

## **UK Tax Strategy Statement – December 2018**

The Finance Act 2016 includes a requirement for certain businesses to publish their strategy as it relates to UK taxation, in an effort to encourage responsible tax behaviour and transparency.

This tax strategy statement is applicable to all UK management entities (together “KKR UK”) which are consolidated for financial reporting purposes with KKR & Co. Inc. (“KKR”). KKR regards the publication of this tax strategy as complying with the duty under Part 2 of Schedule 19 of Finance Act 2016 (i) to publish the UK business’s tax strategy in respect of the financial year ended 31 December 2017 and (ii) to update and republish our statement annually thereafter.

### **Governance**

The Board of Directors of the relevant UK management entities (the “Boards”) and the Audit & Risk Committee (the “Committee”) are responsible for monitoring and approving KKR UK’s approach to UK tax. KKR’s Global Head of Tax, alongside the European Head of Tax, are together responsible for developing KKR’s UK tax strategy and ensuring that policies and procedures that support the approach are in place. Responsibility for implementing KKR’s approach to UK tax, the supporting governance framework, and management of tax risk sits with the European Head of Tax and Chief Financial Officer of KKR UK. Key risks and issues related to UK tax are escalated to and considered by the Boards and the Committee no less frequently than quarterly.

### **Effective tax risk management and approach to managing tax affairs**

KKR looks to manage UK tax risk in a similar way to any area of operational risk across KKR. KKR organizes its operations to comply with the letter and spirit of the law, and it looks to mitigate the tax risk within those parameters. KKR does not tolerate tax evasion, nor does it tolerate the facilitation of tax evasion by any person(s) acting on KKR’s behalf.

KKR recognises that it has a responsibility to comply fully with all applicable tax laws in the UK and elsewhere. KKR analyzes, and may avail itself of, tax incentives or exemptions to the extent they may be available in a particular case in order to mitigate tax expense to the extent legally possible in order to enhance value to KKR’s investors and shareholders. However, even where tax incentives or exemptions may be available, KKR still may not pursue them to the extent their use may carry with it significant reputational risk to KKR’s investors or shareholders, or KKR, or if there would be a risk of damaging KKR’s relationship with HMRC.

External tax advice is sought in relation to areas of complexity or uncertainty to support KKR in complying with its UK tax strategy. The UK tax and finance teams take and implement advice from professional advisers on tax related issues of KKR UK, assist with tax filings, support KKR’s relationship with HMRC and assist with various forms of tax and financial reporting. Internal

controls and escalation procedures are in place to identify and manage key UK tax risks no less frequently than quarterly.

### **Positive approach regarding communications with tax authorities**

KKR seeks to comply with all of its UK tax obligations on a timely basis and to provide HMRC with accurate, transparent and complete tax returns. This reduces the need for additional requests for information and KKR intends to respond fully and promptly to any questions from HMRC about its business and the implications for its tax profile. KKR aims to foster a spirit of cooperation and respect in its dealings with HMRC and resolve technical uncertainties in a collaborative manner. KKR welcomes and proactively seeks collaborative interaction with HMRC.

#### About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic partners that manage hedge funds. KKR aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business.