact and ESG management priorities

Because we invest in companies whose core business models contribute to achieving the SDGs and our management teams are invested in those companies,

there is typically a natural alignment between maximizing positive societal impact and financial incentives in our portfolio businesses. To further align and reinforce our impact and ESG ambitions, we tied a portion of portfolio company management's short-term bonuses to impact or ESG objectives at the majority of Global Impact portfolio companies in 2022. It is our belief that such incentives can be a useful tool for aligning and reinforcing ESG priorities when done correctly.

4. The power of employee engagement

Since 2011, KKR's pioneering employee ownership program has awarded billions of dollars in equity to over 45,000 non-management employees across more than 25 portfolio companies. This approach strives to create value in companies by mobilizing employee ownership and providing equity ownership to employees below the C-suite level, including hourly workers. This work aims to measurably enhance productivity, safety, and performance for these enterprises, while also reducing economic inequality and enhancing racial equity in the communities around them. Given the profound lessons learned, in 2021, we implemented employee ownership at both Graduation Alliance and Lightcast (fka Emsi Burning Glass). In future investments, we intend to deploy this playbook at majority-controlled investments based in the U.S., and many non-U.S. companies where feasible.

On behalf of our entire Global Impact team, we are proud of our accomplishments over the past year and look forward to another rewarding year of seeking out new investments and supporting our portfolio companies to build on their foundational work. We invite you to read this report and learn the many ways we are scaling our impact.

Ken Mehlman and Robert Antablin
Co-Heads, KKR Global Impact

Our Approach

KKR's dedicated private equity impact strategy invests in businesses delivering solutions to significant societal challenges.

We seek to engage with management teams to help our portfolio companies scale their businesses and achieve more — greater financial success, positive impact, and improved ESG performance. To accomplish this, the Global Impact team utilizes KKR's full suite of global resources. These include KKR Capstone, the KKR Global Institute, KKR Public Affairs, the Global Macro and Asset Allocation team, KKR Capital Markets, and the Sustainability Expert Advisory Council (SEAC), along with other external partners.

Learn more about SEAC and KKR's Sustainable Investing approach in our 2021 KKR Sustainability Report at kkresg.com

INVESTMENT SELECTION CRITERIA

We seek to invest in companies where commercial and impact success go hand in hand, and we have developed a rigorous approach to integrate impact and ESG considerations throughout the investment process in collaboration with BSR (Business for Social Responsibility), a global sustainability non-profit organization. This approach adds

SCALING UP

20 board members who are diverse added to company boards of directors since the Fund's inception, **22%** of whom are diverse³

22 dedicated team members across North America, Europe, and Asia, **70%** of whom are diverse⁴

an intentional and consistent focus on investing in credible solutions to relevant environmental and social challenges. To qualify for an investment by Global Impact, a business must meet four key criteria, as shown in the graphic below.

CREDIBLE MEASUREMENT

In line with our commitment to transparency, we leverage leading measurement frameworks to bring greater credibility, rigor, and discipline to our approach. We recognize investor appetite for performance data that is consistent and comparable. Thus, we measure each company's contribution toward one or more of the SDGs using indicators defined by third-party reporting frameworks wherever possible.

LEARNING FROM OTHERS

KKR has long recognized the importance of learning from thoughtful partners and subject-matter experts, leveraging

their expertise for the benefit of our investors and portfolio companies. KKR has engaged with BSR since at least 2010, to provide an external perspective on our approach to ESG management. They have been a valued partner to Global Impact since its inception in 2018. Additionally, Kohlberg Kravis Roberts & Co. L.P. is a founding signatory of the Operating Principles for Impact Management ("Impact Principles"), and since 2019, we have been using

the Impact Principles to inform our impact management approach. In 2022, we published our third annual Disclosure Statement at kkr.com/globalimpact, which describes how our activities align with the nine Impact Principles.

To learn more about our approach to impact management, including how we partner with BSR, see our 2020 Overview and Highlights Impact Report at kkr.com/globalimpact.

LIFELONG LEARNING

TAKING AN EVIDENCE-BASED APPROACH TO TRACKING EDUCATION OUTCOMES

We believe that investing in lifelong learning is critical to solving a variety of societal challenges. We also recognize and are working to address the challenges of effectively and consistently measuring the impact of learning solutions. In addition to tracking metrics, such as student enrollment and graduation rates, we engage with our lifelong learning portfolio companies below to better understand efficacy and areas to improve.

We collaborated with **Graduation Alliance**, a company that works with school districts and state agencies in the United States to reengage, educate, and support youths and adults on a path to high school graduation and beyond and to conduct a robust, third-party efficacy study led by an independent research firm. Results showed that Graduation Alliance's program, targeting those who recently dropped out of high school, outperformed the national benchmark in efficacy by about 25% and cost-per-outcome by about 33% compared to similar programs.

At **MasterD**, we have partnered with the company to expand the course portfolio, organically and through acquisitions, to areas that have stronger employment prospects, including digital, technology, and health care. Equally, we supported the company to design an impact survey capturing economic outcomes following course completion, with a pilot survey in February

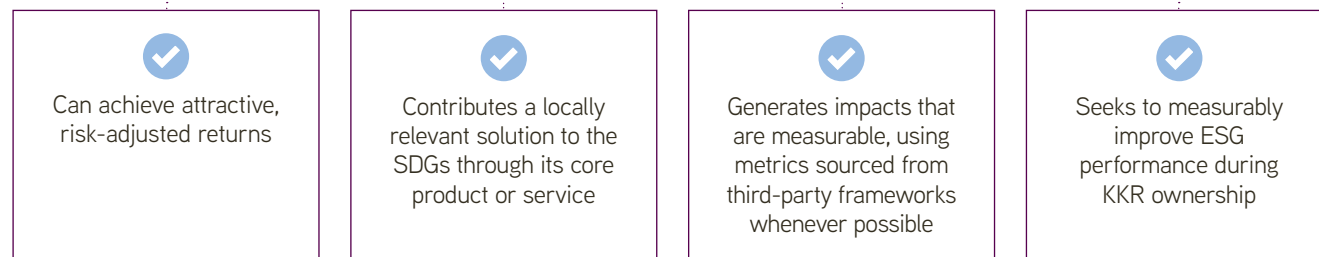


2021. Since then, the approach has been further refined, and surveys are now conducted monthly.

Additionally, we are working with **Education Perfect**, an online learning platform that adapts to users' learning style, to enhance its existing teacher survey to include questions aligned with the SDGs, and instituting this as an annual process. In addition, the company has partnered with three universities to launch academic studies to better understand the efficacy of its learning solutions beyond the teacher surveys.

Finally, **EQuest**, an education company in Vietnam, is also partnering with a third party to understand the efficacy of its online learning product, with results expected in 2022.

OUR FOUR KEY INVESTMENT CRITERIA



■ ADDRESSING SHARED ISSUES TO CREATE VALUE

Global Impact investment teams leverage KKR's long experience and approach to integrating and managing ESG issues across the entire investment life cycle to help create value. Additionally, since 2019, we have helped portfolio companies manage cross-portfolio topics, which moving forward will also include data responsibility, in line with KKR's Global Ambitions. We take a materiality-driven approach to identify business-relevant issues and engage with portfolio companies on a diverse range of issues.

🔗 Refer to kk.com/globalimpact for an overview of Global Impact's ESG management approach and KKR's 2021 Sustainability Report for more information on KKR's Global Ambitions at kkresg.com.

2021 CROSS-PORTFOLIO ESG PERFORMANCE⁵

CLIMATE

69,000 metric tons of
CO2 equivalent emitted

HUMAN CAPITAL

22% diverse board members

38% diverse employees

550 jobs created

CLIMATE

VIRIDOR: INTEGRATING CLIMATE OPPORTUNITIES INTO OUR INVESTMENT DECISION-MAKING

Viridor is a leading UK waste management company operating 11 energy-from-waste (EfW) facilities as well as recycling facilities. The company operates the largest share (22%) of the UK's EfW market. During our pre-investment decision-making, we identified opportunities for Viridor to integrate climate and circular economy considerations into its commercial strategy to position itself as a market leader in the responsible handling of waste. Today, Viridor aims to be the first UK waste company to become net negative in terms of emissions. To help shape this strategy, we are supporting the company in various ways. Through the establishment of a dedicated committee and business unit to consider the operational, capital expenditure, and business development aspects of achieving this objective, we believe Viridor has made excellent strides in establishing concrete plans to achieve net negative emissions.

We have supported Viridor in establishing an ESG and Health and Safety Committee, including independent

industry leaders, to improve best practices and to deliver the company's net-zero 2040 and net-negative 2045 carbon emissions ambition. We are supporting Viridor in implementing initiatives at the site level, including enhanced plastic waste sorting and recycling, to increase site efficiency and reduce carbon emissions.

In 2021, Viridor launched its Vision for zero export of plastic waste, backed by an investment in a new Avonmouth recycling and reprocessing plant, creating 125 jobs and saving 126,000 metric tons of carbon dioxide annually and enabling Viridor to fully recycle in the UK over 90% of the plastics it had previously exported.

Looking ahead, Viridor is bidding as part of the HyNet North West Project to capture and store up to 1 million metric tons of carbon dioxide emissions annually to help achieve the UK Government climate objectives and to be a net-negative carbon emissions waste firm.

Investment Themes

Global Impact seeks investments that measurably contribute to the SDGs aligned with our four investment themes.

Climate Action. Disruption and damage caused by extreme weather events and global dialogue spurred by the UN Climate Change Conference (COP26) gathering have increased the urgency for climate action. The race to decarbonization is gaining participants and momentum. Given the urgent need for action, we are investing in companies that provide solutions to managing environmental impacts, climate adaptation, and climate mitigation.

Sustainable Living. We are in a moment marked by the confluence of a rising middle class, population growth, trends toward urbanization, and increasingly sustainability-conscious Millennials and Generation Zers. This convergence creates an opportunity to invest in solutions for responsible food production; sustainable cities; circular economy processes; and the safe, sustainable, and healthy products that align with consumer preferences.

Lifelong Learning. Unprecedented disruption has affected hundreds of millions of workers around the world. Technology is reshaping every industry while the COVID-19 pandemic has displaced workers and widened the skills gap. Through our investments, we aim to promote innovation and technology that companies and workers need to find and retain meaningful employment and financial stability.

Inclusive Growth. Disadvantaged groups confront significant barriers to full and equitable participation in society. To help drive inclusive growth, we seek to invest behind solutions that further diversity and inclusion; ensure equitable access to information and opportunity through social, financial, and digital inclusion; and protect personal freedoms.

CLIMATE ACTION

THE CHALLENGE

Nearly every day, we are confronted with examples of the effect climate change is having on our world, including extreme weather events, water scarcity and water quality issues, infrastructure failure, agricultural disruption, and ocean acidification, as well as harms to human health and well-being. Unprecedented weather catastrophes in the past year and longer-term climate trends highlight the urgent need to address climate change.

IDENTIFYING OPPORTUNITIES

We believe companies whose products and services provide solutions to managing environmental impacts and climate change adaptation and/or mitigation, as well as those facilitating the energy transition, will be essential to secure our planet's health for the near term and for future generations. Within climate action, we focus on the following solutions:

- Facilitating the energy transition
- Managing environmental impact
- Adapting to climate change

SDGs Addressed

- 6** Clean Water and Sanitation
- 7** Affordable and Clean Energy
- 9** Industry, Innovation, and Infrastructure
- 13** Climate Action
- 14** Life Below Water
- 15** Life on Land

AXIUS WATER (2019)

HQ: Winnipeg, Manitoba and Bourne, Massachusetts, Americas



Promoting Water Quality Solutions

Nutrient pollution, a form of water pollution caused by factors including wastewater discharge and fertilizer use, has been named by the U.S. Environmental Protection Agency as one of America's greatest environmental challenges.⁶ Through its global platform and end-to-end nutrient removal solutions for municipal and industrial wastewater treatment facilities, Axius Water helps reduce this pollution and improve water quality at locations around the world.

IMPACT HIGHLIGHT*	
170 million kilograms of chemicals that contribute to biological nutrient pollution removed from wastewater by Axius Water's products and programs	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 6: Clean Water and Sanitation (Target 6.3)	SDG indicators

BBP (2018)

HQ: Singapore, Malaysia

Reducing Energy Use and Carbon Emissions

BBP provides energy-saving solutions to heating, ventilating, and air conditioning systems in commercial and industrial buildings, data centers, district cooling plants, and cold chains. Leveraging the Internet of Things, data analytics, artificial intelligence, and machine learning, BBP's patented and award-winning solution helps reduce energy consumption and utility expenses for customers while also helping them achieve carbon neutrality and sustainability goals.

IMPACT HIGHLIGHT*	
116,000 metric tons of CO2 equivalent reduced due to energy efficiency projects provided by BBP	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 7: Affordable and Clean Energy (Target 7.3)	SDG indicators
SDG 9: Industry, Innovation, and Infrastructure (Target 9.4)	



GREENCOLLAR (2020)

HQ: Sydney, Australia



Valuing the Environment

Carbon offsets are recognized as a tool to support corporate and government decarbonization strategies, but it can be challenging to find credible, high-quality offsets. GreenCollar is a leading carbon market project developer in Australia and is building the first environmental market incentivizing water quality improvements across the Great Barrier Reef. With a market-leading reputation for quality and consistency of delivery, GreenCollar provides carbon credits by engaging with farmers, including those from indigenous communities, to develop sustainable agriculture strategies to promote improved biodiversity, reduced nitrogen and phosphorus use, and reduced emissions.

IMPACT HIGHLIGHT*	
8 million metric tons of greenhouse gas (GHG) emissions avoided through sustainable farming practices implemented by GreenCollar and independently verified	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 13: Climate Action (Target 13.1)	IRIS, SDG indicators, Reef Credit Methodology Technical Working Group, and a biodiversity key performance indicator developed by the company
SDG 14: Life Below Water (Target 14.2)	
SDG 15: Life on Land (Target 15.2)	

RESOURCE ENVIRONMENTAL SOLUTIONS (RES) (2022)

HQ: Houston, TX, United States



Restoring Environmental Degradation

Ecosystem degradation, including biodiversity loss and land degradation, has intensified over the last three decades.⁷ This is due to a mix of factors including infrastructure and economic development, population growth, over-exploitation, and climate change. RES is a leading United States provider of ecological restoration and water resource solutions aimed at mitigating the impacts of infrastructure and economic development on wetlands, streams, and biodiversity. RES also implements nature-based solutions with an aim to improve water quality and address the impacts of heavy storm events, rising sea levels, and climate change.

IMPACT HIGHLIGHT*	
74,000 acres of land restored or protected by RES projects	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 6: Clean Water and Sanitation (Target 6.6)	SDG Compass
SDG 15: Life on Land (Target 15.5)	

SUSTAINABLE LIVING

THE CHALLENGE

Globally, we are confronting the confluence of a rising middle class, population growth, trends toward urbanization, increasingly overburdened infrastructure and services, and worsening environmental consequences. Included in this mix are consumers, particularly Millennials and Generation Z, who are increasingly sustainability conscious.

IDENTIFYING OPPORTUNITIES

We view sustainable living as delivering continued societal growth and livelihood improvements in a harmonious manner that protects the environment and our planet while meeting the needs of future generations. We believe that sustainable living has become even more important with population growth, particularly as more than half of the world's population now lives in urban areas.⁸ Within sustainable living, we focus on the following:

- Building sustainable cities
- Moving toward a circular economy
- Consuming and producing responsibly and sustainably

SDGs Addressed

- 7** Affordable and Clean Energy
- 9** Industry, Innovation, and Infrastructure
- 11** Sustainable Cities and Communities
- 12** Responsible Consumption and Production

CMC (2020)

HQ: Città di Castello, Italy

Optimizing Packaging to Reduce E-Commerce Waste

The exponential growth of e-commerce has increased the use and disposal of packaging, leading to harmful environmental impacts, including those associated with GHG emissions, water use, and forest product/resource use, including deforestation. A leading manufacturer of sustainable packaging solutions, CMC installs and operates 3D packaging machines that match packaging size to product size. CMC provides large clients with innovative solutions to reduce corrugate and filler materials on millions of packages shipped.

IMPACT HIGHLIGHT**	
130 metric tons of cardboard avoided in packaging as a result of CMC's technologies	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 12: Responsible Consumption and Production (Target 12.2)	SDG indicators
SDG 9: Industry, Innovation, and Infrastructure (Target 9.4)	



Re SUSTAINABILITY (RE) (2019)

HQ: Telangana, India



Sustainably Managing India's Growing Waste

A leading provider of environmental management services in India, RE provides cost-effective and customized solutions for a variety of complex environmental needs, including waste management and treatment. Waste management services are especially important in urban India, which represents more than 31% of the country's total population, where an estimated 19% of waste is treated, while 50% is dumped in landfill sites.⁹

IMPACT HIGHLIGHT**	
11 million metric tons of municipal solid waste treated	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 11: Sustainable Cities and Communities (Target 11.6)	SDG indicators
SDG 12: Responsible Consumption and Production (Target 12.4)	

VIRIDOR (2020)

HQ: Taunton, United Kingdom

Driving Circular Economy Transition in the UK Waste Industry

A leading UK waste processing and recycling company with a net-zero commitment, Viridor is driving a circular economy approach to waste management. The company operates recycling and plastic reprocessing facilities, landfills, and 11 energy-recovery facilities, which process waste that cannot be recycled to generate energy for cities, communities, and local businesses.

IMPACT HIGHLIGHT**	
5 million metric tons of municipal solid waste treated	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 7: Affordable and Clean Energy (Target 7.2)	SDG indicators
SDG 11: Sustainable Cities and Communities (Target 11.6)	
SDG 12: Responsible Consumption and Production (Target 12.5)	



LIFELONG LEARNING

THE CHALLENGE

Technology is reshaping all industries and work functions, requiring ongoing training and skills development for the workforce of today and tomorrow. The pandemic has accelerated this process, leaving millions unemployed and further widening the skills gap.

IDENTIFYING OPPORTUNITIES

We believe that closing the skills gap will require a data-driven approach to effectively reskill at-risk workers and advance equity in the workforce. In addition, we expect that digital education tools with data that enables personalized, adaptive learning centered on outcomes will be increasingly important to create equitable access to quality education. Within lifelong learning, we focus on the following:

- Creating equitable access to and quality of education
- Closing the skills gap
- Integrating data and technology

SDGs Addressed

- 4** Quality Education
- 8** Decent Work and Economic Growth

EDUCATION PERFECT (2021)

HQ: Dunedin, New Zealand

Democratizing access to quality, personalized education

Education Perfect is a leading Australian/New Zealand ed-tech business providing a digital learning toolkit for teachers and students across grades K-12. Education Perfect aims to democratize access to quality education by providing an affordable product that can increase teacher productivity, enable adaptive learning, and improve student outcomes.

IMPACT HIGHLIGHT*	
974,000 students accessing digital, personalized learning	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 4: Quality Education (Targets 4.1 and 4.5)	SDG indicators



■ EQUEST (2021)

HQ: Ho Chi Minh City, Vietnam



Enabling English Fluency Needed for High-Quality Jobs in Vietnam

EQuest is an education group in Vietnam with offerings across grades K-12, educational technology, and vocational segments. EQuest is focused on providing accessible, affordable, and high-quality bilingual education to Vietnam’s emerging middle-class population, and helps its students develop English proficiency, which is an increasingly important skill given continued globalization trends.

IMPACT HIGHLIGHT*	
8,000 K-12 students accessing affordable English language education in Vietnam	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 4: Quality Education (Target 4.4)	SDG indicators

■ GRADUATION ALLIANCE (2020)

HQ: Salt Lake City, Utah, United States

Improving Educational Opportunities in America

Each year, roughly 600,000 U.S. students drop out of high school, and an estimated 26.6 million American adults aged 18 and older lack a high school diploma. Failing to obtain a high school diploma can have a negative impact on quality of life and career trajectory, often resulting in a cycle of intergenerational poverty for families.¹⁰ Graduation Alliance works with school districts and state agencies in the United States to reengage, educate, and support youths and adults on a path to high school graduation and beyond. A recent independent study showed Graduation Alliance’s Dropout Recovery program outperformed the national benchmark in efficacy by about 25% and cost per outcome by 33% compared to similar programs.

IMPACT HIGHLIGHT*	
10,800 former high school dropouts earning credits toward a diploma	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 4: Quality Education (Targets 4.3 and 4.6)	SDG indicators
SDG 8: Decent Work and Economic Growth (Target 8.5)	



■ MASTERD (2020)

HQ: Zaragoza, Spain



Narrowing the Skills Gap in Spain and Portugal

A leading vocational education provider in Spain and Portugal, MasterD provides more than 280 courses to more than 96,500 learners annually through its proprietary online virtual learning platform. As a provider of vocational education and professional training, MasterD helps narrow the skills and employability gap and promotes equal and affordable access through flexible financing options.

IMPACT HIGHLIGHT*	
59,500 new enrollments in MasterD vocational courses	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 4: Quality Education (Target 4.3)	SDG indicators
SDG 8: Decent Work and Economic Growth (Target 8.5)	

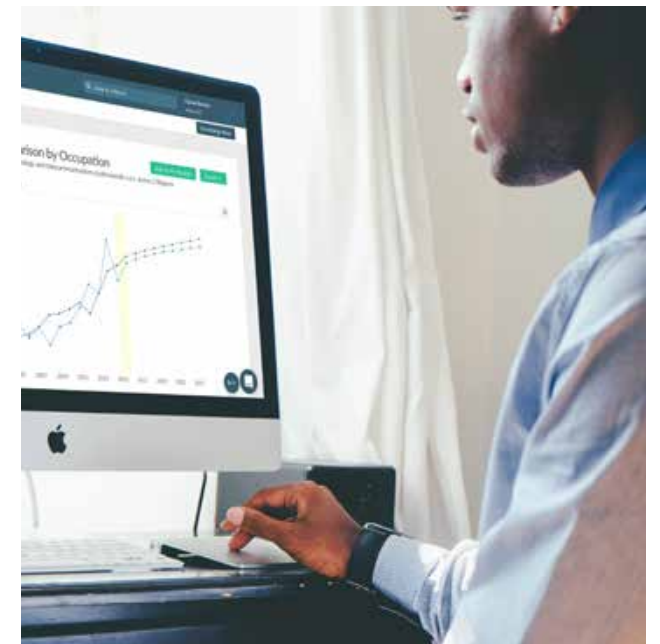
■ LIGHTCAST (2019)

HQ: Moscow, Idaho and Boston, Massachusetts, United States

Providing Labor Market Insights

Lightcast’s labor market analytics software delivers real-time data and planning tools to educators, employers, and public sector constituents. Lightcast (fka Emsi Burning Glass) provides data that can be used to understand the jobs and skills in highest demand and assists in leveraging these insights to provide training and education aligned with real career outcomes and mobility. Lightcast is active in more than 30 countries and has offices in the UK, Italy, New Zealand, and India.

IMPACT HIGHLIGHT*	
760 higher education institutions served	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 4: Quality Education (Target 4.4)	SDG indicators
SDG 8: Decent Work and Economic Growth (Target 8.5)	



INCLUSIVE GROWTH

THE CHALLENGE

The pandemic has highlighted long-existing challenges related to inclusive growth, including disparities in access to resources and the barriers that disadvantaged groups face to full and equitable participation in society. In addition, the pandemic has amplified the importance of stable, transparent systems in which economies can thrive and where workers are safe.

IDENTIFYING OPPORTUNITIES

The challenges of the pandemic has further highlighted the need for solutions that promote equitable access to information and opportunity at the individual level, such as financial and digital inclusion products, to facilitate inclusive growth. In addition to expanding access, solutions that protect personal freedoms and enhance diversity, equity, and inclusion are also essential to ensure that growth is stable and fully inclusive. Within inclusive growth, we focus on the following:

- Enhancing diversity, equity, and inclusion
- Ensuring equitable access to information and opportunity
- Protecting personal freedoms and well-being

SDGs Addressed

- 1** No Poverty
- 8** Decent Work and Economic Growth
- 9** Industry, Innovation, and Infrastructure
- 16** Peace, Justice, and Strong Institutions

CITATION (2020)

HQ: Wilmslow, Manchester, United Kingdom



Providing Health and Safety, Human Resource, and Compliance Support for Small Businesses

A leading partner to UK small and medium-sized enterprises, Citation offers a cost-efficient, effective solution that makes even smaller employers compliant with best practices in employment law, health and safety, and human resources. Citation provides small businesses with a solution that has measurable results in improving workplace safety.

IMPACT HIGHLIGHT ⁺	
25% lower likelihood of work-related injury at UK SMEs using Citation's products	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 8: Decent Work and Economic Growth (Target 8.8)	SDG indicators

KNOWBE4 (2019)

HQ: Clearwater, Florida, United States

Strengthening Digital Infrastructure for Resilient Modern Economies

As societies have grown smarter and become better interconnected and more technologically advanced, the cybersecurity risks associated with critical infrastructure and personal freedoms have become more pronounced, putting hospitals, pipelines, the grid, and other key services and institutions at risk. In addition, cyberattacks have implications for personal freedoms – a recent survey of breached organizations found that customers' personally identifiable information was compromised in 80% of breaches, far more than any other type of record.¹¹ Through its market-leading software platform for cybersecurity awareness training, KnowBe4 helps clients protect against cyberattacks, thereby reducing exposures of personally identifiable information and data breaches as well as strengthening the digital infrastructure that is essential for stable economies and resilient institutions.

IMPACT HIGHLIGHT ⁺	
85% of KnowBe4 clients improved their susceptibility to phishing attacks in one year on average by following KnowBe4's recommended approach	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 9: Industry, Innovation, and Infrastructure (Target 9.1)	SDG Compass
SDG 16: Peace, Justice, and Strong Institutions (Target 16.10)	



FIVE STAR (2021)

HQ: Chennai, India



Providing Inclusive Financial Services for Micro-entrepreneurs in India

Five Star is a leading Indian lender providing secured financial solutions to micro-entrepreneurs and self-employed individuals, with a focus on Tier-3 to Tier-6 cities within Southern and Central India.¹² Five Star enhances inclusion within formal finance to segments that are largely cut off from the formal lending ecosystem.

IMPACT HIGHLIGHT ⁺	
67,200 loans to micro-entrepreneurs and self-employed individuals in India	
CONTRIBUTES TO:	METRICS DRAWN FROM:
SDG 1: No Poverty (Target 1.4)	SDG indicators
SDG 9: Industry, Innovation, and Infrastructure (Target 9.3)	

Our Portfolio's Impact

Scaling solutions for a resilient, prepared future

To measure and manage the impact performance of the investments in our portfolio, we currently track more than 30 SDG-linked metrics. Each portfolio company in our Global Impact portfolio reports two to three metrics measuring its contribution toward the advancement of the SDGs, in addition to reporting performance on company specific and cross-portfolio ESG topics. Here we present a representative sampling of Global Impact's cumulative

contributions to the SDGs, featuring at least one finalized SDG metric per company and one metric per SDG addressed by Global Impact. We are excited to see the scale of this impact grow over time as our companies and our portfolio grow as well. Details on performance toward all SDG metrics are presented in our full KKR Global Impact report, which is provided to limited partners.

LOOKING AHEAD

In the coming year, we will continue to engage actively with our portfolio companies to scale their businesses and achieve more — greater financial success, incremental positive impact, and improved ESG performance. We view the geopolitical and macroeconomic events of the first half of 2022 as creating both challenges and opportunities and will continue to focus on supporting portfolio companies in scaling solutions to the critical challenges we all face.

SCALING IMPACT: HIGHLIGHTS OF GLOBAL IMPACT'S CONTRIBUTION TO THE SDGS CUMULATIVE CONTRIBUTION SINCE BASELINE¹³

1 NO POVERTY
67,200 loans to micro-entrepreneurs and self-employed individuals in India provided by Five Star

4 QUALITY EDUCATION
10,800 former high school dropouts earning credits toward a diploma supported by Graduation Alliance

760 higher education institutions used Lightcast labor analytics solutions

59,500 new enrollments in MasterD vocational courses

974,000 students accessing digital, personalized learning solutions through Education Perfect

8,000 K-12 students accessing affordable, English language education in Vietnam through EQuest

6 CLEAN WATER AND SANITATION
170 million kilograms of chemicals that contribute to biological nutrient pollution removed from wastewater by Axius Water's products and programs

7 AFFORDABLE AND CLEAN ENERGY
14% average energy intensity reduction in heating, ventilation, and air conditioning systems at BBP

8 DECENT WORK AND ECONOMIC GROWTH
25% lower likelihood of work-related injuries at small and medium-sized UK enterprises using Citation's product

9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE
116,000 metric tons of CO2 equivalent reduced due to energy efficiency projects provided by BBP

11 SUSTAINABLE CITIES AND COMMUNITIES
16 million metric tons of municipal solid waste treated by Viridor and Re Sustainability

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
3 million metric tons of hazardous waste collected and treated by Re Sustainability

130 metric tons of cardboard avoided in packaging using CMC's technology

13 CLIMATE ACTION
8 million metric tons of GHG emissions avoided through sustainable farming practices implemented by GreenCollar and independently verified

14 LIFE BELOW WATER
28,000 kilograms of avoided nutrient runoff

15 LIFE ON LAND
1 million hectares of land managed under environmental projects by GreenCollar

16 PEACE, JUSTICE, AND STRONG INSTITUTIONS
85% of KnowBe4 clients improved their susceptibility to phishing attacks in one year on average by following KnowBe4's recommended approach

¹³ For an explanation of the methodology in developing our KPIs, refer to the Endnotes of this report. Data is cumulative since baseline reporting unless otherwise noted.

ENDNOTES

***Investment Theme: Climate Action** Impact highlights contain metrics illustrative of each company's contribution toward the SDGs, with additional SDG metrics reported to limited partners on an annual basis.

- **Axius Water** offers end-to-end nutrient management solutions for municipal and industrial wastewater treatment facilities to reduce the harmful effects of biological nutrient pollution. Daily volumes of nutrient chemicals removed are calculated based on the treatment capacity for each product or process provided by Axius Water.
- **BBP** provides energy-saving solutions to HVAC systems in commercial and industrial buildings. BBP calculates the percentage change of total customer HVAC system's energy intensity before and after BBP's solution was implemented. The result is an average of energy intensity improvements across client projects since baseline reporting.
- **GreenCollar:** Australia's leading carbon markets business and one of the largest carbon abatement developers globally. Australian Carbon Credit Units represent one metric ton of stored carbon dioxide equivalent (tCO₂-e) or avoided emissions through approved management activities and methodologies, which is calculated by using a methodology defined by Australia's Clean Energy Regulator and independently audited.
- **Resource Environmental Solutions (RES):** Metric is calculated by determining the number of acres restored in accordance with applicable regulations and best practices and protected with a conservation easement or similar real property interest that ensures the property will not be developed.

****Investment Theme: Sustainable Living** Impact highlights contain metrics illustrative of each company's contribution toward the SDGs, with additional SDG metrics reported to limited partners on an annual basis.

- **CMC** installs and operates 3D packaging machines, which scan products to produce packaging that fit to product size, supporting retail and logistics clients to reduce corrugate and filler materials on millions of packages shipped. The estimated reduction in paperboard material is for calendar year 2021 and is based on a Life Cycle Assessment (LCA) conducted in the same year. The LCA compared the paperboard used by a traditional packaging machine with its CartonWrap product across a selection of household items.
- **Re Sustainability** is a waste management company that collects and treats waste. Metric is the total metric tons of municipal solid waste treated since 2019 baseline.
- **Viridor** is a waste management company that treats municipal solid waste. Metric is the total metric tons of waste treated since 2020 baseline.

†Investment Theme: Lifelong Learning Impact highlights contain metrics illustrative of each company's contribution toward the SDGs, with additional SDG metrics reported to limited partners on an annual basis.

- **Education Perfect:** number of students with access to Education Perfect's platform at the end of 2021
- **EQuest:** metric reflects number of students in EQuest's portfolio as of 2021
- **Graduation Alliance:** total students enrolled in Graduation Alliance's Adult Workforce Diploma and Dropout Recovery Programs in 2021

- **MasterD:** students enrolled in Spain and Portugal as of 2021
- **Lightcast fka Emsi Burning Glass:** metric captures the total number of higher education institutions served by Emsi Burning Glass' solutions since 2019 baseline. 2019 and 2020 values reflect Burning Glass operations only, as the merger with Emsi occurred in 2021.

‡Investment Theme: Inclusive Growth Impact highlights contain metrics illustrative of each company's contribution toward the SDGs, with additional SDG metrics reported to limited partners on an annual basis.

- **Citation** provides health and safety, human resource, and compliance support (through expert advice, internationally recognized quality standards, e-learning modules, guides, templates, etc.) to small and medium-sized enterprises across the United Kingdom. This metric reflects 2021 performance and was calculated by comparing the Injury Incidence Rate per 100,000 employees at Citation's health and safety clients with the 2021 UK average, sourced from the UK Health and Safety Executive.
- **KnowBe4** monitors employee susceptibility to simulated phishing security tests before and after implementing its solution. For 2021, the overall Phish-Prone percentage baseline average across all industries and size organizations was 31.4%, meaning just less than a third of an average company's employee base could be at risk of clicking on a phishing email. However, we found that only 16.1% of those same users failed within 90 days of completing their first KnowBe4 training. After at least a year on the KnowBe4 platform, we found that only 4.8% of those users failed a phishing test. More information on the methodology is available at blog.knowbe4.com.
- **Five Star:** total loans disbursed by Five Star to its micro-entrepreneurs and self-employed individual clients in India for calendar year 2021.

1. As defined by the Operating Principles for Impact Management – of which KKR is a founding signatory – impact investing is the practice of investing in companies and organizations with the intent to contribute to measurable positive social or environmental outcomes alongside financial returns. At KKR, as part of our Global Impact strategy, we invest in companies whose core product or service is providing a solution to a critical environmental or social challenge, as defined by the UN Sustainable Development Goals (SDGs), thereby driving positive, measurable outcomes or impact.
2. In this report, we are not using such terms “material” or “materiality” as they are used under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other KKR reporting or filings.
3. Number of diverse board members, which is as of December 31, 2021, in line with our annual impact reporting period. 2021 data does not include RES, which was a 2022 investment.

Board Diversity Global Impact monitors diversity at portfolio companies as follows:

- **Global:** Gender diversity
- **North America:** In addition to gender diversity, the term diversity encompasses (i) Historically Underrepresented Groups, which

includes individuals self-identifying as African American, Black, Hispanic, Latino, Native American, or Alaska Native; (ii) Asian American; (iii) individuals self-identifying as LGBTQ for board members only.

4. Individuals self-identifying as female, LGBTQ, Asian American, or as from a historically underrepresented group.
5. 2021 Cross-Portfolio ESG Performance: 2021 cross-portfolio ESG metrics exclude RES, a 2022 investment.
Climate - Emissions data include 14 companies in the portfolio for 2021 reporting and are weighted by Global Impact's equity ownership. 2021 cross-portfolio ESG metrics exclude RES, a 2022 investment.
Board Diversity data include 14 companies in the portfolio for 2021 reporting. Employee diversity percentages are calculated per company, from which an overall average is calculated, to illustrate typical performance per company. To learn how Global Impact monitors diversity at portfolio companies, see pg. 4 - Footnote 3.
Job creation data include 11 companies with either a 2019 or 2020 baseline.
6. U.S. Environmental Protection Agency. *Nutrient Pollution*. As of March 2022, <https://www.epa.gov/nutrientpollution/issue>
KKR. *KKR and XPV Water Partners Form New Platform to Promote Water Quality*, December 2019, <https://xpvwaterpartners.com/insights/news/press-releases/2019/12/03/press-release-kr-and-xpv-water-partners-form-new-platform-to-promote-water-quality>
U.S. Environmental Agency, *National Summary of State Information: Assessed Waters of United States*, 2018; Center for Sustainable Systems, University of Michigan, U.S. Wastewater Treatment Factsheet. As of May 2022, <https://css.umich.edu/factsheets/us-wastewater-treatment-factsheet>
7. Mirova, *Land Degradation Neutrality Fund, Impact Report 2021*, 2021, accessed January 2022, <https://www.mirova.com/sites/default/files/2021-07/LDN%20Report%202021.pdf>
8. UN Department of Economic and Social Affairs, May 16, 2018, <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>
9. Current Research in Environmental Sustainability. *Recent Trends in Solid Waste Management Status, Challenges, and Potential for the Future Indian Cities – A Review*, as of December 2020. <https://www.sciencedirect.com/science/article/pii/S2666049020300244>
10. U.S. Department of Education. *Trends in High School Dropout and Completion Rates in the United States*, 2018 & 2020, <https://nces.ed.gov/pubs2020/2020117.pdf>
11. IBM, *Cost of a Data Breach Report 2020*, 2020, <https://www.ibm.com/account/reg/us-en/signup?formid=urx-46542>
12. The Reserve Bank of India categorizes cities into six tiers according to population size; Tier-3 cities have 20,000 to 50,000 individuals, while Tier-6 cities have fewer than 5,000 individuals.
13. **Highlights of Global Impact's Contribution to the SDGs** This table is for illustrative purposes only. The illustrations include all

12 SDGs addressed by Global Impact in 2021 and at least one finalized metric per company in our Global Impact portfolio but do not include all metrics for every company. Unless otherwise noted, the results are cumulative contributions to the SDGs since baseline, and SDG metrics with percent values expressed as averages since baseline. All figures are rounded totals.

SDG 1: NO POVERTY

- Refer to **Five Star** endnote in Inclusive Growth Theme

SDG 4: QUALITY EDUCATION

- Refer to **Lightcast fka Emsi Burning Glass** endnote in Lifelong Learning Theme
- Refer to **MasterD** endnote in Lifelong Learning Theme
- Refer to **Graduation Alliance** endnote in Lifelong Learning Theme
- Refer to **Education Perfect** endnote in Lifelong Learning Theme
- Refer to **EQuest** endnote in Lifelong Learning Theme

SDG 6: CLEAN WATER AND SANITATION

- Refer to **Axius Water** endnote in Climate Action Theme

SDG 7: AFFORDABLE AND CLEAN ENERGY

- Refer to **BBP** endnote in Climate Action Theme

SDG 8: DECENT WORK AND ECONOMIC GROWTH

- Refer to **Citation** endnote in Inclusive Growth Theme

SDG 9: INDUSTRY, INNOVATION, AND INFRASTRUCTURE

- Refer to **BBP** endnote in Climate Action Theme. SDG 9 metric captures the CO₂ equivalent reduced due to energy efficiency savings generated at BBP's clients.

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

- Refer to **Re Sustainability** and **Viridor** endnotes in Sustainable Living Theme

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

- Reflects metric tons of hazardous waste treated by **Re Sustainability** since baseline, such as industrial and medical waste
- Refer to **CMC** endnote in Sustainable Living Theme

SDG 13: CLIMATE ACTION

- Refer to **GreenCollar** endnote in Climate Action Theme

SDG 14: LIFE BELOW WATER

- **GreenCollar** provides Reef Credits where one Reef Credit is equivalent to 1 kilogram (kg) of dissolved inorganic nitrogen pollution or 538 kg of sediment prevented from reaching the Great Barrier Reef, as a result of more sustainable farming practices via GreenCollar's engagements with farmers.

SDG 15: LIFE ON LAND

- **GreenCollar** measures the total land area for accredited carbon projects, which is a subset of total land area under environmental projects as the accreditation process takes time. Metric is as of 2021.

SDG 16: PEACE, JUSTICE, AND STRONG INSTITUTIONS

- Refer to **KnowBe4** endnote in Inclusive Growth Theme

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The term “sustainable investing” used in this document does not in each case bear the same meaning as the term “sustainable investments” in the SFDR.

This report contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Certain information contained in this report constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “seek,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue,” “target,” “plan,” “believe,” “strive,” “could,” “would,” “approximate,” the negatives thereof, other variations thereon, or comparable terminology. Furthermore, any projections or other estimates in this report, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. More broadly, statements that do not relate strictly to historical or current facts are based on current expectations, estimates, projections, opinions, or beliefs of KKR and its affiliates or its sources of information as of the date of this report. Due to various known and unknown risks, assumptions, and uncertainties related to the forward-looking statements in this report, including the ongoing impact of the COVID-19 pandemic, actual events or results or actual performance could differ materially and adversely from those expressly or implicitly reflected, or contemplated, in such forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results or actual performance. KKR has based these forward-looking statements on current expectations and assumptions about future events, taking into account all information currently known by KKR. These expectations and assumptions are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties; actual events are difficult to project and often depend upon factors that are beyond the control of the KKR and its affiliates. Additional risks of which KKR is not currently aware could cause actual results to differ. The risks and uncertainties that may affect the operations, performance and results of KKR’s business and forward-looking statements include, but are not limited to, those set forth in this report and in the documents KKR files from time to time with the Securities and Exchange Commission. In addition, unless the context otherwise requires, the words “include,” “includes,” “including,” and other words of similar import are meant to be illustrative rather than restrictive.

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Kohlberg Kravis Roberts & Co. L.P.
30 Hudson Yards, New York, NY 10001
212-750-8300
www.kkr.com

