



Disclosure Statement

Operating Principles for Impact Management

KKR Global Impact Fund

Kohlberg Kravis Roberts & Co. L.P.

June 30, 2023

Kohlberg Kravis Roberts & Co. L.P. is a founding signatory to the Operating Principles for Impact Management (the “Impact Principles”). The Impact Principles provide a reference point against which the impact management systems of funds and institutions may be assessed. They draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions.

This Disclosure Statement hereby affirms that the investment assets included in the KKR Global Impact Fund SCSps (the “Fund” or “Global Impact”) are managed in accordance with the Impact Principles. This Disclosure Statement applies only to the KKR Global Impact Fund. The total commitments of this Fund, managed in alignment with the Impact Principles, is US\$1.3 billion as of June 30, 2023.¹

Robert Antablin and Ken Mehlman

Co-Heads, KKR Global Impact

June 30, 2023

¹ The sole purpose of this Disclosure Statement is to fulfill KKR’s obligations pursuant to Principle 9. KKR makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this Disclosure Statement. While past performance may be analyzed in this Disclosure Statement, it should not be considered indicative of future performance. Accordingly, KKR shall not have any liability to any of the recipients of this Disclosure Statement, nor to any other party in connection with or arising in any way from, or in relation to, the information or any opinions expressed in this Disclosure Statement, and KKR does not accept any responsibility whatsoever for any action taken, or omitted to be taken by any party on the basis of any matter contained in, or omitted from, the Disclosure Statement. The information contained in this Disclosure Statement is only as current as the date indicated and may be superseded by subsequent market events or for other reasons, and KKR assumes no obligation to update the information herein.

“KKR” means the Firm and, when the context requires, includes the investment funds and vehicles managed or sponsored by the Firm. The “Firm” means Kohlberg Kravis Roberts & Co. L.P. and the other subsidiaries of KKR & Co. Inc. that operate its asset management business, including capital markets activities but excluding its insurance business and certain other acquired businesses. “Portfolio companies” are companies held as investments by the investment funds and vehicles managed or sponsored by the Firm. Portfolio companies are not part of KKR as defined. “We”, “us” and “our” refer to KKR or KKR Global Impact Fund I (EUR) SCSps, as the context requires, and do not include portfolio companies.

The interests in KKR Global Impact Fund I (EUR) SCSp (“GIF I” or the “Fund”) referenced herein (the “Interests”) have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”) or by the securities regulatory authority of any state or of any other jurisdiction. The Interests have not been registered under the U.S. Securities Act of 1933, as amended, the securities laws of any other state or the securities laws of any other jurisdiction, nor is such registration contemplated. None of the Fund will be registered as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Consequently, limited partners of the Fund are not afforded the protections of the Investment Company Act. This Disclosure Statement does not constitute an offer to sell or the solicitation of any offer to buy Interests, which may only be made at the time a qualified offeree receives a Confidential Private Placement Memorandum describing the offering and related subscription agreement. The Interests shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied.

Private funds, such as the Fund, are speculative investments and are not suitable for all investors, nor do they represent a complete investment program. Private funds are available only to qualified investors who are comfortable with the substantial risks associated with investing in private funds. An investment in a private fund includes the risk that there is no assurance that an investment strategy will be successful. Investors in a private fund, such as the Fund, may have no right to or a limited right to redeem or transfer their interests in a private fund. No Interests will be listed on an exchange and it is not expected that there will be a secondary market for any Interests.

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 Disclosure Statement 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.

Certain information contained in this document 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,” the negatives thereof, other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially and adversely from those 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. Certain information contained herein relating to the Fund’s targets, intentions, or expectations, including with respect to the structure and terms of investments, and the size and type of individual investments (as applicable) is subject to change, and no assurance can be given that such targets, intentions or expectations will be met. For further information regarding certain forward-looking statements herein, refer to the Cautionary Statement in KKR’s 2022 Sustainability Report at kk.com/sustainability-report.

In this Disclosure Statement, we are not using terms such as “material” or “materiality” as they are used under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other KKR reporting or filings. “Material” ESG issues are defined as those issues that KKR, in its sole discretion, determines have - or have the potential to have - a substantial impact on an investment’s ability to create or preserve economic value.

There can be no assurance that KKR’s ESG policies and procedures as described in this Disclosure Statement, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process are applied with respect to the Fund or any particular investment and if applied will continue. Such policies and procedures could change materially. 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. KKR does not represent that it has adopted, or will in the future adopt, any particular practice or policy referenced in this Disclosure Statement at the Firm-level.

To the extent any information described herein relates to any goals, targets, intentions, or expectations in respect of the Fund, then they should be construed as being goals, targets, intentions, or expectations that are set by KKR as part of its risk management framework in respect of the Fund. Any such goals, targets, intentions, or expectations may be subject to change, and no assurance can be given that such goals, targets, intentions, or expectations (including with respect to any climate-related targets or decarbonization efforts and related timelines) will be met. The United Nations Sustainable Development Goals (“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.

Where statements about ESG initiatives or practices relate to the Fund, such statements are made in the context of the risk management framework employed in respect of the Fund. In addition, all such statements, including statements about ESG initiatives or practices related to portfolio companies, do not apply in every investment and depend on a variety of factors including, but not limited to, the relevance or implementation status of an ESG initiative to, or within, the investment; the nature and/or extent of investment in, ownership of or, control or influence exercised by KKR with respect to the investment; 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. The extent to which KKR engages with an investment on ESG-related practices and potential enhancements thereto varies depending on the nature of the investment and, to the extent KKR does so engage in respect of the Fund, it does so for risk management purposes. There is no guarantee that such engagements will improve the risk profile of the investment and/or the Fund and, accordingly, positively impact financial returns. There can also be no assurance that portfolio company policies and procedures, as described in this Disclosure Statement, will continue. The ESG factors are only some of the many factors KKR considers when making an investment, and there is no guarantee that consideration of ESG factors will improve the risk profile of the investment and/or the Fund and, accordingly, positively impact financial returns. 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 correlate with the perceived material ESG risks, internal policies or preferred practices of investors, other asset managers or with market trends.

Certain information contained herein necessarily involves a number of assumptions and relies upon information from third parties, and in certain cases has not been updated through the date hereof. KKR does not independently verify all ESG information it receives from investments or third-party advisors or data sources, and it may decide in its discretion not to use certain information or accept certain recommendations. KKR makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness, fitness for use, or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor.

References to “KKR Capstone” or “Capstone” are to all or any of KKR Capstone Americas LLC, KKR Capstone EMEA LLP, KKR Capstone EMEA (International) LLP, KKR Capstone Asia Limited and their Capstone-branded subsidiaries, which employ operating professionals dedicated to supporting KKR deal teams and investments.

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.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Overview of Global Impact’s Approach

KKR has built a proprietary model to source, diligence, and help create value in companies around the world. Since formalizing its approach to ESG management in 2008, KKR has deepened its ESG integration across asset classes, to further its ambition to create and protect value. In the same time period, KKR invested over \$40bn in total equity committed to sustainability-focused investments, including \$30bn+ committed to climate and environmental sustainability investments since 2010.¹ For more information, refer to KKR’s 2022 Sustainability Report on the [KKR](#) website.

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: climate action, sustainable living, lifelong learning and inclusive growth. 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.²

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

More information on Global Impact’s strategy, portfolio and impact management approach is available on the [KKR](#) website.

For purposes of Global Impact, the definition of an impact investment is as follows:

GLOBAL IMPACT CRITERIA	
Criteria	Description
Achieves Attractive Risk-Adjusted Returns	A company that has an attractive business model and where Global Impact is able to identify a credible path to generating private equity-related returns through the investment
Contributes Solutions to the SDGs	A company whose business model contributes a solution to a challenge (or challenges) identified by the SDGs and relevant in its market, either directly through the core product or service or indirectly through the way the company differentiates its core product or service
Generates Impacts That Are Measurable	A company whose positive contributions toward the SDGs are measurable and reportable using credible third-party metrics During the lifetime of the investment, Global Impact seeks to develop metrics to monitor the impact of the product or service and assess progress, which we will report to Fund investors annually
Seeks to Improve Management of Material ESG Issues During KKR Ownership	A company that actively manages and seeks to improve, during Global Impact’s ownership, its performance on material ESG-related issues as guided by the Sustainability Accounting Standards Board (SASB) materiality analysis During our ownership period, Global Impact will measure, monitor, and report on these matters to Fund investors annually

¹ Includes investments made from 2010 to December 31, 2022 by KKR funds, co-investors and Global Atlantic. Sustainability-focused 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)

² Participation of KKR Private Equity, KKR Capital Markets, and KKR Capstone personnel in the public markets investment process is subject to applicable law and inside information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and KKR Credit’s ability to leverage such integration with KKR & Co; discussions with Senior Advisors and employees of the Firm’s managed portfolio companies are also subject to the inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with KKR Credit.

PRINCIPLE 1 – DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Global Impact aims to invest behind four core impact themes – climate action, lifelong learning, sustainable living, and inclusive growth – where we believe we can create value for our investors and contribute meaningful solutions to the SDGs.
- As part of our diligence process, we seek to assess prospective companies' alignment with Global Impact's investment strategy using standardized assessment criteria (see above for Global Impact's criteria). The diligence is led by the investment team, which is then reviewed by Business for Social Responsibility (BSR), a sustainable business network and consultancy focused on sustainable business strategies and solutions. Diligence findings relating to Global Impact's criteria and comments from BSR are included in materials evaluated by Global Impact's Investment Committee, and the diligence typically includes:
 - An Impact Thesis that explains how the company's core product or service provides a solution to a locally relevant challenge in its market.
 - A Sustainability Context, which describes the locally relevant challenge the company is addressing in further detail, including whether the challenge is consistent with those identified by one or more of the SDGs, and whether there is additional third-party evidence supporting the relevance and size of the challenge.
 - Compilation of Impact Projections, which seek to quantify how the expected growth of the company's core product or service over the investment period is expected to contribute to the SDGs; for example, improvements in student literacy and numeracy linked to the use of an educational technology product contributing to SDG 4 (Quality Education).
 - Further analysis including the scale and depth of impact outcomes, which considers the expected size and degree of positive change related to the growth of a company's core product or service over the investment period. In addition, any potentially harmful or conflicting negative impacts to the SDGs are also considered (refer to Principle 4).
 - An Investor Contribution, which outlines how KKR and KKR Capstone — a team dedicated to support KKR investment teams and portfolio companies — plan to create value, including the expected scaling of a company's core product or service and associated growth in contributions toward the SDGs (refer to Principle 3).
- Following investment, Global Impact identifies relevant metrics to monitor progress on each portfolio company's contributions toward one or more of the SDGs, in collaboration with BSR. The metrics are sourced from third-party frameworks wherever possible (refer to Principle 4). Global Impact includes a review of its portfolio's progress in contributing to the SDGs in its quarterly portfolio review process, including quantitative metrics on a quarterly basis wherever feasible.
- Global Impact provides annual Impact Reports to its LPs, reporting on the contributions of its portfolio companies to the SDGs at both the individual company and overall portfolio level. These reports have been shared with LPs since 2019. Additionally, since 2020, Global Impact has published a publicly accessible brochure on its website. The brochure includes information on the Fund's themes, details about each company's positive contributions towards societal challenges aligned with the SDGs, and key highlights of the portfolio's overall contributions towards the SDGs. The brochure can be found on the [KKR](#) website.

PRINCIPLE 2 – MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Global Impact’s process to manage impact achievement begins during the first stage of diligence, when we seek to assess prospective companies’ alignment with Global Impact’s strategy. The diligence includes but is not limited to how a company’s business model addresses a challenge outlined by one or more of the SDGs, how the expected growth of the company’s core product or service over the investment period is expected to increase contributions to the SDGs, alongside the company’s potential to generate commercial returns. The deal teams are responsible for leading diligence and monitoring performance, with support from BSR and KKR’s Sustainable Investing team.
- Following investment, Global Impact identifies relevant metrics to monitor progress on each portfolio company’s contributions toward one or more of the SDGs, in collaboration with BSR. The metrics are sourced from third-party frameworks wherever possible (refer to Principle 4). Global Impact includes a review of progress each company has made in its contributions to the SDGs as part of its quarterly portfolio review process, including quantitative metrics wherever feasible.
- Global Impact provides annual Impact Reports to its LPs, reporting on the contributions of its portfolio companies to the SDGs at both the individual company and overall portfolio level. These reports have been shared with LPs since 2019. Additionally, since 2020, Global Impact has published a publicly accessible brochure on its website. The brochure includes information on the Fund’s themes, details about each company’s positive contributions towards societal challenges identified the SDGs, and key highlights of the portfolio’s overall contributions towards the SDGs. The brochure is available on the [KKR](#) website.
- Given that Global Impact’s portfolio companies’ core product or service must contribute toward the SDGs, we believe that commercial growth and achievement of positive impact outcomes are highly aligned. Annual compensation for each investment team member is based on multiple factors, including portfolio company performance. In 2021, Global Impact developed formal criteria to help standardize the consideration of contributions to impact objectives and the management of material ESG issues within 2021 personal development goal setting across the team. In 2022 and early 2023, we further refined our approach to formally include contributions to impact objectives and the management of material ESG issues as standalone categories within the Global Impact investment team’s individual evaluation framework, which is reviewed as part of determining certain components of compensation.
- Global Impact also worked with third-party experts to analyze trends and leading practices when linking companies’ management team compensation to impact objectives and performance against material ESG issues, which is now in place at over half of its portfolio companies.

PRINCIPLE 3 – ESTABLISH THE MANAGER’S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial channels (e.g., improving cost of capital, specific financial structuring, offering innovative finance instruments) and/or non-financial channels (e.g., active shareholder engagement, assisting with resource mobilization, providing technical advice or capacity building, helping investees meet higher operational standards). The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- Global Impact utilizes a private equity strategy that incorporates active governance and leverages KKR’s expert global resources to drive impact and commercial outcomes. We seek to engage with management teams to help our portfolio companies scale their businesses and achieve more — greater financial success, incremental positive impact, and improved performance against material ESG topics. We leverage the full suite of KKR’s global resources including KKR Capstone, the KKR Global Institute, KKR Public Affairs, KKR Global Macro and Asset Allocation, KKR Capital Markets, and others, to achieve these goals.
- As part of diligence, our investment team drafts a description of the applicable company’s Investor Contribution, which outlines how KKR and KKR Capstone — a team dedicated to support KKR investment teams and portfolio companies — plan to create value, including the expected scaling of a company’s core product or service and associated growth in contributions to the SDGs. In addition, the Investor Contribution includes a description of how we expect to protect and create value at each company by enhancing the management of its material ESG issues.
- Global Impact reports on its Investor Contribution across its portfolio in our annual Impact Report to LPs; first provided to LPs in 2019. The narrative reports on progress against contribution initiatives set out at investment providing specific examples of Global Impact’s financial and non-financial contributions at each portfolio company.
- Global Impact has also published an annual public-facing brochure on its website since 2020, which contains further specific examples of Global Impact’s Investor Contribution. For example, the 2021 brochure includes a case study on how KKR has supported Viridor, a waste management company in the U.K., as it integrated climate and circular economy considerations into its commercial strategy to position itself as a market leader in the responsible handling of waste, including the launch of an industry-leading net-zero 2040 and net-negative 2045 carbon emissions ambition. In addition, the brochure contains examples of how we have collaborated with certain portfolio companies in our lifelong learning thematic to implement efficacy studies which compare student learning or graduation outcomes relative to a benchmark. The brochure is available on the [KKR](#) website.
- Other examples of Global Impact’s Investor Contribution are included in the KKR 2022 Sustainability Report also available on the [KKR](#) website. For example, we have supported the launch of a second life cycle assessment for a product of one of our portfolio companies, CMC Packaging Automation (CMC), which helped to better understand the environmental impacts of its products relative to a benchmark. The company has leveraged these results to develop an impact calculator on its [website](#).

PRINCIPLE 4 – ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- As part of our diligence process, we seek to assess prospective companies' alignment with Global Impact's investment strategy using standardized assessment criteria (see above for Global Impact's criteria). The diligence is led by the investment team, which is then reviewed by BSR. Diligence findings relating to Global Impact's criteria and comments from BSR are included in materials evaluated by Global Impact's Investment Committee, and the diligence typically includes:
 - An Impact Thesis that explains how the company's core product or service provides a solution to a locally relevant challenge in its market.
 - A Sustainability Context, which describes the locally relevant challenge the company is addressing in further detail, including whether the challenge is consistent with those identified by one or more of the SDGs, and whether there is additional third-party evidence supporting the relevance and size of the challenge. The Sustainability Context is drafted with support from BSR.
 - Compilation of Impact Projections, which seek to quantify how the expected growth of the company's core product or service over the investment period is expected to grow contributions to the SDGs; for example, improvements in student literacy and numeracy linked to the use of an educational technology product contributing to SDG 4 (Quality Education). The investment team is responsible for compiling initial impact projections that seek to quantify a company's expected impact over time using a consistent approach, which is reviewed by BSR. Relevant metrics to support measurement against impact objectives over the investment period are identified leveraging existing reporting frameworks (e.g. those referenced by the [SDG Indicators](#), [SDG Compass](#), or [IRIS catalogue of metrics](#)).
 - Further analysis which seeks to take the [Impact Management Project \(IMP\)](#)'s five dimensions of impact into account; for example, a review of the scale and depth of impact outcomes, which considers the expected size and degree of positive change related to the growth of a company's core product or service over the investment period.
 - Consideration of any risk factors that may result in lower contributions to the SDGs than expected; for example, execution risk or external factors that could affect the growth in a company's product or service and associated SDG contributions. [IMP](#)'s nine types of potential risks are taken into account, among other considerations. In addition, any potentially harmful or conflicting negative impacts to the SDGs are also considered.
 - Compilation of an Investor Contribution, a description of how we intend to support companies in scaling their contributions to the SDGs and managing their material ESG issues (see Principle 3).
- Analysis from impact and ESG-related diligence is included in materials evaluated by Global Impact's Investment Committee.

PRINCIPLE 5 – ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- We believe that adopting an appropriate framework for ESG governance — supported by board-level and executive capabilities, accountability, and performance measurement of a company's material topics — is important for companies to create and protect value in the long term.
- During diligence we seek to undertake a number of activities to help identify, avoid, monitor, and/or manage ESG risks and opportunities in order to protect and enhance value, such as:
 - Screening companies for demonstrated strength in managing their material, business-relevant ESG topics, or a commitment to improving such management over the investment period.
 - Drawing on the [SASB Engagement Guide](#) to conduct an initial ESG materiality review in collaboration with BSR, to help identify potential material, business-specific ESG risks faced by a company.
 - Consideration of potential negative effects, including conflicting or harmful SDG impacts and potential mitigants.
- In addition to engaging with BSR, deal teams leverage KKR's network of industry advisors and in-house expertise to better understand potential risks and opportunities, including KKR's Global Public Affairs team, which represents the core of sustainability-related expertise at KKR. Investment teams may also commission additional third-party diligence, for example in cases where sector-specific technical expertise is required.
- In the post-investment phase, Global Impact and portfolio companies seek to collaboratively set goals and priorities, including those related to their material, business-relevant ESG issues. In addition, we support our companies across four key objectives which we believe can help companies across a wide variety of industries, sectors, and geographies to mitigate risk and create value. These objectives include managing material ESG topics and adopting an appropriate governance framework, engaging human capital, managing climate risks and opportunities, and data security. For further information on KKR's approach to ESG management, including policies, ESG reporting and disclosures, please refer to KKR's 2022 Sustainability Report, available on the [KKR](#) website.
- In addition, Global Impact seeks to monitor progress on goals, risks and opportunities related to material ESG issues as part of its quarterly review of portfolio performance.
- Global Impact has provided commentary on ESG performance and metrics at the company and portfolio levels in our annual Impact Report to LPs, first provided to LPs in 2019. Global Impact has also published an annual public-facing brochure on its website since 2020, which contains further examples of Global Impact's ESG management efforts, including portfolio-wide ESG metrics. The brochure is available on the [KKR](#) website.

PRINCIPLE 6 – MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes (i.e., short-term and medium-term effects of an investment's outputs, which are the products, capital goods, and services).

- Global Impact's portfolio monitoring and management system follows the same core approach that is used across all of KKR's private equity funds. As such, the system includes oversight by a Portfolio Management Committee that meets regularly to assess company and portfolio performance. Global Impact's Portfolio Management Committee's materials include a review of the portfolio's progress in contributions towards the SDGs, including quantitative metrics on a quarterly basis wherever feasible. In addition, the committee reviews progress on the management of business-relevant ESG issues (refer to Principle 5).
- 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. These include but are not limited to: SDG Target Indicators, SDG Compass, Global Reporting Initiatives indicators (GRI), UN Global Compact and other industry recognized reporting standards. In cases where there are no existing metrics sufficiently capturing a company's impact, Global Impact's process is to consult with third-party subject matter experts to develop and confirm appropriate metrics.
- We continue to focus on measuring beyond outputs and seeking to measure outcomes. For example, in 2022, we supported the launching of 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. Global Impact's Lifelong Learning portfolio has also implemented efficacy or benchmarking studies to better understand learning or employment outcomes, including at Education Perfect, EQuest, and Graduation Alliance.
- Global Impact has developed data collection processes and timelines outlining roles and responsibilities for impact and ESG data at both KKR and portfolio company level. Global Impact's onboarding processes include the refinement of estimated impact projections, and processes for companies to measure and report on performance against impact and ESG objectives to us on a quarterly basis. Within KKR, processes to support monitoring include the completion of an annual reporting survey, guidance provided for the survey questions, and a quality check process in collaboration with third-party sustainability experts.
- In addition, Global Impact's annual reporting to Fund investors communicates year-over-year and year-over-baseline data for select impact and ESG metrics.

PRINCIPLE 7 – CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Global Impact is committed to making investment decisions consistent with our fiduciary duty to our investors and exercises this duty by investing according to our strategy, which is to target companies whose core business model contributes to the SDGs. By investing in businesses in which financial and impact outcomes are aligned, we believe that we increase the likelihood of continued impact post-exit. In addition, the Fund seeks to create and protect value by enhancing ESG management practices with long-term sustainability in mind, for example by enhancing board oversight and governance relating to material ESG risks and opportunities.
- We aim to continue to build out our approach to conducting an exit, including a template intended to capture impact and ESG performance to be completed as part of exit discussions. The template includes information on buyer reputation in impact and/or ESG management, a summary of impact and ESG performance to date, as well as consideration of any potential effects that the exit timing, structure or process may have on the sustainability of impact. Going forward, we aim to update the template to consider additional types of exit scenarios.

PRINCIPLE 8 – REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Global Impact’s quarterly reviews of portfolio performance are the main forum through which we monitor expected and actual performance on contributions to the SDGs and the management of ESG issues, as well as other positive and negative impacts. We seek to share lessons learned from the performance of individual companies amongst the Portfolio Management Committee members and deal teams as part of these discussions, especially those that are relevant to improving operational and strategic investment decisions, as well as management processes.
- Global Impact strives to communicate performance on contributions to the SDGs and management of material ESG issues – including lessons learned – in its annual report to LPs.
- Global Impact seeks to continually improve its impact and ESG-related diligence and portfolio management processes often in collaboration with third party experts; for example, updating team training and onboarding approach, annual survey process, and impact or ESG-related value creation activities. In addition, Global Impact has integrated lessons learned from its first and second verification conducted in 2019 and 2021 to update its approach to the assessment and management of impact objectives in its portfolio, and aims to continue to do so in the future.
- We focus on measuring beyond outputs and seeking to measure outcomes wherever feasible. For example, in 2022, we supported the launching of a second life cycle assessment for a product of one of our portfolio companies, CMC Packaging Automation (CMC), to better understand the environmental impacts of its products relative to a benchmark, which was completed in early 2023. Global Impact’s Lifelong Learning portfolio has also implemented efficacy or benchmarking studies to better understand learning or employment outcomes at certain portfolio companies, including Education Perfect, EQuest, and Graduation Alliance. Results from these studies and lessons learned are shared amongst the deal team in portfolio management committees and at team training sessions, to enhance future strategic investment decision-making and portfolio management, where relevant to other companies.
- Global Impact hosts regular investment team training sessions, which in 2022 included discussions on improving diligence and portfolio management processes, a review of impact and ESG-related performance based on annual survey data, lessons learned from outcomes-focused studies, and reflections on impact investment themes.

PRINCIPLE 9 – PUBLICLY DISCLOSE ALIGNMENT WITH THE PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNMENT

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

Summary

- This Disclosure Statement will be updated and published annually, in compliance with the Impact Principles.
- Global Impact is committed to a high level of transparency and to the value of independent verification. We intend to have our impact management system reviewed against the Impact Principles regularly, with areas of alignment and improvement disclosed publicly as a part of this Disclosure Statement.
- As other signatories of the Impact Principles publish their disclosure statements, we will take note of peer approaches and consider adjustments to help ensure that our processes are in line with industry best practice.
- We completed our first verification at the end of 2019 and our second in early 2021. We expect to complete and publish a third-party verification of our Disclosure Statement every three years at a minimum.