

## Sustainability related disclosures pursuant to Article 10(1) of the Disclosure Regulation | Impact Strategy 2022

The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “**Disclosure Regulation**”) aims at providing more transparency to investors on sustainability risk integration, on the consideration of adverse sustainability impacts in the investment processes and on the promotion of environmental, social and/or governance (“**ESG**”) factors. In particular, it requires fund managers and advisers to disclose specific ESG-related information to investors on their websites.

### Summary

Impact Strategy 2022 is a feeder fund that invests substantially all of its assets into a KKR managed Global Impact strategy (the “Fund” or “KKR”). The Fund will invest in businesses focused on mitigating and adapting to climate change, helping people across the globe achieve learning and employment outcomes, allow for more sustainable living across cities, circular economies, and consumption, and enhance inclusion across a number of areas – with the goal of broadening and deepening their positive impact. The Fund will invest in businesses that contribute solutions to specific UN Sustainable Development Goals (UN SDGs) and generate impacts that are measurable and reportable, either directly through its core business model, or indirectly through the way the company differentiates its core business model. Additionally, KKR will seek to improve a company’s ESG performance during its period of ownership, through monitoring and reporting on ESG related performance. KKR intends to work with each portfolio company to appropriately integrate and monitor progress on material ESG issues and impact performance aligned with the UN SDGs.

All of the Fund’s investments will be subject to the Fund’s sustainable investment objective. KKR will ensure that each investment does no significant harm to other environmental or social objectives by applying the most relevant indicators (quantitative and qualitative) for adverse impacts on sustainability factors. The Fund will also check for each investment that companies have processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and for related violations.

KKR will seek to improve a company’s ESG performance during the ownership period and will measure and report on this as guided by third party frameworks, primarily using data from portfolio companies. KKR will assess the good governance practices of each investment as part of its due diligence. At the outset and on an on-going basis, KKR will seek to ensure that each investment has sound management structures in place, including in relation to executive compensation, and has a risk framework to prevent illicit business practices or misconduct.

#### a) No significant harm to the sustainable investment objective

For sustainable investments with environmental objectives within scope of the Taxonomy Regulation and in taxonomy-aligned activities, KKR will assess and disclose whether the investment does no significant harm to the other environmental objectives in accordance with the criteria in the Taxonomy Regulation.

For all investments, prior to making the investment, KKR will identify the most relevant impacts on sustainability factors that apply to the investment. KKR will use the

Sustainability Accounting Standards Board (“SASB”) industry standards as the primary source to determine an investment’s material ESG issues, and will tailor the SASB standards for each investment as needed.

In either case, this may result in KKR seeking changes to practices at the portfolio company or, in exceptional circumstances, not proceeding with the investment.

During the Fund’s period of ownership, KKR will monitor the investment and ensure, to the extent KKR is able, in light of factors such as the Fund’s influence and control over the investment, that the investment does not significantly harm other sustainable investment objectives in accordance with the criteria described above. KKR cannot ensure that the investment does not significantly harm other sustainable investment objectives during the Fund’s period of ownership.

In identifying whether any company “significantly harms” any sustainable investment objective, as measured as described above, KKR will determine the severity of the potential harm and whether KKR can address the potential harm during its period of ownership.

In taking into account principal adverse impacts on sustainability factors for the Fund, KKR will check, in relation to each portfolio company, initially and on an ongoing basis, that companies have processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and for related violations. In addition, KKR supports diversity and inclusion in the Fund’s portfolio companies, at board and employee level and, in relation to anti-bribery, corruption and sanctions, KKR performs extensive due diligence upfront and, during the ownership period, depending on KKR’s risk rating for the company, KKR and its advisors will assess the company’s progress in relation to anti-bribery and corruption risk.

#### **b) Sustainable investment objective of the financial product**

The Fund will invest in businesses focused on mitigating and adapting to climate risk, helping people across the globe achieve learning and employment outcomes, allow for more sustainable living across cities, circular economies, and consumption, and enhance inclusion across a number of areas – with the goal of broadening and deepening their positive impact. Specifically, the Fund will focus on providing capital to companies whose business models address commercial opportunities primarily associated with four key Solutions-oriented Investment Thematics: Climate Action, Lifelong Learning, Sustainable Living, Inclusive Growth (“Solutions-oriented Investment Thematics”).

The Fund will invest in businesses that contribute solutions to the UN Sustainable Development Goals (UN SDGs) and generate impacts that are measurable and reportable. The Fund will also seek to improve a company’s ESG performance during its period of ownership, through monitoring and reporting on ESG related performance, where relevant data is available.

To the extent the Fund makes investments under its “Climate Action” Investment Thematic, KKR intends that those investments will contribute to the climate change mitigation and climate change adaptation environmental objectives. The Fund may also make investments that contribute to the other environmental objectives, namely the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems, but does not currently commit to do so.

### **c) Investment strategy**

The Fund will invest behind scalable, commercial solutions to solve critical global challenges that address the SDGs and will focus on areas where KKR has deep experience. Specifically, the Fund will focus on providing capital to companies whose business models address commercial opportunities primarily associated with four key Solutions-oriented Investment Thematics: Climate Action, Lifelong Learning, Sustainable Living, Inclusive Growth (“Solutions-oriented Investment Thematics”).

KKR’s objective is for the Fund to invest in companies whose core business model contributes, or is expected to contribute to the UN SDGs, that is relevant in the company’s market, either directly through its core product or service, or indirectly through the way the company differentiates its core product or service.

KKR will seek to improve a company’s ESG performance during its period of ownership. KKR will monitor and report on material ESG issues and improvements in company operations, as guided by the Sustainability Accounting Standards Board (SASB), where relevant data is available.

KKR obtains information as part of its due diligence on a company’s compliance with law and its internal legal and compliance resources and internal control and risk management framework. At the outset and on an on-going basis, KKR will seek to ensure that each investment has sound management structures in place, including in relation to executive compensation, and has a risk framework to prevent illicit business practices or misconduct, including in relation to tax compliance, anti-money laundering, and data protection. KKR also promotes best practice for internal and external audit arrangements in its investments. KKR will seek to use its influence to address aspects of non-compliance with a good governance framework by an investee company. Where KKR has limited ability to conduct diligence, or to influence and control the integration of ESG considerations in an investment, KKR will incorporate the applicable elements of its Responsible Investment Policy, where practicable.

In relation to anti-bribery, corruption and sanctions, KKR will perform due diligence and may engage specialized anti-bribery and corruption counsel prior to investing in a company. Transactions will be given an internal anti-bribery and corruption risk rating, primarily based on KKR’s level of control over the investment and any “red flags” in connection with the investment (such as geography, industry and the nature of government interaction by the target). During the ownership period, depending on KKR’s risk rating for the company, KKR and its advisors will assess the company’s progress in relation to anti-bribery and corruption risk, including changes to the company’s compliance program.

KKR supports diversity and inclusion in the Fund’s portfolio companies, at board and employee level. When KKR maintains control of a portfolio company, it will promote the following goal in each portfolio company: minimum two diverse Board members. Diversity will be assessed for each portfolio company on a case-by-case basis and over KKR’s period of ownership, taking into account considerations specific to the portfolio company, including its location and social and cultural environment.

### **d) Proportion of investments**

All of the Fund’s investments will be subject to the Fund’s sustainable investment objective, through direct exposure to investee companies.

#### **e) Monitoring of the sustainable investment objective**

The methodologies to measure how the Fund's environmental and/or social characteristics are met are described below. KKR will monitor the sustainability indicators throughout the life of the Fund. KKR will use suitable metrics from third party frameworks to measure the sustainable investment objectives in respect of each portfolio company. Where no suitable metric sourced from a third party framework is available, KKR will develop bespoke impact metrics in collaboration with third party sustainability experts.

#### **f) Methodologies**

The Fund will apply performance indicators, derived from third party frameworks (such as the Global Reporting Initiative, IRIS+ or the UN SDGs), to measure the sustainable investment objectives in respect of each portfolio company. Where no suitable metric sourced from a third party framework is available, KKR will develop bespoke impact metrics in collaboration with third party sustainability experts. KKR has engaged Business for Social Responsibility ("BSR"), a leading and highly respected global third party non-profit organization with deep experience with ESG and impact, to assist in its impact and ESG measurement and monitoring approach.

#### **g) Data sources and processing**

KKR's data sources for the indicators used are primarily the portfolio companies in which it invests, at the due diligence stage and during KKR's period of ownership. KKR may also rely on data from third-party data providers and materials available to the public. KKR is responsible for processing and managing all of the data used in its analyses. When actual data is not available, KKR may rely on estimated data. There is no maximum proportion of data that will be estimated for this purpose.

KKR has engaged Business for Social Responsibility ("BSR"), a leading and highly respected global third party non-profit organization with deep experience with ESG and impact, to assist in its monitoring of impact and ESG-related performance.

#### **h) Limitations to methodologies and data**

In certain circumstances, KKR's analysis may be limited by the availability of certain data. KKR may not have sufficient data and adequate methodologies to conduct a thorough analysis of the merits of each investment. In such cases, KKR will perform an assessment on the merits of each investment to the best of their abilities based on available information. KKR will not proceed with an investment for the Fund if it considers that any such limitations will affect the attainment of the sustainable investment objective.

#### **i) Due diligence**

KKR conducts an environmental, social and governance analysis concurrently with our other investment due diligence, which includes detailed findings and clearly lays out next-steps before deal closing. The KKR Global Impact Investment Committee, the Global Impact Portfolio Management Committee and the Investing and Distribution Committee will be primarily responsible for running the Fund's investment activities. The Global Impact Investment Committee will seek to work in an integrated fashion with the deal teams and generally serve as the decision-making group for new private equity investments within the Fund's opportunity set, including providing input on the direction of due diligence and the engagement of outside advisors.

In relation to anti-bribery, corruption and sanctions, KKR performs extensive due diligence and engages specialised anti-bribery and corruption counsel. During the ownership period, depending on KKR's risk rating for the company, KKR and its advisors will assess the company's progress in relation to anti-bribery and corruption risk, including changes to the company's compliance program.

Investment professionals are supported by KKR's Regional and Global ESG teams where key ESG considerations are at stake in the due diligence process. In addition, KKR adheres to internationally recognised standards for due diligence and reporting including the American Investment Council Guidelines for Responsible Investing, industry specific issue topics identified by SASB, the United Nations-backed Principles for Responsible Investment and the Task Force on Climate related Financial Disclosures.

#### **j) Engagement policies**

KKR intends to work with each portfolio company to appropriately integrate and monitor progress on material ESG issues and impact performance aligned with the UN SDGs. Additionally, KKR engages with companies on key cross-portfolio topics.

KKR supports diversity and inclusion in the Fund's portfolio companies, at board and employee level. When KKR maintains control of a portfolio company, it will promote the following goal in each portfolio company: minimum two diverse Board members. Diversity will be assessed for each portfolio company on a case-by-case basis and over KKR's period of ownership, taking into account considerations specific to the portfolio company, including its location and social and cultural environment.

KKR will seek to ensure that the Fund's majority-owned companies develop and implement de-carbonization plans that are consistent with a sector-relevant ambition to reach net zero emissions by 2050 or sooner. Where the Fund is a minority investor, it will implement a stewardship and engagement strategy consistent with this ambition. KKR will also report on the Fund's assets' climate-related activities annually, including providing data on Scope 1 and 2 carbon emissions and material Scope 3 carbon emissions and progress made in developing and implementing de-carbonization plans.

#### **k) Attainment of the sustainable investment objective**

The Fund has not designated an index as a reference benchmark.

**23 December 2022**