

KKR

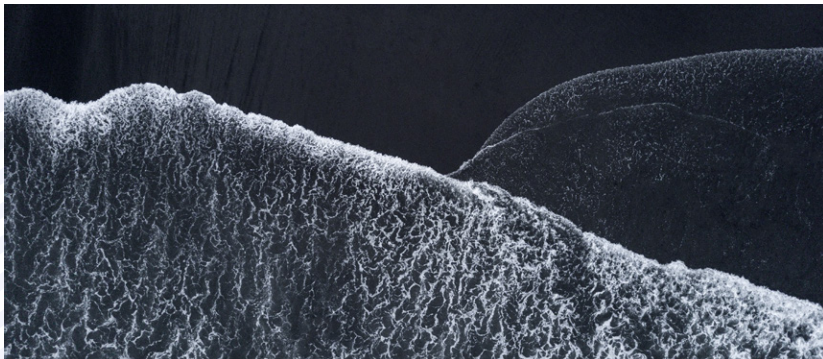
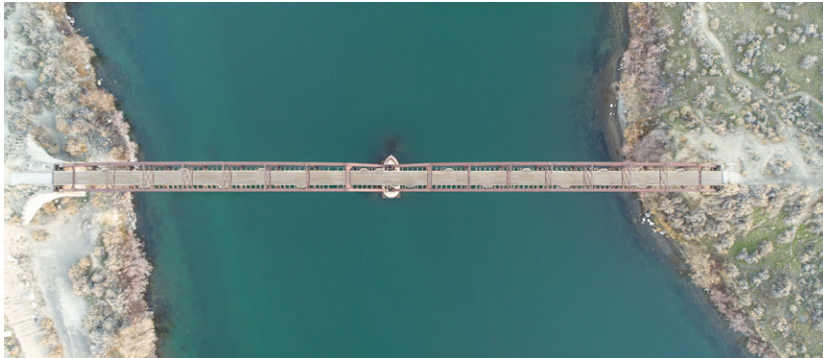
Creating and Protecting Value

2022 SUSTAINABILITY REPORT



Creating and Protecting Value

KKR’s focus on sustainability is rooted in our commitment to value creation and value protection. The ways we integrate sustainability into our investment and business activities — how and where we invest, how we support our companies, and how we operate as a business — are built around being fiduciaries and working to deliver long-term value for our clients. By doing this work, we strive to support the financial well-being of the tens of millions of people that rely on us.



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Introduction



Looking back at 2022, we believe that the growth of our Firm, the diversification of our investments, and our sustainability ambitions have positioned us for success, in support of our mission to create and protect value for KKR's stakeholders, including our clients, shareholders, employees, and communities at large.

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About This Report

Overview

We have aimed to disclose our performance transparently and consistently and to enhance the quality of our disclosures since the publication of our inaugural environmental, social, and governance (ESG) report in 2011. Building on our 2021 Sustainability Report, published in June 2022, this report includes two main sections: Sustainable Investing, which covers sustainability-related activities in our investments, and Sustainable Operations, which covers sustainability-related activities at the Firm level. In addition, we have sought to enhance our reporting by maintaining consistency across key sustainability topics discussed in these two sections. To access previous reports, please visit our Resource Center on kkr.com.

To simplify navigation and communication of our activities and performance, the report provides:

- 🔗 Links to internal sections of the report and external documents
- 📌 References to disclosures aligned with the SASB Standards

Scope of Reporting and Alignment to Frameworks and Standards

We document our activities and performance for the calendar year 2022 in this report, including information and data up to and including December 31, 2022, unless a different time period is otherwise noted. In addition to 2022 activities, we have also included progress and planned activities for 2023, where applicable.

To enhance transparency in our reporting, we support and incorporate certain leading sustainability reporting frameworks and standards. Our report incorporates disclosures relating to the SASB Standards' Asset Management & Custody Activities Sector Standard for the Firm, as outlined in the [SASB Index](#) in the Appendix.

For SASB-aligned disclosures and additional ESG-related disclosures for Global Atlantic and KJR Management^[1], please refer to their publicly available reports:

- [Globalatlantic.com/corporateresponsibility](https://www.globalatlantic.com/corporateresponsibility)
- [KJRM 2023 ESG Report](#)

Following the publication of our inaugural [Climate Action Report](#) in November 2021, which incorporates the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we have updated our progress on material climate-related topics throughout this document. The Climate Action Report has been replaced and superseded by our annual Sustainability Reports. To locate these updates, please refer to the [TCFD Index](#) included in this report. Additionally, we included highlights of our Global Impact portfolio's contributions to the United Nations Sustainable Development Goals (SDGs) in the [Global Impact Strategy](#) section.

To remain up to date with the constantly evolving sustainability reporting and regulatory landscape, we continue to monitor the latest sustainability reporting standards and frameworks, such as the International Sustainability Standards Board (ISSB) standards anticipated to be released in 2023. We are subject to reporting obligations under the EU Sustainable Finance Disclosure Regulation (SFDR) and the recently adopted EU Corporate Sustainability Reporting Directive (CSRD), and we are monitoring upcoming regulations, including the U.S. Securities and Exchange Commission (SEC) proposed requirements for climate-related disclosures.

^[1] KKR acquired a majority controlling interest in Global Atlantic in February 2021. KKR completed its acquisition of KJR Management (KJRM), a Japanese real estate asset manager, in April 2022.

🔗 Learn more about the information required under the [EU SFDR](#) on kkr.com.



Glossary

This glossary lists key terms used in this report and aims to provide transparency and clarity on our interpretations and definitions. Where applicable, we aim to incorporate relevant third-party frameworks and standards into our definitions. For additional defined terms, including the definitions and uses of “KKR”, the “Firm”, and the “Company”, refer to the [Cautionary Statement](#) at the end of this report.



Carbon Neutrality: Carbon neutral means that any greenhouse gas (GHG) emissions derived from a defined scope of the company’s activities are balanced by an equivalent amount being removed, including through the use of offsets. In this report, carbon neutrality refers to KKR’s status for our office-based footprint.

Citizenship: KKR’s Corporate Citizenship platform seeks to contribute to a better world through strategic philanthropy, employee engagement and sustainable community programs where we operate.

Environmental, Social, and Governance (ESG) Integration (also referred to as “responsible investment”): In line with our Responsible Investment Policy and the six UN-backed Principles for Responsible Investment (PRI) — of which Kohlberg Kravis Roberts & Co. L.P. is a signatory — ESG integration describes our approach to integrating and managing material ESG considerations in our investment processes globally across asset classes. See “materiality” definition below.

ESG Management: The evaluation and management of how a company operates on material ESG topics and engages with its stakeholders.

Global Ambitions: KKR-specific ambitions for ESG performance for select portfolio companies across four focus areas: ESG management and governance, human capital, climate, and data responsibility.

Impact Investing: As defined by the Operating Principles for Impact Management — of which Kohlberg Kravis Roberts & Co. L.P. 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 seeks to provide a solution to a critical environmental or social challenge, as defined by the SDGs, thereby driving positive, measurable outcomes or impact.

Investing Behind Trends: Defines the practice of investing behind sustainability-related trends with macro tailwinds across certain asset classes and investment strategies, including energy transition, circularity, workforce development, and supply chain resiliency.

Materiality: Defines ESG issues that have — or have the potential to have — a substantial impact on an organization’s ability to create or preserve economic value. 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 or 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 statements.

Net-zero: In line with the Intergovernmental Panel on Climate Change (IPCC), net-zero emissions are achieved when anthropogenic GHG emissions to the atmosphere are balanced by anthropogenic removals over a specified period.

SEAC: KKR’s Sustainability Expert Advisory Council, which is an outside council comprising leading experts across key sustainability topics aimed at bolstering KKR’s sustainability expertise and capabilities and advancing our strategy and practices.

Sustainable Investing: Key lever of KKR’s approach to value creation and value protection, which encompasses how we invest, where we invest, and how we support our companies.^[2]

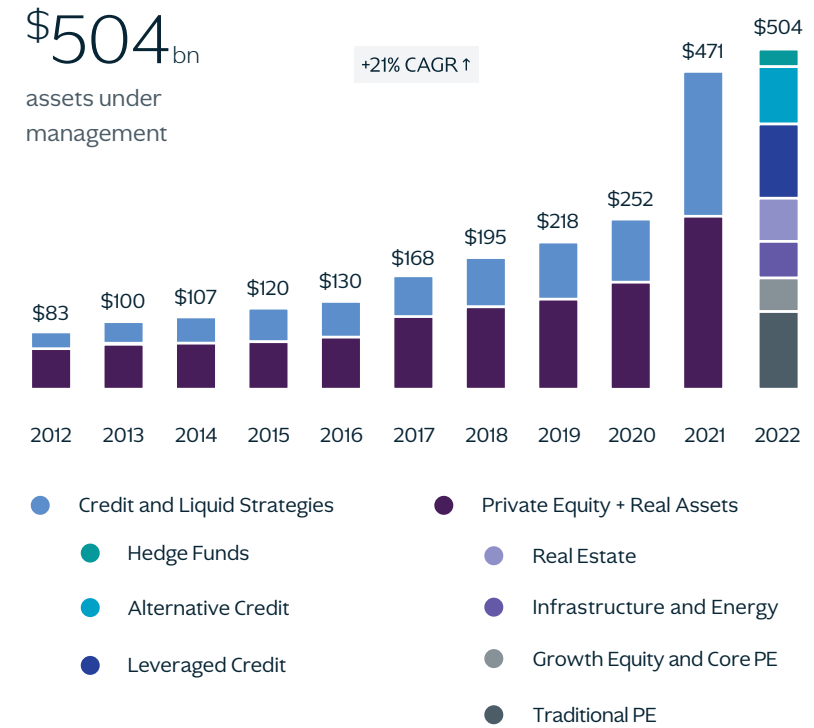
[2] Sustainable investing as used and defined by KKR herein, which may differ from the technical definition of “sustainable investments” in Art. 2 No. 17 under the European Union’s Sustainable Finance Disclosure Regulation.

About KKR

KKR has been creating value for our fund investors, companies in which we invest, and other stakeholders since our establishment in 1976. As a leading global investment firm, the Company provides alternative asset management, as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in our portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit, and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life, and reinsurance products under the management of Global Atlantic Financial Group.

At KKR, we believe shared success involves shared ownership – a deep sense of responsibility to one another, and those we work with that lets us move faster, pursue opportunities, and unlock possibilities for our clients, companies, and the world at large.

Our Investments^[6] | KKR AUM (\$ in billions)



Our Portfolio

125
companies in our traditional private equity portfolio that generate approximately

\$290bn
of annual revenues

Our Investors

1,600
fund investors across all strategies

[3] KKR & Co. Inc. 2022 Annual Report on Form 10-K (2022 10-K) and for KKR & Co. Inc. Fourth Quarter 2022 Earnings Presentation and Transcript (Q4 2022 Earnings Presentation and Transcript); data as of December 31, 2022.

[4] Includes \$4.7 bn of capital funded and committed by our employees.

[5] KKR's employees receive a base salary and are eligible for a cash bonus and equity compensation, as well as additional incentives. See **Performance Management and Compensation** for more details.

KKR at a Glance^[3]

Approximately

\$28.1bn

invested in or committed to our own funds and portfolio companies, including^[4]

\$23.4bn

of capital funded or committed from our balance sheet

\$3.5bn

after-tax distributable earnings

\$2.2bn

fee related earnings

Approximately

30%

of stock owned by employees^[5]

Fund Investor by Type



- 36% Global Atlantic
- 30% Public Pension and Agency
- 12% Insurance
- 8% Financial Institutions
- 8% Family Office/ Office Net Worth
- 4% Corporate
- 1% Fund of Funds
- 1% Endowment/ Foundation

[6] 2022 10-K and/or Q4 2022 Earnings Presentation and Transcript; data as of December 31, 2022. There can be no assurance that historical trends or practices will continue.

Letters From Leadership



Scott Nuttall and Joseph Bae, Co-Chief Executive Officers

A Message From Joseph Bae and Scott Nuttall, Co-Chief Executive Officers

Introduction: Our Ongoing Commitment

At the start of 2022, we emphasized to our employees the importance of operating with a sense of urgency and not wasting the opportunities in front of us. Despite the rippling effects of significant market volatility, we were able to capitalize on those opportunities in service of our mission of fortifying companies and communities, serving our clients, and supporting the retirements and financial security of tens of millions of people around the world. This has always been a priority for KKR, but we believe it was more important than ever to renew our sense of purpose and reinforce the values we share with our clients and shareholders during this volatile period.

Throughout the year, we worked to strengthen sustainability initiatives across our investments and in our operations. At KKR, we approach sustainability through the lens of our commitment and responsibility to create and protect value on behalf of clients and shareholders. This includes both where we invest capital and how we support our companies in the context of a rapidly changing world.

Our 2022 Sustainability Report describes how we are working to create and protect value in our investment activities and within our operations through a focused effort. We are proud of the progress we have made since the publication of our first public ESG report in 2011, and we continue to aim for transparency in this 12th installment.

2022 Highlights

In 2022, we saw marked improvements in the implementation of our sustainability efforts across our investments and operations.^[7] To cite some examples, with many more described in this report:

- We launched KKR's Global Ambitions to inspire strong performance across key focus areas in our portfolio that we think directly correlate to our obligation to maximize returns for investors, and we bolstered our strategy and expertise to support our companies in these efforts. These include supporting companies in managing and overseeing material ESG topics; implementing a robust employee engagement strategy and promoting a diverse and inclusive workplace; managing climate risks and opportunities; and employing smart cybersecurity and data privacy practices.

- We recently celebrated the one-year anniversary of our acquisition of leading Japanese real estate asset manager, KJR Management (KJRM), which is a prime example of KKR's culture of collaboration. This transaction has made a significant impact on our Real Estate business and footprint in Japan, and we look forward to ongoing collaboration across our sustainability initiatives.
- We operationalized our ESG data collection and reporting efforts to deepen our portfolio engagement strategy and address regulatory demands.
- Eleven new broad-based employee ownership programs were launched in our portfolio, bringing our total to 30 portfolio companies with 50,000+ non-senior management employees participating in broad-based ownership programs, awarding billions of dollars in equity since 2011.
- We invested \$40 billion since 2010 in companies seeking to address a critical global challenge associated with the energy transition, workforce development, circularity, and other sustainability-related trends.
- We formalized seven employee resource groups (ERGs) to enhance collaboration and community across our Firm; we are proud that more than 40% of our employees globally are affiliated with at least one ERG.

- We donated \$13 mm+ to more than 70 nonprofits through our strategic philanthropy efforts and continue to look for opportunities to drive positive impact in our communities and leveraging the skills, expertise, and energy of our KKR team members globally.
- We opened four new offices and expanded or relocated six others, enabling better connectivity and collaboration.

Looking Ahead

As we look toward the future, we strive to remain adaptable in the face of continued volatility and market challenges while strengthening our relationships through our shared sense of purpose. We are eager to capitalize on emerging market trends and our strong performance for future growth opportunities.

Over time, we have learned that global challenges can also spark new ideas and innovative solutions. Sustainability will continue to be a central part of our growth strategy. As we often say, KKR has a special culture of collaboration, where we tenaciously work together to make great things happen for our clients and companies — and have personal ownership and accountability in everything we do.

We look forward to reporting on our future progress, and we thank you for taking the time to read this report.

Joseph Bae and Scott Nuttall

^[7] For more detail on assumptions and calculation methodologies of some of the metrics included on this page, refer to the 2022 [Highlights](#) section and the [Endnotes](#) of this report.



“As we look back to 2022, we are grateful for all we have been able to achieve. Being on the road again has allowed us to reconnect with each other and to visit many of our investors and companies around the world. This was an important year of necessary growth and also a year where we celebrated many milestones.

Despite continued volatility and market challenges, KKR’s secret sauce — our people and our relationship-based culture — makes us optimistic about the future. As we look ahead, we have encouraged our teams to think about one very important question: *What can we accomplish, together?*”

George Roberts and Henry Kravis
Co-Founders and Co-Executive Chairmen

Reflections From Ken Mehlman, Global Head of Public Affairs and Co-Head of KKR Global Impact



At KKR, we are unwavering in our commitment to seek to create and protect value. We have a fiduciary duty to our clients to do so. We also know that there is a wide range of individuals affected by our investment activities, including retirees, businesses, local communities, and others. They too have a meaningful stake in how we invest and do business.

Recently, some have questioned the merits of focusing on “ESG” factors as a tool in investment management. The bases of these questions are:

- Genuine disagreement about appropriate ways for our society to deal with challenges such as climate change; energy security; diversity, equity, and inclusion (DEI); and other topics;
- The appropriate role of business and investors in these areas; and
- The lack of uniform definitions for terms like “ESG” or “responsible investing.”

We welcome these questions. In fact, we ask ourselves these same questions. It is through dialogue and self-assessment that we can both learn from others and hold ourselves accountable. For us, our approach to what we call “sustainable investing” is an opportunity to create value and mitigate risk. It is one of many tools we have to create value, including financial proficiency, operational insight, macroeconomic expertise, and the experience gained from KKR’s 47 years of investing. Our experience has shown us that companies that focus on ESG-related risks and opportunities — where material — can create stronger, better investment outcomes. We have been doing this for many years and have publicly shared how we think about sustainable value creation for over a decade.

It is important to recognize that this work is not “one size fits all.” As this year’s report describes — and as we have described in the past 11 reports before it — we seek to identify material risks and potential value creation opportunities as part of our investment process, which are based on a number of factors, including the company’s industry, where it operates, and its stakeholders. When we talk about ESG topics, we refer to material risk factors and opportunities, which may include, for example, understanding safety records at our manufacturing investments, consumer-lending practices at financial services investments, or patient outcomes in health care investments. To enhance our thinking, we aim to incorporate third-party frameworks and standards and bring clarity to a confusing landscape by being transparent about our approach and explicit about the terminology we use to explain it.

More broadly, we identified four key objectives that we believe can align with risk mitigation and value creation across a wide variety of industries. We call these our Global Ambitions. It is our intent to support improved performance across our portfolio companies in these areas: i) Managing material ESG topics and adopting an appropriate governance framework; ii) Engaging human capital; iii) Managing climate risks and opportunities; and iv) Protecting data privacy and cybersecurity.



↑ “Scaling Up Sustainability and Equity” panel discussion at KKR 2022 Global Investors’ Meeting

Why focus on these areas? Put simply: We believe that managing them helps us create and protect value.

As one example, we have found that supporting the implementation of robust employee engagement and ownership programs can create a more productive workforce, increase employee retention, and enhance operational excellence. We have experienced this by supporting employee ownership and engagement programs at 30 of our portfolio companies since 2011. The benefits of an engaged workforce as performance drivers are supported by third-party research,^[8] where engaged teams have been found to drive 14% higher productivity and 23% higher profitability. We further detail these benefits and our experience with other topics within this report.

We also believe that creating and protecting value demands a broad, global lens. Mega and macro trends such as the energy transition, supply chain resiliency, digitization, and lifelong learning are areas of global concern where we intend to invest.

Moreover, we see providing necessary goods and services to customers and addressing global challenges as not mutually exclusive. Globally, we invested approximately \$40 billion across multiple asset classes in areas aligned with such macro tailwinds since 2010, and we believe there will be more opportunities in the future. In an era of geopolitical competition, we believe investors should seek to understand geopolitically driven risks and opportunities.

This is a time of rapid social, economic, political, and technological change. Recognizing our primary responsibility to manage the investments of tens of millions of retirees — an important societal objective — and as partners to our portfolio companies in building successful commercial enterprises, we work to navigate these changes with a growth mindset. This includes learning as we go, being committed to improving, and being open to constructive criticism from those who may challenge our assumptions. Throughout all, we seek to create and protect value for our investors and for all those who are relying on us.

[8] Gallup, [The Relationship Between Engagement at Work and Organizational Outcomes: 2020 Q12® Meta-Analysis:10th Edition](#), 2020.

2022 Highlights

2022 was a year of significant growth and progress for KKR. While we take pride in our achievements, we are eager to embrace the challenges and opportunities that await us in the future.

To learn more about these highlights, see their respective sections of the report.

Sustainable Investing

Strategy and Governance

- **Launched KKR's Global Ambitions** to inspire strong performance in our portfolio across four focus areas with particular opportunities for value creation and value protection
- Held four meetings of KKR's **Sustainability Expert Advisory Council (SEAC)** to advance our sustainability strategy and practices

\$40 bn

- Committed to **sustainability-focused investments**, including \$30+ bn committed to climate and environmental sustainability investments, since 2010^[9]

12th

- Year of publicly reporting KKR's sustainability efforts
- **Increased transparency** in Real Estate reporting through the GRESB submission of KKR Property Partners Americas L.P.

^[9] Includes investments made from 2010 to December 31, 2022 by KKR funds and co-investors, Global Atlantic (KKR subsidiary), and syndicated co-investments. For more detail on calculation methodologies, refer to the **Endnotes** of this report.

Engagement

30

- **Portfolio companies** with 50,000+ **non-senior management** employees implemented broad-based ownership programs, awarding billions of dollars in equity since 2011, including

11

- **New broad-based ownership programs** launched in 2022

75

- Portfolio companies covered in enhanced **reporting** to fund investors of **climate-related data**
- **Expanded** sustainability-focused trainings and resources for portfolio companies, including on climate and DEI topics

Stakeholder Engagement

- Became founding partner of **Ownership Works** to support companies transitioning to shared ownership models

100+

- **Industry events** participated in or supported focused on responsible investment
- Launched **"Investing in Sustainability" quarterly webinar series**, bringing together industry experts and KKR voices to discuss market trends and share learnings and best practices related to sustainability

Sustainable Operations

Human Capital

6x

- increase in the number of senior women (partners and managing directors)^[10]

33%

- Women in investing roles, up from 28%^[10]
- 43% of our global employees affiliated with at least one Employee Resource Group (ERG)^[11]

Climate

5th

- Year achieving carbon neutrality across our global operations

Data Responsibility

- **Hired** new Global Head of Privacy and Data Governance Counsel
- **Conducted** comprehensive global privacy awareness training

Citizenship

- **\$13+** mm to **70+** nonprofits through our strategic philanthropy efforts
- **\$7.8** mm dispersed through employee donations and KKR's enhanced matching gifts program

Governance and Business Ethics

- Consolidated existing policies into **KKR Ethics and Compliance Handbook**, with nearly 100% certification of receipt from KKR employees
- Formed a new **ESG Controls working group**

^[10] Since the formation of the Inclusion and Diversity Council (IDC) in 2014.

^[11] Does not include Global Atlantic and KJRM employees, and the employees of certain other acquired businesses.

↓ During KKR 2022 Global Investors' Meeting, the Sustainability Desk represented an avenue for engaging with fund investors on sustainability-related topics and sharing our annual Sustainability Report



Sustainable Investing



We strive to manage the resources entrusted to us in a way that creates and protects value for our investors and other stakeholders. At KKR, we believe that sustainable investing is a key lever of our approach to value creation and value protection, which enables us to achieve more resilient business outcomes.

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Strategy and Governance

We work collaboratively as one Firm toward achieving one common goal: helping build and support resilient businesses over the long-term.

Our Commitment and Approach^[12]

Sustainable investing is a key lever of KKR's approach to value creation and value protection, and a way of doing business that we believe helps us mitigate risk and seize opportunities. How we invest, where we invest, and how we seek to support our companies are built around being fiduciaries and seeking to deliver long-term value for our clients and shareholders, and, therefore, supporting the financial well-being of the tens of millions of people that rely on us.

Our focus areas to create and protect value include:

How We Invest	What We Do	Where We Invest
ESG Integration	Engagement	Investing Behind Trends
Integrating material ESG considerations into the investment process to identify risks and opportunities, including due diligence, decision-making, and management practices, as appropriate	Working with portfolio companies to strengthen management of material ESG topics to create long-term value	Investing behind sustainability-related trends with macro tailwinds, such as the energy transition, circularity, and workforce development
Transparency and Industry Engagement Promoting transparency through sustainability disclosures and engaging with industry groups to learn from others		

To learn more about each focus area, see the respective sections in the report.

Governance and Oversight

Accountability for our sustainable investing efforts extends throughout our Firm, with ultimate oversight by KKR's senior leadership and our Board of Directors (KKR Board). KKR senior executives regularly report on these activities to the KKR Board and/or one or more of its committees to whom such responsibilities have been assigned. Our efforts are further driven forward by the dedication and collaboration of our global and regional team members to achieve strong outcomes.

When making investment decisions, our Investment Committees consider investment-specific material ESG issues, where applicable. We seek to identify and manage material ESG issues where we have the greatest ability to add or protect value in our investment process. This includes, for example, evaluating material risks and opportunities related to climate change. After identifying material ESG issues through the investment process, our Portfolio Management Committees and investment professionals are responsible for managing and monitoring these issues, as appropriate.

Our Risk and Operations Committee, which includes senior leaders from each of KKR's businesses and other functions, meets monthly to proactively manage important Firm-wide operational issues, including operational oversight, legal and regulatory matters, geopolitical issues, and global trends, strategic initiatives, and other significant topics relating to business operations. KKR's Global Head of Public Affairs, who is a member of our Operating Committee and Risk and Operations Committee and Co-Head of KKR Global Impact, in partnership with KKR leadership has responsibility for our global responsible investment strategy.

Oversight	KKR Board		
	Firm Leadership		
	Investment Committees	Portfolio Management Committees	Risk and Operations Committee
Strategy Development	ESG Committee	SEAC	
	Subject Matter Experts		
<i>For illustrative purposes only</i>			

Select Milestones of Innovation and Progress

2008	2009	2010	2011	2014	2015	2016	2017	2018	2019	2020	2021	2022
Created the Green Portfolio Program in collaboration with Environmental Defense Fund	Kohlberg Kravis Roberts & Co. L.P. became a signatory to the Principles for Responsible Investment (PRI)	Launched the Responsible Sourcing Initiative	Published our first annual ESG and Citizenship Report Launched employee ownership model in KKR's Industrials portfolio	Published a formal KKR Global Private Equity ESG Policy	Launched the Green Solutions Platform to support portfolio companies on environmental projects	Introduced the Eco-Innovation Award to recognize transformative projects at portfolio companies	Committed to leveraging SASB Standards to support diligence of private equity investments	Launched the KKR Global Impact strategy	Collaborated with BSR on a diversity and inclusion best practices guide for portfolio companies	Developed inaugural Climate Action Education series for portfolio companies	Formed a partner-led and cross-Firm ESG Committee and established outside Sustainability Expert Advisory Council	Launched KKR's Global Ambitions to inspire strong performance across key ESG focus areas

[12] There can be no assurance that KKR's ESG policies and procedures will continue as described herein, and KKR's ESG policies and procedures may change materially from time to time. See additional disclaimers in the **Cautionary Statement**.

Our ESG Committee, which includes senior executives from across the Firm, is tasked with helping advance a globally coordinated approach to responsible investment at KKR. Furthermore, KKR's SEAC — a council that brings together leading, outside experts across key sustainability issues — helps us advance our sustainable investing efforts by acting as trusted counsel and sharing external insights and best practices related to sustainability matters for KKR to consider when developing our strategy and practices. In 2022, the SEAC held four meetings, which were aimed at seeking members' feedback on various KKR activities and initiatives.

Our Sustainability Expertise

Our investment teams are responsible for identifying, assessing, and managing material ESG-related risks and opportunities throughout the investment process. They work closely with Sustainable Investing subject-matter experts across KKR, who are deeply integrated across multiple teams and serve as resources to our investment professionals and portfolio companies.

As of December 2022, we had 18 full-time, dedicated Sustainable Investing team members^[13], with representation across North America, EMEA, and APAC, and expertise spanning various sustainability topics and disciplines, including sustainability strategy, board governance, climate change and decarbonization, ESG compliance, reporting, data management, and supply chain management.

Our one-firm approach enables us to effectively utilize a valuable network of resources and experts across sectors and investment platforms, nonprofit organizations, and technical experts. We believe this network encourages thoughtful identification and management of material ESG issues throughout the investment process. For example, **KKR Global Institute** (KGI) plays a pivotal role in integrating geopolitical issues and global trends, including material ESG issues, into our investment process, using policy, market, and macroeconomic analyses.

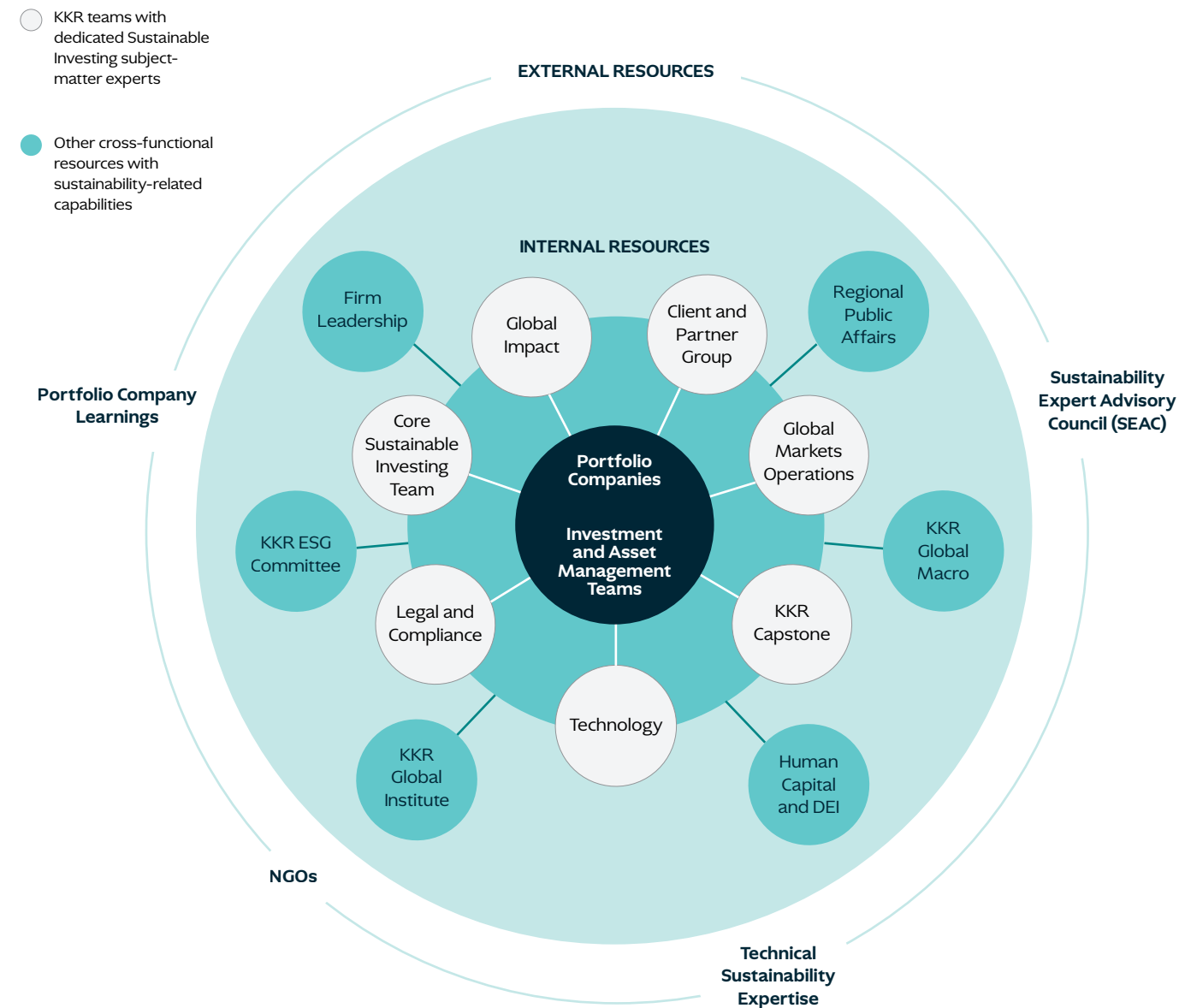
"I think KKR's SEAC is off to an excellent start. In 2022, we had a number of meetings that have included robust discussions on topics such as climate risk, diversity, equity, and inclusion, income inequality, responsible use of natural resources, and digital and cybersecurity. The members typically have different views, and we aren't always seeking to get to a consensus. Our role is to provide KKR with a broad perspective to help inform their work. I look forward to another year of collaborative work and engaging discussions."

Robert Eccles
 Visiting Professor of Management Practice, Saïd Business School, University of Oxford, and SEAC Chair

^[13] This number does not include investment teams, such as Global Impact investing team members, or other DEI-dedicated expertise.

To learn more about the SEAC, see the [SEAC Charter](#) at kkr.com.

Sustainability Expertise to Support the Investment Process



Spotlight: Investing Responsibly in the Age of Geopolitical Rivalry



It has been KKR's longstanding conviction that considering geopolitics is an essential element of our approach to being responsible investors. For this reason, in 2013, KKR established the KKR Global Institute, chaired by General (Ret.) David Petraeus, in order to help ensure that geopolitical analysis is appropriately integrated across our investment processes alongside ESG considerations. Events of the past year have elevated the importance of this approach, as Russia's illegal and unprovoked invasion of Ukraine in February 2022 has deepened the nexus between geopolitics, on the one hand, and the energy transition, infrastructure, and supply chains on the other.

We believe that the ongoing Russia-Ukraine war should not be viewed as a random or outlying event. Rather, we believe the conflict is the manifestation of a wider worldwide transition from an era of "benign globalization" to a new period defined by great-power competition. This is a trend

also evident in the multidimensional rivalry that has been growing between the People's Republic of China, on the one side, and the United States and other industrialized democracies on the other. We believe that in this new environment, commercial or economic activities that were previously assumed to be irrelevant to or insulated from geopolitics are increasingly at risk of being weaponized for strategic purposes. Areas of special sensitivity include investments in critical and emerging technologies with dual-use or military implications, such as artificial intelligence, semiconductors, next generation energy generation and storage, and biotechnology, as well as investments that entail access to data that could be exploited for espionage and other intelligence purposes.

We believe that concepts of sustainability must take careful account of these new realities, including the growing technological threats to privacy and human rights. Geopolitical sustainability, more broadly, requires continuous evaluation of the evolving strategic environment, including intensifying regulatory scrutiny around both inbound and outbound investments in sensitive sectors. To this end, KKR over the past year has developed and adopted additional geopolitical protocols and screening processes such as the establishment of a new Geopolitical Governance Subcommittee of the Risk and Operations Committee, in addition to the ongoing consideration of these factors in the investment life cycle, where relevant.

Vance Serchuk

Executive Director and Managing Director,
KKR Global Institute and Private Equity (New York)

Stakeholder Engagement

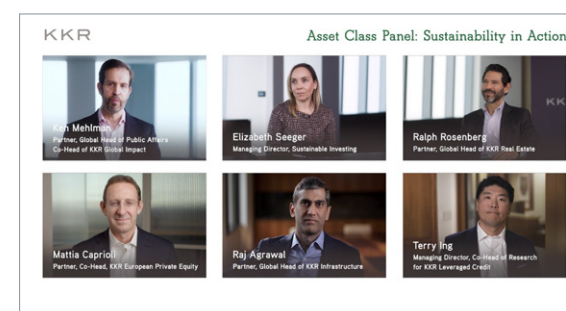
Stakeholder engagement is a key component of our approach to investing responsibly. Through regular and effective engagement, we believe we can better understand our stakeholders' interests, address their concerns, and deliver on their expectations, all while working to create and protect value.

We benefit from stakeholder feedback and engage with multiple groups who contribute to the success of our Firm, including fund investors, shareholders, portfolio companies, Firm and portfolio company employees, communities, industry groups, NGOs, and regulators.

In 2022, for example, we engaged with our fund investors in multiple ways on sustainability topics, including responding to more than 170 ESG-focused due diligence questionnaires and hosting ESG-focused discussions as part of their due diligence sessions, and launching a quarterly webinar series.

Transparency and Industry Engagement

Working with experts and organizations across our broader industry helps us and our portfolio companies to better learn and address the breadth of issues we encounter, understand emerging trends, and apply best practices. Since 2008, KKR has sought to incorporate certain leading global frameworks and standards into our reporting, disclosure, and processes, as well as supported certain industry groups and cross-sector initiatives. We believe these efforts allow us to tap into the knowledge of experts who can help us and our portfolio companies understand and address sustainability topics and emerging trends.



Expert Viewpoints: Sustainable Investing — Where Are We Today? Where Are We Going?

In 2022, we hosted a quarterly "Investing in Sustainability" webinar series bringing together various voices and experts within KKR and the industry to discuss market trends related to sustainable investing and what KKR is doing in this space.

To learn more about the key takeaways from the first episode, which covered how KKR is integrating ESG considerations across our businesses and asset classes, see the [highlights video](#) at kkr.com.

In 2022, we joined more than 60 organizations in becoming a founding partner of Ownership Works, a nonprofit created to support public and private companies transitioning to shared ownership models. Ownership Works was founded by KKR's Co-Head of Global Private Equity.

In 2022, we also joined the North American chapter of Initiative Climat International (iCI), a PRI-endorsed global community of investors who seek to better understand and manage the business risks associated with climate change. We are part of the iCI Operating Committees in North America and APAC, where we have an opportunity to share learnings as well as drive agendas and topics for discussion at iCI's meetings.



To learn more, see the [Stakeholder Engagement](#) section in the Appendix.

ESG Integration

We seek to invest responsibly by integrating material ESG considerations into the investment process to mitigate risk and create value, including due diligence, decision making, and management practices, as appropriate.

Our Approach

In a rapidly changing world, we believe that the thoughtful management of ESG, regulatory, and geopolitical issues is an essential part of long-term business success, and incorporating such business-relevant issues as part of our investment process helps us both create and protect value.

Given the scale and scope of our investment activities, we also recognize that these issues are complex, and each company^[14] has its own unique risks and opportunities. We believe that by focusing on what is most material to each business, we have the greatest opportunity to mitigate risk and create value for the long term. Our approach is constantly evolving. While we are proud of the progress we have made, we believe that our work is far from over, and we seek to create and protect value as our journey continues.

Since 2008, we have aimed to incorporate certain leading global frameworks and standards into our reporting, disclosures, and processes to learn from others and support our responsible investment practices while promoting a culture of transparency. When identifying ESG factors that may be material to an investment, we work to incorporate the topics identified by the industry-specific SASB Standards as one input.

We also leverage the recommendations from the TCFD to consider material climate-related risks and opportunities in our investment process, with different applications based on the nature of the investment and the level of influence we have over companies' decisions.

Our Responsible Investment Policy

Our Responsible Investment Policy^[15] articulates the responsible investment framework and approaches that KKR believes are broadly relevant for each asset class. Where appropriate, we have also developed tailored processes, aligned with this policy, to best support the investment objectives of certain asset classes and/or products. In so doing, consideration is given to the investment style, investment process, KKR's governance rights with respect to a portfolio company, KKR's ability to monitor ESG-related performance, and other factors.

Our Responsible Investment Policy was last updated in 2023 to incorporate our latest practices and initiatives, including the introduction of an ESG Committee and our Global Ambitions.

Trainings and Additional Resources

To support the implementation of this work across asset classes, we assign members of our core Sustainable Investing team with asset-specific expertise to each strategy to support our investment team members. Ultimately, investment team members are responsible for implementing our ESG integration and management programs.

We seek to raise awareness among investment and operational professionals about our commitment to, and their role in, integrating material ESG considerations in the investment life cycle through annual new employee training and regular Firm-wide meetings, where relevant, stressing their accountability for working in collaboration with internal experts.

Investment professionals are also provided with periodic regional or asset class-specific training and program updates. In 2022, for example, we conducted more than 15 teach-ins for our Real Estate teams, covering a broad range of topics, including climate and decarbonization, the policy landscape, green leasing processes, and sustainable engineering principles.

Our Investment Process^[16]

While some differences in application exist between asset classes due to the nature of our investments, the following table describes generally how we seek to integrate material ESG considerations throughout the investment life cycle, as applicable to relevant businesses and/or asset classes, from pre-screening during pre-investment through documentation and monitoring in the post-investment phase. We believe consistent and ongoing evaluation of material ESG considerations supports our efforts to protect and capture value creation opportunities.

Our Investment Process

Phase		Key Activities
Pre-Investment	Pre-Screening	<ul style="list-style-type: none"> Review "Gating Issues"^[17] to seek to identify any critical ESG or other concerns Coordinate with Global Public Affairs or other subject matter experts, where relevant
	Commercial, Legal, and Compliance Diligence	<ul style="list-style-type: none"> Evaluate industry – or asset-specific ESG risks Consider engagement opportunities with issuer/target to drive value
	Investment Committee Evaluation	<ul style="list-style-type: none"> Highlight risks and value-creation opportunities in Investment Committee discussions and memorandums Track relevant finding
Post-Investment	Portfolio Management	<ul style="list-style-type: none"> Monitor ESG considerations regularly Engage with companies, where possible, on value creation and risk mitigation efforts, where relevant
	Documentation and Monitoring	<ul style="list-style-type: none"> Record findings in internal reporting systems, when applicable Track progress and potential risks

[14] In this section, the term "company" or "companies" also refers to assets, operators, portfolio companies, and, where relevant, sponsors. The actual investment process used for any particular investment may differ materially from the process described herein. Actual results may differ materially.

To learn more, see the [SASB and TCFD Indices](#) in the Appendix.

In this section, we describe how our Global Ambitions have been integrated across asset classes. The Global Ambitions reflect opportunities to mitigate material ESG-related risks and capture value creation opportunities – i.e., ESG management and governance, human capital, climate, and data responsibility. For more detail, see the [Engagement](#) section.

To learn more, see the [Responsible Investment Policy](#) on kkr.com.

[15] This policy is applicable to KKR funds and other client accounts managed by Kohlberg Kravis Roberts & Co. L.P., KKR Credit Advisors (U.S.) LLC, KKR Credit Advisors (Ireland) Unlimited Company, or their affiliates. This policy does not apply to KKR's Capital Markets business or other non-fund management business activities. The actual investment process used for any or all KKR's investments may differ materially. Actual results may differ materially. This policy does not apply to externally managed funds, joint partnerships, or other indirect investing vehicles. Refer to the [Cautionary Statement](#) for important disclosures regarding KKR's ESG-related initiatives, policies, and procedures.

[16] In this report, case studies relevant to our investment process are presented for illustrative purposes only. Refer to the [Cautionary Statement](#) for important disclosures regarding the case studies presented.

[17] The "Gating Issues" list is periodically updated to include activities, operations, or industries that raise critical ESG, geopolitical, or reputational risks. If a potential investment is directly or indirectly involved in such activities, our investment teams will work with the Global Public Affairs team to evaluate the best path forward, which may include declining to invest based on the implications for business value over time. Refer to the [Cautionary Statement](#) for important disclosures regarding KKR's ESG-related initiatives, policies, and procedures.

\$195

Credit

bn AUM
 \$85 bn
 Alternative
 Credit (Private
 Credit and
 Strategic
 Investment
 Group (SIG))
 \$110 bn
 Leveraged
 Credit

~190

Investment
 professionals

(As of December
 31, 2022)

[18] The ESG Scorecard is not a determining factor for the investment decisions of the Investment Committee. The degree of influence varies based on the applicable investment strategy and may otherwise vary on a case to case basis; for example, our ability to engage with and influence borrowers and sponsors within our Leveraged Credit strategy is likely to be quite limited.

To learn more about our ESG Credit 2.0 Framework, see the [Credit Viewpoints](#) blog post on kkr.com.

Business Overview

Formed in 2004, the KKR Credit platform invests capital in a broad range of corporate debt and collateral-backed investments across asset classes and capital structures. We take a highly integrated approach across the platform to drive sourcing and execution, with an investing philosophy rooted in fundamental credit underwriting, differentiated value creation and risk management tools, portfolio construction, and asset allocation from both a top-down and bottom-up vantage point.

Investing Responsibly

Our Credit strategy seeks to integrate material ESG risks and analysis in the investment process. By utilizing a variety of tools and frameworks, our deal teams are empowered to engage in a systematic application of diligence of sustainability topics across our global Credit platform. We believe that this approach, known as ESG Credit 2.0 process, supports enhanced investment processes, including engagement and standardized data collection, for risk mitigation and value creation.

Since 2020, our Credit team has used a proprietary ESG Scorecard embedded in CreditQB — KKR’s proprietary diligence, analytical, and monitoring tool — to evaluate companies using a numeric rating scale against a set of criteria, such as environmental management, diversity and inclusion, and litigation issues, and, thus, enabling the consistent capture of company information across our Leveraged and Private Credit portfolios. The team may supplement this process with a questionnaire, which is integrated

as part of our analysis to assess an issuer’s ESG performance with available information. We aim for our analysts to be trained on the ESG Scorecard, and as part of our performance monitoring process, our evaluation tools are reviewed at least annually across our Credit platform.^[18]

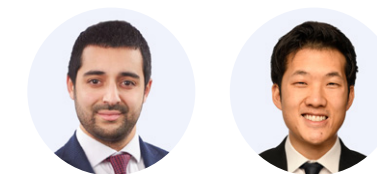
As part of our ESG Credit 2.0 framework, we aim to take a proactive approach to ESG engagement, interacting with applicable prospective investments through direct dialogue with upper management, where appropriate, including to request additional ESG disclosures and/or performance-based information.

Within our ESG Scorecard, analysts utilize an engagement dashboard to track ESG-focused engagement on material topics with our credit investments. Developed in 2022 as an additional tool within CreditQB to capture the engagement activities of our credit teams, the dashboard is a significant, crossfunctional effort involving multiple teams, including our Sustainable Investing, Technology, and investment teams, which aims to monitor key outcomes, set goals, and measure the meaningful results of our engagement activities. We believe that this internal capability can allow us to support and document consistent, meaningful dialogue with sponsors and borrowers, in line with KKR’s Global Ambitions.

In 2022, to support efforts to promote more transparent disclosure and standardized data in the credit space, Kohlberg Kravis Roberts & Co. L.P. joined the ESG Integrated Disclosure Project (IDP) as an Executive Committee member. The ESG IDP is an initiative that incorporates industry-specific considerations and brings together leading lenders with the goal to have greater harmonization and consistency of disclosure of key ESG indicators by borrowers in private credit and syndicated loan transactions.

Our 2023 Priorities

- Continue to implement and improve our engagement dashboard to encourage more discussion around performance on material ESG topics with sponsors and borrowers
- Work to create and implement reporting templates to track performance outputs in our portfolio
- Continue to explore and seek to incorporate climate data and climate risk evaluation into ESG Credit 2.0



“Our regional ESG and credit investment teams collaborate to consider material ESG risks and opportunities over the lifetime of an investment. With investments in our portfolio, we deploy a targeted engagement approach to support companies in delivering on their key value drivers. These bilateral and collaborative dialogues with company management complement our wider suite of activities in Credit.”

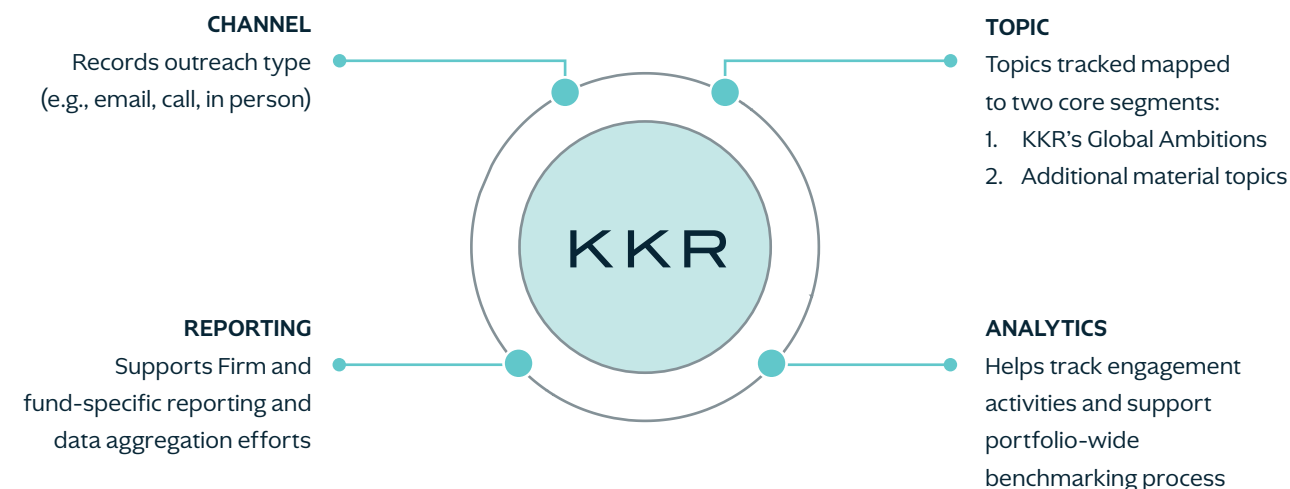
Daniele Candela

Director, KKR Credit (London)

Stanley Kwong

Principal, Sustainable Investing (London)

ESG Engagement Process — Key Components



\$165 Private Equity

bn AUM
(Traditional Private Equity, Core, Growth, and Impact)

~300

Investment professionals

(As of December 31, 2022)

Business Overview

With more than 47 years of investing experience, KKR is a world leader in private equity, having raised over 30 private equity funds. While our approach has evolved over time, we combine deep local presence, cultural and sector knowledge, with access to the global network and resources that our Firm can bring. Our Private Equity platform seeks to invest in leading businesses with the potential for significant growth where KKR can drive operational improvement and value creation.

Investing Responsibly

Since starting our ESG management efforts in 2008 and publishing our global Private Equity ESG Policy in 2014, our approach has been grounded in collaboration and innovation across a range of topics, including worker safety, worker wellness, responsible sourcing, inclusion and diversity, and veterans hiring. Our Global Ambitions build on over a decade of learnings from our work with portfolio companies, particularly in our Private Equity portfolios, and reflect areas where we believe we can help mitigate material ESG-related risks and capture value creation opportunities. As part of this, a key focus area in 2022 was related to supporting companies in adopting an appropriate governance framework, including board-level oversight of material ESG topics.

We leverage the resources of our global platform to work as partners with the management of our portfolio companies and assist in company operations through the execution of our ESG integration efforts in our Private Equity business. We aim to foster innovation by scaling programs across our regions and adapting them to region-specific priorities.



Company Description: A leader in the garage door industry; **HQ:** Arthur, Illinois, U.S.; **Year of Investment:** 2015 (exited in 2022)

C.H.I. Overhead Doors: Realizing Value Creation at the End of the Investment Life Cycle

In 2022, KKR completed the sale of C.H.I. Overhead Doors, a leader in the garage door industry, to Nucor Corporation in a transaction valued at \$3.0 billion. Since 2015, KKR oversaw a dramatic operational and value creation transformation covering nearly all aspects of the business, which led to C.H.I. doubling its revenue and quadrupling its profitability under KKR ownership. Importantly, these financial results were also accompanied by a deep investment in and prioritization of employee engagement and ownership, safety, and community engagement efforts.

The achievements of growth in revenue and profitability were the direct result of employee actions, and for the first time in the company's history, all employees shared in the equity appreciation created by their hard work. All 800 employees received a substantial cash payout

at KKR's sale — on average approximately \$175,000 per employee — associated with their equity in the company. Employees who had been with C.H.I. for longer periods of time received larger payouts, equivalent to multiple years of annual pay. As part of our exit strategy, we engaged several potential acquirers, including the selected acquirer, to identify an opportunity for C.H.I. to continue its success and growth as part of an employee-centric organization.

KKR's investment in C.H.I. has been recognized as "Deal of the Year" in Buyouts and "Exit of the Year" by Private Equity International.

Watch this [video](#) for the announcement of employee ownership payouts at C.H.I. Overhead Doors.

Examples include:

- **Americas:** In 2022, KKR's broad-based ownership programs were expanded across our Americas Private Equity portfolio, with 11 new broad-based ownership programs launched. We also enhanced our capabilities to support our portfolio companies on various sustainability efforts, including by adding dedicated roles focused on supporting decarbonization and implementation of broad-based employee ownership programs in our Americas Private Equity portfolio.
- **APAC:** To strengthen ESG integration across portfolio companies in the region, KKR's APAC Capstone and Sustainable Investing teams expanded the ESG Advisory Working Group by establishing regional oversight and country-specific coordinators responsible for driving the local agenda forward, including a deeper focus on ESG performance and capacity building, with a focus on Private Equity.

- **EMEA:** The EMEA ESG Task Force, which is responsible for enhancing ESG performance across our portfolio, developed incentive mechanisms, including sustainability-linked financing and ESG-linked compensation for one of our core EMEA Private Equity funds to help drive company performance and tie those incentives to fund objectives.

Finally, following the re-engineering of our ESG data collection efforts, we began leveraging enhanced performance insights gathered through this process to potentially inform decision making and facilitate dialogue that advances ESG-related competence, and we believe also strengthens performance at our portfolio companies.

Our 2023 Priorities

- Continue expanding employee ownership and ownership culture, deepening and operationalizing these programs in our private equity portfolio globally and across sectors
- Collaborate with portfolio companies to strengthen ESG measurement and reporting to inform their ESG management efforts, particularly with regard to each company's unique set of material ESG topics

- Continue to strengthen ESG integration efforts through topic-specific toolkits and resources to support portfolio companies, particularly aligned with our Global Ambitions
- Develop guidance for companies to consider how to incorporate ESG factors as part of their exit strategies, with a focus on IPOs



"The substantial cash payouts earned by all C.H.I. employees are a testament to the incredible growth and value they have created by showing up every day and thinking like owners. We want to thank all of the employees, community members, and strategic partners who have supported this great outcome and contributed to building a movement for greater shared ownership."

Pete Stavros

Partner and Co-Head of Global Private Equity (New York)

To learn more about our Global Ambitions and how we support companies in these efforts, see the [Engagement](#) section of the report.

To learn more about our approach to employee engagement and ownership, see the [Engagement](#) > [Human Capital](#) section of the report.

\$64

bn AUM

~160

investment and asset management professionals

(As of December 31, 2022)

Real Estate

Business Overview

KKR Real Estate is a global provider of equity and debt capital across real estate investment strategies. Since the formation of our dedicated real estate platform in 2011, we have sought to partner with real estate owners, lenders, operators, and developers to provide flexible capital to respond to transaction-specific needs, including the purchase or financing of existing assets or companies and the funding of future development or acquisition opportunities.

Investing Responsibly

We see the thoughtful management of material ESG issues as a key value creation lever and competitive advantage, not only to reduce costs and increase value but also to improve the resiliency of our assets and make them more desirable to potential tenants and long-term owners. Our ESG integration strategy for real estate is rooted in a framework that seeks to integrate material ESG considerations into each stage of the investment process, with a focus on acquisition, asset management, and transparency and collaboration with stakeholders.

With shifts in the real estate market in 2022, primarily driven by rising interest rates, our ESG integration efforts continued to focus on materiality and optimizing value to owners, customers, operating partners, and property managers. This included, for example, efforts to identify efficiency opportunities through energy conservation methods, on-site solar, water savings, and operational optimization of existing building machinery and systems. Additionally, our asset management teams worked to integrate ESG-focused action items into asset-level operational plans during the annual budget season, including energy efficiency initiatives

such as LED retrofits, smart thermostat installations, HVAC occupancy sensors, and heat pump domestic water heaters, all of which can be ROI generative while also helping with decarbonization efforts.

As expectations for leading ESG management practices continue to grow, we remain focused on improving our efforts across the global Real Estate platform. In 2022, we piloted and implemented changes to the ESG Acquisition Checklist and aim to continue to update and improve on this initiative to better align it with our performance goals for Real Estate. Through this journey toward continuous improvement, we continue to rely on our strong bench of external advisors and implementation partners to help our teams assess material ESG considerations throughout the investment process.

To increase our focus on renewable energy, we assessed our U.S. real estate portfolio to identify where solar may better support certain assets as a way to reduce energy costs, respond to tenant demand, and reduce the carbon footprint of the assets. Additionally, we ran a global real estate portfolio assessment to identify future renewable energy procurement opportunities and have initiated discussions to explore the capitalization of these opportunities.

As part of our commitment to constant learning and improvement, we formulated an in-depth training program for real estate investment professionals. We executed a series of teach-ins with the goal of equipping our team with the expertise and skills to effectively incorporate material ESG risks and opportunities into the investment process. During the more than 15 teach-ins conducted in 2022, we covered a broad range of topics, including climate and decarbonization, policy landscape, green leasing processes, and sustainable engineering principles.

Completing the First Green Designated Financing for KKR Real Estate in the U.S.

The Summit — a property comprised of three Class A+ multi-tenant office towers in Bellevue, Washington — was acquired in December 2019 by an affiliate of KPPA. The buildings include sustainable features such as bike storage, preferred parking for alternative fuel vehicles, water and energy reduction features, and lighting optimization.

In 2022, KKR completed a commercial mortgage-backed security financing process for The Summit that included a green designation. The transaction represents KKR's first green designated financing for Real Estate in the U.S. The bond offering received a second party opinion from Sustainalytics, which indicated that the transaction aligned with the Green Bond Principles 2021.

We believe a data-driven approach to ESG management enables us to better benchmark assets, set ambitious targets, and identify opportunities for value creation. In 2022, we continued to leverage a cloud-based platform to measure and drive operational performance across a set of ESG-related metrics for select funds and are actively onboarding several funds onto the platform. In early 2023, we distributed a survey to select operating partners and assets to collect ESG data points to supplement existing data in the platform.

Notably, in 2022 we participated in GRESB Real Estate Assessments for our KKR Property Partners Americas (KPPA) fund and introduced fund-level investor ESG reporting for select funds. Through these efforts, we seek to promote transparency and incorporate industry standards like GRESB so that we can continuously improve our ESG integration efforts.

Finally, in 2022 we also developed an enhanced ESG due diligence process for Real Estate Credit, and looking ahead we aim to begin monitoring our existing Real Estate Credit portfolio against certain ESG metrics.



“As our real estate platform continues to grow in EMEA and globally, our reach and the scale of our activities grow alongside it. While we are proud of the progress made this past year in the integration of material ESG factors across the investment life cycle, we know there is always more work to do to continue mitigating risk and creating value across our investments. We are energized by the challenges and opportunities ahead.”

Nicky Barker
Managing Director, Real Estate (London)

Our 2023 Priorities

- Implement asset-level action plans focused on risk mitigation and value creation and protection, as well as asset-type ESG Playbooks to provide guidance on material ESG considerations during diligence and facilitate decision-making during asset management
- Launch ESG-focused resources for operating partners and property managers to promote knowledge sharing
- Complete a physical climate risk assessment of our global Real Estate Equity portfolio to identify assets exposed to heightened climate risk and identify resiliency measures
- Refine our ESG integration guidance across our Real Estate Credit platform and finalize our Real Estate Credit portfolio monitoring approach
- Continue to expand our internal teach-ins to provide in-depth knowledge and thought leadership around more specific and nuanced areas like climate, regulatory changes, and net-zero pathways



↑ The Summit property in Bellevue, Washington

\$50 Infrastructure

bn AUM

~90

investment professionals

(As of December 31, 2022)

Business Overview

Since KKR Infrastructure was established in 2008, our goal has been to deliver attractive returns through the acquisition and operational improvement of businesses critical to the functioning of regional and local economies. Our investments span multiple sectors, including power and utilities, midstream, energy and energy transition, transportation, asset leasing, water and wastewater, telecommunications infrastructure, and social infrastructure.

Investing Responsibly

In our Infrastructure business, we aim to take a systematic and globally consistent approach to the consideration of material ESG topics in both potential investments and current portfolio companies to support long-term value creation and value protection. We recognize the importance of thoughtfully considering issues such as climate change, environmental stewardship, health and safety, cybersecurity, biodiversity, and community engagement throughout our investment process.

Before making an investment, we focus on identifying, assessing, and underwriting material ESG risks and opportunities that could affect company value. Given the asset-heavy nature of infrastructure investments, we leverage the support of specialized external advisors, where necessary, to understand potential risks and value-creation opportunities. This work can range from conducting climate risk assessments to analyzing sub-contractor safety practices.

Once we are invested in a company, we strive to use insights from our diligence to drive value creation and risk mitigation. We are focused on ensuring companies have strategies to best manage issues or topics that are most material to company performance. This may include developing decarbonization strategies



Company Description: Global developer and operator of hyperscale and large enterprise-focused data centers; **HQ:** Dallas Texas, U.S.; **Year of Investment:** 2022

and climate targets, supporting the application of KKR's human capital ambitions, or conducting cybersecurity and data privacy assessments. To support these efforts, KKR Infrastructure works with a dedicated KKR Capstone team that engages with portfolio companies to help improve operational performance, supported by internal expertise.

With the launch of KKR's Global Ambitions in 2022, the Infrastructure business focused on laying the foundations to achieve these across its portfolio, working to help establish portfolio company board-level oversight over material ESG matters and direct measurement of greenhouse gas (GHG) emissions, including Scope 1 and 2 and, where material, Scope 3 categories. To support a systematic approach to achieving these ambitions, we also enhanced our onboarding and portfolio monitoring processes.

To support ongoing learning as the landscape continues to evolve, we conducted training for our deal teams focused on ESG-related regulations and specific topics such as board governance and climate risk. Additionally, as part of our reporting efforts for fund investors, we released enhanced ESG reports for applicable funds, including expanded climate-related data and other relevant metrics.

CyrusOne: Building Sustainable Data Center Infrastructure

In 2022, KKR completed our investment in CyrusOne, a leading global data center developer and operator. The company had already taken proactive steps to improve its sustainability profile throughout its operations, and KKR's investment provided additional resources and expertise to accelerate CyrusOne's transformation, global expansion, and sustainability efforts.

Since our investment, the company has accelerated its pledge to become carbon neutral by 2030, moving up its 2040 commitment by a decade, and received approval of its GHG emission reduction target by the Science Based Targets Initiative (SBTi). To achieve this milestone, CyrusOne intends to continue to improve power usage efficiency of its new and existing data centers, which have already seen significant

gains over the past several years. The company also intends to procure carbon-free electricity at an accelerated rate to power its infrastructure assets and investigate zero-carbon alternatives to traditional diesel backup generators. Additionally, recognizing both its dependence and direct impact on water resources, the company is aiming to build all new facilities with the ability to operate with zero water-consumption cooling, and it is taking concrete steps to reduce water consumption, reach net positive water for all facilities in high water stress regions, and improve transparency of its water-related disclosures. The company is also focused on biodiversity and circularity goals, implementing a new and improved biodiversity program across its portfolio beginning in 2023.

Our Infrastructure business has been an active investor in renewable energy, and we expect this will continue to be a key area of focus as businesses and governments make significant efforts to decarbonize.



"For CyrusOne, responsibility and sustainability go hand-in-hand with successful data center infrastructure development and management. This belief is visible throughout the CyrusOne organization — across its site selection strategy, its design of new facilities, and its best-in-class construction and operations functions. As rapid growth in demand for data centers continues, we expect CyrusOne to continue to lead on its sustainability ambitions and goals."

Andrew Peisch
Managing Director, Infrastructure (New York)

Our 2023 Priorities

- Support infrastructure companies across the portfolio in developing mature sustainability strategies based on target setting and performance tracking of material ESG topics
- Support the integration of business-relevant decarbonization and climate risk mitigation plans into portfolio companies' strategies across the business, with a focus on accelerating action for high emitters
- Seek to enhance board diversity in portfolio companies by helping identify and recruit diverse board members
- Support portfolio companies in conducting regular cybersecurity risk assessments to identify and act on gaps that should be addressed
- Enhance vendor partner network to support our priorities across the above areas

To learn more about our approach to investing in the energy transition, see the **Engagement & Climate** sections of the report.

Spotlight: KJR Management

Driving responsible investment through global real estate.

Introduction

On April 28, 2022, we completed our acquisition of KJR Management (KJRM), previously known as MC-UBSR, a premier real estate asset manager in the Japanese real estate investment trust (J-REIT) sector. KJRM manages two Tokyo Stock Exchange-listed J-REITs: Japan Metropolitan Fund Investment Corporation (JMF), an investor in retail, office, multi-family, hotel, and similar urban assets; and Industrial and Infrastructure Fund Investment Corporation (IIF), which focuses on industrial and infrastructure properties. Between the two J-REITs, KJRM manages over 200 properties that support urban living and industrial economic development in Japan. In its mission to provide sound asset management for all stakeholders and create and protect value, KJRM emphasizes stability that benefits investors and tenants and recognizes the social responsibility needed to help create a sustainable society.

- JMF/IIF combined number of properties: **201**^[19]
- JMF/IIF combined assets based on acquisition price: **1581.2 billion yen** (approximately U.S. \$11.7 bn)^[19]
- Decrease in CO₂ emissions per unit compared to 2015
 - JMF: **37.9%**^[20]
 - IIF: **27.3%**^[21]
- Renewable energy
 - JMF: **11.5%** of electricity used in business activities sourced from renewable energy sources; at Oyama Yuen Harvest Walk, entered a Power Purchasing Agreement in 2022 expected to reduce CO₂ emissions by 350 tons/year^[22]
 - IIF: Procures **94%** of electricity at directly managed property from renewable energy sources^[23]

Sustainability at KJRM

Each REIT is committed to realizing its vision for sustainability by advancing its medium- and long-term goals, and believes that its net-zero initiatives will contribute to increasing unitholder value.

Below are some proofpoints that help further KJRM's Approach to Sustainability:

Environmental

In recognition of the threat that extreme weather events and natural disasters, amplified by climate change, pose to their business activities, JMF and IIF conducted a scenario analysis based on the recommendations of TCFD in 2022 to evaluate business risks and opportunities associated with climate change. The scenario analysis considered potential stakeholder impacts associated with a 4°C warming scenario, with a high risk to physical assets associated with low decarbonization, and a 1.5°C warming scenario, with a low physical risk but high risk associated with the strategic transition to a decarbonized society.

“We will continue to contribute to creating a sustainable society by addressing climate change, enhancing the health and well-being of tenants, and providing safe and secure spaces, while aiming to achieve the medium- to long-term growth and increase the shareholder value of both JMF and IIF.”

Naoki Suzuki

KJRM President and CEO

Social

KJRM established the KJR Management Human Rights Policy and intends to promote this policy as the basis of all its business activities and will continuously monitor compliance with the policy. In addition, for the promotion of DEI, KJRM developed an action plan to create an inclusive and diverse work environment.

Governance

Sustainability at KJRM is governed by:

- The Environmental Charter affirms KJRM's commitment to reduce its environmental footprint, engage with its stakeholders on sustainability, and conduct all activities in compliance with all environmental laws and international social standards.

- The Responsible Property Investment Policy (RPI), established in 2013, describes KJRM's approach to integrating environmental and social considerations into its investment and asset management. KJRM believes that responsible investment adds value by limiting the risks of regulatory non-compliance, enhancing market competitiveness, and, in some cases, reducing expenses and improving returns.
- Similar to KKR, KJRM takes a materiality-driven approach to sustainability. KKR works closely with KJRM to support the integration of ESG into KJRM's long-term investment approach and property refurbishment, operations, and maintenance. KKR and KJRM share respective expertise through monthly working-level meetings and KJRM's Senior Advisory Board collaboration. Looking ahead, we are eager to support the continued advancement of KJRM's sustainability goals.

KJRM's Approach to Sustainability

	Environmental	Social	Governance
Goals	Reduce environmental impact by addressing climate change and supporting renewable energy use	Create social value through promoting health and well-being for employees and tenants, and building long-term property resilience	Practice sound asset management for all stakeholders, which includes disclosing ESG performance in compliance with international standards and pursuing diversity
Actions	<ul style="list-style-type: none"> • Conducting a TCFD scenario analysis • Establishing a carbon neutrality target and disclosing GHG emissions • Investing in the future by issuing Green Bonds — the first J-REIT to do so • Conducting stringent property environmental and seismic assessments 	<ul style="list-style-type: none"> • Establishing the KJRM Human Rights Policy • Formulating a DEI action plan, expanding diverse hiring efforts, and promoting women in managerial roles • Listening to tenants by conducting satisfaction surveys and ESG study sessions • Protecting tenant safety, preparing earthquake suppliers, conducting disaster-preparedness drills, and collecting engineering reports 	<ul style="list-style-type: none"> • Honoring the Code of Ethics, comprised of the Corporate Ethics Charter and Code of Conduct for Officers and Employees • Maintaining robust risk management and internal audit procedures that support strategic goals • Governing sustainability through the Sustainability Committee and Chief Sustainability Officer position

[19] As of August 31, 2022.

[20] As of February 28, 2022.

[21] As of January 31, 2022.

[22] Estimated value based on electricity consumption from March 2021 to February 2022.

[23] As of July 31, 2022.

To learn more, see [KJRM's 2023 ESG Report](#).

Engagement

We work with portfolio companies to mitigate risk and strengthen management across material ESG topics to create and protect long-term value.

Our Approach

Once we are invested in a company, we leverage our investment model to create and protect value by bringing operational expertise to enable our shared success. This includes engagement on a variety of sustainability topics as well as tools and resources and access to a network of experts.

Collaborating with teams across the Firm, KKR Capstone is an integral part of our approach to value creation. With a global team of more than 100 full-time operating professionals dedicated to supporting our deal teams and portfolio companies, KKR Capstone's core mission is to create value for all of our stakeholders by identifying and supporting sustainable operational performance within KKR portfolio companies.

Since formalizing our approach to ESG management in 2008, we have focused on supporting our portfolio companies' efforts on managing their material ESG topics and engaging with companies on a diverse set of issues. Building on these learnings, we identified four key objectives that we believe can help companies across a wide variety of industries, sectors, and geographies mitigate risk and create value. We call these our Global Ambitions.

It is our intent to support the majority-owned companies in our portfolio with respect to the following goals:

- **Managing material ESG topics and adopting a governance framework:** Adopting an appropriate framework for ESG governance, supported by board-level and executive capabilities, accountability, and performance measurement of the company's material topics
- **Engaging human capital:** Having at least two board members with diverse backgrounds on each board and a strategy in place for fostering a diverse and highly engaged workforce
- **Managing climate-related risks and opportunities:** Measuring greenhouse gas emissions and developing and implementing business-relevant decarbonization plans, where appropriate
- **Protecting data privacy and cybersecurity:** Mitigating cybersecurity risks, promoting a culture of cyber awareness, and handling personal or sensitive data responsibly

- Firms that thoughtfully manage their material climate-related risks and opportunities, such as considering energy and resource use, can often reduce operating expenses and may attract more clients, and
- Companies that employ effective cybersecurity and data privacy practices can better protect their business' and customers' information

In 2022, we worked with the different businesses to develop asset class-specific objectives and action plans and began deploying tools and guidance for deal teams and portfolio companies to start acting on these priority issues where they have not already.

Advancing Our Global Ambitions: From Ambition To Action

We recognize the importance of integrating material ESG risks and opportunities into decision-making and long-term value creation strategies. As such, supporting companies in adopting an appropriate governance framework, which may include board-level oversight of material ESG topics, was a key focus of 2022. As of December 2022, 96% of companies in our portfolio assigned responsibility for ESG and sustainability oversight to the board or one or more of its sub-committees, up from nearly 30% as of December 2021.^[24] Moving forward, this represents an opportunity for portfolio companies to further leverage the accountability established at the board-level to make progress on other activities, including aligning on material issues, developing action plans to manage them and ensuring these issues are adequately considered in strategic decisions.

These ambitions reflect areas where, based on our years of experience and learnings, we believe we can help mitigate material ESG-related risks and capture value creation opportunities, particularly in our private markets funds. As further described in the following pages, it is our experience that:

- Managing business-relevant ESG topics and adopting an appropriate framework for addressing these topics can reduce risk and protect a company's license to operate
- Implementing robust employee engagement programs can create a more productive workforce, increase employee retention, and enhance operational excellence; and diversity on boards can draw on a wide range of relevant experiences to inform business decisions

↓ KKR portfolio company Arnott's at KKR 2022 Global Investors' Meeting



^[24] Includes majority-controlled portfolio companies (where KKR has greater than or equal to 50% ownership) across more than 200 private markets companies that participate in our annual ESG data collection survey from our Private Equity, Growth, Infrastructure, and Global Impact strategies.

As another example, last year we focused on establishing a baseline for and measuring greenhouse gas emissions in our portfolio (Scope 1 and 2, and, where material, certain Scope 3 categories). In 2023, we have supported our European Private Equity companies in reviewing their GHG footprints against the GHG Protocol to establish a robust set of data. Moreover, we are continuing to focus on supporting the development and implementation of business-relevant decarbonization plans across regions and asset classes, where appropriate.

Looking ahead to 2023 and beyond, we aim to build on these strong foundations to drive sustained progress and bring companies along a maturity scale across our Global Ambitions, taking a data-driven approach to performance and decision making.



“We have learned that robust, high-quality ESG data can inform our work with companies in powerful ways. Similarly, that data can also enable our boards and management teams to more effectively manage their companies on these topics, integrate sustainability insights into strategic planning, and make more informed decisions.”

Alison Fenton-Willock

Director, Sustainable Investing (New York)

KKR’s 2022 ESG Data Collection Process

We believe that ongoing tracking and monitoring of ESG metrics and indicators, accompanied by comprehensive analytics, are powerful tools to improve performance and advance KKR’s Global Ambitions across our portfolio.

Our annual ESG data collection process consists of a mix of qualitative and quantitative questions, and it supplements information gathered through other methods of engagement with portfolio companies.

In 2022, we enhanced our ESG data collection processes and also hired two full-time resources to manage ESG data collection and analysis, and we are working to enhance the technology platform that supports this process.

KKR’s 2022 ESG Survey Process

222

companies surveyed with a 96% response rate

8

survey versions based on strategy-specific priorities

~25

topics covered

Human Capital

We believe that advancing a rewarding and inclusive culture is important for companies to create and protect value in the long term.

Why It Matters

Businesses across the globe are being challenged to hire and retain a skilled workforce. The combination of fewer available workers because of aging populations, widespread workforce disengagement, and hybrid work alternatives has challenged firms to better engage and empower their employees. We believe the employee-employer relationship has therefore shifted, and that creating a workplace where employees are valued is not only important to improve company culture, but also to deliver company performance.

Some examples of how human capital links to value creation:

- **Employee engagement:** On an individual level, research finds engaged employees to be 56% less likely to be actively looking for a new job,^[25] and engaged teams to drive 14% higher productivity and 23% higher profitability.^[26]
- **Diversity:** Companies with above-average diversity at the management level are found to generate 19% higher innovation revenues.^[27]

Our Approach

To support the development and implementation of a well-rounded human capital strategy across our portfolio companies, members of our KKR Capstone team collaborate across KKR, including with investment teams, KKR’s Chief Diversity Officer and Head of Talent Development, and the Sustainable Investing team.

2022 Highlights

11

new broad-based ownership programs launched in 2022

30

portfolio companies with 50,000+ non-senior management employees implemented broad-based ownership programs, awarding billions of dollars in equity, since 2011

2,500+

non-senior management employees received payouts totaling hundreds of millions of dollars in 2022

The Challenge

Today’s workplace is experiencing rapid changes, and companies may need to adapt to attract and retain talent and, thus, be able to compete in the marketplace.

The Value-add

We believe employee engagement can be a powerful performance driver and that companies that invest in human capital programs can see positive impacts, both culturally and financially, at their organization.

[25] Gallup, [State of the Global Workplace Report](#), 2022.

[26] Gallup, [Q12® Meta-Analysis Report](#), 2020.

[27] BCG, [How Diverse Leadership Teams Boost Innovation](#), 2018.

Broad-based Ownership and Employee Engagement

KKR's broad-based employee ownership program is central to how we promote employee engagement in our portfolios. Since 2011, we have focused on employee ownership and engagement as key drivers in supporting our private equity portfolio companies, first with our Americas Industrials investments and now across sectors and regions.

Besides supporting portfolio companies in granting employees at participating companies a stake in the company's equity alongside KKR, we support employees through a variety of portfolio company activities ranging from "worker voice," specifically delegating certain decision-making rights deep inside of a company, to improving safety and rolling out functional training programs to support a stronger workforce.



Company Description: Leading independent producer of high-performance specialty films used in flexible packaging across Food, Consumer, Industrial, and Healthcare end markets; **HQ:** Chicago, Illinois, U.S.; **Year of Investment:** 2021

Engaging with the community by collaborating with nonprofit organizations is another important component of our shared ownership strategy.

In April 2022, KKR joined more than 60 organizations in becoming a founding partner of Ownership Works, a nonprofit created to support public and private companies transitioning to shared ownership models. We have been collaborating with Ownership Works to codify the best practices and foundational elements for implementing a broad-based ownership program. In 2022, we also continued to build out a list of third-party experts, including survey partners and financial literacy coaches that can help our portfolio companies in these efforts.

"The Ownership program is a critical tool in transforming culture, instilling new mindsets and behaviors for associates, and driving greater focus on what is most important across the business."

Dave Bangert
CEO of C.H.I Overhead Doors

Charter Next Generation: Implementing the Shared Ownership Model

When KKR invested in CNG, their CEO was passionate about investing in the company's people to unlock their next stage of growth. When KKR helped CNG launch a shared ownership program and implement their first engagement survey the results were deeply illuminating for the management team. The CEO personally visited every manufacturing site across the country and hosted small group discussions with front line employees. Building on that effort CNG collaborated with KKR, Ownership Works, and Gallup to analyze the survey results and build a comprehensive plan to improve engagement and ownership culture.

Over the past year they have worked with employees to develop a new company Purpose, mission and values, held dozens of kaizen events, created opportunities for employees to connect with each other and their local community, and invested in upskilling their managers to be well-versed in employee engagement and ownership making them more effective leaders of their teams. One year into the program CNG re-surveyed their employees and saw progress on 100% of the questions in their engagement index and they continue focused efforts for further improvement.



Expert Viewpoints: How Does Cultivating an Engaged and Diverse Workforce Drive Growth?

As part of KKR's Investing in Sustainability webinar series, Pete Stavros, Co-Head of Global Private Equity and founder of the nonprofit organization Ownership Works, discussed employee engagement strategies with Andrew Stern, President Emeritus of the Service Employees International Union (SEIU) and a member of KKR's SEAC.

For key takeaways of the discussion and the webinar recording, see our blog post, "[The Three E's of Shared Ownership: Engaging, Empowering, and Elevating Workers](#)" at kkr.com.

Why "Ownership Works"

"Ownership brings the extra oomph to every person that works here."

"It's not just the bottom dollar for the company — it's the bottom dollar for all of us."

"Imagine waking up on a random Wednesday and everything you've ever wanted to do is now possible because you've worked hard and someone else held up their end of the bargain."

Employees of KKR portfolio companies with broad-based ownership programs

Promoting Board Diversity^[28]

We believe that boards comprised of individuals with a diverse set of career experience, viewpoints, and backgrounds who reflect the broad and diverse audiences their companies serve enable better business decisions.

To better lead and govern our companies, we focus on helping companies bring the appropriate expertise, experience, and diversity — including diversity of gender, ethnicity, and sexual orientation — into the boardroom, including through independent directors. As of year end 2022, approximately 58% of our majority-controlled portfolio companies and investment vehicles had at least two diverse board members, up from 49% in year end 2021.

[28] For purposes of board composition, "diversity" is defined as individuals self-identifying as female, LGBTQ, Asian American, or as from an underrepresented group. To learn more about calculation methodologies, see the [Endnotes](#) of this report.

Examples of portfolio companies where diverse board members with unique expertise have been added since investment include:

- At Atlantic Aviation, an operator of private aviation airport terminals and infrastructure assets, two independent board members with a background in sustainability and environmental matters, including hydrogen and alternative fuel as well as advanced air mobility technologies, were added in 2022 and early 2023. These individuals' leading experience in emerging aviation technologies and the energy transition is critical to help Atlantic Aviation advance its commitment to renewable energy and reduction of GHG emissions.
- At Geostabilization International (GSI), a provider of geotechnical maintenance services for critical infrastructure in our Americas Private Equity portfolio, three independent board members with leadership experience across operations, strategy and business transformation, and engineering within the transportation industry were added. Through these strategic additions, we believe GSI has gained access to unique and dynamic insights into how the company can better serve customers, employees, and the broader population with its mission critical, safety sensitive service offerings.
- At Axius Water, a platform part of KKR Global Impact focused on removing harmful nutrients from wastewater, two independent board members with significant water sector operating experience were added in 2021 and 2022. The addition of these two highly accomplished industry experts to the board supports our ambitions to bring together world-class water quality products and services to create a leading end-to-end solutions platform.

Programs and Initiatives

When it comes to broader resources and capacity building, we seek to increase our engagement and dialogue with our portfolio companies on human capital topics by providing practical tools and opportunities to connect.



Company Description: A transportation operator in New Zealand; **HQ:** Auckland, New Zealand; **Year of Investment:** 2022

In 2022, we updated our DEI Handbook — a key resource that illustrates the potential foundational elements of an effective DEI strategy and provides companies with reference materials to consider as they develop their approach — with a focus on making the content more globally relevant. Additionally, some recent examples of initiatives across regions:

- **North America:** In September 2022, we hosted our annual Chief Human Resource Officer (CHRO) Conference in-person in New York. Human capital leaders across 30 portfolio companies attended the conference where we covered a broad range of topics, from employee ownership and DEI measurement, to talent attraction strategies and navigating the hybrid workplace.
- **APAC:** In November 2022, we hosted a virtual webinar in collaboration with an organizational development expert from Gallup exploring how employee engagement can drive company results and best practices to measure engagement. The webinar was attended by human capital leaders across 40 portfolio companies. Additionally, we also hosted a regional connectivity event for portfolio companies in Australia and New Zealand, which covered workforce challenges, new ways of working, role of HR in driving company performance, and case studies and learnings from across the portfolio.

Ritchies Transport Holdings Ltd.: Driving Performance Through Employee Engagement

Ritchies was a family-owned transportation operator with a workforce of 2,200 individuals and a significant opportunity to improve employee engagement and culture. In 2022, after investing in Ritchies, KKR supported the company in a swift launch of an employee engagement survey, with a focus on building a baseline of engagement and turning insights into actionable next steps.

Following the survey, the company kicked off “Real Talk Real Action,” a multi-year culture transformation program that is centered on motivation and recognition, work environment, and leadership. Ritchies is continuing to build on this work by investing in its people function, further improving how employee engagement is measured, and clearly communicating improvement plans and results to its geographically dispersed workforce.

- **EMEA:** In January 2023, we hosted an event focused on DEI for 25 human capital leaders from our European portfolio. The agenda featured discussions on building an inclusive culture and leadership, recruiting for diversity and setting up effective DEI programs. This event was one of a number of virtual and physical events to facilitate connections and peer learning among European HR and DEI leaders.

In collaboration with industry and thought leaders, in 2022 we also focused on strengthening DEI programming and supporting DEI governance structures within our portfolio companies. We continued to run our five-part virtual DEI learning series in collaboration with BSR and connected some of our portfolio companies with a Diverse Leadership Development Program run by a leading management consulting firm. This program saw participation from over 60 portfolio company executives, which included multiple different programs, including a management accelerator for early career managers and an executive leadership program for senior-level executives.



“With a workforce of more than 2,000 people, employees are the heart of everything that Ritchies does. Recognizing the importance of investing in people and ensuring their well-being, the company is committed to creating a positive, fulfilling, and safe work environment and to becoming the employer of choice in New Zealand’s transport industry.”

Hulusi Sogutlu
Principal, KKR Capstone (Sydney)



To help portfolio companies build their pipeline of diverse talent, we continued our internship program in conjunction with the nonprofit Sponsors for Educational Opportunity (SEO). In 2022, five portfolio companies participated in the KKR-SEO program, hosting 11 undergraduate interns who each spent approximately 10 weeks working on strategic projects in a variety of functions. As another key lever to bringing greater diversity into the selection of highly qualified, entry-level talent in our portfolio companies, we worked with diverse job boards to help portfolio companies reach candidates from a wide range of backgrounds.

Finally, recognizing the importance of employee well-being and benefits to increasing engagement and bolstering recruitment and retention efforts, we work to manage an ecosystem of vendors and advisors who specialize in optimizing health and welfare plans, including assisting with benefit surveys and design of benefit programs. The goal is to help support our portfolio companies by providing resources that help them develop a balanced approach to optimizing costs in an inflationary environment by providing innovative benefits to employees and their loved ones.

Our 2023 Priorities

- Create a KKR Portfolio Human Capital Center to serve as a resource and help further enhance best practices on employee ownership, employee benefits, and DEI topics at portfolio companies
- Continue expanding employee ownership programs internationally across our private equity portfolio, and develop online resource portals for portfolio companies including how-to guides and playbooks
- Continue to seek collaborations and tools to help our portfolio companies conduct cultural assessments, evaluate employee engagement, and implement employee ownership programs
- Update and develop new resources to share best practices and lessons learned, with a particular focus on engaging with our Asia-based portfolio companies



Climate

We believe that proactively engaging on material climate-related topics, potentially including decarbonization, climate risk mitigation, and investing in climate-related opportunities, is critical for companies to drive performance and compete in their markets.

Why It Matters

Over the past few years, we have seen how economic and geopolitical disruption can further exacerbate issues caused by climate change. For example, in our view, the impact of Russia's war on Ukraine and the ripple effects on European energy security have shown that the energy transition is a key solution to addressing economic, security, and environmental risks. We believe this disruption has also shed light on the benefits of a decarbonized world, which can deliver energy that is localized and decentralized and is less vulnerable to energy market fluctuations. At the same, physical and transition effects of climate change continue to pose serious risks to companies globally.

We believe that the energy transition represents one of the greatest changes to the global economic system since the industrial revolution, with \$125 trillion of investment required by 2050 to transform the global economy and avoid the most severe physical impacts of climate change,^[29] and more than 10 million net new jobs expected by 2030.^[30] At KKR, we see this as an opportunity to not only invest behind the energy transition, but also to support our companies in both seizing this opportunity and navigating these risks.

[29] Glasgow Financial Alliance for Net-Zero, [GFANZ, Net-Zero Financing Roadmaps](#), 2021.

[30] World Economic Forum, [The clean energy employment shift by 2030](#), 2022.

The Challenge
Climate change poses serious risks to companies and societies globally, and we believe that global trends show a growing need to rethink our energy systems.

The Value-add
We believe that firms that thoughtfully manage their material climate-related risks and opportunities can often reduce operating expenses and remain competitive in a net-zero world.

Some examples of how climate-related risks and opportunities link to value creation:

- **GHG footprint:** Measuring GHG emissions enables a business to establish baselines and, thus, define its business trajectory and identify potential reductions.
- **Decarbonization:** As more companies and jurisdictions make commitments to net-zero, we anticipate increased expectations to reduce emissions within companies as well as across suppliers and value chains.

Our Approach

Our aim is to consider and manage material climate-related risks and opportunities through how we invest, where we invest, and what we do to support our portfolio companies.

KKR's Climate Action Strategy to Create and Protect Value

How We Invest	What We Do	Where We Invest
Integrating climate considerations into the investment process as appropriate to identify, assess, and manage material climate-related risks and opportunities	Investing in the energy transition and behind climate-focused themes to create value while supporting a sustainable transition to a clean energy future	Helping our portfolio companies identify and manage material climate-related risks and opportunities, including by supporting them in measuring their carbon emissions and implementing business-relevant decarbonization strategies, where appropriate
To learn more, see the TCFD Index and the Responsible Investment Policy .	To learn more, see the Investing Behind Trends section of this report.	To learn more, see below.

2022 Highlights

85+

portfolio companies supported on measurement of direct GHG emissions for the first time, including Scope 1 and 2 and, where material, Scope 3 categories^[31]

75

portfolio companies covered in enhanced reporting of climate-related data to our fund investors via ESG reports

To help our companies create and protect value in the context of climate action, KKR relies on a global toolkit of resources as well as a network of expert advisors and capabilities, including KKR Capstone, which helps support operational improvement at portfolio companies, and experts in our Sustainable Investing, Global Macro, and KGI teams. We also leverage third-party technical experts and consultants, including ERM, the largest global pure-play sustainability consultancy, and a KKR portfolio company.

In 2022, we enhanced these capabilities by appointing dedicated resources focused on supporting decarbonization at portfolio companies across regions, where appropriate. Our focus in 2022 was on enhancing measurement and decarbonization efforts across the portfolio and upskilling our investment professionals and portfolio companies on climate-related matters.



“Climate action can be meaningful and impactful to our portfolio companies, investors, and the communities in which we operate. We have a significant opportunity to create and protect value by supporting our companies in driving decarbonization; enhancing resilience against extreme weather and natural hazards; and aligning their capital plans and growth strategies with existing or anticipated climate measures that may affect their businesses.”

Ari Frankel
Principal, KKR Capstone (New York)

[31] Includes companies we supported by working directly with or connecting with third-party experts on GHG emissions measurement, including primary data, such as fuel use and purchased electricity.

Programs and Initiatives

In 2022, in line with our Global Ambitions, our primary focus was to support our majority-controlled companies in directly measuring their GHG emissions. Further, we also worked with certain portfolio companies to improve the quality of their emissions data thereby enhancing those companies' climate assessments, progress monitoring, external reporting, and other efforts that may rely on that data. Building on our measurement work, we have begun identifying opportunities to help our portfolio companies reduce GHG emissions and implementing business-relevant decarbonization strategies across certain funds, where appropriate.

Supporting decarbonization is a particular focus at three private markets funds that have set net-zero by 2050 goals.^[32] In these funds, where appropriate, we are working to support majority-owned companies in developing and implementing business-relevant decarbonization plans that are consistent with a sector and market-relevant ambition to reach net-zero emissions by 2050 or sooner. Outside of these funds, we expect decarbonization to be a key focus for engagement across the portfolio in 2023 and beyond.

Another key focus of 2022 was climate-focused education and upskilling. Building on our original content launched in 2020, our 2022 Climate Action Education Series incorporated the latest developments in the space to further our portfolio's understanding and management of climate change and how to manage material climate-related risks and opportunities in their business, including physical and transition risks. Topics covered included:

- Introduction to climate change and net-zero
- GHG footprinting
- Navigating climate risk
- Demystifying carbon offsets
- Renewable power procurement

In an effort to further our team's understanding of climate-related topics, the content was also distributed internally to KKR employees. Additionally, ongoing regional training efforts involve introductions and deep dives into relevant topics through informal discussions and Q&A sessions. The APAC team, for example, hosted a GHG footprinting session and panel with members from portfolio companies discussing best practices around various topics, including climate. The European Private Equity team also launched an internal training series in 2022 covering topics ranging from climate adaptation, biodiversity and nature, and supply chain sustainability. Through these efforts, we seek to enhance our teams' understanding of the investing and commercial implications of climate change.

Finally, recognizing the importance of educating directors on the topic of climate change, we also hosted a webinar focused on board governance of climate as part of our Portfolio Company Board Education Series.

Investing in and Accelerating the Energy Transition

We are focused on investing in a sustainable energy transition, one that supports a shift to a clean energy future while recognizing the ongoing importance of supplying the conventional energy needed for well-being, security and economic growth around the world today. To achieve these goals, we invest in a diverse range of energy sources, including renewable energy, such as wind and solar power generation, and conventional energy.

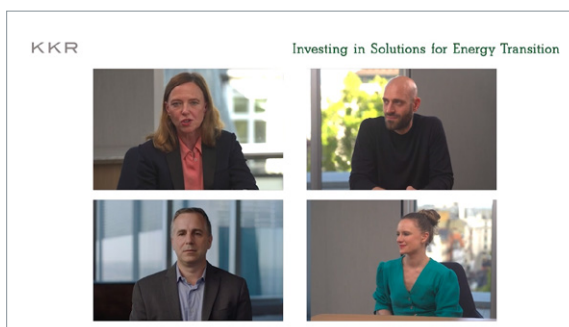
Conventional energy resources continue to be necessary to satisfy power, heating, and transportation needs, as well as the supply chain needs of critical sectors, and are expected to remain essential for the global economy at some level for decades to come, even under ambitious decarbonization trajectories.

We believe that being a responsible investor through the transition also entails investing in these “hard-to-abate” sectors, where we have the ability to help enhance decarbonization efforts, versus exiting these sectors entirely. Where we invest in fossil fuel energy through our Energy Real Assets business and Infrastructure business, we aim to emphasize progress toward a stable energy transition and more responsible business practices.

We recognize that a low-carbon future will require significant investment in carbon-intensive sectors to support economy-wide decarbonization. When we invest in high-emitting assets, we aim to take appropriate steps to support companies through the energy transition. This may include, for example:

- **Pre-investment:** Understanding the scope of the improvements required during due diligence and integrating those findings into our underwriting process
- **Post-investment:** Working with management to set credible goals and targets and appropriate pathways to deliver against them, and establish the right levels of oversight and expertise at the Board-level.

[To learn more about KKR's approach to renewables investing, see the **Investing Behind Trends** section of the report.](#)



Expert Viewpoints: Are Investors and Companies Ready for the Energy Transition?

As part of KKR's Investing in Sustainability webinar series, we convened experts from our team, KKR portfolio company ERM, and KKR SEAC member Nat Keohane to cover several important aspects of investing in the energy transition, energy security, and climate action.

For key takeaways of the discussion and the webinar recording, see our blog post, [“Are Investors and Companies Ready for the Energy Transition?”](#) on kkr.com.

^[32] Applies to majority-owned companies in three of our Private Equity and Infrastructure funds. There can be no assurance that such companies' plans will be realized or that any historical trends or practices will continue.

Over the years, we have supported a number of our companies across sectors in better managing climate-related risks and capturing opportunities to help create and protect value:

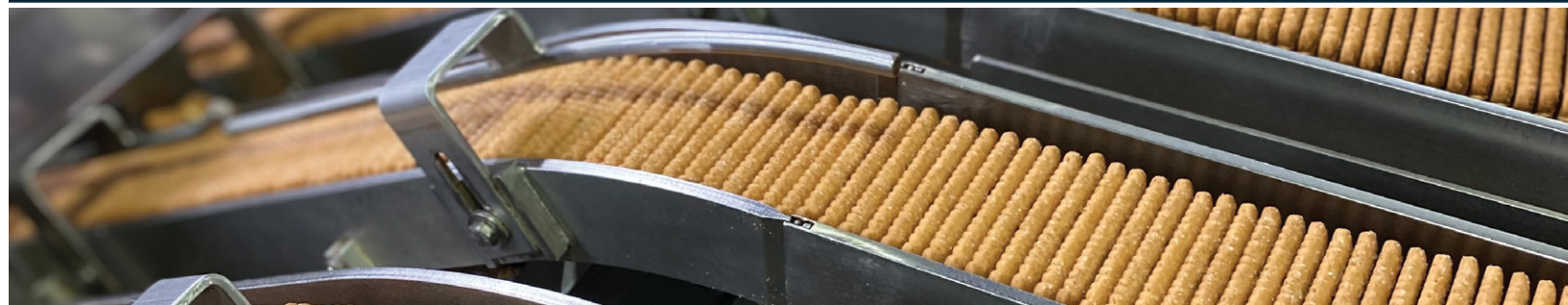


Company Description: Independent renewable energy producer; **HQ:** Paris, France; **Year of Investment:** 2022

Albioma: Powering the Energy Transition in Overseas France

Albioma is a renewable energy producer and contributor to the energy transition. The company constructs and operates biomass power plants in French Overseas territories, and solar power plants in French Overseas territories, mainland France, and Brazil. Albioma also produces renewable power from bagasse, a fibrous residue of sugar cane and operates 14 biomass power plants representing >1GW of installed capacity.

We believe Albioma has developed a comprehensive ESG strategy that positions it well to support the energy transition in a credible manner. For example, it has set a target of providing 100% renewable energy by 2030 by facilitating the ongoing conversion of Albioma's plants to biomass.



Company Description: High-quality portfolio of snack and meal brands comprising the market leading Australian biscuit brand Arnott's and Campbell Soup brands in the Asia Pacific region; **HQ:** Sydney, Australia; **Year of Investment:** 2019

Arnott's Group: Taking Operations to 100% Renewable Power

The Arnott's Group is the custodian of some of Australia's most iconic food brands. After launching its sustainability statement in 2021, the company has made considerable progress towards its commitments, including its target of achieving net-zero emissions from operations by 2040 and across its value chain by 2050. In support of this goal, Arnott's took concrete steps to start decarbonizing its operations, including an agreement to take its manufacturing facilities in Sydney and Queensland to 100% renewable energy by 2029.

The company was also awarded with the 2022 Australian Packaging Covenant Organisation (APCO)'s Sustainable Packaging Excellence Award, for its sustainable packaging strategy.

Crescent Energy: Advancing Smart Energy Investing in the U.S.

Crescent Energy — a U.S. oil and gas company and KKR's primary vehicle for upstream investments in oil and gas — is committed to meeting the energy needs of today in a responsible manner while also contributing to a cleaner tomorrow through its efforts towards a stable energy transition.

Additionally, in 2022 Crescent joined the Oil and Gas Methane Partnership (OGMP) 2.0, a multi-stakeholder partnership focused on better measurement of methane emissions.

In 2022, Crescent announced targets related to GHG emissions in its second annual ESG report, whereby the company has committed to reduce absolute Scope 1 GHG emissions by 50% by 2027 (from 2021 baseline and operations) and maintain methane emissions intensity below 0.20%.

Company Description: U.S. independent energy company with a portfolio of assets in key proven basins across the lower 48 states; **HQ:** Houston, TX, USA; **Year of Public Listing:** 2021

Our 2023 Priorities

- In line with our Global Ambitions, continue supporting our portfolio companies in measuring their GHG emissions and leverage insights and learnings to inform portfolio company decision-making, including devising and both setting and implementing business-relevant decarbonization strategies, where appropriate
- Continue supporting our companies through ongoing education initiatives, new tools, and a vetted network of third-party experts
- Enhance our understanding and capabilities for integrating climate risk in the diligence process, where material, including through the piloting of new tools

Data Responsibility

We believe that the responsible management of data and cybersecurity has the potential to optimize efficiencies, improve company operations, and create and protect value for both KKR and our portfolio companies, in addition to mitigating legal and reputational risks.

Why It Matters

With daily business activities taking place online, it is particularly important for companies to understand, identify, and mitigate risks across the data and cybersecurity landscape. Companies are experiencing more data breaches than ever before, and these breaches can have significant reputational and financial impacts. Of equal importance is the collection, use, storage, and sharing of personal or sensitive information. Companies are increasingly expected to have robust data responsibility, information security, and cyber defense not only to protect their assets from existing and new threats but to also comply with privacy regulations.

Some examples of how data responsibility links to value creation:

- **Cybersecurity:** The global average total cost of a data breach is \$4.35 million.^[33]
- **Data privacy:** Over 70% of countries globally have put in place legislation to secure the protection of data and privacy.^[34]

The Challenge

Data breaches and cybersecurity threats are becoming more common across all industries, and can present a significant risk to companies' financial outcomes, reputation, and information security.

The Value-add

We believe companies that understand their data threat profile can apply appropriate defensive technologies to responsibly safeguard corporate IP and customer data, which, in turn, can increase investors' and customers' trust in the company.

Our Approach

Our data responsibility programs encompass a wide scope of issues, including cybersecurity, data privacy, and data protection. Across all industries, we seek to empower our portfolio companies to effectively manage risks associated with their IT infrastructure, data management and security, and customer privacy.

Our Global Cybersecurity Lead, a new role at KKR Capstone as of 2022, is responsible for leading our cybersecurity efforts for our portfolio across the Americas, EMEA, and APAC. This position reports to the Head of Technology (EMEA and Americas) within KKR Capstone and provides periodic reporting to KKR senior management, in close collaboration with KKR's Chief Information Security Officer. Through this role we believe we can better provide portfolio companies with expert, dedicated support to help mitigate, recognize, and respond effectively to the growing tide of cyber threats. In 2022, we continued to increase our internal capabilities and expertise while improving on our existing programs and initiatives.

[33] IBM, [Cost of a data breach](#), 2022.

[34] United Nations Conference on Trade and Development, [Data Protection and Privacy Legislation Worldwide](#), 2021.

2022 Highlights

- Hired dedicated Global Cybersecurity Lead and revamped Project Shield program
- 66 companies enrolled in KKR’s cyber insurance program as of 2022



“At KKR, we support our portfolio companies in safeguarding their data by providing guidance on information security and cyber defense practices. Our role goes beyond reviewing data privacy and cybersecurity programs — it also includes hands-on assistance and capacity building, helping CISOs understand approaches for handling data responsibly and support boards in effectively overseeing this critical area.”

Paul Harragan
Principal, Global Cybersecurity Lead for Portfolio, KKR Capstone (London)

Programs and Initiatives

Through our programs, we aim to support portfolio companies so that they may understand their threat landscapes, active risks, opportunities for improvement, and plan and prioritize their cyber and information security roadmap. Our Information Security and KKR Capstone teams employ a dedicated strategy to help improve information security and cyber defense capabilities across our portfolio, also known as Project Shield. This program involves a comprehensive technical and data-driven review



that measures the cyber maturity of certain majority-controlled portfolio companies against industry-leading standards, with a key focus on evaluating the company’s ability to detect, suppress, respond, and recover from a security incident. In partnership with Optiv, a cybersecurity specialist and KKR portfolio company, we encourage portfolio companies to enroll in their cybersecurity advantaged program, conduct a robust review of their current state of cyber and information security, document observations, and develop recommendations to address any identified gaps, including a roadmap that details steps to enhance cyber maturity. In 2022, with the hire of a dedicated Global Cybersecurity Lead, we focused on evolving and enhancing our review process as part of Project Shield, with a deeper focus on qualitative and technical review.

Additionally, we work to provide portfolio companies with ongoing guidance and support in planning, budgeting, and executing the roadmap to increase maturity and reduce any identified risks. Throughout the process, the KKR Information Security and KKR Capstone teams seek to both enhance the relationship with portfolio companies and help embed support functions into their operations.

Fostering Knowledge Sharing and Building Capacity Across Our Portfolio

Amidst a complex and fast-changing cyber landscape, providing opportunities to connect and building a community of practice to exchange learnings and best practices are central to our approach with portfolio companies on these topics. In 2022, we hosted multiple events, including:

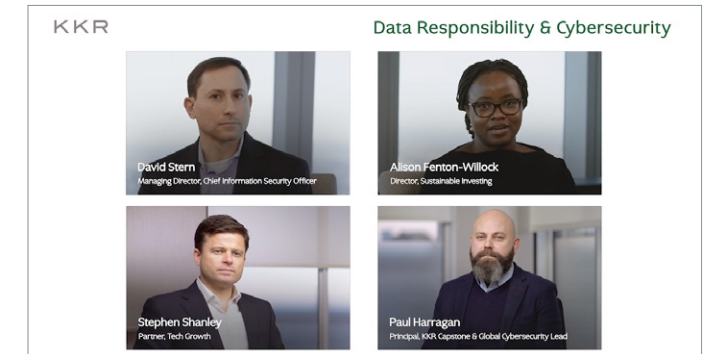
- **Risk and Insurance Conference:** 60 participants attended KKR’s Risk and Insurance Conference in October 2022 to discuss best practices, industry trends, and thought leadership from KKR and external experts.

- **Chief Information Security Officers (CISO) Summits:** In March 2023, we hosted in London an event that gathered over 40 CISOs from portfolio companies to discuss the latest developments in information security and cyber defense, including 2023 threat predictions and the geopolitical landscape; a similar event was hosted in New York in April 2023.

We also encourage our portfolio companies to enroll in KKR’s proprietary cyber insurance program. This program provides portfolio companies access to established insurance companies and cyber-focused advisors that have been vetted by the Capstone Risk & Insurance Team. In 2022, we refreshed the program, including implementing a tiered system that rewards companies that perform well on various assessments with discounted rates, improved terms, or enhanced insurance coverage. By enrolling in this program, companies gain access to free ransomware assessments. Since inception, 95 companies have enrolled in this program with \$2.5 billion of total insurance limits provided.

Our 2023 Priorities

- Continue promoting a culture of cyber awareness in our portfolio through dedicated forums and resources
- Provide ongoing support to portfolio companies to assist with filling in material gaps identified from prior assessments and increase their cyber posture and maturity
- Continue to conduct reviews for all interested portfolio companies



Expert Viewpoints: How Can Handling Data Responsibly Make Companies More Sustainable?

As digitization moves business and commerce online, managing data responsibly is becoming a more important issue for companies in all sectors and regions. In the fourth episode of our Investing in Sustainability webinar series, we convened experts from our team and KKR SEAC member Alexandra Givens to discuss this and other topics.

For key takeaways of the discussion and the webinar recording, see our blog post, [“How Can Handling Data Responsibly Make Companies More Sustainable?”](#) on kkr.com.

Investing Behind Trends

We seek to invest behind sustainability-related trends with macro tailwinds, such as the energy transition, supply chain resiliency, circularity, and workforce development.

[35]
Glasgow Financial Alliance for Net-Zero, **GFANZ, Net-Zero Financing Roadmaps**, 2021.

[36]
World Economic Forum, **The clean energy employment shift by 2030**, 2022.

[37]
Lightcast, **2023 Global Talent Playbook**, 2023.

[38]
Includes investments made from 2010 to December 31, 2022 by KKR Private Market Funds and other affiliates, Global Atlantic (KKR subsidiary), and syndicated co-investments. For more detail on calculation methodologies, refer to the **Endnotes** of this report.

To learn more, see the **Global Impact** section of the report.

Our Approach

We believe that there are a number of macro trends – e.g., energy transition, technology-driven resource optimization, supply chain resiliency, geopolitical rivalry and increased need for security, and digitalization – that are transforming businesses and economies, and that investing behind these trends is smart business.

For example, it is estimated that the economic transformation across sectors and geographies to enable a transition to net-zero emissions would require \$125 trillion of investment by 2050.^[35] Meanwhile, the clean energy transition is also expected to generate more than 10 million net new jobs around the world by 2030.^[36] At the same time, as advanced technology becomes more essential to business growth, specialized skills are increasingly essential to competing in today's labor market, reshaping all industry and work functions, and requiring ongoing workforce training and skills development.^[37]

In certain asset classes, including private equity and infrastructure, we invest behind these and other sustainability-related trends and macro opportunities, by investing in and building companies that strive to be part of the solution to critical environmental and social challenges. Our Global Impact strategy, launched in 2018, is KKR's flagship vehicle to invest behind scalable, commercial solutions to solve critical global challenges across four key investment themes: climate action, sustainable living, lifelong learning, and inclusive growth.

2022 Highlights

\$40 bn

committed to sustainability-focused investments, including \$30+ bn committed to climate and environmental sustainability investments, since 2010^[38]

\$1.7 bn

invested in 17 companies, with 3 new investments in 2022, as part of our Global Impact strategy, since 2019

Examples of Solutions in Practice

Scaling Solutions to Drive Sustainability Across Global Value Chains

We invest behind companies that are helping other companies, customers, and other stakeholders be more sustainable. This includes working with organizations to operationalize sustainability through deep technical expertise, reduce their GHG footprint across their value chain, or supply key labor market insights to inform decision making.



Company Description: ERM is the largest global pure-play sustainability consultancy; **HQ:** London, United Kingdom; **Year of Investment:** 2021



Company Description: Market leader in branded plant Butters & Spreads, plant Creams and plant Cheeses; **HQ:** Amsterdam, The Netherlands; **Year of Investment:** 2018



Company Description: Provider of labor market analytics software that delivers real-time data and planning tools to educators, employers and public sector constituents; **HQ:** Moscow, Idaho, and Boston, Massachusetts, U.S.; **Year of Investment:** 2019

ERM: Creating Innovative Solutions to Sustainability Challenges

For more than 50 years, ERM's diverse team of world-class experts has supported their clients across the breadth of their organizations to operationalize sustainability and provides deep technical expertise in addressing environmental, health, safety, risk, and social issues.

Since KKR's investment in late 2021, ERM launched a first-of-its-kind ESG Rating platform for private markets — ESG Fusion. This AI-enabled service provides on-demand ESG ratings and analysis to help investment professionals make better decisions. Investors can use ESG

Fusion to perform ESG due diligence, engage with portfolio companies to measure performance and progress, and compare companies' ESG performance within and across industries.

ERM continues to make substantive progress in this space and in 2022 was named as a leader in the ESG and consultancy industry by independent researcher, Verdantix, which noted ERM's depth in industry and service expertise in sustainability-led operational resource transformation.

Upfield: Global Leader in Plant-based Foods

Upfield was set up in mid-2018, following its acquisition by KKR. Its heritage brands have long histories, some of which can trace their roots back to 1871. Today, Upfield is a performance and purpose-driven company producing plant-based foods to enable healthier lives and happier people, while reducing the environmental impact of food production systems. With a growing global population, diets need to evolve to ensure people can be fed sustainably and securely and Upfield is well-placed to help this food system transformation take place.

By choosing Upfield's plant butters, cheeses and creams over a dairy counterpart, Upfield estimates that people collectively save over five million tonnes of CO₂e annually. By helping more people switch to plant-based products instead of dairy, the company can enable its customers to reduce their carbon footprint and their indirect water and land use.

Since KKR's investment in 2018, Upfield has completed a wholesale transformation across its industrial footprint and product portfolio while continuing to progress toward ambitious sustainability goals, centered around enabling plant-based growth, ensuring a responsible supply chain and improving access to affordable and healthy nutrition. In 2021, for example, more than 99% of Upfield's ingredients by volume were plant-based and dairy free, with a target of 100% by 2030. Upfield is focused on sourcing ingredients sustainably and already responsibly sources 100% of its palm and soy, and 99% of its paper.^[39]

[39] [Upfield, Financial and ESG Summary.](#)

Lightcast: Developing Today's Workforce To Prepare for the Skills of Tomorrow

Formerly Emsi Burning Glass, Lightcast has over two decades of experience in delivering real-time labor market data and planning tools. Lightcast provides companies, communities, and learning providers with better knowledge of the jobs and skills in the highest demand. They partner with their customers to leverage insights and align training and education with real career outcomes and mobility.

By better informing career decisions, academic programs, and workforce planning and development, Lightcast helps increase the number of youth and adults with specialized skills — a vital element of adapting to an evolving labor market in the face of the Fourth Industrial Revolution.

Since KKR's investment in 2019, Lightcast has improved numerous organizations' understanding of the labor market and how to connect people to jobs. Recently the Chamber of Commerce in Baton Rouge deployed Lightcast's Skillfit platform to connect residents, including 55,000 college students, with career and training options. Through this tool, the residents can access a free way to learn about more than 15,000 upskilling opportunities based on their skills and interests, and Baton Rouge can attract and retain talent for local businesses in a tight labor market.

Advancing Decarbonization by Investing in Renewables Globally

KKR has been actively investing in the renewable energy sector across our Infrastructure and Credit strategies, among others. In 2022, KKR’s Infrastructure team made a number of investments behind this theme globally, including in our renewable energy portfolio in India. In the U.S., KKR is the 10th largest owner of solar assets in operation and under construction.^[40]

Since 2011, KKR has deployed over \$15 billion^[41] in renewable assets, such as solar and wind, which have an operational power generation capacity of over 23 GW. Within that, our asset-based finance strategy has deployed more than \$7 billion in 54 investments.

In certain strategies, we are also invested in conventional power producers with a view to expanding their renewables capacity as part of the energy transition.



“Our investment in Serentica reflects KKR’s confidence in India’s renewables sector and our commitment to advancing the energy transition in India. Energy-intensive, heavy-industry companies play an important role in society but have traditionally faced more challenges in meeting energy needs sustainably. With Serentica, we look to support these companies in their decarbonization objectives.”

Hardik Shah
Partner, Infrastructure (Mumbai)

Company Description: Renewable energy platform enabling the transition of large-scale, energy-intensive industries to clean energy.;
HQ: Gurugram, India; **Year of Investment:** 2022

Serentica Renewables: Building a Leading Renewables Platform To Support India’s Decarbonization Goals

Serentica Renewables is a decarbonization platform that seeks to enable the energy transition in India by providing complex, clean energy solutions for energy-intensive, hard-to-abate industries. The company is focused on industrial decarbonization, by making renewables the primary source of energy for the commercial and industrial segment. It aims to provide round-the-clock renewable energy through a combination of solar, wind, energy storage and balancing solutions.

Serentica’s vision is to supply over 40 billion units of clean energy annually in the medium term and displace 37 million tonnes of CO₂ emissions.

KKR’s total \$650 million commitment^[42] to the company represents one of the largest decarbonization investments in India to date, which will support the company’s vision to decarbonize large energy intensive industries, and, thus, tackle climate change. This follows other investments made by KKR in the region, which are helping advance India’s ambitious goal of installing 500 GW of renewable energy capacity by 2030, including a 2022 investment in Hero Future Energies, a leading independent power producer, and the 2020 launch of Virescent Renewable Energy Trust, a platform of 16 operational solar power projects across seven states in India.

^[42] Includes \$400 million committed in 2022 and additional \$250 million committed in 2023.

^[40] Bloomberg New Energy Finance, as of January 2023.

^[41] Includes investments made by Global Atlantic.

^[42] To learn more, see the [Engagement > Climate](#) section of the report.



Company Description: Independent U.S. utility-scale solar and wind developer;
HQ: Glendale, California, U.S.; **Year of Investment:** 2022

Arevia Power: Financing New Solar and Wind Power Projects Across the U.S.

Founded in 2015, Arevia Power is an independent U.S. utility-scale solar and wind developer that originates, permits, and manages renewable energy projects through their life cycle. Arevia’s projects aim to meet local and regional energy demand with a focus on mitigating environmental impacts and minimizing impacts to surrounding communities.

In 2022, KKR led a structured investment in Arevia Power to support the company’s accelerated growth and development of new solar and wind projects throughout the U.S. In tandem with the investment, Arevia also executed a Responsible Contractor Policy (“RCP”) for its entire clean energy portfolio throughout the United States. The RCP actively promotes a highly skilled workforce with a strong commitment to health and safety on the job, fair wages and benefits, and future workforce development.

Creating Value and Protecting Vital Information by Investing in Cybersecurity

KKR has capitalized on the critical nature of cyber and information security for over a decade. Across many of our funds we invest in companies that provide innovative solutions to the constantly evolving security and data challenges organizations face. Small and large organizations across the globe face data responsibility challenges related to mitigating cybersecurity risks, promoting a culture of cyber awareness, and handling personal, customer, business, or other sensitive data securely and responsibly.

KKR has invested across a wide range of cybersecurity verticals, including leading companies in security awareness training, security analytics, network, endpoint, and email security platforms, Identity Access Management (IAM), and Extended Detection and Response (XDR). We view these topics as an important part of a well-governed and sustainable business and see the sector as an attractive investment opportunity to create value for our portfolio companies and investors. As the threat landscape continues to change, KKR continues to see the value of investing in cyber and other relevant data responsibility themes.

Since 2016, KKR has invested approximately \$4.8 billion^[43] in cybersecurity-related investments.



Company Description: Integrated software platform for security awareness training; **HQ:** Clearwater, Florida, U.S.; **Year of Investment:** 2019

KnowBe4: Strengthening Digital Infrastructure

As organizations are responsible for a growing amount of sensitive data in the digital realm, there is a continued need for cybersecurity products to protect critical infrastructure and personal freedoms.

With over 1,800 organizational data compromises in 2022,^[44] breaches and damages continue to grow at an exponential rate, and over 80% of these breaches start as the result of human error.^[45] As a result of this dynamic, strengthening the 'human layer' of an organization's cybersecurity defenses has emerged as a critical part of any organizations' security program. To capitalize on this growing theme, in 2019 KKR invested through its Next Generation Technology and Global Impact strategies in KnowBe4, the leading player in security awareness training. Through its platform, KnowBe4 seeks to enable customers to significantly strengthen their security posture through continuous 'real world' training and testing of employees — preventing breaches from phishing and other cyberattacks and empowering employees to make smarter security decisions.

KnowBe4 went public in 2021 and subsequently was acquired in a transaction led by Vista Equity Partners in February 2023. KKR re-invested as part of this transaction and continues to be a significant shareholder in the business, supporting the company's international expansion. Throughout its ownership, KKR has supported KnowBe4 in implementing its own robust ESG policies and procedures, including a net-zero goal, stakeholder engagement strategy, and GHG emissions inventory.

[44] Identity Theft Resource Center, 2022 [Data Breach Report](#).

[45] Verizon, [2022 Data Breach Investigations Report](#).

[43] As of December 31, 2022. Includes companies offering cybersecurity-related software services, including employee security awareness training, penetration testing, and managed security services.

Expert Viewpoints:**Advancing the Energy Transition — Why Energy Security and Sustainability Can Go Hand in Hand****Q: What is the nexus between energy security and sustainability?****Neil R. Brown**

Managing Director, KKR
Global Institute and KKR
Infrastructure (New York)

Upheaval in the global energy system over the past year reinforces my view that sustainability is multifaceted and that investors in energy, like policymakers, need to account for issues of environment, cost, and security. We believe that environmental responsibility is core to sustainability in the energy sector, including both traditional air pollutants and water usage concerns that disproportionately impact local communities, as well as the energy sector's role in climate change as the single largest source of greenhouse gases globally.^[46] Yet, upheaval in energy markets over the past year demonstrated that the energy transition requires a solid foundation of energy security and affordability. As an essential good, both households and businesses have limited financial flexibility to tolerate disruption to energy supplies and price spikes. Hence, we have seen, for example, large scale energy subsidies introduced on both sides of the Atlantic in response to high prices and a rush to build out new critical infrastructure to secure energy supplies and supply chains.

At times, environmental responsibility, security, and affordability can be in tension, and getting them to balance is the key to a sustainable energy strategy. Yet, we also see that they can work in harmony. The shift to decentralized and more localized renewable energy sources can boost security and reduce prices over time, and efficiency is always a winner for all three facets. The energy transition will take time and money, but a fulsome view on sustainability can accelerate it.

Q: How has the notion of energy security affected corporate and consumer behavior?**Frances B. Lim**

Managing Director, Global Macro,
Balance Sheet and Risk (Singapore)

We believe that 2022 was a pivotal year as it redefined “national security” into the “security of everything” as oil, gas, food, and other products were held hostage during the Russia-Ukraine war, sending natural gas prices up over 44 times from \$1.6 per million British thermal unit (mmbtu) in May 2020 to ~\$70 per mmbtu in August 2022. Fortunately, there was generally a mild winter in Europe, and there was enough fuel to heat homes, but even at \$14 per mmbtu today, natural gas is more than 8 times its normal price, eating into household budgets.

And so, today, we believe that there is greater social consciousness, understanding, and willingness, among both consumers and corporations, to shift toward more localized renewable energy sources, not just because of the cost of fuel and electricity, but because of the unpredictability of supply when fuels have to be imported.

Q: Looking ahead, what opportunities do you see for investors to advance a clean and secure energy system?

Brown: I think the transition of the energy sector will be among the largest economic transformations in human history. It requires, quite literally, rewiring the global economy to decarbonize, decentralize, and digitize how virtually every family and business sources and uses energy. That is creating opportunities across asset classes, enabling capital to be put to work from venture to private equity to infrastructure.

We believe that achieving the global ambition for secure and clean energy simply will not be successful without private capital stepping up in a big way in supporting large-scale decarbonization, which requires investing in the existing energy system to make it as clean as possible while maintaining security and affordability, scaling new business models and technologies, and mitigating emissions in commercially viable ways.

Lim: I think that while the energy transition is good for environmental reasons, there are also economic and self-preservation reasons why there needs to be a fundamental shift towards greater energy security. For non-fossil fuel producing countries, energy transition may be the path to energy security. After all, fossil fuels are imported, while renewable energy sources like sun and wind may be widely available, potentially decreasing countries' demand for importing oil and gas at any price. The shift to alternatives may also yield benefits for energy importer countries in the form of narrower fiscal deficits, narrower current account deficits, and a more stable currency.

[46]
United States
Environmental
Protection Agency,
[Global Greenhouse
Gas Emissions Data](#).



Spotlight: KKR Global Impact Strategy

Our Approach

Launched in 2018, the KKR Global Impact strategy seeks to help investors achieve meaningful financial outcomes by helping to solve important societal challenges. We aim to invest in leading companies where financial performance and positive societal impact are aligned, across four investment themes.

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 SEAC, along with other external collaborators.

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 ESG risks, we seek to deliver more resilient, long-term out performance.

Our Global Portfolio



Our Investment Themes

- Climate Action
- Sustainable Living
- Lifelong Learning
- Inclusive Growth



↑ CMC Packaging Automation (“CMC”)

Company Description: A market-leading manufacturer of innovative e-commerce 3D on-demand packaging solutions;

HQ: Città di Castello, Italy; **Year of Investment:** 2020

Investment Selection Criteria

We seek to invest in companies where commercial success is synonymous with impact, and we have developed a rigorous approach to integrate impact and ESG considerations throughout the investment process in collaboration with BSR, a global sustainable business network and consultancy. To qualify for an investment by Global Impact, a business must meet four key criteria:

- Can achieve attractive, risk-adjusted returns
- Core product or service contributes locally relevant solutions to the SDGs
- Generates impacts that are measurable, using metrics sourced from third-party frameworks wherever possible
- Seeks to measurably improve its ESG performance during KKR ownership

Credible Measurement

To demonstrate our commitment to transparency, we continue to leverage third-party measurement frameworks to bring greater credibility and consistency to the impact investing market. We measure each company’s contribution toward one or more of the SDGs, using indicators defined by third-party reporting frameworks wherever possible.

We continue to focus on measuring beyond outputs and seeking to measure outcomes. A few 2022 highlights include collaborating with portfolio company EQuest and a third-party measurement provider, which demonstrated superior learning outcomes with the use of its iSmart product, which is used by over 100,000 students in public schools across Vietnam. In addition, we launched a second life cycle assessment for another product of CMC Packaging Automation (CMC) to better understand the environmental impacts of its products relative to a benchmark, which was completed in early 2023.

Expert Viewpoints: Thematic Tailwinds Drive Impact Opportunities

As we continue to face a wide range of societal challenges, there are numerous proven and trending solutions that we believe present significant opportunities for value creation. Ken Mehlman, Co-Head of KKR’s Global Impact strategy, discussed in an article (link below) how KKR is capitalizing on these trends and other macro challenges to generate financial returns for investors while helping to solve critical global challenges.

To learn more, see the article [“Thematic tailwinds drive impact opportunities”](#) on kkr.com.

A core part of our impact management approach is to leverage leading frameworks and learn from others. Global Impact is a founding signatory of the Operating Principles for Impact Management (Impact Principles), and we use its nine Impact Principles to inform our impact management approach. In 2022, we published our third annual [Disclosure Statement](#), and in 2021 we published our most recent third-party [verification statement](#), which describes how our activities align with the nine Impact Principles. To foster a culture of learning and continuous improvement, we also facilitated a series of teach-ins with the Global Impact team to discuss, in collaboration with experts, issues related to ESG- and Impact-linked compensation, analysis of GHG emissions measurement, and reflections on lessons-learned from assessing impact.

Investment Themes

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

- **Climate Action.** We believe that the severe consequences of climate change are becoming increasingly evident across the globe. The 2023 Intergovernmental Panel on Climate Change report found that human activity, primarily through GHG emissions, caused a global temperature rise of 1.1°C above 1850–1900 levels in 2011–2020, resulting in adverse impacts to nature and people.^[47] In response to this, countries and companies are seeking to rapidly shift their operations and supply chains towards clean energy sources, and transforming the global economy for the energy transition has the potential to increase global GDP by more than \$43 trillion between now and 2070.^[48] Global Impact invests behind companies that provide solutions to the climate challenge as a way to capitalize on these global trends, and to help companies adapt to climate change, manage impacts, and protect vulnerable ecosystems, all of which, in turn, help create and protect value for our investors.

- **Sustainable Living.** Global resource use has tripled since 1970 and is set to double again by 2060, which is projected to continue to cause biodiversity loss, water stress, increasing emissions, and adverse human health impacts.^[49] As humans' increasing global footprint poses climate and pollution risk, consumers are becoming more aware of how their consumption habits can impact the environment. In the past five years, there has been a 71% rise in online searches for sustainable goods,^[50] which demonstrates a trend toward the search for safe, sustainable, and healthy products that align with consumer preferences. Global Impact invests in



Company Description: Global seed company that aims to deliver innovative farming solutions and technology to farmers around the world; **HQ:** Hyderabad, India.; **Year of Investment:** 2022

companies that deliver circular economy, waste management, and other sustainable solutions in support of more sustainable cities, businesses, and communities.

- **Lifelong Learning.** Economic disruption has exacerbated gaps in accessibility to education and other advanced technology services around the world. With 50% of necessary skills for jobs in every industry having changed since 2018^[51], the future of work is expected to require significant investment in worker upskilling and reskilling. Through our investments, we aim to not only help upskill and future-proof the global workforce, but also help companies and organizations perform more successfully and produce better financial outcomes.

Advanta Seeds: Creating Innovative Agriculture Technologies

Theme: Sustainable Living

Food production is facing structural challenges due to geopolitical disruption, rising population, reduction of arable land, declining productivity, and climate change. As these challenges continue to impact our global food and agriculture systems, there is a growing market for innovative solutions to help feed the world's population.

Advanta aims to address these challenges through sustainable agriculture, providing farmers with locally adapted high-performing and quality hybrid seeds, developed through decades of research and advanced technologies in traditional plant breeding seeds. Today, Advanta has a presence in 84 countries across Asia, Australia, Europe, the United States and Latin America, and Africa. With a diversified portfolio of over 900 hybrid seeds across more than 40 crops, Advanta is a global leader in tropical and subtropical corn, and maintains leading positions in many regions in corn, forages, grain sorghum, sunflower, canola, rice, and vegetables. Advanta is also committed to providing smallholder farmers with access to quality seeds to enhance farmer

livelihoods. The Access to Seeds Index, which measures the efforts of seed companies to reach smallholder farmers, ranked Advanta as 2nd in ASEAN and 4th in Africa in 2021.

KKR's \$300 million investment in Advanta is a unique opportunity to capitalize on the global seed market, which is estimated to be \$40-\$50 billion^[52] with strong growth expected in the future, and leverage our global network, operational, and ESG management expertise to strengthen Advanta's business and achieve Advanta's next phase of growth.

SDGs:

Zero Hunger



2022 Impact Highlight: 43,136,122 kgs of seeds sold to smallholder farmers

[52]

IMARC Group, **Seeds Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2023–2028.**

- **Inclusive Growth.** Global inflation has risen amid the cost-of-living crisis, causing tightening financial conditions in most regions.^[53] This is intensifying social inequities, as disadvantaged groups are facing more barriers to participating fully in society. Amid these challenges, Global Impact seeks to invest behind companies that ensure equitable access to information and opportunity, and protect personal freedoms and well-being. Enhancing access to banking alone could boost GDP by 14% in developing countries and 30% in frontier economies.^[54] In addition, the pandemic has amplified the importance of stable, transparent systems in which economies can thrive and where workers are safe. Solutions that protect personal freedoms and enhance DEI are also essential to ensure that growth is stable and fully inclusive.



"We are currently living in a time and a world where concerns around energy and food security, climate events, and social inequity touch every aspect of our lives. As investors, we have a unique opportunity to address these global challenges by deploying capital to scale commercial solutions and partnering with businesses that are driving innovation and sustainable development for future generations."

Katie Wu

Director, Global Impact (New York)

[53]

International Monetary Fund, **World Economic Outlook October 2022 Countering the Cost-of-Living Crisis.** 2022.

[54]

EY, **How banks can play a stronger role in accelerating financial inclusion.** 2018.

[47]

Intergovernmental Panel on Climate Change (IPCC), **Synthesis Report of the IPCC Sixth Assessment Report.** 2023.

[48]

Principles for Responsible Investment (PRI), **Annual Report 2022.** 2023.

[49]

International Institute for Sustainable Development, **Global Outlook Highlights Resource Extraction as Main Cause of Climate Change, Biodiversity Loss.** 2019.

[50]

WWF, **Search for Sustainable Goods Grows by 71% As 'Eco-Wakening' Grips the Globe.** 2021.

[51]

World Economic Forum, **Five Things to Know about the Future of Jobs.** 2018.

Addressing Shared Issues To Help Create and Protect Value

Global Impact investment teams seek to leverage KKR’s long experience and approach to integrating and managing material ESG topics across the entire investment life cycle to help create and protect value, focusing on what is most meaningful to each company. For years, we have also helped portfolio companies manage topics KKR has identified to be broadly applicable across sectors and geographies, and since 2022, we do that in line with KKR’s Global Ambitions.

Once we are invested in a company, we seek to engage with the company on ESG management best practices, where relevant. In 2022, for example, following the completion of a life cycle assessment, we supported CMC with the implementation of an ESG strategy as well as the roll-out of a new website, which included an Impact Calculator to help CMC’s customers estimate savings based on the company’s CartonWrap technology. To further its strategy, CMC also added dedicated leadership positions focused on ESG and Human Resources and is planning to publish an inaugural sustainability report. In addition, we built on our experiences in 2021 at Lightcast and Graduation Alliance to roll out employee ownership programs at other portfolio companies.

KKR Global Impact’s 2022 Cross-Portfolio ESG Performance^[55]

Climate
79,000
 metric tons of CO₂ equivalent in Scope 1 and 2 emissions

Human Capital
26%
 diverse board members



Company Description: A leading European bike and e-bike manufacturer and designer; **HQ:** Heerenveen, The Netherlands; **Year of Investment:** 2022

42%
 diverse employees

3,300+
 jobs created

Data Responsibility
94%
 of companies have a cybersecurity approach in place

Accell Group: Accelerating Sustainable Living

Theme: Sustainable Living

Accell Group addresses the demand for cleaner modes of transport by providing sustainable alternatives to traditional higher emissions transport solutions. Having steadily risen in popularity over recent years, many European countries have seen e-bike growth of between 30 and 40%, and experts expect the trend to continue.^[56] As the leading European manufacturer of e-bikes used predominantly for commuting, Accell’s products and services play a central role in the decarbonization of transport in line with the EU Green Deal goal of reducing 90% of transport emissions by 2050.

During the pre-investment phase, our team surveyed over 2,000 customers on their commuting habits. We estimated that approximately 60% of trips are displaced by e-bikes from cars and other conventionally fueled public modes of transport. In addition to quantifying the product’s impact, we are working with the company to re-baseline its GHG emissions, develop a decarbonization plan, as well as developing a strategy for battery management aligned with circular economy principles.



“We are excited about Accell as a potential transformative force in the transition to lower carbon transport and healthier ways of living. It is a case study in commercial success directly driving impact — the more bikes that are sold, the greater our positive environmental impact on emissions and on the physical and mental wellbeing of our populations.”

Rami Bibi
 Director, Head of Europe, Global Impact (London)

SDGs:

Sustainable Cities and Communities **11** SUSTAINABLE CITIES AND COMMUNITIES

Climate Action **13** CLIMATE ACTION

2022 Impact Highlight: 200,000 metric tons of CO₂ saved from Accell customer transition from high emitting transport to e-bikes for commuting

^[56] **Urban Transport Group, Fully charged: Powering up the potential of e-bikes in the city regions**, 2021.

Our 2023 Priorities

- Further engage with portfolio companies on decarbonization plans and scale learnings and best practices across our portfolio
- Continue supporting the expansion of employee engagement and ownership efforts, and expanding broad-based engagement strategies across our Global Impact portfolio
- Scale our efforts in supporting the implementation of impact or ESG-related management incentives to drive progress and create and protect long-term value
- Continue to work with portfolio companies on ESG reporting and measurement to inform ESG management efforts, including identification and management of material ESG topics

^[55] Data as of 2022. For more detail on reporting scope and calculation methodologies, refer to the **Endnotes** of this report.

Contributing to the SDGs^[57]

To measure the impact performance of the investments in our portfolio, we currently track more than 50 SDG-linked metrics. Each portfolio company in our Global Impact portfolio reports at least two 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 sampling of Global Impact's cumulative contributions to the SDGs, featuring at least one SDG metric per company and one metric per SDG addressed. Details on performance toward all SDG metrics are presented in our full KKR Global Impact report, which is provided to fund investors.

Highlights of Global Impact Portfolio Companies' Contributions to the SDGs

1 NO POVERTY

No Poverty

168,000

loans to micro-entrepreneurs and self-employed individuals in India provided by Five Star over the life of KKR's investment.

2 ZERO HUNGER

Zero Hunger

43

million kilograms of seeds sold to smallholder farmers in Asia, Africa, and Latin America through Advanta Seeds.

4 QUALITY EDUCATION

Quality Education

1,100

higher education institutions used Lightcast labor analytics solutions.

71,600

students enrolled in MasterD vocational courses.

11,300

former high school dropouts earning credits from Graduation Alliance towards a diploma.

1

million students with access to personalized, digital learning content through Education Perfect.

13,000

K-12 students accessing affordable, bilingual education in Vietnam through EQuest.

6 CLEAN WATER AND SANITATION

Clean Water and Sanitation

260

million kilograms of harmful nutrients removed from wastewater treated with Axius products over the life of KKR's investment.

7 AFFORDABLE AND CLEAN ENERGY

Affordable and Clean Energy

15%

average energy intensity reduction in heating, ventilation, and air conditioning systems at BBP.

8 DECENT WORK AND ECONOMIC GROWTH

Decent Work and Economic Growth

75%

lower likelihood of work-related injuries at small- and medium-sized enterprises using Citation's product.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, Innovation and Infrastructure

175,000

metric tons of CO₂ equivalent reduced due to energy efficiency projects provided by BBP over the life of KKR's investment.

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable Cities and Communities

22

million metric tons of municipal waste treated by Viridor and Re Sustainability over the lifetime of KKR's investment.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Consumption and Production

4

million metric tons of hazardous waste collected and treated by Re Sustainability over the life of KKR's investment.

320,000

metric tons of cardboard avoided in packaging by CMC over the life of KKR's investment.

13 CLIMATE ACTION

Climate Action

12

million metric tons of GHG emissions reduced through sustainable farming practices over the life of KKR's investment through GreenCollar.

200,000

metric tons of CO₂ savings associated with Accell Group.

14 LIFE BELOW WATER

Life Below Water

38,000

kilograms of nitrogen prevented from entering the Great Barrier Reef Catchment area over the life of KKR's investment through GreenCollar.

15 LIFE ON LAND

Life on Land

2

million hectares of land managed under environmental projects through GreenCollar.

5,492

acres of land restored and protected by RES.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Peace, Justice and Strong Institutions

280

million fewer exposed records from data breaches through KnowBe4 across the life of KKR's investment.

[57]

The figure is for illustrative purposes only. The illustrations include all 13 SDGs addressed by Global Impact in 2022 and at least one finalized metric per company in our Global Impact portfolio, but do not include all metrics for every company. The majority of results are cumulative contributions to the SDGs since baseline, and SDG metrics with percent values expressed as most recent result for 2022. All figures are rounded totals. To learn more about the methodology for developing our KPIs, see the [Endnotes](#) of this report.

Sustainable Operations



Our ability to create and protect long-term value for our stakeholders relies on how we operate as a business. Across our operations,^[58] we strive to build an inclusive workplace, responsibly manage our environmental footprint, act as a responsible corporate citizen, and adopt responsible business practices.

[58]

The "Sustainable Operations" section of this report describes practices, policies and procedures applicable to the Firm (as defined under [Cautionary Statement](#)).

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Human Capital

Our global team of employees sets our Firm apart and is key to our success. We work to foster a respectful, safe, and engaging environment where all our employees can thrive both professionally and personally.

Our Approach

Our one-firm approach — where everyone participates in everything we do and success is best enjoyed collectively — is designed to involve the responsible management and engagement of our people and enable us to work together to create value. This approach means that we share our responsibilities as well as our successes. We seek to operate with a single culture that is built on our common core values, which we work to ingrain in every aspect of our organization, across regions and business units.

Over the past year, our Firm has seen tremendous growth, as our asset management employee numbers have grown from approximately 2,000 in 2021 to more than 2,500 in 2022.^[59] In navigating this growth, we remain focused on our distinct culture and unwavering commitment to our core values built on partnership and collaboration. As new team members bring unique perspectives and solutions to our clients and stakeholders, we seek to support their integration and development through a culture of inclusion and collaborative relationships.

Our People and Talent function is managed by KKR's Global Head of Human Capital, who reports to KKR's Chief Operating Officer. Our Chief Diversity Officer and Head of Talent Development is responsible for KKR's DEI and global talent development strategies. KKR's Human Capital team manages our people strategy from both a business partner and functional perspective and is comprised of experts in talent acquisition, which includes campus recruiting and lateral hiring, talent management, talent development, DEI, compensation, benefits, wellness, and operations.

Diversity, Equity, and Inclusion

We see tremendous value in having a well-rounded, inclusive workplace — one that is reflective of the clients we serve, the companies and other stakeholders with whom we engage, and the communities in which we live and conduct business. Embracing the diversity of backgrounds, perspectives, and experiences of our employees is a business priority at KKR, and we believe that it leads to more innovative thinking and better problem-solving that allows us to create and protect value across our Firm. We believe more diverse teams will make us a stronger and more effective Firm, and DEI is an important part of our strategy to attract, develop, retain, and promote the best possible talent at KKR.

Strategy and Governance

Driving progress in our efforts toward a more diverse workforce starts at the top. To help us realize our strategic priority of creating a more inclusive workplace, we formed the Inclusion and Diversity Council (IDC) in 2014, comprised of senior Firm leaders and co-chaired by our Co-CEOs and our Chief Diversity Officer and Head of Talent Development. The IDC works with the Americas, EMEA, and Asia-Pacific regional IDCs, which are collectively comprised of approximately 30 diverse executives at various levels across the Firm, to drive recruiting, promote retention, and maximize external partnerships. This approach helps embed a culture of inclusivity throughout everything we do and promote increased representation among women and underrepresented racial and ethnic groups.

In our portfolio companies, we also focus on diversity of backgrounds, perspectives, and experiences on the boards of directors of our companies and the boards' and/or committees' oversight of how their companies operate.



“We seek to manage our investment in human capital as rigorously as we do our financial capital by promoting leading talent management practices to accelerate the development of our people and teams, with the ultimate goal of realizing our Firm's strategy today and driving performance in the future.”

Sandra Ozola

Partner, Global Head of Human Capital (New York)

At the Firm level, we implemented a DEI Accountability Framework designed to drive greater ownership across the Firm by linking DEI outcomes across each business with how we evaluate, recognize, and reward our leaders. In 2022, we successfully implemented Phase 1 of our accountability framework and are currently developing our approach to Phase 2.

DEI Accountability Framework

Phase 1: Build the Foundation

Integration of DEI into strategy planning and performance management has established organizational discipline.

Phase 2: Drive Long-term Impact

Going forward, we aim for the framework to reinforce leaders' role in retaining talent and bolstering feelings of belonging.

Each business leader has established three- and five-year DEI goals which are intended to be reviewed biannually. We believe that considering progress achieved and the contributions that leaders made against these goals into the year-end performance process drives proactive actions. This fosters our culture of inclusion and unlocks the value that diverse backgrounds, perspectives, and experiences offer to our business. It also helps ensure DEI is managed as a strategic business imperative.

^[59] To learn more about KKR's employees, see the Human Capital section under Item 1 of the [2022 10-K](#), available on [kk.com](#).

To learn more about the relevant policies below, see the [Overview of Policies](#) section of the report: [Harassment Policy](#), [Equal Employment Opportunity Policy](#).

To learn more about our DEI efforts with portfolio companies, see the [Sustainable Investing > Human Capital](#) sections of the report.

Creating Value: DEI Highlights^[60]

6x

increase in the number of senior women (partners and managing directors)

33%

women in investing roles, up from 28%

Another component of our DEI Accountability Framework is evaluating and measuring how well our leaders create a culture of inclusion on their teams that enable everyone to perform at their best. To support their ability to foster this culture, in 2022, we identified and discussed a set of leadership behaviors and actions that impact employee engagement, productivity, retention and belonging. Business unit leaders were asked to adopt these behaviors and share and discuss them with their leadership teams. During dedicated accountability sessions with each business, leaders are encouraged to surface other behaviors and best practices, as well as challenges they experience integrating, developing and managing their people. In doing so, we expand our conversations beyond representation to include our efforts to advance a culture of inclusion across the Firm.

In addition to business unit DEI goals, we are evaluating expanding our goals. Our Human Capital team is driving the conversation with key leaders across the business, including the IDC. In the future, we aim to have goals centered on employee representation, employee sentiment, and supplier diversity.

GLOBAL IDC		
AMERICAS IDC	EMEA IDC	APAC IDC
Co-Chairs and Council Members	Co-Chairs and Council Members	Co-Chairs and Council Members
Employee Resource Groups and Forums		

Programs and Initiatives

We strive to advance a diverse, equitable, and inclusive workplace at the Firm throughout the entire employee life cycle, from talent acquisition practices to professional development and benefits programs. The IDC sponsors programs and initiatives focused on mentorship, sponsorship, and leadership development and drives accountability by collaborating closely with business leaders across the Firm.

Through education, training, regular communications, and resources, our employees are encouraged to maintain open dialogues that lead to an inclusive environment. We offer several DEI-related training and development opportunities across various levels of the Firm.

Culture and Connectivity Panels: In 2022, we hosted six Culture and Connectivity Panels with approximately 150 participants. The Panels provided meaningful ways for our leaders to demonstrate our values and for our employees to learn, experience, and contribute to the Firm's culture.

Managing Inclusively: We offer a series of workshops to equip our Firm's managers with proven tools and best practices to foster diverse and inclusive teams. Through these workshops, managers explore topics such as mitigating unconscious bias and implementing inclusive leadership principles and action.

In 2022, we were recognized by the Human Rights Campaign Foundation as one of the best places to work for LGBTQ equality — our sixth consecutive year receiving this award. While we are proud of our progress in advancing a more diverse workforce and inclusive culture, we recognize there is always more to do.

Creating Value: DEI Highlights

7x

increase in individuals from underrepresented communities^[61] in investment roles (U.S. only)

43%

of our global employees are affiliated with at least one employee resource group (ERG)

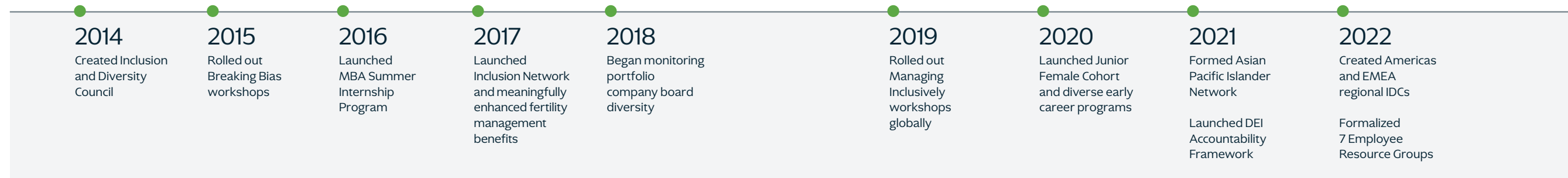
[60] Since the formation of the IDC in 2014; as of December 31, 2022.

To learn more about how we embed DEI in our human capital management approach, see the [Sustainable Operations > Talent Acquisition, Learning and Development, and Employee Well-being](#) sections of the report.

To learn more about KKR's awards, see the [Life at KKR](#) page at kkr.com.

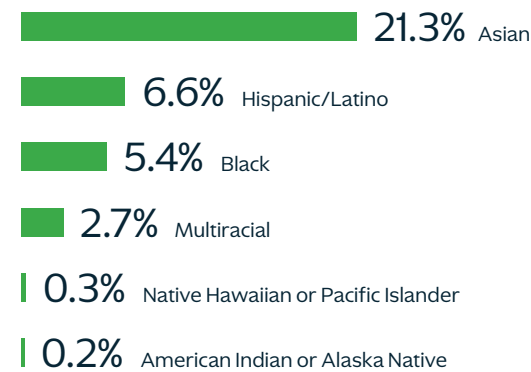
[61] Comprised of employees who identify as African American or Black, Hispanic or Latino, or Native American or Alaska Native. Since the formation of the IDC in 2014; as of December 31, 2022.

Select Key Milestones



2022 DEI Performance

Racial/Ethnic Diversity in the Americas



Global Gender Diversity



“Across our Diversity, Equity, and Inclusion efforts, we place emphasis on the “AND” as we believe all three components are essential for employee engagement and business performance. We are pulling on several levers at once to ensure we are continually moving toward our highest aspirations. Our ERG program is central to these efforts because the individual human experience is at the core of everything we do.”

Larry Lennox-Choate

Principal, Human Capital – Diversity and Talent Development (New York)

Cultivating a Culture of Belonging

We work to foster a culture where all employees at the Firm feel a sense of belonging, purpose, and achievement. The KKR Inclusion Network, launched in 2017 and now including seven employee resource groups (ERGs) under the leadership of the global IDC, works to foster greater inclusion, celebrate diversity, and bring our employees together across regions and offices.

In 2022, we formalized seven ERGs across our Firm, which are employee-led affinity groups for employees with shared identities, backgrounds, and interests, as well as for allies. Our Firm-sponsored ERGs work to foster a sense of community, enable employees to connect and better collaborate with colleagues that have shared experiences, and ensure everyone has a platform to share their voice.

National Coming Out Day

The KKR Pride Network welcomed everyone to celebrate National Coming Out Day on October 11th in acknowledgement of the power and significance of people living openly as their full authentic selves. In recognition of the day, four KKR Pride members shared personal reflections on their coming out journeys. Around 600 employees viewed these stories in the first 24 hours alone, and they

empowered multiple individuals to come out to colleagues at KKR. The vulnerability displayed by these storytellers demonstrated the value of joining the KKR Pride community and inspired all of us at KKR to get to know and consider the many different lived experiences of our employees.

Our seven global ERGs include:



As of January 2023, 43% of our global employees are affiliated with at least one ERG, and ERG-sponsored KKR conversations have an average of 240 attendees. Each ERG has hosted programming targeting their membership and engaging the broader Firm. 2022 programs and events included an API mentorship program, Veterans Day storytelling panels, and ongoing lunch series with the La Casa and Women's Networks.

Our 2023 Priorities

We aim to scale and institutionalize our approach to a more diverse and inclusive workplace to enable transformational change for our organization, our people, and across our industry. Key priorities include:

- **Our People:** Enhance our culture of inclusion by continuing to build out our ERGs, increase the number of employees receiving DEI training, and enhance development opportunities for diverse talent.
- **Our Organization:** Drive effective governance and accountability by increasing regional and business unit participation in the IDC, expand Firm-level DEI goals, enhance our supplier diversity program, and better understand our performance through benchmarking.
- **Our Industry:** Work with portfolio companies on board diversity, workforce development, and supplier diversity initiatives as well as new external engagements to promote diversity practices.

To learn more about our DEI metrics, see our [KKR-level ESG Data Tables](#) section of the Appendix.

**Creating Value:
2022 Highlights**

81%

of 2023 full-time analysts were pipelined from the 2022 summer analyst program

100%

acceptance rate for summer analysts who received a full-time offer

50%

of the incoming 2023 analyst class is comprised of underrepresented individuals^[62]

[62] Underrepresented individuals include those who identify as women, Black, or Hispanic-Latino, which are underrepresented minorities in Financial Services.

Talent Acquisition

Through our Talent Acquisition function at the Firm, we focus on attracting diverse, purpose-driven individuals who enjoy working collaboratively to drive our global success and help create and protect value for our companies and our clients. We believe in the importance of “like and trust,” and we operate with the mindset that we can accomplish more together than alone. As part of our efforts to connect to a strong, diverse talent pipeline, we employ robust campus and diversity recruitment strategies, candidate assessments, and decision-making processes.

Our comprehensive campus recruiting strategy was developed with a focus on recruiting qualified and diverse junior talent. We seek to collaborate with a variety of organizations to expand our talent pipeline and look for opportunities to build additional relationships and broaden our audience. We market to over 60 universities, including Historically Black Colleges and Universities (HBCUs), through a digital job recruiting platform specifically geared toward college students. We also value in-person events to directly recruit candidates and in 2022, we resumed this program as we visited four college campuses and hosted three recruiting events at KKR offices. We host a variety of programs to develop our talent pipeline and provide junior talent with the skills needed to succeed in our industry, including:

- **Summer Analyst (Internship) Program:** Targets third-year college students for possible conversion to full-time hires. This 10-week immersive work experience provides hands-on business and investment learning opportunities. In the 2022 program, 38% of participants were women, 11% were Black, and 16% were Hispanic-Latino.

- **Undergraduate Diversity Insights Program:** Provides candidates with insights into our Firm, culture, and 2024 summer analyst opportunities. During the full-day event in 2022, 63 undergraduate sophomores attended from 29 schools. Of the attendees, 60% were women, 24% Hispanic-Latino, 22% Asian, 19% two or more races, and 10% Black.
- **Full-time Analyst/Associate Program:** Provides comprehensive training and support to entry-level analysts/associates who join KKR directly from campus. We welcome lateral associate hires who also receive supplemental training needed to be successful in their roles.
- **MBA Summer Internship Program:** Targets first-year MBAs for possible conversion to full-time hires. During the 10-week program, interns evaluate potential investments and monitor portfolio companies in a team setting as they interact with the Firm’s investor and management teams.

We seek to implement robust recruitment infrastructure using data and applicant-tracking technology and assessment tools to enhance our talent acquisition capabilities. In 2022, we began using a software platform to make our campus interview process more efficient and structured.

We maintain strategic succession plans to help ensure we are prepared with a pipeline of talented candidates to fill critical roles within the company. Our Talent Acquisition function implements a forward-looking process to fill talent gaps and help ensure we have the right talent at the right time. At junior levels, we work to recruit strong candidates and offer key learning and development opportunities for young employees to progress their careers at KKR. At senior levels, we use succession plans to identify eligible candidates based on performance and potential to succeed.

Enhancing Diversity in Our Talent Pipeline

KKR seeks to engage with organizations, academic institutions, and experts to enhance our practices and diversity recruiting efforts. These organizations provide us the ability to host exclusive recruiting events, participate in their programming, and access their members who may not have considered us as a career choice previously. We collaborate with BLK Capital Management — a 100% black-owned and student-run nonprofit that focuses on financial literacy and career mentorship

within investment management. KKR is a diamond sponsor of the organization and in 2022, we attended their Spring and Fall Conferences and hosted an employer-exclusive recruiting event that was attended by more than 60 students. These events were successful in recruiting new, diverse talent and two of our 2022 Summer Analysts are BLK members.

To learn more about KKR’s DEI initiatives, see the [Diversity](#) page at kkr.com.

When recruiting for lateral positions at the Firm, we use a structured process that assesses for both technical competencies and cultural alignment. We believe that this approach helps us not only identify successful candidates with the right qualities for the role but also eliminate biases and increase objectivity in hiring decisions.

We are currently exploring opportunities to implement an employee referral program and develop pilot programs targeting the recruitment of professionals who are seeking to return to the workforce after an extended career break.



**Creating Value:
2022 Highlights**

Approximately

130

employees introduced onto nonprofit boards^[63]

~1,800

employees trained through skills-based development workshops

100+

executive coaching engagements and 14 training programs hosted

Learning and Development

Providing effective training and professional development opportunities is important to equip our workforce with the skills and knowledge needed for the future. Our learning and development programs aim to enable our people to achieve their career aspirations and optimize their business impact. We offer multiple programs to encourage employees at the Firm to continue developing their leadership and technical skills.

- **Early Careers Training Program:** In 2022, we continued to enhance the KKR Analyst & Associate Career Experience to support a successful introduction of junior talent to the Firm, our culture and values, and foster in-person connections. This experience consists of four distinct components: Onboarding & Cultural Integration; Technical Training; On-the-Desk & Functional Development; and Skills-Based Development. Upon arrival, analysts enter a four-week period where we provide them with a holistic view of the Firm's culture and values in addition to networking opportunities, technical, skills-based training, on-the-job mentoring, and business-specific breakout days.
- **DEI Expert in Residence:** Started in early 2023, this training initiative is intended to build awareness of key DEI concepts and drive actionable change. We invited renowned Professor Kenji Yoshino from New York University as our inaugural DEI Expert in Residence to take us through a series of engagements over the course of six months, focusing on the topics of Covering and Allyship.



↑ Newly promoted directors participate in a dedicated training program

- **Tuition Reimbursement:** The Firm encourages employee growth and development by offering tuition reimbursement for eligible full-time employees to further their education with external undergraduate, graduate, MBA, or certification classes.
- **Self-paced Learning Experiences:** We offer employees an online, on-demand library of training resources to facilitate continuous learning.

Our Human Capital team evaluates the effectiveness of our training programs at the Firm through employee feedback throughout the year, including anecdotal feedback and live post-training surveys. We also conduct deep-dive assessments of our programs to evaluate our professional development and career advancement opportunities. We seek to continuously improve our programs to future-proof our global workforce and ensure they have the skills needed to succeed. Our approach to talent management directly affects our ability to retain our employees and achieve our business strategy. In 2022, our voluntary turnover rate for the Firm's employees was 8%.

Transition-based Leadership Development

We offer training to our employees at the Firm at key transition points throughout their careers. For example, newly promoted principals, directors, and managing directors participate in programs that include assessments and insights around their personal leadership and management style, how those affect their effectiveness as a leader, and how to manage and coach team members. We also provide individual coaching opportunities for leaders at the Firm, and we run leadership training with emphasis on proven management practices and managing inclusively.

In response to results from the Firm's employee engagement survey, our Client and Partner Group (CPG) implemented an initiative to help employees better understand opportunities for career progression. The CPG Career Navigator Framework provides individuals and managers with a detailed structure within which to think about,

evaluate, and discuss individual professional development goals. This framework increases transparency around career growth, clarifies expectations for career development, and aligns professional development priorities with career progression to maximize individual performance.

We have enhanced our management development training in 2022 to help ensure new people managers at the Firm are equipped to succeed in their roles. We offer learning experiences directly to our managers such as curated just-in-time resources, and best practices in giving feedback, Managing Inclusively, communicating, and leading. For 2023, we are piloting two new development programs, Manager Essentials and Manager Edge, for new managers and tenured leaders, respectively.

Employee Engagement

We value continuous and robust dialogue with our employees to enhance our culture and to reflect the changing needs and perspectives of our diverse workforce at the Firm. We regularly conduct anonymous employee engagement surveys to gather feedback directly from employees to better understand their needs and how we can best support them. The 2022 engagement survey focused on our employee's experience of DEI and culture at KKR with an 85% participation rate.

After the engagement survey is completed, each business analyzes the results on a relative basis against the Firm, on an absolute basis, and through a year-over-year perspective. Based on the results of the survey, each business then works to design action plans to harness opportunities for improvement. For example, KKR Capstone is building out their training, learning, and development opportunities based on employee feedback. Additionally, throughout the year, our senior leaders hosted small-group breakfasts and lunches for more than 400 employees at the Firm, offering the opportunity to share feedback in an informal setting. We continue to explore opportunities to improve our engagement mechanisms and seek feedback from employees more frequently to keep our people informed and engaged.

82% of employees felt that their manager fosters a diverse and inclusive work environment

80% of employees felt that they are treated as a valued team member

[63] Across the U.S. and Europe since 2017.

A key initiative to recognize employees at the Firm who go above and beyond what is expected of them is our Founders' Award. Created in 2012, these awards acknowledge extraordinary actions, initiatives, and behaviors that represent aspirational examples of our culture and values. These awards recognize those who demonstrate excellence and make special contributions along the core dimensions by which we measure ourselves, including commercial leadership, leading and managing people, living our culture and values, and DEI. In 2022, we honored nine awardees from around the globe who have, among many notable contributions, served as invaluable mentors to their KKR peers, supported colleagues in outsized ways and gone above and beyond in service to others.

Through our internal communication channels we also aim to stay engaged and connected with our employees, fostering a greater sense of community. We launched our KKR Conversation series in 2020 to get to know our colleagues and gain insights from external thought leaders in a three-dimensional way by understanding their stories, their experiences, and their backgrounds. We provide regular opportunities for employees to hear from senior leadership, stay updated on firm priorities and learn about various events available to them, such as wellness-related activities and community engagement opportunities. As one example, in 2022, we added a Firm-wide Q&A series with our Co-CEOs and covered topics such as ESG and sustainability, DEI, private wealth and technology. These engagement pathways increase transparency across our business and cultivate our culture.

Employee Well-being

We can only be our best when our people are thriving at work and at home. We invest in our employees and their families through award-winning benefits designed to maximize value and provide access to care that supports employees throughout their work-life continuum. We aim to equip our people with the tools necessary to maintain physical, mental, and emotional health and well-being in a demanding yet rewarding environment.

Differentiated Healthcare and Wellness Benefits

Our comprehensive healthcare benefits focus on preventive care and provide navigation for the myriad healthcare challenges eligible employees and their loved ones may face, including primary care, mental health, musculoskeletal, and cancer care through multiple modalities — on-site, near-site, and virtually. In 2022, we launched on-site health centers for New York- and London-based employees, which include access to in-person primary care, mental health, and physical therapy services. We also implemented a multi-cancer early detection screening test for U.S. employees over age 50 or with elevated risk factors.

We work to enhance the in-office experience to facilitate opportunities to connect with colleagues and we provide a wide variety of free healthy meal options, snacks, and drinks to help our employees stay energized throughout the day. Our fitness reimbursement program provides flexibility for custom wellness journeys and can be used for wellness expenses including gym memberships, personal trainers, online subscriptions, and yoga or meditation studios. We host an annual global step challenge and a variety of activities and programming to increase employee engagement in health and fitness.

We are deeply committed to supporting our employees' mental health. We offer behavioral and mental health support, provided virtually via a telemedicine service, which the Firm's employees and their families across the globe can use. U.S.-based employees and their families also have access to pediatric behavioral health and substance use support services.

Supporting All Paths to Parenthood

We continue to expand and enhance the inclusivity of our global benefits for the Firm's employees starting or growing their families or looking for help balancing their work and home life. Our program provides financial assistance and guidance on unique paths to parenthood, including support for in vitro fertilization, fertility preservation, donor tissue, surrogacy, fostering, and adoption. In 2022, we increased reimbursements for surrogacy and adoption expenses in the U.S. Our family support benefits include access to pediatric mental health, expert navigation for parents with children with developmental disabilities, as well as back-up child, elder, and pet care.

Expert-facilitated Financial Security Resources

KKR is committed to helping employees save now and in the future through life insurance, disability, and retirement plans — and for eligible employees,

through the ability to commit their own capital to KKR investment funds — all designed to build a solid foundation for long-term wealth creation, preservation, and planning. Through a combination of Firm-sponsored and supplemental coverage, and certain voluntary benefits such as a group personal umbrella program, long-term care, and legal assistance, employees are provided with options to help ensure their family's long-term financial well-being.

Performance Management and Compensation

Providing guidance, support, and feedback to employees is a key aspect of their career development. Employees at the Firm participate in formal performance evaluations annually, with a six-month informal review to track progress against pre-set goals. These evaluations include a discussion on feedback, performance, conduct, and contributions to our Firm's culture, values, and ESG-related efforts. These considerations all factor into compensation and promotion decisions. The evaluation process is based on input from a wide range of sources, which we feel promotes a measure of objectivity as a balance to a single manager's judgment. In 2022, approximately 2,050 full-time employees participated in the review process, with a 98% completion rate.

Furthermore, employees participate in a goal-setting exercise at the beginning of each calendar year and evaluate progress against these goals as part of the mid- and end-year review process. We believe that defining clear, ambitious performance goals enables our employees to advance their careers and create and protect value for our Firm.

↓ In July 2022, two of our Employee Resource Groups, KKR API and KKR Women, co-hosted a KKR Conversation with Indra Nooyi, former chairman and CEO of PepsiCo, moderated by Saleena Goel, Head of KKR Customized Portfolio Solutions.



To learn more about the Firm's offerings, see the **Benefits Overview** provided in the Appendix section of the report.

Our one-firm approach aims to ensure we share responsibility and success. This approach extends to our compensation practices, which are based on the performance of the Firm as a whole, in addition to an individual's contributions to the Firm. Our evaluation, pay, promotion, and succession processes are designed to engage and reward employees, and we believe that this structure promotes collaboration, resource sharing, shared accountability, and alignment of interests. To ensure our employees are compensated appropriately and competitively compared to the market, we conduct annual benchmarking exercises.

All employees at the Firm receive a base salary and are eligible for a cash bonus and equity compensation as well as additional incentives. Select employees are also eligible to receive a carried interest allocation. This is drawn from a carry pool, where up to 65% of the carried interest that we earn is allocated. Our equity awards are also a critical element of our compensation program. These awards help attract highly skilled people in our highly competitive industry, encourage retention, and align the financial interests of such individuals with those of our Firm. We believe that providing an equity stake in the future success of our business motivates our employees to achieve our long-term business goals and to increase stockholder value. The cash bonus, equity compensation, and carried interest allocation are discretionary, and carried interest and equity awards are typically subject to a vesting period of several years.

We are an equal opportunity employer and prohibit discrimination in all aspects of employment, including compensation. To promote pay equity, our compensation structure and determinations are required to be based on job qualification and financial and personal performance-based factors.

We periodically review our compensation structure, along with our other human capital and workplace policies and practices, to help ensure that our commitment to equal employment opportunity and pay equity is upheld.

Our 2023 Priorities

We remain focused on strengthening our employee value proposition to attract and retain diverse, exceptional talent for the Firm. Key priorities include:

- **Talent Acquisition:** Developing pilot programs targeting the recruitment of professionals who are seeking to return to the workforce after an extended career break; implementing an employee referral program and continuing to pursue opportunities to hire strong, diverse talent through our campus recruiting efforts.
- **Learning and Development:** Continuing to build out learning experiences that equip employees and leaders with the capabilities they need now and in the future to grow in their careers; building out development experiences to enable our people to engage with learning at key moments in their career and at their own pace.
- **Employee Engagement:** Working to enhance our culture and implementing actionable steps for improvement opportunities identified through our employee engagement surveys.
- **Employee Well-being:** Pursuing opportunities to invest in our employees by providing well-rounded employee benefits to drive greater productivity, engagement, and retention.
- **Performance Management and Compensation:** Maintaining our programs to ensure employees receive relevant and helpful feedback to help them advance their careers; continuing to analyze our performance to promote equity in our compensation practices.



To learn more about our compensation practices, see the [2022 10-K](#), available on [kkrr.com](#).



Environment

We aim to improve resource efficiency to reduce our operational footprint and minimize environmental impacts.

Creating Value: 2022 Highlights

4

new offices opened, and 6 offices expanded or relocated^[65]

5th

annual calculation of our GHG footprint

5th

consecutive year achieving carbon neutrality

[64] Does not include emissions from Global Atlantic and KJRM. For more detail on calculation methodologies, see the **Endnotes** of the report.

[65] We opened four new offices in London, Miami, Copenhagen, and Dallas; and six offices expanded or relocated in Beijing, Frankfurt, Hong Kong, Seoul, Singapore, and Sydney.

To learn more, see the **Sustainable Investing > Climate** section of the report.

To learn more about the metrics related to our operations, see the **KKR-level ESG Data Tables** in the Appendix of the report.

Our Approach

At KKR, environmental sustainability is a key consideration, from our global operations to those of our portfolio companies. While we recognize the majority of our environmental impact stems from the activities of our portfolio companies, we are proactive in reducing KKR's direct footprint. Our approach encompasses efforts to manage and reduce GHG emissions from our own operations. Furthermore, we are dedicated to supporting the effective management of environmental issues within our portfolio companies.

Carbon Emissions

Since 2018, we have been actively tracking and working to reduce our GHG footprint and are proud to have achieved carbon neutral operations since 2019. Our carbon inventory follows the revised GHG Protocol Corporate Standard and the Corporate Value Chain Accounting and Reporting Standard. The methods developed and executed during development of the KKR Inventory for reporting year 2022 satisfy ISO Standard 14064-11.

Our 2022 GHG emissions footprint comprises emissions from both direct (Scope 1) and indirect sources (Scope 2 and 3), amounting to an estimated 14,342 metric tons



CO₂ equivalent. The figure^[64] represents, with regard to Scope 3 GHG emissions, the direct impact of our operations and does not include the impacts of our investments. Rebounds in travel, return to office, and the growth of our global office footprint account for the increase in our 2022 emissions.

In 2022, we maintained carbon neutral status by implementing various mitigation strategies, including purchasing carbon credits. To offset our estimated 2022 GHG emissions, we supported projects including:

- The Darajat Unit III Geothermal Project, which taps into Indonesia's vast geothermal resources to generate electricity for the JAMALI grid, reducing GHG emissions and air pollutants by displacing energy from fossil fuel plants and supporting Indonesia's transition to renewables.
- The Ripple Africa Malawi Cookstoves Project, which seeks to reduce GHG emissions and prevent deforestation through the provision of fuel efficient cookstoves.

Building Sustainably at Our Newly Renovated Seoul Office

KKR's Seoul office at Center 1 is located on the highest floor of the city center's landmark building, with easy access to public transit and steps away from the Cheonggyecheon stream. The office's 2022 renovations were awarded a Gold certification by LEED. When planning for these renovations, we aimed to meet or exceed the building's requirements for the design, construction, and operations, including energy, water, and indoor environmental quality and durability standards. During renovations, we prioritized the well-being of construction workers and tenants, by testing the air quality bi-weekly. Through recycling and other methods, we diverted from landfill nearly 80% of construction waste including metal, wire, cardboard, and paper.

Both projects are certified to reputable standards under the Clean Development Mechanism.

We plan to annually assess our GHG footprint and take action to prevent and offset GHG emissions through the implementation of mitigation and management techniques.

Sustainable Operations

As a Firm with global operations, we strive to integrate recognized environmental standards into our new design and construction projects, and site selection processes. In practice, this means prioritizing buildings with abundant natural light and utilizing technologies such as occupancy sensors and dimmable lights.

Our Seoul office was awarded LEED Gold certification in 2022, joining both our Shanghai office and our 30 Hudson Yards office in New York City in achieving LEED Gold certifications. Additionally, our London office at 18 Hanover Square was designed to achieve Building Research Establishment Environmental Assessment Method (BREEAM) Outstanding, the highest level of environmental recognition available for BREEAM. For future projects, KKR seeks to achieve LEED, BREEAM, or Fitwel certifications based on the scope of the projects and what is achievable in the local market.

The office's floor plan was designed to optimize natural lighting and both the lighting and heating and cooling systems are operated through robust zoning systems to efficiently direct energy for lighting, heating, or cooling to the appropriate areas. To promote waste reduction, we also have dedicated areas throughout the office designed for the separation, collection, and storage of recyclable materials.

We also aim to actively reduce the environmental impact of our core operations and promote environmental consciousness through our offices at the Firm. In addition to a global effort to continue eliminating single use plastics across our offices, in favor of reusable or biodegradable products where possible, various offices have carried out successful campaigns centered on specific environmental topics. For example, our London office continues to collaborate with Plan Zeroes, a charity that collects and distributes food to grassroots organizations that feed vulnerable people across London. Similarly, our Hong Kong office collaborates with FoodLink Foundation, a registered Hong Kong charity dedicated to fighting hunger, to donate leftover foods for needy people, and it also donates any unused furniture and promotes resource efficiency by using water sensors and lighting controls.

We make a deliberate effort to reduce food waste by managing food ordering, deliveries, and food production quantities. Despite these efforts, there is always an element of food waste in the catering industry, and we continue to work to reduce the food waste that KKR produces.

Our 2023 Priorities

At the Firm level, we continuously seek opportunities to advance our efforts and implement sustainable practices globally. We aim to finalize or continue renovation and construction projects that incorporate advanced environmental standards, including in Frankfurt, Sydney, and Beijing. In addition to our collaboration with external organizations to reduce food waste at our offices, we strive to contribute to a sustainable economy through reinventing how we design, produce, and serve our food products; rethink our consumption practices; and redefine our waste systems through reuse and recycling.



Data Responsibility

We recognize the importance of protecting Firm, employee, investor, and vendor information, and we employ a systematic approach to safeguard data and information security across the Firm.



To learn more about the relevant policies below, see the [Overview of Policies](#) section of the report: Information Security Policy, Use of Technology Policy, European Data Protection Policy.

Our Approach

Data responsibility at KKR encompasses both data privacy and cybersecurity. Data privacy refers to how we collect, manage, store, and appropriately control the use of personal information. This is distinct from our cybersecurity practices, which include our

efforts to secure data from unauthorized use or access. Both pillars are a critical component of our approach to operating with integrity in everything we do to maintain the trust of our clients and other stakeholders. This has become an increasingly high priority with the growing presence and sophistication of cyber threats or cyber threat actors, and we are committed to continuous improvement in our data responsibility processes to protect our data, clients, and other stakeholders.

In 2022, we hired a Global Head of Privacy and Data Governance Counsel, who is primarily responsible for overseeing the mechanisms and strategy of our data privacy programs. This individual periodically presents to the Technology and Information Security Risk Committee, to seek to enhance the Firm's governance of data protection and privacy issues.

Our Chief Information Security Officer is responsible for all aspects of information security at the Firm, which includes cybersecurity. The Chief Information Security Officer reports directly to the Chief Information and Innovation Officer and oversees our global cybersecurity strategy. The Chief Information Security Officer oversees the development and implementation of policies, procedures, technologies, and employee trainings related to cybersecurity.

Our best-in-class technologies are designed to enable us to monitor user and network behavior at the Firm, identify threats through advanced analytics, and proactively mitigate attacks across all layers of the enterprise. We conduct monthly phishing simulations and real-time training through our security awareness platform. Our Technology and Information Security Risk Committee regularly reviews the results of these simulations to assess opportunities for continuous improvement. Additionally, our Compliance, IT, and Internal Audit groups test understanding and application of relevant policies across the Firm on a regular basis.

Creating Value: 2022 Highlights

Conducted comprehensive, mandatory global privacy awareness training

Hired new Global Head of Privacy and Data Governance Counsel

Advanced a culture of cyber awareness through new and revamped training program and other educational initiatives

Data Privacy

Our stakeholders trust us to handle their personal information responsibly, and we take this trust seriously.

Our data privacy and protection policies, standards, and procedures have been developed to align with applicable privacy laws, and we proactively work to update our practices consistent with the ever-evolving legal and regulatory privacy landscape.



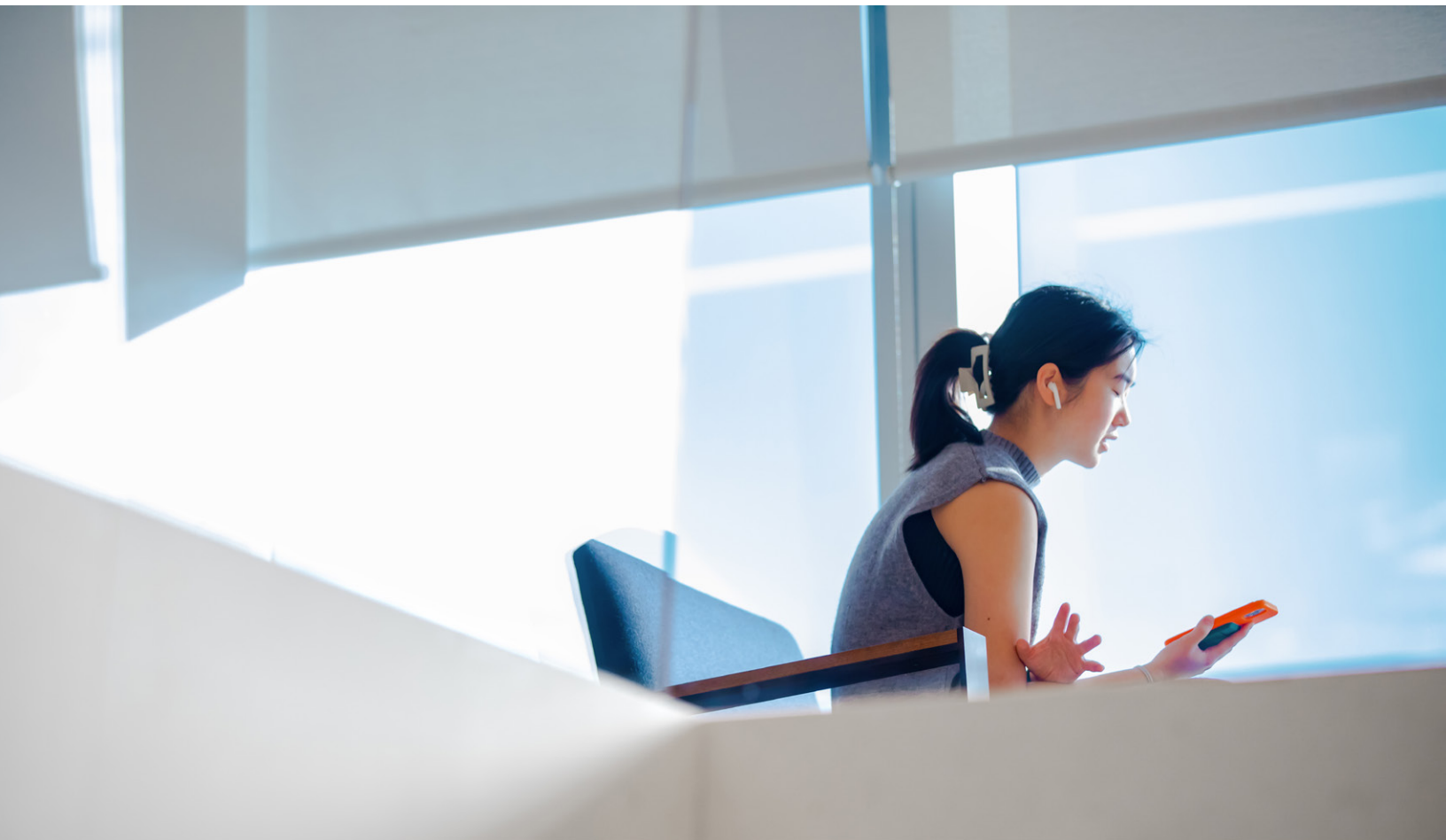
“At KKR, we acknowledge the importance of safeguarding the personal information of our stakeholders in today’s interconnected, data-driven world, where artificial intelligence and other emerging technologies are having direct effects on data privacy. We are committed to a privacy-focused operation and continuous improvement through our practices and by keeping abreast of emerging privacy legal and regulatory developments.”

Alejandro Mosquera

Director — Global Head of Privacy and Data Governance Counsel (New York)



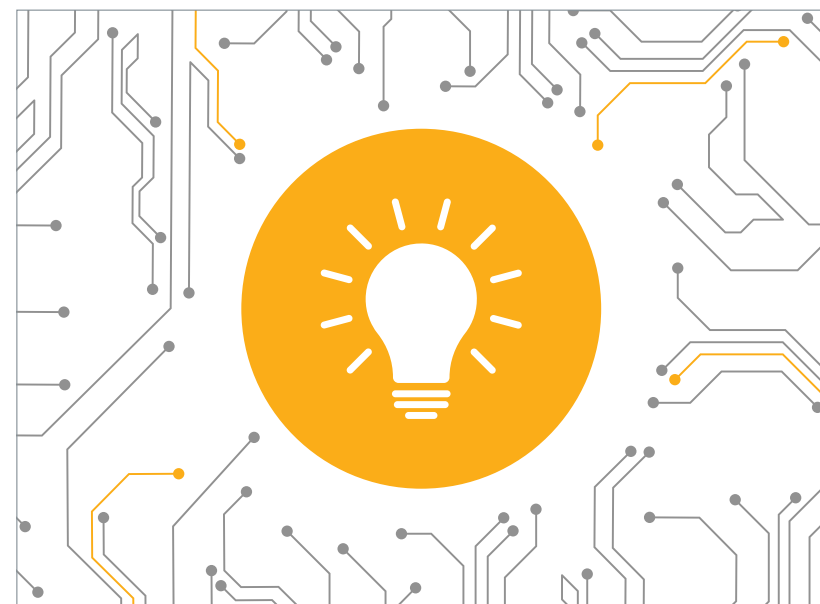
To learn more about our privacy practices, see the [California, United Kingdom and European Union, Non-European Union, Singapore, and Job Applicant](#) privacy notices, available on [kk.com](#).



Cybersecurity

Our approach to cybersecurity at the Firm is informed by our membership in various industry groups dedicated to reducing cybersecurity risks across the global finance industry. Periodically, KKR's Chief Information Security Officer briefs the KKR Board and/or one or more of its committees to whom such responsibilities have been assigned on the performance of our Cybersecurity Program and any potential weaknesses. Cybersecurity issues resulting from the Firm's technology audits are regularly reviewed by the KKR Board and/or one or more of its committees to whom such responsibilities have been assigned. The Firm's Information Security team monitors our infrastructure with tools designed to detect suspicious behavior. Furthermore, our Technology and Information Security Risk Committee is responsible for identifying, monitoring, and prioritizing the Firm's cybersecurity risk environment as well as promoting cybersecurity awareness and proactive mitigation and accountability of cyber risks. KKR maintains a Cybersecurity Incident Response Plan aligned to industry standards that outlines roles and responsibilities for the Cybersecurity Incident Response team. Additionally, the Cybersecurity Incident Response team convenes on an annual basis to conduct table top exercises aligned with the cyber threat landscape.

We implement an Information Security Policy and formal Incident Response Plan based on the National Institute of Standards and Framework's Cybersecurity Framework (NIST CSF) and associated policies which form the basis of our Information Security Program and are reviewed on an annual basis. We also regularly



monitor and assess emerging cybersecurity regulations potentially applicable to the Firm in order to determine what the Firm's compliance obligations may be.

We conduct regular internal and external audits with third-party security providers, to identify, evaluate, and monitor potential weaknesses in our cybersecurity systems. Some of these third-party monitoring functions continue throughout the year while other third-party security experts are periodically retained to audit-specific areas of the cybersecurity program on a schedule determined by our Information Security, IT, and Compliance teams. We also conduct focused architecture assessments to evaluate our security infrastructure. When incidents do occur, our dedicated Incident Response team aims to control and mitigate them by following best practice methodologies.

Advancing a Culture of Cyber Awareness

Our commitment to cybersecurity starts with our employees, and, as such, we focus on providing dynamic, tailored training to all employees at the Firm. New employees receive an online training module from our Compliance team that covers cybersecurity, and we also provide this training to current employees on an annual refresher basis. Besides mandatory trainings, proactive communications on these topics were a key focus for 2022 and are planned to continue in 2023. We seek to embed this in our Firm culture to empower employees to make informed, safe decisions. Examples include:

- In October 2022, during Cyber Awareness Month, our Information Security team raised awareness about cybersecurity with a newly updated training course, as well as an internal talk led by our CISO with a cybersecurity expert.

- Our Technology, Engineering, and Data teams shares monthly news as well as Tech Tips and Tricks emails with guidance on how to make the most of our tech tools, including information on how to protect our information security.
- We also focused on providing employees with best practices and up-to-date communications through monthly information sessions. All employees are responsible for reporting actual and perceived cybersecurity threats and incidents.

To enhance security in our offices and data centers at the Firm, we use card or biometric access along with video surveillance, and environmental monitoring systems, which are designed to provide timely alerting of any breach. On a quarterly basis, IT infrastructure management reviews the list of users with access to the computer facilities. Role-based access control regulates access to systems and capabilities within the Firm, and all remote access requires multi-factor authentication.

Assessing Vendor Data Responsibility

KKR uses a formalized process to assess data responsibility risk in new vendors who will have access to Firm data or systems. In collaboration with our Technology, Legal, Compliance, and Risk teams, we conduct appropriate due diligence and monitor vendor compliance with the security

assessment on an ongoing basis. Vendor performance on these assessments can influence our contract agreement language and whether we will move forward with a certain vendor. We seek to engage with our vendors to encourage adherence to relevant industry best practices and compliance with applicable laws, rules, and regulations.

Our 2023 Priorities

Looking forward, we plan to build on our previous work to strengthen our data protection and security systems while also advancing our processes to identify insider threats and risks throughout our supply chain. We are also pursuing opportunities to increase privacy training and enhance privacy expectations in Europe. To improve our engagement, we are planning to strengthen our governance and oversight practices in 2023.

To learn more about our initiatives with portfolio companies, see the [Sustainable Investing & Data Responsibility](#) section of the report.

Citizenship

Our Corporate Citizenship platform helps build a better world through philanthropy, employee engagement, and sustainable programs where we operate.

Creating Value: 2022 Highlights Our Approach

\$13+

mm to

70+

nonprofits through our strategic philanthropy

We continue to believe that successful companies are only as strong as the communities in which we operate, and we are committed to supporting collaborations and programs that respond to today's needs, and build pathways to future progress. In 2022, KKR continued to support communities affected by the pandemic and other crises that contribute to social and economic inequalities. We are building for the future as we establish our long-term Corporate Citizenship strategy.

500+

hours of volunteering during a two-week KKR Cares Challenge in December 2022



“Citizenship in a post-COVID world requires a holistic and intentional approach that addresses the challenges that were laid bare as a result of the pandemic. At KKR, we are committed to opening pathways that allow people and communities to reach their fullest potential.”

Pamela Alexander
Managing Director and Head of Corporate Citizenship, Public Affairs (New York)

\$7.8

mm dispersed through the Firm's employee donations and KKR's matching gifts program

We conducted an analysis to formalize our long-term strategic priorities and aligned them with community focus areas where we believe KKR can bring the most value. The outcome was our two strategic pillars:

- Economic Opportunity — Opening Pathways and Improving Outcomes with a Lasting Impact reflected by Growth and Scale
- Economic Security — Improved Preparedness that increases Disruption Resiliency

As the world emerges from the pandemic, we intend to focus our citizenship efforts on implementing strategies that support: small businesses and social enterprises, opportunity youth and opportunity talent, civil servants, and other communities where we operate.

Programs and Initiatives

As the world faced ongoing challenges tied to the lingering effects of the pandemic, KKR's COVID Relief Fund continued to provide vital services to communities around the globe. In 2022, our Relief Fund supported food security initiatives, programs for youth facing educational and other pandemic-related challenges, and capacity building and financial programs for small businesses and social enterprises.

KKR committed \$1 million to relief efforts in response to the ongoing crisis in Ukraine. KKR's contributions supported the provision of essential resources such as food and water, mental health support, and critical needs such as online educational programs that enabled students to continue learning during the disruptions caused by the crisis.

KKR COVID Relief Fund (since 2020)

\$50+mm

invested in supporting communities

410+

nonprofits, small businesses and social enterprises supported around the globe

20mm

lives touched

Cornell — KKR Accelerator Scholars Initiative

While we continue to see a rise in the percentage of first-generation college students, this population faces unique challenges that go beyond financial and other traditional barriers to success. These unique obstacles can have negative impact on graduation rates, and consequently, future success.

To empower the success of a group of first-generation students at Cornell University, KKR is partnering with the SC Johnson College of Business, specifically with the College's two undergraduate business schools, The Charles H. Dyson School of Applied Economics and Management and The Nolan School of Hotel Administration on an innovative and collaborative program. The program has been developed to provide social and professional support to a cohort of business students during their time at Cornell, and ultimately to graduation. We plan to utilize the valuable network of professionals at the Firm, and our population of KKR Cornell alumni, as key mentors in the program.

Generation: You Employed Singapore and Australia

Through our collaboration with the Asia Venture Philanthropy Network (AVPN), KKR has provided grants to 13 non-profit organizations in Australia, China, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, and Vietnam. Two of these partnerships were with Generation: You Employed Australia and Generation: You Employed Singapore. Generation: You Employed prepares, places, and supports people into life-changing careers, helping to place individuals in some of the hardest hit vulnerable communities into meaningful employment. Among the programs enabled by KKR's grants were a new data analytics tech program in response to sector demand, a redesign for their Junior Web Developer program, adapted programs for people living with disability, and holistic mental health support.

Through the 12-month period^[66] of KKR and AVPN's grants, the grant recipients:

- Served 1,947 individuals
- Supported 5 staff positions
- Provided 248,068 hours of job training/skills development, 18,545 hours of education/tutoring /mentoring, and 3,460 hours of mental health support to their learners

[66] November 2021–October 2022.



Rio's Story

At just 18, Rio's dreams of becoming a professional footballer were shattered. He'd worked towards that goal his whole life. All he had now was a future of zero-hours contracts and grueling factory shifts. He felt he'd let everyone down, until the MAMA Youth Project turned his life around. MAMA Youth helps unrepresented young people find

their start in the TV and media industry through an intensive training program. Rio is now 22. Football is still his life and he now works as an Assistant Producer with Buzz 16 Productions creating sport content. Rio was supported by MAMA Youth Project, one of Impetus' charity partners in the UK.

Start Small Think Big (United States)

Start Small Think Big helps marginalized entrepreneurs create thriving businesses in underserved areas so owners can build wealth for themselves, their families, and communities. Year over year, nearly 90% of the businesses they work with identify as people of color, 80% as women and close to 50% have businesses located in low-income communities. KKR's grant enabled Start Small Think Big to support marginalized small businesses nationally beyond COVID relief, helping them recover and develop sustainable business models despite the lingering effects of the pandemic to increase their success rates. Specifically, Start Small Think Big continued to evolve its work to be more intentionally focused on reaching Black, Indigenous, and People of Color (BIPOC) communities and improving outcomes for those communities in particular. The organization was also able to dramatically increase its capacity for national scale by investing thoughtfully in more tech-enabled service delivery to drive engagement and lower costs.

"This incredibly generous grant from KKR, together with ongoing volunteer support from KKR employee volunteer teams, have helped to save small businesses on the very front lines of this unparalleled COVID crisis. With KKR's coordinated support, Start Small Think Big has been able to ensure that those smallest businesses, who are so often left behind, have critical access to the services they need the most now."

Jennifer DaSilva

Founder and Executive Director, Start Small Think Big

Impetus (United Kingdom)

Impetus seeks to transform the lives of young people from disadvantaged backgrounds, by ensuring they have the support they need to succeed in school, work, and life. They partner with charitable organizations in the UK to provide funding and capacity building, and in 2022 Impetus supported over 350,000 young people.

KKR's grant to Impetus has allowed them to expand and improve their search for charity partners in the UK with the potential for impact at scale. Our grant has funded their partnerships directly and enabled an improved due diligence process to help ensure their values are aligned with those of the most promising charities in the country.

Our 2023 Priorities

Looking forward, our 2023 priority is to launch a long-term citizenship strategy driving positive impacts in our focus communities and leveraging the skills, expertise and energy of our KKR team members globally.

Governance and Business Ethics

As fiduciaries of capital, we are dedicated to employing the highest standards of integrity in all our dealings to uphold the trust of and create and protect value for our clients.



To learn more about governance at KKR and the relevant policies below, see the [Corporate Governance](#) page at [ir.kkr.com](#): [Audit Committee Charter](#); [Corporate Governance Guidelines](#); [Code of Business Conduct and Ethics](#).

Corporate Governance

KKR's continued success and ability to maintain our social license to operate requires a robust corporate governance framework. With support from the KKR Board, the management team aspires to

nourish a culture that goes above and beyond risk management and compliance requirements, valuing responsible business practices, personal integrity, and ongoing communication. We believe this commitment to operating ethically creates long-term value for our clients and shareholders.

In October 2021, we announced the appointment of Joe Bae and Scott Nuttall as Co-CEOs of KKR. Alongside this CEO succession, we also announced structural changes to enhance our corporate governance practices, simplify corporate structure, and further align the interests of leadership with stockholders. By 2027, all common stock of KKR & Co. Inc. will have one vote per share on all matters.

KKR Board

The KKR Board consists of 16 directors, of whom 12 are independent under NYSE rules relating to corporate governance matters and the independence standards described in our corporate governance guidelines.

Out of 16 directors, three have self-identified as women, and five have self-identified as non-white. We believe that the diversity of the KKR Board can strengthen their oversight capabilities and support a well-rounded approach to decision-making. To further enhance the diversity of the KKR Board, we seek candidates who encompass a broad range of expertise, experience, and backgrounds.

Board of Directors Expertise

We strive to maintain an appropriate mix of skills, experience and background on our board to enable effective oversight of our Company's strategy and risks. With respect to environmental, social and governance matters, we believe that our directors have business experience and backgrounds that are relevant to these topics. This includes, among other significant relevant experience, board service at a leading US nonprofit environmental advocacy group; multiple board roles at leading technology and software companies and leadership experience within human capital management.

The KKR Board serves across four standing committees: the Audit Committee, the Conflicts Committee, the Nominating and Corporate Governance Committee, and the Executive Committee.

Enterprise Risk Management

KKR seeks to maintain a robust approach to risk management supported by an integrated team of experienced risk professionals. The Firm has two primary governance and oversight committees that are responsible for investment risk and operations, and client decision-making support for the Firm.

- **The Risk and Operations Committee (ROC)** is comprised of senior leaders globally across KKR's asset management business and operations and meets regularly to focus on the Firm's most significant operating and business risks, including operational, regulatory, financial, cyber, geopolitical, and reputational risks. The ROC has a number of sub-committees focused on key risk areas including Conflicts, Valuations, Technology and Information Security, Geopolitics and Operational risks.
- **The Audit Committee of the KKR Board** meets at least quarterly to review key risk areas including financial, operational, legal, compliance, regulatory, and other risks.



To learn more about the composition and committees of the KKR Board, see the [2022 10-K](#), available on [kk.com](#).



KKR Enterprise Risk Management Governance Structure

The Enterprise Risk Management (ERM) function is responsible for ensuring the consistent application of the risk management framework to help KKR achieve its strategic objectives and operational efficiency while operating within the Firm’s risk appetite. ERM’s objectives are to:

- Identify and monitor risk from the Firm’s businesses to understand global, horizontal risk trends and issues
- Assess and measure risks and control for risk relevant programs
- Aggregate risk information to better monitor, report, and inform risk-based decision making

Using this approach, the Firm works to manage a broad set of risks that are relevant to our global businesses, operations, and stakeholders. Additionally, our risk leaders and governing bodies evaluate the evolving list of risk areas to enable proactive risk management, prioritization, and identification.



“As a company with a strong risk management culture, risk identification and assessment is at the core of what we do to evaluate investment opportunities and run our day-to-day operations. Our goal is to effectively evaluate and understand risks to inform decision making and ensure business continuity of our activities.”

Christine D’Agostino
Managing Director, Global Risk Strategies (New York)

Key Programs and Initiatives

- **Vendor Risk Management:** We engage third-party vendors to support our business activities. We regularly review outsourced providers to assess their control environment for key risk areas. The vendor risk management team within our Enterprise Risk team is responsible for oversight of our vendor risk management program including diligence of third-party vendors utilized by the Firm.
- **Data Privacy:** To safeguard personal information and data we manage on behalf of our stakeholders, the Global Head of Privacy provides oversight and guidelines to help ensure we are maintaining personal information in accordance with applicable global privacy laws and the evolving regulatory privacy landscape.
- **Information and Cybersecurity:** With an increasing sophistication of cyber threats, protection of our data and technology infrastructure is important for our operations. Cyber-attacks are becoming more frequent, complex, and damaging across the market, with attackers using advanced tactics to gain unauthorized access to systems and data. Our Information Security team actively monitors cyber threats and implements safeguards to protect our technology and data infrastructure.
- **Geopolitical Developments:** As global tensions arise, proactively assessing impact of new regulatory developments is important to mitigate risk and impact to our business activities and operations. The ERM function collaborates closely with the Public Affairs, Compliance and Global Macro teams to assess potential exposure and impacts to our operations including our investment portfolio.

Incorporating ESG and Climate Risk Into ERM To Protect Value

We think about climate change from both physical and transition risk perspectives. As an office-based company, our physical footprint is relatively small but there is a possibility of business interruption due to physical climate risks, such as flooding, wildfires, hurricanes, and rising sea levels. We actively assess and monitor potential business disruption risks to strengthen our operational infrastructure to mitigate risk and impact from the evolving climate risk landscape.

We incorporate ESG and climate risks into our ERM framework and report on these risks to the KKR Board and/or one of its committees to whom such responsibilities have been assigned on a periodic basis.

To learn more, see the Risk Management section of the [2022 10-K](#), available on [kk.com](#).



Responsible Product Governance and Marketing

We place great importance on maintaining the trust established with our clients, shareholders, and communities. We expect all our employees to conduct business in compliance with applicable ethical, business, and legal standards, and, as such, we work to raise awareness of internal policies to drive progress and facilitate transparency.

At KKR, we are committed to being a trustworthy partner to those who invest their capital with us. Verifying our clients remains an important step in meeting our commitment to practicing ethical behaviors and we enact protocols to help prevent financial crime. KKR implements a Know-Your-Customer (KYC) Policy as part of our Anti-Money Laundering (AML) program.

The Head of the Client and Partner Group (CPG) and/or their delegate, in conjunction with the Compliance team, are responsible for ensuring that employees under their supervision comply with all relevant requirements for fundraising and marketing efforts in connection with KKR funds. Our CPG team — which comprises more than 250 executives and professionals globally — is responsible for our fundraising and investment advisory activities and acts as the link between KKR and our fund investors, using KKR’s various capabilities to meet the needs and goals of investors. Our relationship managers (RMs) sit at the center of CPG’s investor engagement, providing investors a full range of products and solutions, including private and public markets, while also responding to their inquiries.

RMs are registered with the Financial Industry Regulatory Authority (FINRA) as representatives of KKR Capital Markets LLC (KCM). To help ensure compliance with applicable securities laws and regulations, KCM has established Written Supervisory Procedures that provide guidelines regarding marketing securities offerings and/or KCM’s broker-dealer business.

[To learn more about responsible product governance at KKR and the relevant policies below, see the **Overview of Policies** section of the Appendix: Know-Your-Customer Policy, Written Supervisory Procedures.](#)

Informing Investors About Products and Services

We seek to build our approach to investor relations on honest, open, and frequent communication, delivering high-quality solutions, and providing idea driven distribution capabilities. Our Relationship Managers (RMs) oversee our investor relations and communications. They are supported by KKR product specialists, who provide in-depth knowledge on specific KKR products and customized product delivery, as well as a globally integrated support team and KCM, which offers direct investment opportunities in equity and debt. CPG team members have resources to help resolve investor issues and craft expert advice and solutions.

As KKR employees, RMs play a key role in securing capital for KKR's funds and are registered as representatives of KCM. They are overseen by KCM regarding their use of broker-dealer materials, and by KKR, for their use of investment advisor materials. RM marketing activities are subject to federal and state securities laws and regulations for both investment advisors and broker-dealers.

 SASB FN-AC-510a.2

Business Ethics

The leaders and people of KKR are accountable for their actions, inactions, and decisions, both individually and as a Firm. We expect our employees to adhere to the implied responsibilities of our one-firm approach, to speak up and say what they think, and to respect and listen to their colleagues. KKR is dedicated to fostering a culture of compliance and ethics to meet the expectations of our clients, shareholders, other stakeholders, and each other. To promote ethical behavior, we employ mechanisms that guide ethical conduct in our business activities and interactions.

At KKR, ownership for developing and executing compliance policies and procedures rests with the Global Chief Compliance Officer (CCO) and Chief Compliance Officers of the various business lines and regions. The CCOs act as a resource for all KKR employees and are responsible for supplying relevant and sufficient compliance training. They also serve as a reporting mechanism for compliance violations or concerns and keep KKR employees informed about changes to compliance policies and procedures. The Global CCO answers directly to the Audit Committee of the KKR Board, which takes into consideration concerns and violations directly reported to it by KKR employees and the Legal and Compliance team.

The Global CCO is a member of the Firm's Global Conflicts Committee, which includes senior members of KKR's management, including the Chief Financial Officer and Chief Legal Officer. The Global Conflicts Committee oversees compliance with the Firm's policies in its Code of Ethics and will review and analyze specific issues, such as potential investment fund-related conflicts of interest and other compliance risks related to KKR's business as a whole or individual transactions. After reviewing compliance risks, the Global Conflicts Committee, as needed, passes the analyses to the appropriate other members of KKR management and to investment committees for action, as needed. Additionally, KKR's Global Risk and Operations Committee identifies and prioritizes the Firm's overall compliance risks, focusing on significant and emerging risks and regulatory developments.

The Company is also governed by a Code of Business Conduct and Ethics, pursuant to which all directors, officers and employees of KKR are expected to uphold a high level of business ethics and personal integrity. Moreover, the Conflicts Committee of the KKR Board is responsible for reviewing related party transactions under SEC rules for public companies and other matters involving a conflict of interest that are submitted to the committee by the KKR Board.

These various oversight committees and management work together to help make sure all business conduct, ethics, and compliance policies are rigorously upheld. As part of these efforts, policies get reviewed on a periodic basis and updated as appropriate to reflect changing regulations, company strategy, and industry trends.


Fostering an Ethical Culture

At KKR, we are strong believers in the integration of a robust culture of compliance and ethics into our business practices. This establishes our foundation and sets expectations throughout our Firm. As previously mentioned, we have numerous internal policies and procedures in place to help meet the legal and regulatory requirements and ethical standards applicable to the Firms' operations, products, and services, as well as our portfolio companies. We aim to increase understanding and familiarity among all employees with our internal policies through various communication channels. We include information on the Firm's intranet to enable our employees to access and stay updated on specific policies and create a culture of compliance and accountability. To maintain a strong control environment and stay ahead of regulatory advancements and industry best practices, we review and test the effectiveness of these policies.

Creating Value: 2022 Highlights

Nearly **100%** of the Firm's employees have certified that they had read the Employee Handbook

Formed a new ESG Controls working group to monitor and test controls

 To learn more about business ethics at KKR and the relevant policies below, see the **Overview of Policies** section of the Appendix: Anti-Bribery and Anti-Corruption (ABC) Policy, Anti-Money Laundering (AML) Policy, KKR's Antitrust Policy, Code of Business Conduct and Ethics, Code of Ethics (Ethics Policy), Customer Due Diligence Policy, Information Barrier Policy, Whistleblower Policy.



The cornerstone of our commitment to ethics and compliance lies in our Code of Business Conduct and Ethics and the Code of Ethics (Ethics Policy). Whereas our Ethics Policy outlines the various governance structures, policies, and procedures that help ensure that the Firm can mitigate and manage business and compliance-related risks, the Code of Business Conduct and Ethics aims to help all directors, officers, and employees of KKR & Co. Inc. and its subsidiaries navigate particular ethical and legal issues and help us prevent and detect wrongdoing. We expect all employees to act with the utmost honesty and integrity when engaging with clients, shareholders, regulators, and colleagues. Our policies aim to mitigate business and compliance risks and establish a standard of ethical and legal behavior that aims to prevent and detect any wrongdoing within the Firm. In 2022, KKR Compliance consolidated existing policies into the Ethics and Compliance Handbook, an internal document that contains KKR's values and principles and the core rules and policies that we follow, including rules governing personal investing, conflicts of interest, financial crimes, information security, media and communication usage, and workplace social behavior.

KKR has recently formed an ESG Controls Working Group consisting of key stakeholders from the Sustainable Investing team, Compliance, and Audit. The Working Group's objectives are to review and supervise our global processes around ESG governance, controls, and compliance frameworks.

Ethical Trainings, Audits, and Reporting Mechanisms

We provide mandatory trainings on our Ethics Policy and various policies for all full-time employees at the beginning of their employment and periodically thereafter. In 2022, alongside web-based training, we reintroduced in-person training opportunities, as well as supplemental, targeted

training for roles that encompass specific business ethics issues. Training may also be required for part-time employees and contractors, when relevant. We believe in the importance of periodic regulatory self-assessments to educate employees of regulatory expectations, identify potential areas of enhancement to its controls, and prepare the Firm for potential regulatory examinations. Our internal SEC Exam Response Team engages independent third parties on a periodic basis to examine our control environment, policies, and procedures, as well as to interview our employees to provide an independent assessment of the Firm's exam readiness. The directors of the KKR Board as well as the Company's Co-CEOs, Chief Operating Officer, Chief Financial Officer, Chief Legal Officer, Global CCO, and other officers and employees of the Company serving in a finance, accounting, corporate treasury, or tax roles must promptly report any known or suspected violations of laws, rules, regulations, or provisions in the Code of Business Conduct and Ethics to the chair of the Audit Committee. They may choose to submit these reports confidentially or anonymously. Additionally, they must report any matter that could compromise the integrity of the Company's financial statements.

It is expected that all of our employees seek guidance from the Chief Legal Officer, Global CCO, another member of the Legal and Compliance team, or other applicable KKR personnel regarding any known or suspected unethical or illegal behavior.

The Compliance team annually tests our policies and procedures to align with the ongoing monitoring program of business activities, including Anti-Money Laundering, Anti-Bribery, and Anti-Corruption policies and procedures. In alignment with our internal testing procedures, the Internal Audit group also monitors compliance activities by conducting regular reviews.

Protecting Value: Helping Our Portfolio Companies Uphold Business Ethics

In 2022, KKR hosted our Annual General Counsel and Regulatory Affairs Conference and the Regulatory and Compliance Workshop for KKR portfolio companies at our New York offices, which covered a broad set of regulatory and compliance-related topics, including recent regulatory developments, global trade, and antitrust enforcement actions.

In addition to the annual conference, we also hold quarterly calls with legal and compliance departments at certain portfolio companies. In 2022, we held sessions to discuss the integration of ESG considerations into ethics and compliance programs, which helped inform CCOs on how to sharpen their business ethics and compliance practices.

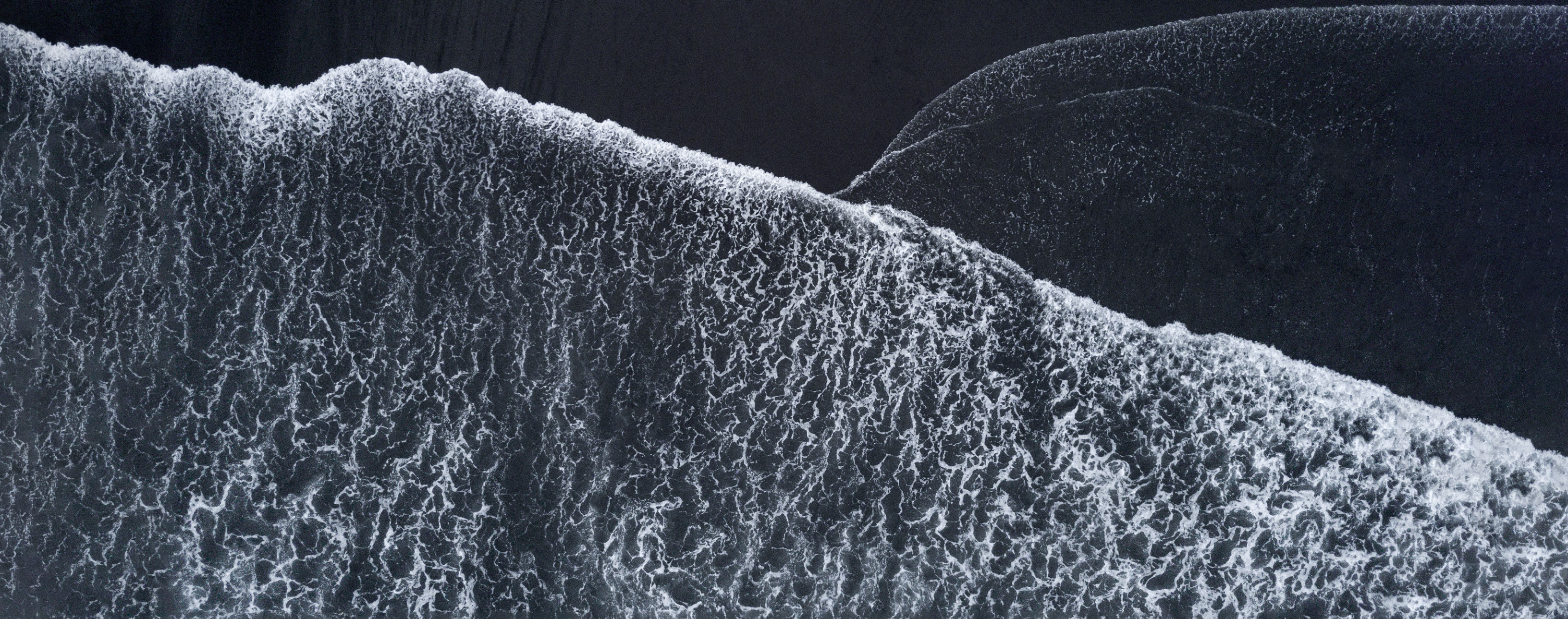
Our Whistleblower Policy outlines the process for employees to anonymously report violations or suspected violations of accounting, internal controls, auditing, legal, and regulatory matters. To help ensure anonymity, we encourage individuals to use a third-party operated 24/7 hotline or a website commissioned by us, both of which are administered by a third party and confidential. We do not tolerate retaliatory action of any kind against individuals submitting such a report in good faith or assisting in an investigation. The Audit Committee is informed and provided with whistleblower reports.

Our 2023 Priorities

We value the trust we have built with our clients, shareholders and other stakeholders. As the Firm grows, maintaining strong governance, enterprise risk management, and business ethics practices is important for our ability to deliver positive financial outcomes and optimize operational efficiencies. In 2023, we seek to identify areas where we can strengthen key governance functions, such as optimizing risk committee structures, developing new control mechanisms, and refining risk reporting.



Appendix



Transparency has always been a key tenet of KKR's approach to sustainable investing. Since 2011, we have been committed to sharing our progress transparently and consistently, and we strive to provide relevant, comparable, and reliable data and information for the benefit of our stakeholders.

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Stakeholder Engagement

Partnerships and Collaborations

KKR chooses to participate in or support initiatives and organizations that align with our values, broaden our impact on society, or share learnings.

The organizations highlighted below represent a selection of the groups with which KKR currently has or has had in the past significant relationships. A list of our relationships with diversity organizations can be found at [kkr.com](https://www.kkr.com).

ESG-FOCUSED MEMBERSHIPS AND STRATEGIC PARTNERSHIPS^[67]

- American Investment Council Guides for Responsible Investment, co-developer
- BSR, member
- Ceres Investor Network on Climate Risk, member
- Environmental Defense Fund
- ESG Integrated Disclosure Project (IDP), Executive Committee organization member
- Fixed Income Investment Network, ESG Committee organization member
- G7 Impact Taskforce, member
- Global Impact Investing Network (GIIN), member
- GreenBiz Executive Network (GBEN), participant member
- GRESB, participant member
- Initiative Climat International (ICI), member
- Institutional Limited Partners Association (ILPA) Private Equity Principles, endorsed
- Invest Europe, Responsible Investment Affiliate Network organization member
- Operating Principles for Impact Management, founding signatory
- Ownership Works, founding partner
- Principles for Responsible Investment (PRI), signatory; Private Equity Advisory Committee and Private Debt Advisory Committee, member
- International Financial Reporting Standards (IFRS) Sustainability Alliance, member
- Task Force on Climate-related Financial Disclosures (TCFD), supporter
- Urban Land Institute (ULI) Americas, Greenprint member

^[67] References to external organizations do not imply an endorsement of KKR or its practices. The referenced partners have worked with KKR or its portfolio companies at some point since 2008, and KKR may or may not have a partnership agreement currently in place.

Channels and Topics of Engagement

This table outlines channels and methods of engagement on various ESG and sustainability topics with key stakeholder groups, along with examples of engagement during 2022.

KEY STAKEHOLDER GROUPS	CHANNELS AND METHODS OF ENGAGEMENT	2022 EXAMPLES
Fund Investors	<ul style="list-style-type: none"> • Annual meetings • Due diligence questionnaires (DDQs) • One-on-one engagement, including dialogues and road shows • Website, annual ESG/sustainability reports, and other quarterly and ad hoc reporting • Updates via our fund investor portal 	We engaged with our fund investors in multiple ways on sustainability topics, including responding to more than 170 ESG-focused due diligence questionnaires. We also launched an “Investing in Sustainability” quarterly webinar series, bringing together industry experts and KKR voices to discuss market trends and share learnings and best practices related to sustainability.
Stockholders	<ul style="list-style-type: none"> • Website, annual ESG/sustainability reports, and other quarterly or ad hoc reporting • Investor presentations • One-on-one conversations and queries from stockholders with IR and Sustainable Investing team members • Direct dialogue with ESG ratings providers 	As part of KKR’s September 2022 Investor presentation, we highlighted our efforts to address material ESG topics and share best practices around material ESG topics to protect and create value.
Portfolio Companies	<ul style="list-style-type: none"> • One-on-one support and value creation activities via KKR Capstone and other teams • Sustainability webinars and events, tools, and resources across a variety of topics • ESG data collection surveys 	We engaged our portfolio companies to share best practices through webinars, leadership conferences, toolkits, and other forums on ESG topics such as sustainability reporting, the energy transition, and employee engagement.
KKR Employees	<ul style="list-style-type: none"> • Centralized ESG guidance and resources shared on the Firm’s intranet (KKR Central) • Firmwide and functional ESG-focused trainings, presentations, and email updates • Ongoing mentoring and employee engagement programs • Employee engagement forums, e.g., Employee Resource Groups (ERGs) • Corporate volunteering programs and events 	We formalized seven ERGs across our Firm, which are employee-led affinity groups for employees with shared identities, backgrounds, and interests, as well as for allies.
NGOs/Civil Society	<ul style="list-style-type: none"> • Pro bono and technical support for nonprofits • Direct funding to organizations on key projects, partnerships, and initiatives • Expert consulting and insight on emerging topics and trends related to ESG, DEI, and impact 	In addition to providing funding to nonprofit organizations, we engaged KKR employees to provide capacity support to small businesses, social enterprises, and nonprofit organizations. We collaborated with thought leaders, such as NationSwell, to evaluate emerging trends and ongoing societal challenges.

Supplementary ESG Disclosures

SASB Index

The following table provides responses and/or locations of information for KKR addressing the requirements of the SASB's Asset Management and Custody Activities industry standard (version 2021-12). All data are as of December 31, 2022, unless otherwise noted.

CODE	ACCOUNTING METRIC	KKR RESPONSE AND/OR DISCLOSURE SOURCE
Transparent Information and Fair Advice for Customers		
FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	During 2022, KKR had no covered employees with new disclosures of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings. KKR has policies and procedures reasonably designed to ensure compliance with regulations requiring covered employees to make and update applicable regulatory filings in a timely manner.
FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communications of financial product-related information to new and return customers	In 2022, KKR did not sustain any monetary losses resulting from legal proceedings associated with marketing and communications of financial product-related information to new and return customers that were material to its results of operations, financial position, or cash flows.
FN-AC-270a.3	Description of approach to informing customers about products and services	2022 Sustainability Report, Sustainable Operations > Governance and Business Ethics > Responsible Product Governance and Marketing
Employee Diversity and Inclusion		
FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	2022 Sustainability Report, Appendix > KKR-level ESG Data Tables and Human Capital > Diversity, Equity, and Inclusion

CODE	ACCOUNTING METRIC	KKR RESPONSE AND/OR DISCLOSURE SOURCE
Incorporation of Environmental, Social, and Governance Factors in Investment Management and Advisory		
FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues; (2) sustainability themed investing; and (3) screening	(1) KKR's Responsible Investment Policy articulates the responsible investment framework and approaches that KKR believes are broadly relevant for each asset class with regard to the integration of ESG issues in the investment process. The businesses in scope for our policy include Credit, Private Equity (including "impact" investments), Real Estate, Infrastructure, and Energy. 2022 Sustainability Report, Sustainable Investing > ESG Integration > Credit, Private Equity, Real Estate, Infrastructure (2) 2022 Sustainability Report, Sustainable Investing > Investing Behind Trends, Spotlight KKR Global Impact Strategy
FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	2022 Sustainability Report, Sustainable Investing > ESG Integration
FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	KKR has adopted proxy voting policies and procedures (the "Proxy Voting Policy") in accordance with requirements under Rule 206(4)-6 of the Investment Advisers Act. To assist in our proxy-voting responsibilities, KKR currently subscribes to proxy-related services offered by the proxy advisory firm Institutional Shareholder Services, Inc. ("ISS"). ISS provides KKR with its independent analysis and recommendation with respect to generally all proxy proposals that KKR votes on behalf of our Clients, with respect to both U.S. and non-U.S. securities of publicly traded companies. KKR has engaged ISS to assist with our proxy voting, however, KKR retains ultimate voting discretion with respect to our Clients. Compliance, in conjunction with the Firm's investment analyst(s) who provides coverage for the relevant issuer, will document the basis for the voting decision in accordance with KKR's proxy voting guidelines. KKR may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships we maintain with persons having an interest in the outcome of certain votes. If at any time, KKR becomes aware of an existing or potential conflict of interest relating to a particular proxy proposal, KKR's Global Conflicts Committee (the "Conflicts Committee"), or its designee, must be notified. Provided the Conflicts Committee has determined that a conflict or potential for a conflict exists, the proxy must be voted in alignment with the recommendation set forth by ISS. Appropriate documentation will be maintained by the Conflicts Committee and Legal & Compliance. In accordance with Rule 204-2 of the Advisers Act, KKR maintains appropriate books and records in connection with the Proxy Voting Policy.

CODE	ACCOUNTING METRIC	KKR RESPONSE AND/OR DISCLOSURE SOURCE
Business Ethics		
FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	In 2022, KKR did not sustain any monetary losses resulting from legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations that were material to its results of operations, financial position, or cash flows.
FN-AC-510a.2	Description of whistleblower policies and procedures	2022 Sustainability Report, Sustainable Operations > Governance and Business Ethics
Activity Metric		
FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	(1) Total registered AUM was approximately \$19 billion as of December 31, 2022. Our registered AUM includes pooled funds that, in our judgment, qualify as "registered AUM" as the term has been defined in the SASB Asset Management & Custody Activities Standard. These funds include (i) one real estate equity-oriented fund, (ii) two credit-oriented funds and (iii) certain business development companies that are subject to the regulations of the Investment Company Act of 1940. (2) Total unregistered AUM was approximately \$485 billion as of December 31, 2022. Our unregistered AUM equals total AUM minus total registered AUM.
FN-AC-000.B	Total assets under custody and supervision	We have renamed this metric to "total assets under management" from "total assets under custody and supervision" because assets under management is a more relevant activity metric for asset managers, and KKR is an alternative asset manager, not a custody provider. As of December 31, 2022, KKR had total assets under management of approximately \$504 billion. 2022 Sustainability Report, Introduction > About KKR

TCFD Index

The following table summarizes our climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by providing responses and/or locations for recommended disclosures. All data are as of December 31, 2022, unless otherwise noted.

TCFD RECOMMENDED DISCLOSURES	KKR RESPONSE AND/OR DISCLOSURE SOURCE
Governance	
Describe the organization's governance around climate-related risks and opportunities.	
a. Describe the Board's oversight of climate-related risks and opportunities.	Accountability for our sustainable investing efforts extends throughout our Firm, with ultimate oversight by KKR's senior leadership and the KKR Board. KKR senior employees regularly report on sustainability activities, including how KKR manages climate-related risks and opportunities, to the KKR Board and/or one or more of its committees to whom such responsibilities have been assigned. In 2022, we presented an overview of global 2022 priorities to the Audit Committee of the KKR Board, including climate-related objectives and upcoming climate-related regulations. KKR 2022 Sustainability Report, Sustainable Investing > Strategy and Governance > Governance and Oversight
b. Describe management's role in assessing and managing climate-related risks and opportunities.	KKR's senior leaders provide ultimate oversight of our ESG integration and responsible investing efforts, including consideration of climate-related matters. Global and regional team members, supported by both internal and external subject-matter experts, collaborate on an integrated approach and communicate updates to senior leaders and the KKR Board. Our sustainability and climate-related activities are also overseen by our Firm's senior leaders through the active involvement of senior management committees, including the Investment Committee, Portfolio Management Committee, and Risk and Operations Committee. Our investment teams are responsible for identifying, assessing, and managing material climate-related risks and opportunities throughout the investment process where applicable, working collaboratively and cross-functionally with the Sustainable Investing subject-matter experts, Global Macro and Asset Allocation, KKR Capstone, KKR Global Institute, Legal and Compliance, and Global Public Affairs. KKR 2022 Sustainability Report, Sustainable Investing > Strategy and Governance > Governance and Oversight/Our Sustainability Expertise

TCFD RECOMMENDED DISCLOSURES	KKR RESPONSE AND/OR DISCLOSURE SOURCE
Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a. Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	<p>Given the significant scale of our investment activities compared to our footprint as an office-based company, our investment portfolio is more relevant than our Firm operations from a climate risk and opportunity perspective. Therefore, our climate action strategy focuses largely on our investment activities and considers the varying climate risks of the industries in which we invest. As part of our ESG-related work, we have focused on implementing processes to identify, assess, and manage climate-related risks and opportunities, when material.</p> <p>We are subject to increasing focus by our fund investors, stockholders, regulators and other stakeholders on ESG-related matters, including climate-related risks.</p> <p>KKR & Co. Inc. 2022 Form 10-K (pp. 46, 56-58, 83)</p>
b. Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	<p>Climate change presents potential risks and opportunities to our investments, and we are constantly working to better understand both. Our aim is to consider and manage material climate-related risks and opportunities through how we invest, where we invest, and what we do to support our portfolio companies. Our climate action strategy is integrated into our investment process where applicable, and relies on three key pillars:</p> <ul style="list-style-type: none"> Integrating climate considerations in the investment process, as appropriate, to identify, assess, and manage material climate-related risks and opportunities Investing in the energy transition and behind climate-focused themes to create and protect value while supporting a sustainable transition to a clean energy future Helping our portfolio companies identify and manage material climate-related risks and opportunities, including by supporting them in measuring their carbon emissions and implementing business-relevant decarbonization strategies, where appropriate <p>KKR 2022 Sustainability Report, Sustainable Investing > Engagement > Climate</p>

TCFD RECOMMENDED DISCLOSURES	KKR RESPONSE AND/OR DISCLOSURE SOURCE
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>We are continuing to evaluate how to integrate climate scenario analyses into our processes and to look for ways to integrate learnings and best practices as our climate strategy matures. Our Global Macro and Asset Allocation team, which brings together KKR's experts focused on major trends impacting the economic and investing landscape, considers climate-related topics as part of their macro analyses, to help inform investment decisions. Our Public Affairs and Global Institute team also supports KKR's investment process by analyzing climate-related global trends and developments to identify new opportunities and mitigate material risks.</p> <p>KKR 2022 Sustainability Report, Sustainable Investing > Investing Behind Trends</p>
Risk Management	
Disclose how the organization identifies, assesses, and manages climate-related risks.	
a. Describe the organization's processes for identifying and assessing climate-related risks.	<p>Our Responsible Investment Policy articulates our approach to identifying and managing material ESG considerations, including climate-related risks, in our investment processes globally across asset classes.</p> <p>KKR 2022 Sustainability Report, Sustainable Investing > ESG Integration</p>
b. Describe the organization's processes for managing climate-related risks.	<p>As described in our Responsible Investment Policy, across our investment portfolio, KKR focuses on managing material ESG considerations, including material climate-related risks, in our investment processes globally across asset classes. We consider climate as a relevant topic for companies to consider, regardless of sector or geography, and thus have identified it as one of our Global Ambitions.</p> <p>At the Firm-level, we think about climate change from both physical and transition risk perspectives. As an office-based company, our physical footprint is relatively small but there is a possibility of business interruption due to physical climate risks, such as flooding, wildfires, hurricanes, and rising sea levels. We work to actively assess and monitor potential business disruption risk events to strengthen our operational infrastructure to mitigate risk and impact from the evolving climate risk landscape. As appropriate, we incorporate ESG and climate risks into our ERM framework and report on these risks to the KKR Board and/or one of its committees to whom such responsibilities have been assigned on a periodic basis.</p> <p>KKR 2022 Sustainability Report, Sustainable Investing > ESG Integration > Our Investment Process and Engagement > Climate</p> <p>KKR 2022 Sustainability Report, Sustainable Operations > Enterprise Risk Management</p>
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	

TCFD RECOMMENDED DISCLOSURES	KKR RESPONSE AND/OR DISCLOSURE SOURCE
Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>KKR annually calculates our Firm's GHG emissions footprint including emissions from Scope 1 and 2, and certain Scope 3 categories.</p> <p>KKR 2022 Sustainability Report, Sustainable Operations > Environment</p> <p>In 2022, we supported measurement of direct GHG emissions for the first time at more than 85 portfolio companies, including Scope 1 and 2 and, where material, Scope 3 categories.</p> <p>Even as we expand our efforts to measure emissions at our portfolio, we recognize that GHG emissions are not always a perfect proxy for climate-related risk and opportunity. We continue to evaluate the best, and most relevant, indicators for our risk management and investment process.</p> <p>KKR 2022 Sustainability Report, Sustainable Investing > Engagement > Climate</p>
<p>b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 Greenhouse Gas (GHG) emissions, and the related risks.</p>	<p>As noted above, KKR conducts a Firm-level GHG emissions footprint annually, as well as GHG emissions footprints for a growing number of selected funds.</p> <p>Our 2022 GHG emissions footprint comprises emissions from both direct (Scope 1) and indirect sources (Scope 2 and 3), amounting to an estimated 14,342 metric tons CO₂ equivalent. The figure represents, with regard to Scope 3 GHG emissions, the direct impact of our operations and does not include the impacts of our investments.</p> <p>KKR 2022 Sustainability Report, Sustainable Operations > Environment and Appendix > KKR-level ESG Data Table</p>
<p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>With regard to climate action, KKR intends to:</p> <ul style="list-style-type: none"> Integrate material climate-related risks and opportunities into investment decision-making and management practices where applicable. This includes considering material climate change risks and opportunities during diligence and, as appropriate, engaging on these issues with the companies in which KKR invests or to which KKR provides financing Report on our majority-owned assets' climate-related activities to certain fund investors annually, including seeking to provide information on Scope 1 and 2 emissions and certain Scope 3 emissions data, and describing the steps taken by portfolio companies in developing and implementing decarbonization plans, where relevant and available Where we are a minority investor, implement a stewardship and engagement strategy consistent with the GHG measurement and decarbonization ambitions described above <p>KKR 2022 Sustainability Report, Sustainable Investing > Engagement > Climate</p>

Overview of Policies

As referenced in the respective Sustainable Operations sections of this report, the below provides an in-depth overview of KKR's policies and procedures that govern our **Human Capital** and **Governance**-related activities. For additional publicly available corporate documents and policies, refer to the **Corporate Governance** page at ir.kkr.com.

Human Capital

Harassment Policy

Our Harassment Policy strictly prohibits sexual harassment and harassment because of race, color, sex, age, disability, religion, national origin, marital status, familial status, family care status, sexual orientation, gender, gender identity and/or expression, ancestry, military status, genetic information, or any other basis protected by applicable law. Employees have the option of reporting any incident of harassment prohibited by the Firm's Harassment Policy to managers, management representatives, senior personnel in the Human Capital or Legal and Compliance departments, or anonymously as described in the Firm's Whistleblower Policy. When managers become aware that harassment might exist, they are obligated by this policy to take prompt and appropriate action. Appropriate action, including disciplinary action, if warranted, will be taken with due regard to confidentiality. Retaliation against an individual for reporting discrimination or harassment or for providing information relevant to a claim of discrimination or harassment is also prohibited and is treated as a very serious disciplinary matter.

We provide robust web-based training on harassment and discrimination prevention on an annual basis to all employees of the Firm globally. These web-based trainings may vary based on specific jurisdictional requirements. Such web-based training may be supplemented by in-person training as appropriate.

Equal Employment Opportunity Policy

We provide equal employment opportunity to all employees and applicants for employment. Our policy provides that no one will be discriminated against in hiring or employment because of race, color, sex, age, disability, religion, national origin, marital status, sexual orientation, gender, gender identity and/or expression, ancestry, military or veteran status, genetic information, or any other basis protected by applicable law. It is the policy of the Firm to:

- Comply with personnel procedures to ensure equal employment opportunity for all people without regard to race, color, sex, age, disability, religion, national origin, marital status, sexual orientation, gender identity and/or expression, ancestry, military status, genetic information, or any other basis protected by applicable law
- Comply with all the relevant and applicable provisions of the Americans with Disabilities Act (ADA) and comparable state and local laws in the U.S. It is the policy of the Firm to make reasonable accommodations wherever necessary for all employees or applicants with disabilities, provided that the individual is otherwise qualified to safely perform the essential duties and assignments connected with the job and provided that any accommodations made do not impose an undue hardship on the Firm
- Investigate instances of alleged harassment and take corrective action, if warranted
- Be alert to identify and correct any practices by individuals who are acting inconsistently with the intent of the Equal Employment Opportunity Policy

Governance

Know-Your-Customer (KYC) Policy

KKR has implemented a KYC Policy as part of its Anti-Money Laundering (AML) program. The KYC Policy includes risk-based procedures designed to obtain identifying information from a KKR fund investor and other persons or entities with whom the Firm is engaged in an investment activity, and to verify, to the extent required by applicable law, the fund investor's identity. The information obtained during this due diligence review serves as the basis for making a determination as to, among other matters, whether such investor should be subjected to additional and ongoing monitoring due to its status as a senior foreign political figure or politically exposed person. KKR may also use third-party service providers to conduct an additional level of due diligence based on its risk assessment of its fund investors, such as investors deemed high risk.

KKR Capital Markets LLC Written Supervisory Procedures

KKR Capital Markets LLC ("KCM") written supervisory procedures sets forth policies and procedures that KCM has adopted to govern Relationship Managers in its Client and Partner Group ("CPG") who are registered representatives of KCM. Among many other topics, the procedure outlines marketing and advertising, activities of registered representatives, and legal and regulatory matters.

Global Vendor Management Policy

KKR has established a Global Vendor Management Policy to assess and manage risk associated with engaging external vendors. This policy covers a wide range of vendor risks, including but not limited to legal, regulatory, information-security, privacy, and operational risks.

Business Ethics

Anti-Bribery and Anti-Corruption (ABC) Policy

This policy prohibits KKR employees from offering a benefit to a client or investor to obtain an advantage for KKR or receive a benefit from a client or investor in return for a promise of a benefit from KKR. KKR is committed to complying with all requirements of the U.S. Investment Advisers Act of 1940, U.S. Foreign Corrupt Practices Act (FCPA), and the UK Bribery Act of 2010. We seek to ensure that the requirements of these laws apply to our own employees, as well as outside agents, consultants, representatives, and business partners. Every employee must certify that they understand and will abide by KKR's Anti-Money Laundering and ABC Policies.

Anti-Money Laundering (AML) Policy

This policy requires that KKR business lines have AML programs reasonably designed to comply with the AML laws and regulations in the jurisdictions where they operate with dedicated responsible individuals providing an appropriate level of oversight. KKR has AML compliance officers in various jurisdictions and businesses responsible for implementation and operation of all AML-related procedures within the Firm, including the procedures for reporting suspicious activity, annual training programs, and independent audits to test the AML program. All KKR employees must complete mandatory trainings on AML and financial crime on an annual basis. We incorporate testing to verify understanding of these areas in annual web-based trainings, and a minimum score in each subject matter is required to complete these compliance trainings. The AML program includes an appropriate KYC Policy and Customer Due Diligence Policy designed to provide appropriate diligence standards to evaluate and risk rate KKR's clients and identify potentially high-risk individuals or organizations that warrant heightened scrutiny.

KKR's Antitrust Policy

This policy aims to preserve competition among businesses and protect consumers from anti-competitive business practices. All KKR employees should refuse any attempt by any business to form an anti-competitive alliance and are required to report these illegal activities to the Legal or Compliance teams. Employees can report concerns and/or violations of KKR's Antitrust Policy via the anonymous whistleblower hotline or website.

Code of Ethics Policy (The Ethics Policy)

This policy is essential to our commitment to ethics and compliance. It mandates that all employees act with integrity and honesty when dealing with clients, regulators, and fellow employees. The Ethics Policy outlines the governance structure, policies, and procedures that ensure the Firm can mitigate and manage business and compliance-related risks. The Ethics Policy outlines the standards for legal and ethical behavior and aims to prevent and detect wrongdoing within the Firm. We use the Code of Ethics to educate employees and help mitigate potential conflicts of interest that may arise from employee conduct involving personal trading, gifts and entertainment, political activity, and outside business activities, among others. KKR's Compliance Group reviews employee certifications, questionnaires, and preapproval requests to identify such potential conflicts of interest.

KKR has instituted various other essential policies and procedures designed to ensure compliance with legal and ethical standards and all applicable laws, rules, and regulations, including, but not limited to, the following:

- **Global Conflicts Policy** — to identify, address, and mitigate potential conflicts of interest that may arise in the course of the Firm's business activities
- **Confidential Information and Inside Information Barrier Policies and Procedures** — to ensure our commitment to conduct business with integrity and implement appropriate restrictions on information access as it relates to the private and public sides of the business
- **Balance Sheet Guidelines** — to clarify governance and oversight structure of the KKR balance sheet and provide a framework for ensuring the Firm's fiduciary duty to clients and public shareholders

Whistleblower Policy

KKR has a Whistleblower Policy, which provides reporting mechanisms regarding questionable accounting, internal accounting controls and auditing matters, compliance with legal and regulatory requirements and retaliation against employees or others who make such accounting allegations or legal allegations. Consistent with these policies, employees who, in good faith, make a report or provide assistance to the Audit Committee, management, or any other person or group, including any governmental, regulatory, or law enforcement body, will not face retaliation, and the source of any report will remain anonymous unless compelled by judicial or other legal process or as necessary to fully investigate a particular matter.

The CCO of each region (Americas, Europe, and Asia) and/or their respective compliance teams provide training regarding the Whistleblower Policy in local languages, if necessary, to KKR employees at the outset of their employment. In certain cases, a subset of the Firm receives targeted training regarding particular business ethics issues most relevant to their role. The Whistleblower Policy provides the relevant contact information and instructions for reporting a complaint or concern. KKR offers multiple hotlines, domestic and international, which are maintained by a third-party operator.

The Whistleblower Policy provides these reporting numbers and also details other methods of making a report to the Audit Committee, which include a website (hosted by a third-party operator), or in writing or in person to the Audit Committee, in the manner described in the Whistleblower Policy.

Cybersecurity, Privacy, and Data Protection

Information Security Policy and Use of Technology Policy

These policies provide a global framework that aligns KKR’s cybersecurity activities with our business requirements, risk tolerances, and resources. These policies provide guidance around governance, training structures, incident response plans, and risk assessments to ensure our data is secure, and they are reviewed on an annual basis. KKR’s Compliance, IT, and Internal Audit groups test understanding and application of these policies across the Firm on a regular basis.

KKR is also a member of the Financial Services Information Sharing and Analysis Center (FS-ISAC), a nonprofit group dedicated to reducing cybersecurity risks throughout the global finance industry. Additionally, our formal Incident Response Plan is based on the National Institute of Standards and Framework’s Cybersecurity Framework (NIST CSF). Our policies are designed to comply with privacy-related regulations across all relevant jurisdictions, including the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA).

European Data Protection Policy

This policy outlines the Firm’s obligations under applicable data privacy laws, and describes the steps to be taken in connection with the compliance of such corresponding obligations.

Benefits Overview

Fostering a culture of physical, mental, and emotional health and wellness is a priority for KKR. We offer industry-leading, comprehensive benefits for our employees’ overall well-being and strive to keep our program competitive and responsive to their and their families’ needs.

Comprehensive health insurance coverage, which includes full medical, dental, and vision insurance (including prescription drug coverage)

Life and accidental death and dismemberment insurance (no extra cost)

Disability insurance coverage

Access to a suite of health programs through various third-party service providers (available in the U.S. only), including:

- Company-sponsored membership to a private primary care practice that offers virtual visits, same-day primary care physician appointments, 24/7 phone support, mobile app access, travel medicine needs, and email communications with physicians
- Medical consulting service for health care decisions and second opinion support
- Mental well-being platform that provides access to screening, navigation, and scheduling of virtual visits with licensed therapists/psychiatrists

Smoking cessation support, health coaching, and access to Memorial Sloan Kettering (MSK) for annual mammograms (for New York-based employees) as well as global access to MSK’s cancer navigation support where employees and their families can receive remote care from MSK in collaboration with their local doctors

Fitness reimbursement program (global)

Free annual on-site flu vaccine (available at most U.S. and non-U.S. KKR locations)

On-site health and wellness suite with primary care, mental health, and physical therapy/chiropractic services, and access to wellness rooms (for New York and London-based employees) or multipurpose wellness rooms at select offices

Wellness Works program, which includes health clinics, nutrition, stretching, and yoga sessions with virtual health coaches, walking/running challenges, wellness education, free subscription to a mindfulness and meditation app and onsite or virtual meditation classes

Discounts on health care premium contributions each year when preventive health care activities are completed (for U.S.-based employees)

Virtual and on-site ergonomic consultations as well as tele-physical therapy (PT) (U.S. employees) (U.S. and UK-based employees only, onsite PT)

Fertility management/support programs, including IVF coverage, egg freezing treatments, sperm freezing and testing, donor tissue coverage, and surrogacy/adoption expense reimbursement (global)

Family support resources, including:

- Parental coaching and support through the spectrum of family needs, from considering to infant care, child/teen care and elder care
- Birth center coverage
- Support for delivery at home (U.S. only)
- Breast pump coverage (through U.S. medical plan)
- Breast milk shipping through a third-party for employees traveling for business both domestically and internationally
- Dedicated nursing mothers' rooms in several offices

Paid time off (PTO) benefits, including vacation time, personal days, sick days, funeral or bereavement days, and for jury duty service

Access to financial counseling services when an employee or their family member passes away (for U.S.- based employees)

Employee Assistance Program (EAP) (global) and U.S. voluntary benefits program, including long-term care, pet insurance, and group legal plan

Emergency backup child/elder care, adult/elder care navigation, return to work support, and additional family support, such as college coaching/application support (for U.S./UK/Dublin-based employees)

Access to a third-party service that provides navigation assistance for employees with children with special/ developmental needs (global)

Paid parental leave policy:

- 18 weeks of paid leave for a primary caregiver new parent
- Four weeks for non-primary caregiver
- Four weeks of paid family caregiving leave, regardless of tenure, to support a serious health condition of a family member

Childcare travel program covering costs related to childcare provider accompaniment on essential business-related travel

Coaching program for executives and their managers transitioning from parental leave to full-time work (for U.S./ UK-based employees)

Retirement benefits are offered in most office locations

Lunch allowance, meal vouchers, and/or on-site canteen provisions for our global population

Personalized planning and advice and free access to financial counseling and planning services (for U.S./ UK-based employees)

Early multi-cancer detection blood test in the U.S.

KKR-level ESG Data Tables

Gender and Racial/Ethnic Representation^[68]

GENDER REPRESENTATION OF GLOBAL EMPLOYEES (%)						
	2022			2021		
	Female	Male	N/A	Female	Male	N/A
Executive Management	22%	78%	0%	19%	81%	0%
Non-Executive Management	34%	65%	0%	28%	72%	0%
Senior Executives	31%	69%	0%	26%	74%	0%
Professionals	46%	54%	0%	43%	57%	0%
All Other Employees	94%	6%	1%	95%	5%	0%
Total Firm	47%	53%	0%	44%	56%	0%
% of New Hires	56%	44%	0%	45%	55%	0%
KKR Board	19%	75%	6%	19%	75%	6%

[68] Definitions: "Executive Management" defined as global Partners and Managing Directors; "Non-Executive Management" defined as global Directors and Principals; "Professionals" defined as global Associates, Analysts, and Professionals; "All Other Employees" defined as global Staff and Support.

RACIAL/ETHNIC REPRESENTATION OF U.S. EMPLOYEES (%)									
2022									
	White	Asian	Black	Hispanic/Latino	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Two or more races	Other	Prefer not to answer/unknown
Executive Management	76%	12%	4%	2%	0%	0%	1%	0%	6%
Non-Executive Management	56%	24%	4%	5%	0%	0%	2%	2%	7%
Senior Executives	62%	20%	4%	4%	0%	0%	2%	1%	7%
Professionals	50%	25%	5%	7%	0%	0%	3%	1%	10%
All Other Employees	48%	11%	12%	14%	1%	1%	4%	3%	5%
Total Firm	54%	21%	5%	7%	0%	0%	3%	1%	8%
% of New Hires	49%	22%	7%	6%	0%	0%	2%	1%	13%
KKR Board	63%	6%	13%	6%	0%	0%	0%	0%	13%

GHG Emissions^[69]

EMISSIONS BY SCOPE					
	Source	2022	2021	2020	Details
Scope 1	Space Heating; Fugitive Refrigerants	786 mtCO ₂ e	896.8 mtCO ₂ e	536.1 mtCO ₂ e	Estimated, based on site characteristics
Scope 2	Purchased Electricity, District Heating, District Cooling	2,315 mtCO ₂ e	1,877.8 mtCO ₂ e	2,241.7 mtCO ₂ e	KKR offices
Scope 3	Multiple Categories	11,241 mtCO ₂ e	4,012.2 mtCO ₂ e	3,152.8 mtCO ₂ e	
	Commercial Air Travel	61%	41%	53%	% of Scope 3 Total

EMISSIONS BY SCOPE			
Total	2022	2021	2020
Scope 1+2 Total	3,101 mtCO ₂ e	2,774.6 mtCO ₂ e	2,777.8 mtCO ₂ e
Scope 1, 2, and 3 Total	14,342 mtCO ₂ e	6,786.7 mtCO ₂ e	5,930.6 mtCO ₂ e

[69] KKR's 2022 GHG emissions footprint is based on Firm-level Scope 1 emissions arising from our direct impacts and operations, indirect Scope 2 emissions, and certain categories of Scope 3 emissions; it does not account for the impacts of our investments. It does not include emissions from Global Atlantic and KJRM. Please note, a prior version of this footnote incorrectly stated that KKR's 2022 GHG emissions footprint includes emissions from Global Atlantic. For more detail on calculation methodologies, see the [Endnotes](#) of the report.

Endnotes

Footnotes 9 and 38. Sustainability-focused Investments

Includes investments made from 2010 to December 31, 2022 by KKR funds, co-investors and Global Atlantic. Sustainability investments include the following sustainability-focused sectors: climate, environmental sustainability, cybersecurity, lifelong learning (including education and workforce development), and social equality (including financial inclusion and food security)

Footnote 28. Portfolio Company-level Board Diversity

The scope of our data collection includes majority-controlled portfolio companies and investment vehicles (where KKR has greater than or equal to 50% ownership) across Private Equity, Growth Funds, Infrastructure, and Global Impact strategies, and select portfolio companies from the following strategies: Energy, Real Estate, Balance Sheet/Stakes, Credit. Board seats are meant to highlight the composition of a specific board. Diverse directors found on multiple boards occupy more than one diverse seat in the portfolio; therefore, one individual can account for multiple diverse seats.

Footnote 55. KKR Global Impact's 2022 Cross-portfolio ESG Performance

Climate

- Emissions data includes 16 companies in the Portfolio for 2022 reporting weighted by GIF ownership. In 2022, Accell also reported Scope 3 emissions, but Re Sustainability did not. Re Sustainability and Viridor are energy-from-waste companies and represent 98.9% of Global Impact's total Scope 1 and 2 emissions, as the rest of the Portfolio is largely comprised of office-based businesses. Global Impact has a small equity share

in Re Sustainability and Viridor, although overall KKR holds a control position via co-investments. Global Impact is actively involved in developing sustainability-focused strategies at both companies; for example, the recruitment of ESG expertise at the board and executive level and supporting Viridor's net-zero and net negative strategy.

Human Capital

- Senior leadership and employee diversity, equity, and inclusion (DEI) is monitored as follows: APAC and EMEA include gender diversity; in North America, in addition to gender diversity, the term diversity encompasses individuals self-identifying as African American, Black, Hispanic, Latino, Native American, Alaska Native, or Asian American. Metric is portfolio-wide average based on self-reported company data.
- Job creation and employment data reflect full-time employees only. Job creation excludes jobs gained from acquisitions and only includes with at least two years of employment data, i.e., the 13 companies included in the 2021 Global Impact Report.

Footnote 57. KKR Global Impact Strategy: Highlights of Global Impact's Contribution to the SDGs

The figure is for illustrative purposes only. The illustrations include all 13 SDGs addressed by Global Impact in 2022 and at least one finalized metric per company in our Global Impact portfolio, but do not include all metrics for every company. The majority of results are cumulative contributions to the SDGs since baseline, and SDG metrics with percent values expressed as most recent result for 2022. All figures are rounded totals.

SDG 1: No Poverty

- Five Star: Total loans disbursed by Five Star to its micro-entrepreneurs and self-employed individual clients in India over the course of KKR's investment.

SDG 2: Zero Hunger

- Advanta aims to increase access to high quality seeds for smallholder farmers. The volume of the seeds sold are the actual numbers pulled from Advanta's projections and sales monitoring tool.

SDG 4: Quality Education

- Lightcast: Metric captures the total number of higher education institutions served by Lightcast's solutions. Metric counts all institutions served with a subscription product (either directly or through a group consortium) as of year end 2022.
- Graduation Alliance: Total students enrolled in Graduation Alliance's Adult Workforce Diploma and Dropout Recovery Programs in 2022. Both programs aim to engage former high school dropouts to earn credits towards a high school diploma.
- MasterD: Students served in Spain and Portugal as of 2022.
- Education Perfect: Number of students with access to Education Perfect's platform at the end of 2022.
- EQuest: Metric reflects number of students in EQuest's portfolio as of 2022.

SDG 6: Clean Water and Sanitation

- 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 over the life of KKR's investment.

SDG 7: Affordable and Clean Energy

- 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 in 2022.

SDG 8: Decent Work and Economic Growth

- 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 2022 performance and was calculated by comparing the Injury Incidence Rate per 100,000 employees at Citation's health and safety clients with the 2022 UK average, sourced from the UK Health and Safety Executive.

SDG 9: Industry, Innovation, and Infrastructure

- Refer to SDG 7 BBP endnote. SDG 9 metric captures the CO₂ equivalent reduced due to energy efficiency savings generated at BBP's clients over the life of KKR's investment.

SDG 11: Sustainable Cities and Communities

- Re Sustainability is a waste management company that collects and treats municipal solid waste. Viridor is a waste management company that treats municipal solid waste. Metric is the total metric tons of waste treated since baseline for Re Sustainability (2019 baseline) and Viridor (2020 baseline). Beginning in 2022, Viridor no longer separately tracks the amount of municipal solid waste treated, but instead tracks the amount of waste processed by Energy Recovery Facilities (ERFs). Based on third-party research, Viridor conservatively estimates that 62% of waste processed in the ERFs is municipal waste.

SDG 12: Responsible Consumption and Production

- Reflects metric tons of hazardous waste treated by Re Sustainability since baseline (2019), such as hazardous waste.
- 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. We updated the 2022 methodology to include LCA results for both CartonWrap and Genesys products to have more accurate impact metrics estimation. The estimated reduction in paperboard and associated emissions is for calendar year 2022 and is based on a LifeCycle Assessment (LCA) conducted in 2021 for the Carton Wrap product and a LCA completed in early 2023 for the Genesys product. The LCAs compared the paperboard and void filler used by a standard packaging process with its products across either a selection of household items or a selection of different size order.

SDG 13: Climate Action

- GreenCollar is a leading carbon markets business in Australia and one of the largest carbon abatement developers globally. Australian Carbon Credit Units represent one metric ton of stored carbon dioxide equivalent (tCO₂e) 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.
- To calculate the total estimated metric tons of CO₂ savings associated with the company, Accell has estimated life cycle emissions across a range of bike models, divided this by average km of use for bikes, calculated a delta for these emissions per KM against other modes of commuting, such as bike, bus and train, and multiplied this CO₂/km delta by the estimated number of kms for each mode of transport that have been substituted by an e-bike after the purchase of an Accell e-bike. Data was captured from consumer research.

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. Performance is shown over the life of KKR's investment.

SDG 15: Life on Land

- Calculated as sum of land in which GreenCollar is involved in carbon projects in 2022. This only includes registered and credited projects — the total hectares of land that Green Collar is involved with is larger as it typically takes a year or more of engagement to then become credited. While all projects are likely generating environmental outcomes, given the area of land is an output rather than outcome metric, it was decided that monitoring registered/credited projects is a more conservative approach.
- This metric is based on the number of acres under an easement, deed restriction or environmental covenant in 2022 and reflects the acres of land restored and protected by RES through its ecological restoration services, including environmental mitigation, storm water and water quality, and climate and flooding resilience in 2022.

SDG 16: Peace, Justice, and Strong Institutions

- KnowBe4 monitors employee susceptibility to simulated phishing security tests before and after implementing their solution. This metric combines an estimated user count developed by KKR, a pre- and post-training phishing click rate published by KnowBe4, and multipliers from third-party literature relating to malicious emails opened, data breaches and average exposed records over the life of KKR's investment.

Footnote 64 and 69. KKR-level ESG

Data Tables: Emissions by Scope

KKR's 2022 GHG emissions footprint is developed in accordance with the revised GHG Protocol Corporate Standard and the Corporate Value Chain Accounting and Reporting Standard. We believe the procedures developed and executed during development of the KKR Inventory for Reporting Year 2022 satisfy ISO Standard 14064-1. Scope 3 categories include:

- Category 1: Purchased goods and services (office related materials, meetings and events)
- Category 3: Fuel- and energy-related activities
- Category 5: Waste generated in operations (office consumables, water and sewer)
- Category 6: Business travel (commercial air travel, car service and rental, private jet, hotel)
- Category 7: Employee commute (physical commute, remote work)

Portions of KKR's 2022 inventory relied on proxy data to develop the resource consumption estimates and resulting emissions impact. As 2021 was still impacted by COVID-19, data access, aggregation and timely transfer was challenging. As such, the inventory was developed with as much primary data as possible, but did apply what we believe to be industry standard and best practice approaches to data estimates, where necessary (e.g., office electricity and fuels, employee commute).

Cautionary Statement

The data and information in this report, which has been prepared by the investment management subsidiaries of KKR & Co. Inc., are presented for informational purposes only. This report shall not constitute an offer to sell or the solicitation of any offer to buy any interest, security, or investment product. 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 KKR assumes no obligation to update the information herein. Nothing contained herein constitutes investment, legal, tax, or other advice nor is it to be relied on in making an investment or other decision. This report should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

Without limiting the foregoing, this report is not and shall not be construed as an “advertisement” for purposes of the Investment Advisers Act of 1940, as amended, or an offer to purchase or sell, or the solicitation of an offer to purchase or sell, any security, service or product of or by any KKR entity, including but not limited to any investment advice, any investment fund, vehicle or account, any capital markets service, or any insurance product, including but not limited to (i) any investment funds, vehicles or accounts sponsored, advised or managed by (or any investment advice from) Kohlberg Kravis Roberts & Co. L.P., KKR Credit Advisors (US) LLC, KKR Credit Advisors (Ireland) or other subsidiary, (ii) any capital markets services by KKR Capital Markets LLC (“KCM”) or any KCM affiliate outside the United States, or (iii) any insurance product offered by, or other insurance-related vehicles sponsored or managed by, Accordia Life and Annuity Company, Commonwealth Annuity and Life Insurance Company, Forethought Life Insurance Company, Global Atlantic Re Limited or any Global Atlantic insurance company.

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,” “think,” “potential,” “continue,” “predict,” “intend,” 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.

Any forward-looking statement contained herein speaks only as of the date on which such statement is made, and KKR assumes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Certain information contained herein relating to any ESG, Impact, Responsible Investment initiatives or other similar industry frameworks is subject to change, and no assurance can be given that KKR will remain signatory, supporter, or member of such initiatives or other similar industry frameworks.

Certain information contained herein relating to any goals, targets, intentions, or expectations, including with respect to net-zero targets and related timelines, is subject to change, and no assurance can be given that such goals targets, intentions, or expectations will be met. The SDGs are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to a particular SDG. Accordingly, investors should not place undue reliance on the Firm’s application of the SDGs, as such application is subject to change at any time and in the Firm’s sole discretion. Further, statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards (including KKR’s internal standards and policies).

Similarly, there can be no assurance that KKR’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, including the ESG Scorecard, will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment. KKR is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives, policies, and procedures based on cost, timing, or other considerations. 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 KKR 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 KKR considers in making an investment, and there is no guarantee that consideration of ESG factors will enhance long-term value and financial returns for fund investors. To the extent KKR engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG performance 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 KKR will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends.

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 KKR. 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.

Case studies presented herein are for illustrative purposes only, and have been selected in order to provide examples illustrating KKR’s application of its ESG policies and procedures with respect to its portfolio investments and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Further, references to the investments included in the illustrative case studies should not be construed as a recommendation of any particular investment or security. Certain information was provided by third parties and certain statements reflect KKR’s beliefs as of the date hereof based on prior experience and certain assumptions that KKR believes are reasonable, but may prove incorrect. Past performance is not necessarily indicative of future results.

There can be no assurance that the operations and/or processes of the Company as described herein will continue, and such processes and operations may change, even materially. The actual investment process used for any or all of KKR’s investments may differ materially from the process described herein.

Descriptions of any ESG or impact achievements or improved practices or outcomes are not necessarily intended to indicate that KKR has substantially contributed to such achievements, practices, or outcomes. For instance, KKR’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 the Company or the portfolio companies described herein is no assurance that KKR’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 KKR’s investment management business.

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