



Disclosure Statement

Operating Principles for Impact Management

KKR Global Impact Fund

Kohlberg Kravis Roberts & Co. L.P.

June 28, 2022

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 20, 2022.¹

Robert Antablin and Ken Mehlman

Co-Heads, KKR Global Impact

June 28, 2022

¹ The sole purpose of this Disclosure Statement is to fulfill KKR’s obligations pursuant to Principle 9. This document shall not constitute and should not be construed as an offer, solicitation, or invitation to buy or sell any securities, financial instruments, or services whether described herein or otherwise, or as any prospectus or investment-related advice in relation thereto, nor is it intended to form the basis of a decision to participate in any investment. 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 statement. While past performance may be analyzed in this Disclosure Statement, past performance 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 The information in this Disclosure Statement is only as current as the date indicated and may be superseded by subsequent market events or for other reasons, and KKR assumes no obligation to update the information herein.

This Disclosure Statement 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 Disclosure Statement constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “seek,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue,” “target,” “plan,” “believe,” “strive,” “could,” “would,” “approximate,” the negatives thereof, other variations thereon, or comparable terminology. Furthermore, any projections or other estimates in this Disclosure Statement, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results or actual performance. Any forward-looking statement 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 goals, targets, intentions, or expectations is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations 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. 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 Disclosure Statement, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process 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. ESG factors are only some of the many factors KKR considers in making an investment, and there is no guarantee that KKR will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for limited partners. 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.

Certain information contained or referenced herein has been obtained from third parties, and in certain cases have not been updated through the date hereof. While these third party sources are believed to be reliable, KKR makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor. Actual results may differ materially from any forward-looking statements.

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 portfolio companies.

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. “KKR” means the Firm and, when the context requires, includes the investment funds and vehicles managed or sponsored by the Firm. “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 the Company or KKR as defined. “We”, “us” and “our” refer to the Fund and does not include portfolio companies.

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 KKR’s approach to ESG management in 2008, KKR has deepened its ESG integration across asset classes, developing asset class-specific ESG management strategies, and KKR is committed to sharing our progress transparently and consistently. In the same time period, KKR invested over \$25+ bn in total equity committed to climate and environmental sustainability investments since 2010.²

The Global Impact team leverages the KKR toolkit to partner with businesses in which we see great innovation and commercial opportunities to address critical societal needs as defined by the UN Sustainable Development Goals (SDGs). 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 ESG performance. To accomplish this, the Global Impact team leverages KKR’s full suite of global resources. Global Impact is committed to measuring and reporting the impact of our efforts in a manner that is (a) transparent and (b) leverages existing, proven frameworks that are built into our impact management practices.

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

For the 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 Sustainable Development Goals (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 will 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 ESG Performance During KKR Ownership	A company that actively manages and seeks to improve, during Global Impact’s ownership, its performance on relevant 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 ESG-related performance to Fund investors annually

² Includes investments by KKR and Global Atlantic (KKR subsidiary). (1) Climate investments includes all of KKR’s* investments from 2010 to December 31, 2021 in the following climate-focused sectors: renewable energy, energy efficiency, emissions reductions, climate services. (2) Environmental sustainability investments include all of KKR’s* investments from 2010 to December 31, 2021 in the following sustainability-focused sectors: pollution, waste, water, circular economy, land adaptation, transportation. *Includes investments/commitments made by KKR Private Market Funds and other affiliates, Global Atlantic (KKR subsidiary), and syndicated co-investments. Excludes investments that are also involved in sectors not intrinsically aligned with climate mitigation, such as fossil fuel generation/ distribution, airports, or highways, regardless of the company’s long-term energy transition ambitions.

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.

Summary

- KKR Global Impact’s strategic objective is to invest behind scalable, commercial solutions within four impact themes: climate action, sustainable living, lifelong learning, and inclusive growth, outlining each theme’s relationship to the SDGs. Global Impact’s progress is assessed against our objectives and contributions to the SDGs (by measuring each portfolio company’s contribution toward one or more of the SDGs) using relevant metrics that are sourced from third-party frameworks wherever possible. We implement our impact management system in collaboration with [Business for Social Responsibility](#) (BSR), a global nonprofit with expertise in the development of sustainable business strategies and solutions. Further information about our strategy is available on the [KKR](#) and [KKR ESG](#) websites.
- The Fund’s impact management system includes a three-stage diligence process developed with input from BSR, followed by the development of a 100-day plan in the post-investment phase.
- As part of our investment process, we seek to ensure that the objectives of prospective companies are aligned with Global Impact’s investment strategy using standardized worksheets with assessment criteria, which are completed by the investment team. Analysis includes:
 - Review of whether a company is likely to contribute to advancing solutions to one or more of the SDG targets.
 - An Impact Thesis that describes how company’s core product or service provides a solution to a locally relevant challenge in its market.
 - A Sustainability Context, which is drafted input from BSR and supported by relevant research, which summarizes how the Impact Thesis links to widely-accepted global sustainability challenges and opportunities.
 - Further impact analysis which evaluates multiple dimensions of impact (e.g., scale, depth, and scope), and considers the expected positive impacts and any potential harmful/conflicting SDG impacts or negative effects associated with the company (see Principle 4).
 - Compilation of Investor Contribution (see Principle 3), and estimated Impact Projections.
- Analysis from impact and ESG-related diligence is included in materials evaluated by Global Impact’s Investment Committee.
- After investing in a company, the Fund includes impact management, measurement, and reporting in the portfolio management process, including through quarterly review at Global Impact’s Portfolio Management Committee.

Updates since 2021 Disclosure Statement

- We published our second and third annual Impact Report to LPs, which detailed our contributions to the SDGs at the portfolio company and overall portfolio level, and included commentary on company and portfolio-wide trend analysis.
- Global Impact publishes information on each portfolio company’s link to the SDGs on its [website](#). In 2022, Global Impact published its first-public facing report, ‘[An Overview and Highlights from the 2020 Limited Partner Impact Report](#),’ which contains additional information on the Fund’s themes, the portfolio’s contribution to the SDGs, and information about each company’s contribution to the SDGs.

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.

Summary

- The impact management process begins during first stage of diligence, when a prospective company's impact objectives — including contribution to the SDGs and management of ESG considerations — serve as primary criteria for further diligence, alongside the company's potential to generate commercial returns. The deal teams are responsible for impact and ESG performance, with support from BSR, and KKR's impact and ESG leads.
- Performance against expectations across the portfolio is reviewed by the Portfolio Management Committee on a quarterly basis.
- Impact metrics at the company level, as well as a Fund-level overview of contributions to the SDGs, are communicated to Fund investors in our annual Impact Reports to LPs, which provide data on ESG and impact performance.
- Given that Global Impact investments' core business models must contribute toward the SDGs, we believe commercial growth and impact targets are highly aligned. Each investment team member's annual compensation is based on a number of factors including portfolio company performance. In 2021, Global Impact developed formal criteria to help standardize the consideration of impact and ESG within 2021 personal development goal setting across the team.

Updates since 2021 Disclosure Statement

- In 2022, we further refined our approach to formally include impact and ESG as standalone categories within Global Impact investment team's evaluation framework, which is reviewed as part of determining compensation.
- Global Impact provided our second and third annual Impact Report to our LPs further detailing the contributions to the SDGs at the portfolio company and portfolio-wide level.
- Global Impact completed a peer benchmarking exercise with the intention of understanding emerging best practices for aligning staff incentives to impact/ESG considerations.
- In 2022, Global Impact has started a similar exercise analyzing trends and leading practices when linking impact and ESG performance to management team compensation.

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.

Summary

- 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 ESG performance. 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 Capstone¹ — a team dedicated to support KKR investment teams and portfolio companies — plan to contribute to the company’s creation of impact.
- Global Impact reports on its investor contribution across its portfolio as part of annual reporting to LPs. The narrative reports on progress against contribution initiatives set out at investment, providing specific examples of our financial and non-financial contributions to the achievement of impact for each investment. Some examples include value creation initiatives supporting business growth and scaling outcomes, as well as improved ESG management and capacity building.

Updates since 2021 Disclosure Statement

- Global Impact published its second and third annual Impact Report to Fund investors, including an update of our financial and non-financial contributions to the achievement of impact for each investment. In 2022, we provided further specific examples of our investor contribution in our third annual impact report to LPs and in KKR’s 2021 Sustainability Report (see [kkresg.com](https://www.kkresg.com)).
- In addition, Global Impact published its first-public facing report, ‘[An Overview and Highlights from the 2020 Limited Partner Impact Report](#),’ which contains a high level overview of how we help support portfolio companies in their efforts to enhance impact and ESG management practices, such as impact measurement, the management of material² ESG topics, and management of cross-portfolio ESG topics. The report included case studies on initiatives related to Diversity, Equity, and Inclusion. We intend to publish a second public-facing brochure which will also contain examples of investor contribution in Q3 2022.

¹ 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.

² In this Disclosure Statement, we are not using such terms “material” or “materiality” as they are used under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other KKR reporting or filings.

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.

Summary

- The Fund's impact management system includes a three-stage diligence process developed with input from BSR. The deal teams lead the compilation of analysis, including:
 - Review of whether a company is likely to contribute to advancing solutions to one or more of the SDG targets.
 - An Impact Thesis that describes how company's core product or service provides a solution to a locally relevant challenge in its market.
 - A Sustainability Context, which is drafted input from BSR and supported by relevant research, which summarizes how the Impact Thesis links to widely-accepted global sustainability challenges and opportunities.
 - Further impact analysis which evaluates multiple dimensions of impact (e.g., scale, depth, and scope), and considers the expected positive impacts and any potential harmful/conflicting SDG impacts or negative effects associated with the company. The analysis also takes the [Impact Management Project](#)'s five dimensions of impact into account, among other considerations.
 - Identification of relevant metrics leveraging existing reporting frameworks (e.g., those referenced by the [SDG Indicators](#), [SDG Compass](#), or [IRIS](#)) to identify appropriate metrics. These frameworks will be noted and referenced in our annual Impact Reports to LPs.
 - Compilation of Investor Contribution, an assessment that includes an articulation of our intended contribution to increase the impact of the investment (see Principle 3).
 - Estimated Impact Projections. The investment team prepares initial impact projections that outline a company's expected impact over time using a consistent approach.
- Our impact diligence is designed to be a systematic approach to the assessment of expected impact, with a results measurement framework that includes the nature of expected impact (e.g., scale, depth, and scope), parameters for the measurement of expected impact, potential for negative effects and the mitigation thereof, and the identification of risks to delivering impact (aligned, but not limited to, the IMP's nine impact risks). The investment Sustainability Context and Impact Thesis also address who experiences the impact, the nature of the challenge being addressed, and relevance of the impact solution within its market context.
- Analysis from impact and ESG-related diligence is included in materials evaluated by Global Impact's Investment Committee.

Updates since 2021 Disclosure Statement

- Global Impact continued to implement its approach to assessing the expected impact of each investment as outlined in Principles 1 and 4, with input and advice from BSR and other impact or sustainability experts during the investment process.

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.

Summary

- For the companies in our Global Impact portfolio, commitment to ESG management is one of the key factors we evaluate.
- During diligence we undertake a number of activities to help identify, avoid, monitor, and/or manage ESG risks and opportunities, such as:
 - Screening companies for demonstrated strength in their ESG practices or, as appropriate, a commitment to improve management of ESG considerations in future.
 - Drawing on the [SASB Engagement Guide](#) to conduct an initial ESG materiality review in collaboration with BSR, to help identify potential material, industry-specific ESG risks faced by a company.
 - Consideration of potential negative effects, including conflicting or harmful SDG impacts, and potential mitigants.
- In addition, deal teams leverage KKR's network of industry advisors and in-house expertise to better understand potential ESG risks and opportunities, including KKR's Global Public Affairs team, which represents the core of ESG-related expertise at KKR. In addition to engaging with BSR, KKR's Public Affairs team and industry advisors, investment teams may commission additional third-party ESG diligence, for example in cases where sector-specific technical expertise is required.
- In the post-investment phase, Global Impact, BSR, and the portfolio company collaboratively develop an ESG management plan to set ESG-related goals and priorities.
- Global Impact monitors ESG performance and risks to impact across the portfolio as part of its quarterly Portfolio Management Committees. Global Impact's annual Impact Report to Fund investors also includes performance on ESG metrics, and communicates areas for potential development on ESG performance for the coming year.
- For further information on KKR's approach to ESG management, including policies, ESG reporting and disclosures, please refer to kkresg.com.

Updates since 2021 Verification Statement

- In 2021, Global Impact published its first-public facing report, '[An Overview and Highlights from the 2020 Limited Partner Impact Report](#)', which contains a high level overview of how we help portfolio companies to enhance impact and ESG management practices, such as impact measurement, the management of material ESG topics, and management of cross-portfolio ESG topics. The report included more detailed case studies on initiatives related to Diversity, Equity, and Inclusion, as well as performance on cross-portfolio ESG metrics, including scope 1 and 2 greenhouse gas emissions and diversity at portfolio company Board, senior management, and employee levels.

- In 2022, Global Impact engaged BSR to provide a detailed review of each portfolio company’s ESG and impact annual reporting, to help identify relevant risks and opportunities to be incorporated into existing ESG management workstreams. We also included additional ESG metrics in our 2021 Impact Report to LPs, and aim to continue to enhance our monitoring approach to help ensure alignment with leading frameworks and regulations.
- We have updated our portfolio monitoring to include additional items related to KKR’s four Global Ambitions. Since formalizing our approach to ESG management in 2008, we have focused on supporting our companies’ efforts on their business-relevant topics. We have also recognized that companies across sectors generally have responsibilities when it comes to managing a core set of issues, including climate, human capital, and data responsibility. In each area, we have aimed to pioneer value creation strategies to share best practices around energy efficiency and reduced resource use; workforce engagement; diversity, equity, and inclusion (DEI); and responsible data governance. In 2021, building on this decade of learnings, we developed a set of Global Ambitions with the goal of inspiring strong performance across four focus areas, including management and governance, which are sector-agnostic and broadly applicable to our investments going forward. These ambitions reflect areas where we believe we can help mitigate ESG-related risks and capture value creation opportunities, particularly in our private markets funds (see KKR’s 2021 Sustainability Report at [kkresg.com](https://www.kkresg.com) for more information).

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).

Summary

- 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 process for monitoring the impact performance of each portfolio company includes the refinement of impact projections in the post-investment phase. This includes impact metrics and ESG goals as well as processes for measuring and reporting to us on a quarterly basis.
- Wherever possible, impact metrics are from existing frameworks, including 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, and/or to perform in-depth quantitative research (e.g. a Life-Cycle Analysis or other quantitative research).
- The Portfolio Management Committee process includes a consideration of impact risks and, in the case of underperformance, commentary on impact risk mitigation.
- In addition, the Global Impact's annual reporting to Fund investors communicates year-over-year and year-over-baseline data for select impact and ESG metrics.
- We have developed data collection principles, processes, and timelines outlining roles and responsibilities for impact and ESG data at both the Fund deal team level and portfolio company level (e.g., conducting portfolio companies onboarding calls on ESG and impact-related topics and reporting, developing and sharing impact and ESG reporting template, supporting portfolio company management in their annual reporting, performing various set of ESG and impact data and qualitative information review to ensure accuracy, reliability, and credibility of information shared.)

Updates since the 2021 Disclosure Statement

- Global Impact continued to implement the approach outlined above in monitoring the progress of each investment in achieving impact expectations, and responding as needed.
- The Fund collaborated with companies to conduct quantitative research to better understand impact performance, including Life Cycle Assessment with portfolio company CMC, and efficacy studies with a number of companies in its lifelong learning thematic (see KKR's Sustainability Report 2021 for more information at kkresg.com).

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.

Summary

- Global Impact’s strategy is to invest in companies for which impact is intrinsically linked to financial success, helping to ensure that impact is sustained at exit.
- While Global Impact is still early in its fund lifecycle, in 2021 we developed a formal statement that considers the effect of exits on our portfolio companies:

The Global Impact Fund 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 (and majority of revenues) contribute to the UN’s Sustainable Development Goals. By investing in businesses in which financial and impact outcomes are align, we believe that we increase the likelihood of continued impact post-exit. In addition, the Fund seeks to improve ESG performance with long-term sustainability in mind, for example by enhancing ESG governance processes and the management of material ESG risks.

Updates since 2021 Disclosure Statement

- We continue to build out our approach to conducting an exit, including a template that captures 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, as well as a summary of impact and ESG performance to date.

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.

Summary

- We monitor impact and ESG performance relative to expectations on a quarterly basis during Global Impact Portfolio Management Committees.
- Global Impact communicates impact performance and ESG management to Fund investors on an annual basis, which includes trend analysis, as well as progress against ESG goals.
- Global Impact integrated lessons learned from our first and second verification in 2020 and 2021 to update impact management practices. Both verifications were conducted by BlueMark.
- Global Impact undertook an external reporting verification of our 2019 Impact Report to LPs, also conducted by BlueMark, and engaged our LPs in a reporting feedback process. We updated our 2020 and 2021 Impact Reports to LPs based on certain recommendations received through these processes.

Updates since 2021 Disclosure Statement

- During 2021 and 2022, we launched and completed a number of studies to support our understanding on impact. For example, we collaborated with Graduation Alliance, a portfolio company that works with school districts and state agencies in the United States to reengage, educate, and support youths and adults on a path to high school graduation and beyond and to conduct a robust, third-party efficacy study led by an independent research firm. Results showed that Graduation Alliance’s program, targeting those who recently dropped out of high school, outperformed the national benchmark in efficacy by about 25% and cost-per-outcome by about 33% compared to similar programs. See [here](#) for more information, and refer to KKR’s 2021 Sustainability Report at [kkresg.com](https://www.kkresg.com) to learn more on how we engage with our Lifelong Learning portfolio to better understand efficacy.
- In 2022, Global Impact engaged BSR to provide a detailed review of each portfolio company’s ESG and impact annual reporting to help identify relevant risks, opportunities, and lessons learned.

**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 role 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.

Updates since 2021 Disclosure Statement

- None – we expect to complete and publish a third-party verification of our activity and accomplishments every three years at a minimum.