

invested.

KKR

2018 ESG, IMPACT, AND CITIZENSHIP REPORT

A MESSAGE FROM OUR CO-CEOs.

invested in tomorrow, today.

At KKR, investing is what we do. For more than 40 years, on behalf of and alongside our clients, we have invested in companies and in their futures. Over the years, we have grown, and so has our understanding of what it means to be a leading investor. By including the integration of environmental, social, and governance (ESG) considerations, we are focused on adding value to the investments we make for the investors we serve. Today, we are invested in demonstrating that companies can achieve meaningful impact as well as meaningful financial returns. We are invested in developing a diverse and talented workforce in our offices around the world. We are invested in being a purposeful and strategic partner in the communities where we live and work. And while we do not know what tomorrow will bring, we do know that we will be there, ready to invest in the people and products that will help us thrive in the future.

HENRY R. KRAVIS and GEORGE R. ROBERTS
Co-Founders, Co-Chairmen, and Co-CEOs



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The KKR 2018 ESG, Impact, and Citizenship Report reflects our evolution as a global investor. The report has expanded to encompass the growth of our impact investing business and the deepening of our commitment to employees and communities. We are invested in sharing our journey with you, so that you know where we are today and where we are going tomorrow. This report details our activities during the 2018 calendar year, unless otherwise noted. This document is an interactive PDF; its contents and supplemental information are available at kkresg.com. For an explanation of the report boundaries and reporting frameworks, see About This Report on page 44.

from our co-presidents.

Ten years of protecting and growing value in our investments by proactively considering ESG and other stakeholder issues has taught us so much. And yet, it's only the beginning.

This year marks a decade since we began our responsible investment journey. In that time, we have engaged with hundreds of companies across various geographies and asset classes on issues ranging from environmental impact and responsible sourcing to worker safety and employee wellness, among many others. We have expanded our diligence practices and reporting processes, responded to countless investors, and helped shape a smarter way forward for our Firm and industry. We have never been more committed to investing in a tomorrow that creates shareholder value through shared values – a tomorrow that makes our employees proud, our companies successful, and our investors happy.

Investing responsibly fits squarely with our values. The Firm that Henry Kravis and George Roberts built – the Firm where we have worked for 23 years – has always delivered exceptional outcomes through integrity, teamwork, and trust.

And so our commitment to responsible investment has always felt natural. But like other aspects of operating companies in a complicated world, this work is not simple. When things are hard, or when we get things wrong, we are committed to learning and evolving (p. 9). And we have learned that when we stay the course and maintain this ethos, we experience continued growth and positive outcomes.

In 2018, to achieve better outcomes, we doubled down on our responsible investment efforts by enhancing measurement, monitoring, and reporting (p. 10). We also focused on key issues that we believe are relevant across our portfolio, such as data privacy and diversity and inclusion. And we laid the groundwork for developing a more holistic climate change strategy in the coming years (p. 14).

Building on our ESG management practices and our track record of solutions investing, we launched a dedicated impact investing business in 2018 (pp. 19-27). The Firm is thrilled to add this capability. This will enable us to meet growing investor demands and respond



to global challenges by investing in companies that measurably contribute to the United Nations Sustainable Development Goals.

We aren't just looking at how we invest, but also at how we work, changing the way we think about our culture, our teams, and our long-term success. We are striving each day to build a Firm that is the destination for exceptional talent. While we have made good progress in a short time frame regarding diversity, flexibility, and meritocracy (pp. 32-33), we still have much to do.

We are also focused on being a better partner to the communities where we live and work. We're so proud of our people, who show up in countless ways when it counts most (pp. 38-39). When it comes to our people and our communities, we are invested in getting this right. We are working with our internal teams and external experts to ensure that KKR stays competitive and compelling far into the future.

The rate of change is accelerating, while the complexities of our world are intensifying. We know that with a focus on responsibility, an understanding of sustainability, and an unwavering commitment to our people, our investors, and our communities, there will be opportunities unlike any we have ever seen.

Let's get invested.

JOSEPH Y. BAE and SCOTT C. NUTTALL

Co-Presidents and Co-Chief Operating Officers

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KKR at a glance.

Through an integrated approach, we provide innovative financial solutions and investment vehicles to help our fund investors achieve their investment goals.

Since KKR's founding in 1976, we have worked to create shared value for our fund investors, stakeholders, and the companies in which we invest. With deep roots in private equity, we have expanded into other alternative asset classes and now have an established presence in the global capital markets. Today, KKR is a leading global investment firm managing \$195 billion of assets across multiple strategies.

The KKR Difference

We believe outcomes depend on flexibility, the ability to collaborate on opportunities, and the strength to work collectively through challenges. As investors

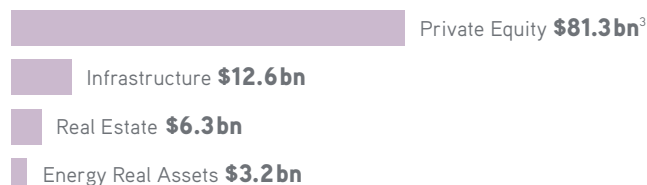
with an industrialist vision, we aim to generate attractive investment returns by following a patient and disciplined approach, employing high-quality people, pursuing high standards of excellence, and aligning our interests with those of our investment partners. To supplement our own capabilities, we partner with leading experts who provide insights on a range of important topics.¹

Our approach to responsible investment is no different. We promote operational excellence and strive to make thoughtful management decisions. Transparency, engagement, and mutual learning with our partners are central to our efforts.

our firm.

Assets Under Management (AUM)²

Private Markets **\$103.4 bn**



Public Markets⁴ **\$91.3 bn**



Our culture of continuous learning enables us to provide new investment solutions in a rapidly evolving world.

JOHANNES HUTH, Member and Head of KKR EMEA

KKR Balance Sheet⁷

\$13bn
Book Value

Worldwide Offices⁸

20 Cities
15 Countries
4 Continents

Data as of December 31, 2018. Numbers may not sum to total due to rounding.

¹ Senior Advisors, Industry Advisors, and KKR Advisors are engaged as consultants and are not employees of KKR. See Important Information on the inside back cover for more detail.

² See Important Information on the inside back cover for additional information regarding assets under management (AUM). AUM includes \$91.3 billion of assets managed by affiliates of Kohlberg Kravis Roberts & Co. L.P. in strategies that do not integrate ESG factors in their investment or portfolio management practices.

³ Private Equity AUM includes co-investment vehicles and other structured vehicles and products, some of which may invest across other asset classes.

⁴ See Important Information on the inside back cover for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions.

⁵ Credit AUM includes leveraged credit and private credit.

⁶ Stakes AUM represents KKR's pro rata share of the assets under management or advisement of hedge funds and other investment managers in which KKR holds a minority interest. KKR is not responsible for the management of these managers' assets.

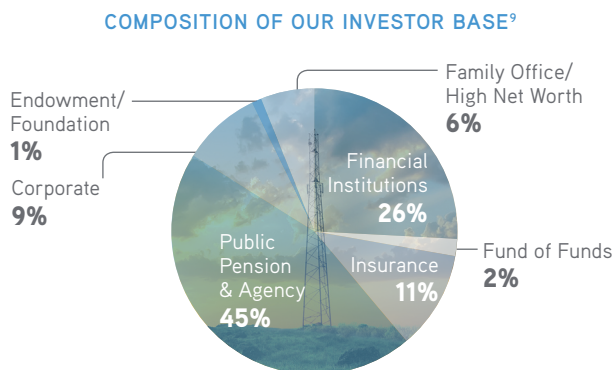
⁷ Book value of \$13 billion may be reconciled as follows: KKR & Co. Inc. Stockholders' Equity - Common Stockholders of \$8.17 billion, plus Noncontrolling Interests held by KKR Holdings L.P. of \$4.63 billion, plus other adjustments of \$0.19 billion.

⁸ Data as of January 31, 2019.

our investors.

Regardless of investment strategy or geography, we are committed to meeting our investors' primary goal: realizing strong, risk-adjusted returns.

SUZANNE O. DONOHOE, Member and Head of Client and Partner Group



\$16.7bn invested or committed by KKR and our executives alongside our fund investors across all of our investment strategies¹⁰



our companies.



753,000 jobs provided by select private markets portfolio companies¹³

\$188bn in revenue generated by select private markets portfolio companies¹⁴

325 ESG-related awards received by 84 private markets portfolio companies¹⁵ since 2012

Rolling up our sleeves and diving in alongside company leaders is what KKR Capstone¹⁶ does best. Our team of more than 70 operating executives did just this with more than 60 companies last year.

WILLIAM L. CORNOG, Member and Head of KKR Capstone¹⁶

Data as of December 31, 2018. Numbers may not sum to total due to rounding.

⁹ See Important Information on the inside back cover for additional details about the types of fund investors. Source: KKR 2018 Form 10-K.

¹⁰ Includes investments/commitments made by KKR's balance sheet, KKR employees, KKR Capstone, and other affiliates. Investments made by current and former KKR employees and KKR Capstone are retained by those individuals personally. Includes unfunded commitments made by individuals. KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information on the inside back cover for additional details.

¹¹ Figure determined through a survey of select private markets funds' limited partners' annual reports.

¹² Includes companies from the private equity, TMT growth equity, infrastructure, core, and global impact portfolios while excluding toeholds.

¹³ Includes companies from the private equity, TMT growth equity, infrastructure, real estate, global impact, core, balance sheet/stakes, and special situations/credit portfolios while excluding toeholds. Figure includes full- and part-time employees.

¹⁴ Includes companies from the private equity, TMT growth equity, infrastructure, core, and global impact portfolios while excluding toeholds.

¹⁵ Includes companies from the private equity, infrastructure, and energy portfolios.

¹⁶ KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information on the inside back cover for additional details.





Telxius' BRUSA is the first submarine fiber-optic cable to directly connect Virginia, one of the largest hubs of data centers in the United States, with Brazil, providing high-speed communications pathways.

invested in responsibility.

Responsible investment is a way of doing business that we believe makes us smarter, stronger investors.

HIGHLIGHTS

230+ companies

reviewed during 36 meetings of the ESG diligence group in 2018

37 industry-specific lists

of financially material ESG issues as identified by the Sustainability Accounting Standards Board (SASB) created to guide diligence and investment teams

\$11 million

projected annual savings from energy and water efficiency projects to be implemented in 2019 at 11 portfolio companies

responsibility.

Our fiduciary responsibility to our investors lies at the very heart of all that we do. Now, more than ever, fulfilling that obligation requires us to also consider our responsibility to a wider range of stakeholders in our companies and communities. Investing responsibly is smart business and is critical to our ability to manage volatility and unlock value.

Our Journey

This year marks a decade since we formalized our efforts to protect and grow value by proactively considering broader stakeholder issues as part of our investment process. Back in 2008, we established a Global Public Affairs team, which was tasked with leading our responsible investment strategy. Since then, in partnership with our investment teams and the engagement of KKR Capstone,¹⁷ we have demonstrated that managing environmental, social, and governance (ESG) issues in our investments can help us generate stronger returns for our Firm and investors, while also improving our companies' impacts on society. We have accomplished this by seeking to mitigate risk in our companies and by adding value to their operations.

We seek to identify investment opportunities, reduce risk, and enhance value by addressing ESG issues across the investment life cycle. In this report, when we reference ESG issues, we include regulatory, reputational, and geopolitical considerations. We have both the opportunity and responsibility to be thoughtful about a range of ESG issues that drive where we invest and affect the companies in which we invest. For a list of sample ESG issues, visit kkresg.com/esg-issues.

Addressing Global Challenges

Businesses and society are facing acute challenges on a global scale. Whether a changing climate or a changing workforce, demands for greater transparency or stronger data privacy, these – and many other challenges – are only poised to grow. They are intense reminders of our need to stay nimble, focused, and innovative. Significant challenges are often what push us most to learn and grow.

In our past three ESG reports, we highlighted six global challenges we thought were particularly applicable to KKR and our investments. They included adapting to climate change, supporting better agriculture, managing resource constraints, focusing on employees, investing in infrastructure, and treating and preventing disease. While these challenges remain relevant and are part of our daily dialogue, we no longer use them to organize our report's structure. For more on our views of select global challenges and to read portfolio company case studies, visit kkresg.com/challenges.

Governance and Implementation

A cross-functional, global team is dedicated to the management of our responsible investment strategy, implementing it across relevant asset classes, industries, and geographies. This team is knowledgeable

¹⁷ KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information on the inside back cover for additional information.

about a range of key industry trends and sustainability best practices. The day-to-day work of managing ESG considerations is performed by members of the Global Public Affairs team. However, KKR's senior leadership provides ultimate oversight of our responsible investment efforts. Accountability for this work extends throughout the organization with global and regional team members, supported by subject matter experts, collaborating to achieve strong outcomes. This is depicted below and described in detail at kkresg.com/governance.



For illustrative purposes only.

Our one-firm approach¹⁸ guides all that we do and ensures that members of various teams are involved throughout our efforts. Working together, team members collaborate with external experts¹⁹ to provide resources and tools to our companies when they identify issues or opportunities. To learn more, visit kkresg.com/partners.

Responsible investment is integrated into our Firm's investment practices and is reflected in our global Private Equity ESG Policy, which was codified in 2013. To read this policy, visit kkresg.com/esg-policy.

Leveraging Frameworks

We are deeply engaged with industry efforts to drive more responsible investing. To help inform our governance framework, we follow relevant industry guidelines for responsible investment. Most recently, we expanded our approach to include the Sustainability Accounting Standards Board (SASB) and its industry-specific standards. We are guided by how the organization identifies likely financially material issues and we apply this materiality lens across our activities.

We have followed the Principles for Responsible Investment (PRI) since 2009, when we became a signatory to this globally recognized voluntary framework. In 2017, we began publicly sharing our responses to the PRI Limited Partners' Responsible Investment Due Diligence Questionnaire, available at kkresg.com/ddq. We also follow the American Investment Council Guidelines for Responsible Investing, which we helped to develop. We are actively involved with these organizations and continue to use their frameworks to guide our efforts.

lessons learned: Toys "R" Us.

We invested in Toys "R" Us ("TRU") in 2005, hoping to grow a great brand that faced tough times. For 12 years, we invested in better management, innovation, and the brand's footprint, adding more stores and jobs. Ultimately, those efforts were not enough to overcome the immense disruption that the rise of online retail would cause the company. While our investment was lost, we supported a fresh start for the company, taking it into bankruptcy to reset its balance sheet. Unfortunately, some of the lenders pushed to liquidate the U.S. operations of TRU in 2018, a decision resulting in the loss of thousands of jobs and the disappearance of an iconic brand. Unable to bring back the jobs or provide severance, we collaborated

with employee advocates to establish a \$20 million TRU Financial Assistance Fund²⁰ to help fill financial gaps for former employees.

When we do falter, we are committed to identifying lessons learned. Today, we have a team tasked with tracking innovation and technology, another group evaluating megatrends, and a workstream dedicated to enhanced stakeholder engagement in potentially troubled companies. Part of being a successful investor is taking risks and, occasionally, making mistakes. While we cannot always avoid negative outcomes, we are committed to minimizing them and doing all that we can to achieve shared value.

¹⁸ See Important Information on the inside back cover for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions.

¹⁹ Senior Advisors, Industry Advisors, and KKR Advisors are engaged as consultants and are not employees of KKR. See Important Information on the inside back cover for more detail.

²⁰ The financial assistance fund is split between KKR and Bain Capital.

investing responsibly.

We reduce risks and create value by identifying and managing critical issues across the full investment life cycle.

A Materiality-Driven Approach

Though our responsible investment approach is dynamic and keeps pace with our investments and the world around us, materiality remains at its core. Materiality is critical to us in two ways. First, it helps us identify where to focus the Firm's efforts. Second, it helps us identify where our companies should focus theirs. When developing our first ESG report in 2011, we conducted a materiality assessment to help us determine the asset classes in which we should prioritize our responsible investment efforts. This analysis considered the degree of influence that we have in each asset class, both prior to investment and during ownership. That analysis indicated that we would have the most impact by focusing on the life cycle of our private equity investments given

the alignment of interest, majority ownership model, and long-term investment horizon.

Over time, we have expanded our responsible investment efforts to relevant companies in non-private equity asset classes, particularly real estate, energy, infrastructure, and special situations identified by the findings of our materiality assessment.²¹ Not surprisingly, we have found that both our approach and the universe of important ESG issues can vary across asset classes. We are still working to define and refine our approach in these and other asset classes, recognizing it will remain an iterative and dynamic process. For more information about how we think about various asset classes and a chart illustrating our relative influence over ESG issues, visit kkresg.com/materiality.

We have found SASB's industry-specific standards to be a powerful tool for informing our review of ESG issues. They help us focus our attention on the material issues, which makes our responsible investment approach more efficient and effective.

ELIZABETH SEEGER, Director, Sustainable Investing

Determining Material Issues

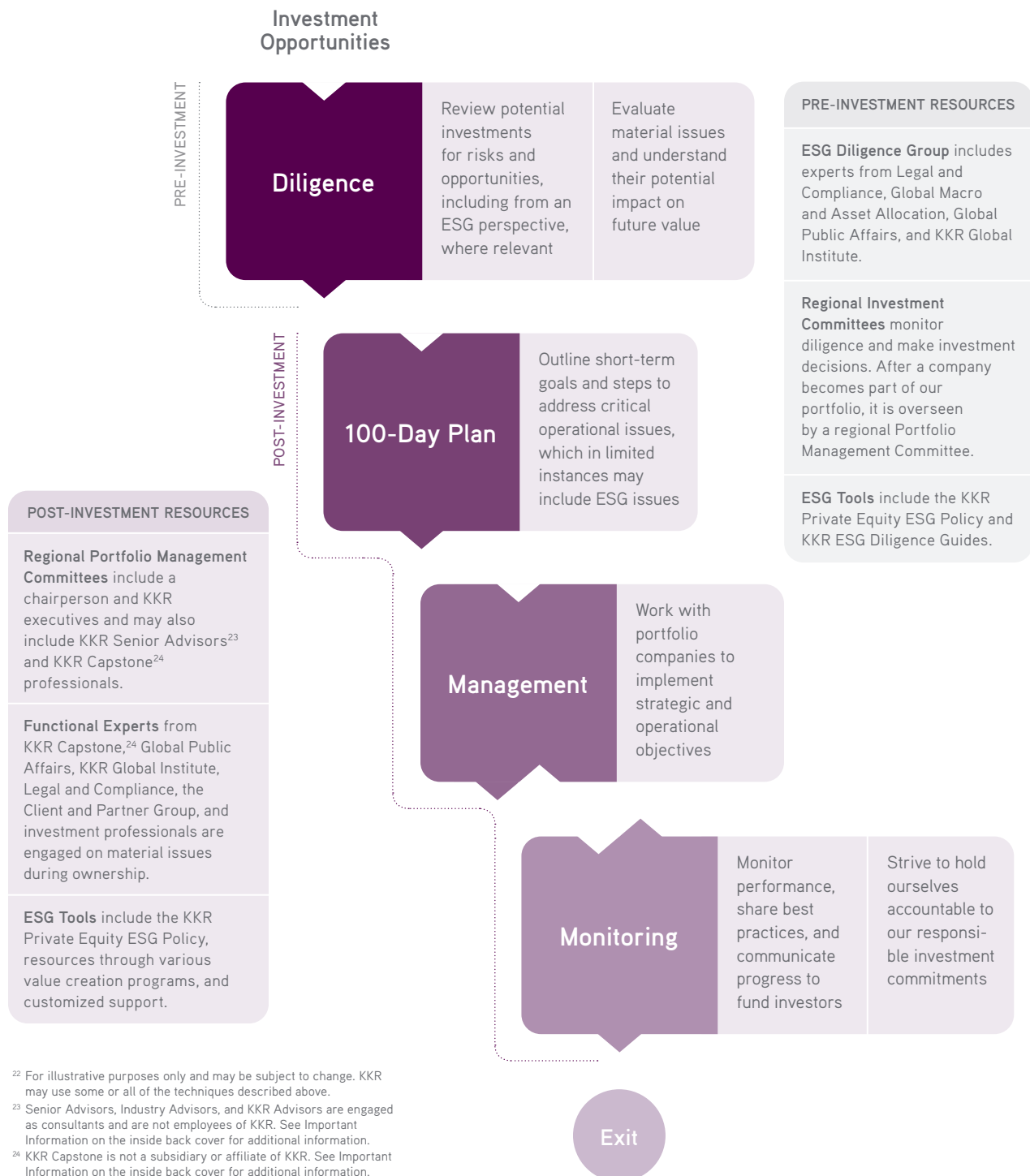
Applying the concept of materiality to individual portfolio companies helps us establish which companies to engage and which issues to address. We want to ensure that our companies invest their time and resources where they are likely to be most impactful to their business. We understand the need to spend time and capital where they can be meaningful to a company's business, environmental and social impact, and stakeholders. We recognize that no two companies are the same and thus take a customized approach to our engagement.

We align our understanding of material issues with SASB and incorporate SASB's industry-specific standards when identifying ESG issues that may be financially material. We believe we can achieve stronger business outcomes when we focus on these important issues.

²¹ See Important Information on the inside back cover for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions.

Private Markets ESG Management Process²²

We strive to incorporate ESG considerations into our decision-making and management practices by identifying and managing the issues we believe are most relevant to our investments. KKR's influence and control can vary significantly across asset classes, which is taken into account during the ESG management process.



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We are at our best when we work as one Firm. Working together, we create differentiated outcomes for our investors, our companies, and the communities where we live and work. Now, more than ever, we want to be well-connected across the Firm to make sure we are not missing opportunities, hesitating, or letting a lack of communication get in the way of a great investment.

HENRY R. KRAVIS and GEORGE R. ROBERTS, Co-Chairmen and Co-CEOs

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Upfield Case Study: ESG Management Process²⁵

While we strive to clearly explain our ESG processes and engagement strategy, we understand that it can be difficult for our stakeholders to understand what actually happens. The case study below aims to illustrate how ESG management was integrated in our 2018 investment in Upfield, a complex, global food company that we purchased from Unilever.



²⁵ The case study about the company from the private equity portfolio shown above represents what we believe to be the most demonstrative example of the ESG management process. The specific portfolio company identified is not representative of all of the investments made, sold, or recommended to advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.

driving value.

Working with our portfolio companies to identify opportunities, we aim to support them in creating sustainable value while generating financial returns.

Spurring Progress

Companies must evolve with the world around them. The expectations and conditions that businesses confront are more complex than ever before. We strive to be a partner to our companies as they face this future. We support their processes, programs, and policies to enable our shared success. We are able to share relevant best practices and benchmarks as well as provide connections to trusted experts and tested tools to drive progress.

During the past decade, we collaborated with companies on a range of topics including worker safety, worker wellness, responsible sourcing, inclusion and diversity, and veterans hiring. We have also developed resources and relationships with outside experts to

navigate issues such as labor relations, cybersecurity, and community relations. Our suite of resources for each of these issues is diverse, ranging from conferences and events to guides and webinars. In addition, we have encouraged environmental innovation through the Eco-Innovation Award and have advanced early-stage projects through Eco Grants, which we introduced in 2018.

During the last year, we have deepened our efforts around diversity and inclusion as well as data privacy by adding internal expertise, developing objective assessments, and building out additional resources. In 2019, we expect to continue advancing these efforts, while also meaningfully working on a climate change strategy.

addressing climate change.

Science, data, and extreme weather events demonstrate that the climate is changing, with repercussions that not only can affect all of us as global citizens, but also can influence a business' bottom line and its ability to compete in the future. Thus, KKR is addressing climate change on three levels.

At the Firm level, we committed to measure our carbon footprint for the first time, following the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard to calculate Scope 1, 2, and relevant Scope 3 emissions. This exercise yields valuable information that we will use to manage and mitigate KKR's emissions.

Second, we invest in a diverse range of energy sources, including renewables. We made our first investment in a renewable energy company in 2011 and have since invested in solar, wind, and district heating assets, which

have a combined enterprise value exceeding \$17.6 billion.

Third, we have a strong record of working with our portfolio companies to understand and manage their environmental impacts through eco-efficiency and eco-innovation. In 2018, 11 companies across our private equity and real estate portfolios worked with a professional engineer to develop recommendations for energy and water efficiency projects. These efforts should result in \$11 million annual run rate cost savings and 49,000 metric tons of GHGs in annual run rate emissions reductions after they are fully implemented in 2019.

We are working to select the best path forward in developing a comprehensive portfolio company engagement climate change strategy. Our goal is to identify effective ways to add value to our companies by assessing and addressing climate-related risks and opportunities.

Working With Portfolio Companies KKR engages portfolio companies across a range of common issues. We share resources and tools, host virtual and in-person events, and connect companies with leading global experts. All of these touchpoints are designed to help our portfolio companies achieve results and long-term benefits.



companies in action.

Every day, our portfolio companies invest in people, products, and processes to help build healthier economies and more vibrant communities.

These four case studies highlight our portfolio companies' work to create value for their customers, employees, communities, and broader stakeholders.



Trainline: Improving Gender Equity²⁶

How businesses operate is becoming as important as what they do. Trainline, the world's first global rail and coach platform, recognizes this connection and focuses on not only selling rail and coach tickets, but also advancing gender equity.

With diversity core to its culture and values, this company, led by a female CEO, is transparent about and committed to progress. The company supports equal pay for men and women, and the pay gap at Trainline is less than 1 percent. Recognizing that this is not enough, Trainline is increasing the representation of women programmers and software developers, growing the number of women in the company by more than 13 percent from April 2017 to April 2018.

Trainline also supports the next generation of female engineers and coders. The company has pledged to help 20,000 women in the UK learn to code for free by 2020 as part of the Code First: Girls' 20:20 Campaign. Together, they look forward to building a more diverse technological workforce.

²⁶ The case study about the company from the private equity portfolio shown above represents what we believe to be the most demonstrative example of a portfolio company improving gender equity in 2018 as identified by the Global Public Affairs team. The specific portfolio company identified is not representative of all of the investments made, sold, or recommended to advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.

Global Medical Response: Answering the Call During Emergencies²⁷

Emergencies, accidents, and natural disasters happen. When crises do occur, Global Medical Response ("GMR"), a leading medical transportation company, is there to provide immediate high-quality medical assistance and transportation services. GMR is an integrated solutions provider, serving more than 4,000 communities around the world, including 40 U.S. states and the District of Columbia. It utilizes its fleet of more than 7,000 ground vehicles, 110 fire vehicles, and 410 aircraft to serve them. GMR performed a critical intervention every 10 minutes in 2018, with its team of 38,000 qualified clinicians and support personnel transporting more than 13 million patients.

At a moment's notice, GMR's fleet and patient care providers can be deployed to assist in natural disaster response. In 2018, GMR's team did just that during the Kauai, Hawaii flooding, the California wildfires, and Hurricane Michael in the United States, as well as the Trinidad and Tobago earthquake.

²⁷ The case study about the company from the private equity portfolio shown above represents what we believe to be the most demonstrative example of a portfolio company providing emergency response services in 2018 as identified by the Global Public Affairs team. The specific portfolio company identified is not representative of all of the investments made, sold, or recommended to advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.





BlueSprig: Serving Children With Autism Spectrum Disorder²⁸

Across the United States, one in every 59 children is diagnosed with Autism Spectrum Disorder. There is a need for compassionate and high-quality clinical care for those on the spectrum. BlueSprig Pediatrics, Inc. (“BlueSprig”), a network of clinics providing Applied Behavior Analysis (ABA) therapy, is working to close this gap.

Founded in late 2017, BlueSprig is a leading provider of ABA therapy in Texas, with locations in five other states as well. BlueSprig serves approximately 400 children across 38 locations.²⁹ Trained therapists spend an average of 21 hours a week with each patient, helping them acquire skills and develop needed behaviors. Therapists’ goals include helping children navigate everyday life as well as enter and succeed in the school system.

Board Certified Behavior Analysts (BCBAs) are central to BlueSprig’s model of care and ability to help more children, but there is a shortage of these professionals. BlueSprig is developing a talent pipeline of trained BCBAs by providing continuing education as well as offering an internship program, which is hosting 40 BCBA interns currently.²⁹

²⁸ The case study about the company from the health care growth portfolio shown above represents what we believe to be the most demonstrative example of a portfolio company providing child health care in 2018 as identified by the Global Public Affairs team. The specific portfolio company identified is not representative of all of the investments made, sold, or recommended to advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable. See Important Information on the inside back cover for source.

²⁹ Data as of May 2019.

GOJEK and Voyager: Increasing Access to the Digital Economy³⁰

Increasingly, mobile and digital solutions are connecting and elevating people and communities, especially in emerging market regions like Southeast Asia. GOJEK, a leading on-demand mobile platform in Indonesia, and Voyager Innovations (“Voyager”), a leading digital payments and financial services provider in the Philippines, are key players driving digital transformation in Southeast Asia.

GOJEK and Voyager enable the broader population to participate in the digital economy. Through app-based services, formerly underserved individuals and families can now connect to a variety of jobs and mobile bank accounts, enabling them to improve their livelihoods. These digital tools are helping bridge the socioeconomic gap in these countries.

In Indonesia, for example, 1.7 million active, registered drivers have access to additional income due to GOJEK. Its food delivery platform, GO-FOOD, enabled more than 300,000 food merchants to gain direct access to the market, experiencing a 3.5 times average increase in sales after joining the platform. In 2018, Voyager brought 7.3 million Filipinos greater access to mobile payments and more than 800 businesses utilized its services to conduct their business.

³⁰ The case study about the companies from the private equity portfolio shown above represents what we believe to be the most demonstrative example of portfolio companies increasing access to the digital economy in 2018 as identified by the Global Public Affairs team. The specific portfolio companies identified are not representative of all of the investments made, sold, or recommended to advisory clients, and it should not be assumed that the investment in the companies identified was or will be profitable.







KKR Co-Chairman and Co-CEO Henry Kravis visits the management team of Singapore-based BBP, KKR's first impact investment.

invested in impact.

Our impact strategy is built on the work we have been doing for the past decade.

HIGHLIGHTS

\$5.2 billion

invested in more than 30 solutions-focused businesses since 2010³¹

Launched

the Firm's impact investing business in 2018 after a decade of responsible investment leadership

Completed

KKR's first impact investment by backing Barghest Building Performance ("BBP"), a provider of energy solutions, in 2018

³¹ See Important Information on the inside back cover for additional disclosure regarding calculation and determination of solutions-focused businesses.

impact.

KKR Global Impact builds on our track record of investing in solutions and our history of thoughtful management of ESG issues. Through this strategy, we are seeking to generate private equity risk-adjusted returns alongside social good as the world faces unparalleled challenges.

Challenges and Solutions

The world faces historic challenges and opportunities that will require all of us to respond. The UN Sustainable Development Goals (SDGs) were developed recognizing that our most important global challenges require mobilization by multiple stakeholders – policymakers, technologists, citizen activists, storytellers, businesses, and investors. At KKR, we have identified four global imperatives where we believe we can be part of the solution and contribute meaningfully to the SDGs: mitigating and adapting to climate change, harnessing the Fourth Industrial Revolution, serving empowered consumers, and building for the future. Based on our experience, we believe these have the potential to create investment opportunities for our business and contribute measurably to the SDGs.

A changing climate generates challenges for countries, cities, companies, and citizens. These issues can profoundly influence a business' bottom line and its ability to compete in a resource-constrained future – issues that range from changing weather patterns that affect agriculture to natural disasters that disrupt supply chains. As we have seen in our investments, and more broadly in business, thoughtfully **mitigating and adapting to climate change** can also be a source of opportunity. For example, companies

that provide products and services to promote energy and resource efficiency, water quantity and quality management, resilient development, and renewable energy and storage offer interesting investment opportunities today.

As we move from the age of automation to the age of connectivity, we believe we need to find ways to **harness the Fourth Industrial Revolution**. Turning big data into smart data can promote smarter development, mobility and innovative transport, sustainable packaging, and more connected supply chains, which allows us to build sustainability into our operations and deliver economic efficiencies. The rapid evolution in technology also disrupts the workforce of today, and hundreds of millions of workers will require life-time learning and enhanced training. We look to invest in companies meeting this imperative by offering vocational training, workforce development, adaptive learning, and teacher training.

Widespread access to the internet and the amplifying effects of social media mean that billions of people today walk around with more information in their pockets than even the most informed individuals could have accessed 50 years ago. This radical transparency, coupled with a growing consciousness of health and environmental concerns, means

there is an opportunity – as well as a need – to **serve empowered consumers**. Empowered consumers increasingly demand healthy and safe products, circular economy strategies that mitigate waste, and more transparent supply chains. Companies that offer these solutions are increasingly attractive for investment.

Infrastructure is vital to economic and social systems because it connects people, goods, and resources. However, the infrastructure in many cities is in desperate need of repair, expansion, and innovation. As societies and companies **build for the future**, private capital can invest behind solutions-oriented opportunities and play an important role in addressing the infrastructure gap.

We seek to find investments that align with these four global imperatives and believe that by leaning into these areas, we can create value for our investors and deliver meaningfully upon the SDGs.

Our Impact Business

For the past decade, KKR has put in place strategies for thoughtfully managing ESG and stakeholder issues as a way to reduce risk and create sustainable value. We have also invested in companies where the core business model, product, or service provides a solution to an ESG-related challenge and produces strong financial outcomes alongside positive impact. We have made more than 30 such investments totaling to a value of more than \$5.2 billion since 2010.³²

After seeing many investment opportunities around these themes in the lower middle-market, in 2018 we launched KKR Global Impact: an impact investing business focused on tackling problems across the globe where KKR operates. By creating a dedicated strategy, we are better positioned to identify great opportunities, particularly in the lower middle-market, and to help these sustainable businesses grow.

While we will continue to make solutions-focused investments across a variety of strategies, this section of the report is dedicated to our impact investing business' development, team, and approach.

defining the SDGs.

The Sustainable Development Goals (SDGs) were adopted by more than 150 world leaders at the United Nations Sustainable Development Summit in September



2015. The 17 goals articulate the shared aspirations of governments, investors, non-

governmental organizations, and businesses to end poverty, protect the planet, and seek to ensure prosperity for all.

The SDGs emphasize the role of the private sector in addressing challenges such as climate change, economic inequality, innovation, and sustainable consumption, among other priorities.

The 17 goals are accompanied by 169 specific targets and 230 indicators to help organizations prioritize and measure their impact and contribution to the SDGs. We believe that the SDGs articulate some of society's most pressing challenges and thus have become core to how we select impact investments.

KKR believes the SDGs below will be most relevant to KKR Global Impact's target investment areas.



³² See Important Information on the inside back cover for additional disclosure regarding calculation and determination of solutions-focused businesses.

our impact approach.

Our process helps us understand, measure, and track the positive impacts that our companies have on the world around them.

Our investment approach for KKR Global Impact employs the same rigorous playbook for investment selection, governance, and value creation as our other private equity investment strategies. Developed and improved during the Firm’s 43-year history, this approach involves working actively with our companies to enhance operations and unlock new commercial opportunities. We believe that as active investors we can achieve better commercial and societal outcomes by working alongside portfolio company management teams.

Assessing and Managing Impact

In addition to aligning with the processes and expectations of our private equity investment process, all of KKR’s impact investments will seek to meet the four criteria highlighted below.

OUR IMPACT INVESTING CRITERIA	
1	Achieve attractive, risk-adjusted returns
2	Contribute solutions to the SDGs
3	Generate impacts that are measurable
4	Seek measurable improvements to ESG performance during KKR ownership

To satisfy these investment criteria, an analysis of impact and ESG-related performance is integrated into the commercial diligence process. Impact and ESG factors are considered as part of the Investment Committee and Portfolio Management Committee processes.

As we consider whether to make an investment, our investment teams collaborate with BSR (p. 25) to evaluate how a company’s product or service contributes to one or more of the SDGs and how we can measure that impact over time. We also consider whether the identified SDG is a pressing concern for the market or industry where the company operates. By measuring and reporting on each investment’s contributions to its relevant SDGs, we believe that we will work within a credible framework to define and address critical challenges faced by communities around the world. Additionally, we identify how a company will be able to actively manage and improve its performance on relevant ESG-related issues as defined by the Sustainability Accounting Standards Board’s (SASB) materiality analysis.

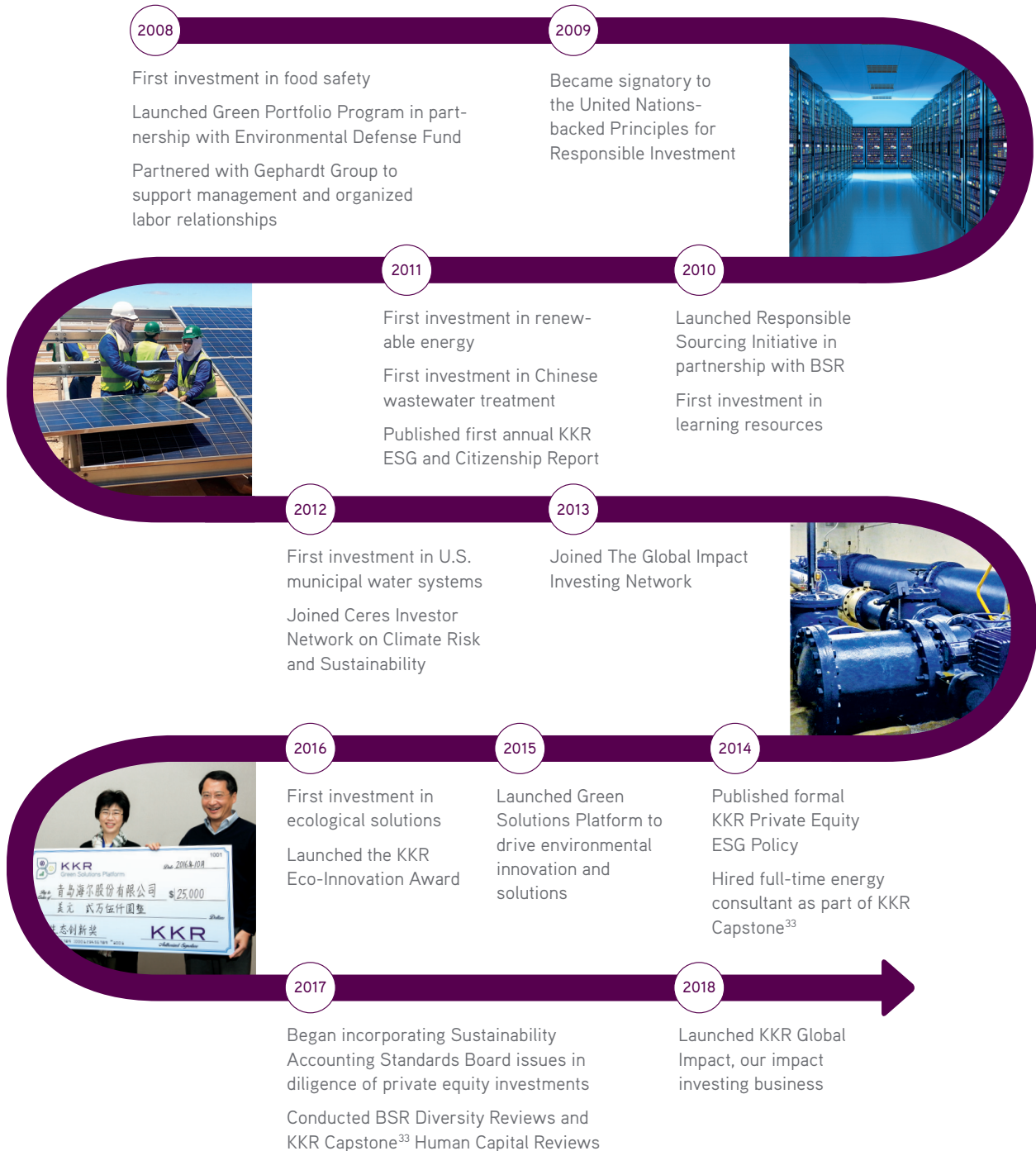
Reporting on Impact

KKR is committed to measuring and reporting the impact of our efforts in a manner that is transparent and leverages established frameworks. For KKR Global Impact, we will evaluate, measure, and track each portfolio company’s contributions to one or more of the SDGs using indicators defined by third-party reporting frameworks wherever possible. As part of this, we expect to work with the management teams of portfolio companies to design and implement the appropriate processes to gather the necessary data.

Together with KKR Global Impact portfolio companies, we will define expectations related to the impact of their product or service and assess progress annually against those expectations. Similarly, portfolio companies will track their performance on material ESG issues and report progress over time. This information will be reported to KKR Global Impact fund investors.

Our Journey to Impact Investing

KKR believes that managing ESG issues in our investments can help generate strong returns for our investors while also having a positive impact on society. Below, we have highlighted select milestones in our journey to launching KKR Global Impact.



³³ KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information on the inside back cover for additional information.

our growing team.

Our global team develops critical insights and relationships to source, evaluate, and add value to portfolio companies.

Managed by a Global Team

We are building a global team to execute our impact investing goals. This team is responsible for sourcing potential investments in alignment with the business' focus areas. This team works collaboratively and creatively to source and evaluate potential investments and then generate and measure impact within our growing portfolio of impact companies. Our team members have shared values and complementary skills and come from diverse experiences and backgrounds. This enables us to provide a holistic point of view on impact.

KKR Global Impact leverages the footprint and scale of our Firm. We believe it is critical that we combine a global and local approach, actively partnering with our colleagues within key local markets to deliver better outcomes.

ROBERT ANTABLIN, Member, Co-Head of KKR Global Impact

The KKR Global Impact Team

Our Global Impact team members³⁴ are strategically placed to provide deep market knowledge.

NORTH AMERICA

Co-Heads of Global Impact



Dedicated Global Impact Team



ASIA-PACIFIC

Regional Experts



EUROPE, THE MIDDLE EAST, AND AFRICA

Regional Experts



For illustrative purposes only.

The impact team at KKR is not isolated – it operates as part of the broader KKR ecosystem. The team embraces our one-firm approach³⁵ and benefits from our colleagues' industry knowledge and existing

³⁴ The KKR Global Impact team includes team members whose time is fully dedicated to the strategy as well as those whose time is partially dedicated to the strategy.

relationships across the world. We believe that our ability to tap into the local connectivity of teams while leveraging global resources across our Firm is critical to our success.³⁵

Partnering for Impact

The power of partnership is foundational to KKR and this belief is no different with KKR Global Impact. We draw on a network of external advisors and partners that we have built during the past 10 years.³⁶ We leverage these relationships to improve our understanding of trends in our key investment themes and uncover opportunities for impact. In particular, BSR plays a critical role in our impact strategy.

We continue to learn from our partners and our investments, and are committed to enhancing our

processes. We respect the work of the impact investment community and are committed to learning from and collaborating with our peers.

It is in this spirit that we began working to evaluate our alignment with the Operating Principles for Impact Management. This set of guiding principles for impact investing was introduced by the International Finance Corporation, a member of the World Bank Group. In early 2019, we became a founding signatory and intend to share more on this journey in the coming year as we seek to collaborate and learn from others in the network.

our valued partner: BSR.

KKR has engaged with BSR to provide an external perspective on KKR's impact investments and reporting frameworks. BSR is a global nonprofit organization that seeks to catalyze change within business by integrating sustainability strategies and operations. It also seeks to promote collaboration among companies and their stakeholders for systemic progress toward a just and sustainable world. KKR has been a member of the BSR network since 2010 and has worked closely with the BSR team on multiple ESG-related programs during that time.

With global expertise on a wide variety of sustainability challenges and best practices, BSR is a natural fit for advising KKR Global Impact. We recognize the importance of learning from thoughtful partners as we join the impact investing community and look forward to working with BSR as we continue our journey.



FIVE KEY WAYS BSR WORKS WITH THE KKR GLOBAL IMPACT TEAM

- 1 Collaborates to integrate positive impact into KKR Global Impact's overall approach, including impact criteria, connection to the SDGs, measurement, and transparency
- 2 Assesses target investments' strategic fit and potential relative to KKR's impact strategy and objectives
- 3 Supports KKR's efforts to measure companies' performance on material ESG issues and develop action plans to guide improvements
- 4 Advises how invested companies can enhance their impact
- 5 Assesses portfolio company impacts for inclusion in KKR's reports to fund investors

³⁵ See Important Information on the inside back cover for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions.

³⁶ Senior Advisors, Industry Advisors, and KKR Advisors are engaged as consultants and are not employees of KKR. See Important Information on the inside back cover for more detail.

our impact portfolio.

We partner with and support businesses that will seek to create value by providing commercial solutions to key challenges facing the world.

We are early in the journey of building the KKR Global Impact portfolio. As of early 2019, we have made two investments that align with our strategy to contribute solutions to the SDGs. Read more about our investments in Barghest Building Performance and Ramky

Enviro Engineers Limited below and at right, respectively. We are eager to continue building this portfolio of impactful companies and sharing their progress and results.

Barghest Building Performance: Driving Energy Solutions³⁷

Energy use in buildings is one of the greatest emitters of greenhouse gas emissions globally and thus buildings are a major contributor to climate change. Barghest Building Performance (“BBP”), KKR’s first impact investment, is helping address this problem. BBP is a Singapore-based provider of commercial solutions dedicated to reducing energy consumption and carbon emissions for large buildings and industrial users, while also decreasing related expenses for customers.

BBP provides its customers with real-time monitoring of their heating, ventilation, and air conditioning (HVAC)



systems to drive efficiency, reliability, and resiliency. By using sensors, software algorithms, equipment controls, and customized engineering design, buildings can achieve 10 to 40 percent reduction in electricity consumption. With operations in Southeast Asia, India, China, and Taiwan, BBP is looking to accelerate growth and geographic expansion.

As a strategic partner, KKR will use its network and expertise in organizational design to support this ambition while also building strategic partnerships in the industry to scale the company’s business.

This work contributes solutions to two of the SDGs: Number 7 “Affordable and Clean Energy” and Number 9 “Industry, Innovation, and Infrastructure.” The contributions toward achieving the SDGs can be directly measured by the kilowatt hours of electricity saved and tons of CO₂ emissions avoided by customers who use BBP’s solutions. In 2018, BBP’s energy solutions reduced electricity use by more than 33.8 gigawatt hours, equivalent to reducing greenhouse gas emissions by nearly 17,000 tons. In line with our impact investing strategy, KKR and BBP will collaborate to improve BBP’s ESG management practices as well.



³⁷ The case studies about the companies from the global impact portfolio shown above and on the adjacent page represent all of KKR’s impact investing business’ investments. The specific portfolio companies identified are not demonstrative of all of the investments made, sold, or recommended to advisory clients, and it should not be assumed that an investment in either of the companies identified was or will be profitable. Data and information for the BBP case study were provided by that company’s management.

Our Growing Impact Portfolio In early 2019, KKR Global Impact invested in Ramky Enviro Engineers Limited (“Ramky”), the strategy’s second investment. The company is a leading provider of environmental services and solutions in India and overseas, with a particular focus on waste management. Ramky’s work advances responsible waste management as well as contributes solutions to two SDGs: Number 11 “Sustainable Cities and Communities” and Number 12 “Responsible Production and Consumption.” We look forward to reporting on progress in future communications.³⁷







Team meetings are part of fostering our dynamic and collaborative workplace.

invested in people.

We are guided by our strong values, an eagerness to innovate, and a highly collaborative culture.

HIGHLIGHTS

36% increase

in the number of diverse investment professionals globally during 2018

99,183,761 steps

walked by 418 employees during the 2018 Global Sweat Equity Challenge

100% score

from the Human Rights Campaign's (HRC) Corporate Equality Index, earning the 2018 designation as a Best Place to Work for LGBTQ Equality

people.

Our goal is to provide an unrivaled experience to our employees, so that they can be their best selves, effectively engaging in their work and enthusiastically supporting our shared clients, colleagues, and communities.

Upholding Our Values

In 1976, KKR was founded with a clear vision for what would make us successful. Shared ownership and a strong sense of partnership, alongside our emphasis on integrity, accountability, and relationships formed the basis of our Firm. Today, innovation and diversity are also critical elements of our continued success. Together, these values enable us to focus on strong outcomes for our investment partners, while ensuring respect and consideration for each other.

Becoming a Best Place to Work

We want to attract the best thinkers and actors. While we feel that we have always strived to provide unparalleled value – and values – to our teams, we know that today's workers' expectations are changing. And so, we are changing too.

During the past five years, we have analyzed what it means to be a great employer by talking to our people and studying industry-leading companies, research, and leaders. We brought in experts and held focus groups on office design, well-being, and employee engagement. This input helped us identify key areas of opportunity, such as diversity and inclusion, employee involvement in decision-making, and flexible work arrangements.

We introduced programming and policy changes to close the gaps and address blind spots that we identified through our annual employee engagement survey. We made our workplace experience a strategic priority for leaders across the Firm by integrating the topic into Member and Managing Director training and offsite meetings.

We honed in on what our people, especially our working parents, need: more control and flexibility on how, when, and where they work, and we are evolving our practices. As part of this, our transitional coaching has been expanded to support all new parents returning from parental leave.

We are now proud to be certified as a Great Place To Work®. Undertaking this certification was a way to learn more about ourselves as well as determine how we were performing against today's leading companies.

We are committed to doing more to become an even greater place to work recognizing that this objective is a journey that requires a focus on continuous improvement. We expect best practices, benchmarks, and expectations will continue to change. And perhaps more importantly, we believe we can always do more with and for the people who drive our shared success.

The KKR Experience To create the strongest workforce and culture possible, we are focused on providing our employees with an unparalleled and distinctive experience. Since 2016, we have considered our definition of the KKR Experience and have dedicated resources to improving it.



Workplace Culture: Cultivating Success

Our Firm's values guide our goals and interactions, setting us apart from our peers. The seven values set out by our founders underpin all that we do and have shaped the environment we have built. These values will continue to serve us far into the future as we seek to remain relevant, responsible, and relationship-driven.



Core Business: Producing Exceptional Results

When KKR began, we were a pioneer in the private equity industry. Today we are a strong, global Firm thanks to decades of hard work and positive outcomes. What sets KKR apart are our differentiated investment strategies, a commitment to responsible investment, and our dynamic global footprint. When people join KKR, they have access to innovative investment prospects, as well as a network of exceptional professionals – a combination that proves both fulfilling and challenging.



Career Development: Investing in Employees

To cultivate the most engaged and impactful workforce, we invest in employee training and professional development so that our people receive mentoring and coaching support across every level of the Firm. Our merit-driven compensation structure and generous benefit programs provide attractive financial incentives and rewards for our employees that we believe translate to more positive outcomes for our investors and shareholders.



Citizenship: Giving Back to Our Communities

Good citizenship helps make KKR an increasingly dynamic and appealing place to work. Citizenship encompasses how we engage with our employees and communities and how they in turn engage with each other. We believe it is integral to the KKR Experience and can create real value for us as a company, for our employees, and for the communities we all share.

working at KKR.

Because it is the people of KKR that set our Firm apart, we work to create a dynamic workplace where they can thrive professionally and personally.

At KKR, we strive to attract, develop, and engage talented people to create positive results and experiences for our investors, companies, and stakeholders. Professionals in our industry today have extensive choice in where and how they work. By embracing new research, leveraging technology, and collaborating across teams, we better understand what matters most to our people, and thus to our business.

Investing in Training and Development

We extensively invest in employee training and professional development and offer opportunities designed to help our people succeed at key transition points. To maximize performance at every level across KKR, we provide a seamless transition into our

culture for new joiners, development opportunities at key career transitions, and skills-based development workshops.

new in 2018 We streamlined our 360-degree review process, which included introducing six quantitative questions that reflect key metrics across the Firm. Integrating this with our review process ensures that employees receive more candid, objective, and actionable feedback.

Driving Diversity for Better Results

We continue to cultivate a more diverse workforce and inclusive workplace because we believe that having team members with varied backgrounds and perspectives improves business results. To help us realize this inclusive workplace, in 2014 we created the Inclusion & Diversity Council (IDC). It includes our most senior people who possess distinctly global points of view, including the Head of Human Capital and Strategic Talent. The IDC works with the Americas and EMEA Advisory Group and Asia-Pacific Advisory Group, which collectively comprise approximately 30 diverse executives at various levels across the Firm, to drive recruiting, promote retention, and maximize external partnerships.

new in 2018 We increased business leader accountability for diversity and redoubled our hiring efforts by closely monitoring all hiring processes and increasing focus on business unit diversity strategic plans. We are also holding search firms more accountable for providing diverse candidate slates. We hosted our third annual on-site U.S. MBA Diversity Insights Program and MBA Summer Internship to help build our pipeline of diverse talent. We also launched a diversity, inclusion, and innovation

working as one firm.

Culture is the most important component of any organization. Our culture is based on our one-firm approach³⁸ – the idea that everyone participates in everything we do. This ideal remains central to our ethos.

We aim to hire outstanding people and enable them to work together toward a common goal. We encourage people to connect the dots across the Firm, knowing that we can do far more together than we can apart.

We hope that our people have pride in their work, but do not worry about who gets credit. We hope that they trust that when the Firm wins, they win. We work to deliver on that promise as one Firm, ensuring that our founding values remain our North Star along the way.

³⁸ See Important Information on the inside back cover for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions.

case study competition with the Columbia Business School to introduce a diverse pool of talent to our Firm. During its first year, the KKR Inclusion Network hosted 11 events bringing our employees together to celebrate the diversity of our workforce.

We expanded the scope of our work to include a focus on increasing diversity on our portfolio companies' boards of directors and partnered with the Thirty Percent Coalition and Latino Corporate Directors Association to help us accomplish this goal.

Focusing on Wellness and Benefits

Fostering a culture of health and wellness remains a priority for KKR. Since hiring a global head of benefits in 2014, our commitment to this area has deepened. We offer a suite of programs and tools to help our employees make informed health care decisions. Employees have access to a variety of wellness offerings, such as on-site health coaches and global employee fitness and well-being challenges. We aspire to be a top employer for working parents by providing extensive benefits, including a minimum of 16 weeks of paid leave for primary caregivers, and a firm-paid Childcare Travel Program.

new in 2018 To promote positive mental health, we have started to enhance virtual access to mental well-being support, and are communicating more often on the importance of

mental and emotional well-being, while continuing to offer resources for meditation and stress management.

Greening Our Operations

Although the majority of our Firm's environmental impact arises from our work with portfolio companies, we are taking steps to reduce our direct environmental footprint. We strive to integrate related standards into new design and construction projects, including our flagship offices in London, San Francisco, and Menlo Park, and our new headquarters at Hudson Yards in New York City.

new in 2018 Across our global offices, we dedicated the month of April to sustainable living. Our teams around the world engaged to reduce their environmental impact and that of their offices. We participated in Earth Hour for the sixth consecutive year and hosted a number of clean-up days to honor Earth Day. Our New York office completed a water conservation and awareness campaign, ultimately removing single-use plastic water bottles from the office's operations.

We committed to calculate the Firm's carbon footprint for the first time and completed the exercise in early 2019. The findings will help us to better understand our current impact and evaluate potential methods for systematically reducing it.

caring for the people in our portfolio.

While we employ approximately 1,300 people at our Firm, we recognize that our portfolio companies employ even more. We are continually thinking about how we can be good stewards of this global workforce.

In 2018, we strengthened our approach to monitoring and responding in times of crisis or disaster. By using a proprietary disaster response calculator and a portfolio company mapping exercise, we are able to respond more swiftly and objectively when needed.

To promote positive company culture, we offered insights and best practices to nearly 30 chief human

resource officers and more than 20 general counsels during annual conferences for our portfolio companies at which we shared information on timely topics from experts at Great Place to Work®, Time's Up, and the global nonprofit BSR.

Lastly, we partnered with BSR to evolve our diversity and inclusion assessment into a handbook of best practices and resources. We are designing this tool to help our companies improve their people management and are planning to share it with them in 2019.





KKR employees help beautify a community garden at Century Villages in Cabrillo, California.

invested in communities.

Our citizenship platform aims to empower our employees, our portfolio companies, and our Firm to help create healthier, more resilient communities.

HIGHLIGHTS

11,000+ hours

volunteered to nonprofits around the world since the launch of KKR 40 for 40 in 2016

70+ employees

placed on nonprofit boards across the United States as of 2018

\$1.6 million

is the equivalent value of expertise employees provided through our technical assistance partnerships

communities.

Being an engaged and responsible corporate citizen is important to KKR. Our philanthropic reach and citizenship activities encompass our Firm, our employees, and our portfolio companies. Our aim is to create vibrant workforces and support thriving communities.

Expanding Our Partnerships

We believe that successful companies are only as strong as the communities in which they operate. Since launching our citizenship platform in 2016, we have defined our focus and strengthened our commitment to the communities we share. KKR knows firsthand the importance of supporting healthy, inclusive communities and, in 2018, we expanded our strategic relationships with nonprofit organizations that advance this vision. We partnered with nonprofits such as Code First: Girls, Girls Who Code, Impetus, Sponsors for Educational Opportunity (SEO), and the Asia Venture Philanthropy Network to help create opportunities, build pipelines of diverse talent, and train the next generation of the workforce.

We have a large network of nonprofit partners that we support through Firm and individual giving. In addition to providing financial support to these groups, we aim to engage our employees by facilitating opportunities for strategic guidance, meaningful volunteer activities, and board service with these organizations.

Deepening Our Employees' Impact

Our people are our biggest asset, which is why we support not only their career development but also their desire to create positive social impact. We

support employees as they establish themselves as leaders in their communities. We help them foster connections, deepen their commitments, and expand their horizons through the following four core components of KKR Cares.

The **KKR Employee Matching Gift Program** matches employee donations to eligible nonprofit organizations dollar for dollar up to \$4,000 per employee annually. Since its launch in 2013, the program has matched approximately \$3 million to more than 600 nonprofit organizations ranging from schools to environmental causes.

KKR 40 for 40 gives employees 40 hours of paid time annually to volunteer with community projects and nonprofit organizations that are meaningful to them. To introduce our employees to volunteer opportunities, we host Nonprofit Networking Events and lunch-and-learn sessions with community leaders.

We connect KKR executives with **nonprofit board service** opportunities relevant to their personal and professional interests. Since 2015, we have placed more than 70 employees on nonprofit associate and governing boards across the United States.

new in 2018

In 2018, we extended our board placement efforts to all employees across our European offices, engaging more than 30 people in London and Dublin. We also expanded this to include Members and Managing Directors as part of our Partners with Purpose initiative. The program engaged 18 senior leaders in its first six months and is designed to deepen their understanding of leadership, improve their connection to their communities, and align them with the Firm's vision for giving back.

KKR offers our employees the opportunity to provide **pro bono consulting services and technical assistance** to nonprofits and social enterprises. In the last five years, employees from KKR and KKR Capstone³⁹ have provided financial, operational, and analytical expertise to six organizations, the equivalent of more than \$1.6 million in value. These organizations include East Bali Cashews, Banyan Nation, Glovax Biotech Corporation, Piece & Co., Homeboy Industries, and Orion Industries. Their time and dedication has offered meaningful support to the organizations and the populations they serve.

KKR Cares

Through four components of the KKR Cares platform, we offer opportunities that encourage and inspire employees as they engage with nonprofits and their communities.



KKR Employee Matching Gift Program



KKR 40 for 40



Nonprofit Board Service



Pro Bono Consulting Services and Technical Assistance

learning from our portfolio companies.

Our efforts are multiplied by the power and reach of the KKR portfolio. Just as we engage with our communities, so do our portfolio companies. Across the world, KKR portfolio companies are strategically supporting the places they call home and working to create positive outcomes through nonprofit partnerships. We offer guidance to help grow and enhance their citizenship efforts, while learning from their work as we continue our own journey.

Corporate philanthropy is most effective when it aligns with a company's core business and mission. Across our portfolio, companies connect what they do inside their organization with how they lead and give outside of it. Our companies have had significant impact in

2018 through their individual and collective efforts.

For example, Lyft, a rideshare service, supported hundreds of thousands of people with voter registration, voting plans, and rides to the polls during the 2018 U.S. election. Heartland Dental donated more than \$3 million of dentistry services to 5,500 patients. Resource Environmental Solutions ("RES"), a provider of ecological restoration and water resource solutions, facilitated various volunteer planting events, including one at the Louisiana Children's Museum where participants planted nearly 3,000 marsh grass plants.

We applaud these and other companies as they work to strategically improve their communities.

³⁹ KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information on the inside back cover for additional information.

volunteering around the world.

KKR 40 for 40 gives our employees the opportunity to choose how to serve their communities and make a difference where it matters most to them.

Giving Back in a Big Way

Across the globe, our employees are directly involved in their communities, volunteering their time and talent to a variety of nonprofit organizations. Individually or with their colleagues, our employees have participated in events such as week-long service trips, monthly gardening days, and weekly mentoring sessions.



Second Harvest Food Bank

At Second Harvest Food Bank, employees of the Menlo Park office sorted nearly 15,000 pounds of food for distribution to low-income individuals in the San Francisco Bay Area.



New York Cares

The New York office hosted a month-long collection effort culminating in the donation of more than 23,000 coats to the New York Cares annual coat drive, which gives coats to New Yorkers in need. A team of volunteers also sorted donated coats at the New York Cares distribution center.



14 Plus Foundation

An employee from the New York office traveled to Zambia with the 14 Plus Foundation. She helped facilitate courses and supported administrative needs in its network of schools.



HOPE Program

Members of the New York office conducted mock interviews for the HOPE Program, whose mission is to empower underserved New Yorkers through training, job placement, and career coaching.



Habitat for Humanity

A team from the San Francisco office constructed and decorated playhouses for the Habitat for Humanity Playhouse Program, which donates play spaces to families in need.



Korean Red Cross

Members of the Seoul office prepared and distributed baked goods for disadvantaged members of their community with the Korean Red Cross.



Code First: Girls

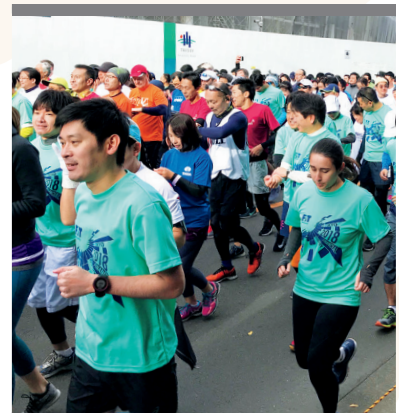
In the London office, employees organized and taught a coding course for local girls in partnership with Code First: Girls, a strategic nonprofit partner of KKR, that aims to increase the number of women in technology.



Guide Dogs for the Blind

An employee from the London office used KKR 40 for 40 time to volunteer for more than a year and a half with Guide Dogs for the Blind, an organization that trains guide dogs for those who are visually impaired.

675 employees
volunteered
11,000+ hours
since 2016 through KKR 40 for 40



Tokyo for Charity Run

Employees from the Tokyo office participated in the 14th annual Tokyo for Charity Run, completing 10K and 5K races. They and the other runners helped to raise more than \$500,000 for local causes.



Baimiao Experimental School

For six weeks, Beijing office employees volunteered with the Baimiao Experimental School, helping to support its curriculum by teaching English and computer courses to migrant students.



GeoStabilization International's Rockfall Remediation Technicians work to stabilize a section of cliff threatening a nearby walking path and commercial building in Niagara Falls, New York

invested in progress.

We believe that setting clear commitments helps drive progress and facilitate transparency, which is one reason why we regularly report our performance.

We use a broad set of key performance indicators (KPIs) to measure our efforts to integrate ESG considerations into our investment process. We are pleased to have reached and surpassed a number of our goals. Some goals have been challenging to achieve and still others call for an ongoing effort.

At the onset of our ESG reporting effort in 2010, we identified KPIs for measuring and reporting performance, choosing those that are most meaningful for our Firm. Thus, we focused on measuring the integration of ESG considerations throughout the investment process, which is largely qualitative. As a signatory to the Principles for Responsible Investment (PRI), we organized our communication on progress according to their principles.

An Evolving Approach

We work to ensure that our approach is both broad and nimble to best serve our portfolio companies and adapt over time. Given the fluidity of the holdings in our portfolios and the varying levels of our influence across asset classes, tracking our performance is an evolving task.

We seek continuous improvement in all that we do, and it is in this spirit that we have changed how we communicate our progress. This year, we are highlighting accomplishments for 2018 and sharing select objectives for 2019. We welcome feedback from our partners and stakeholders as we continue to refine our KPIs.

Key Performance Indicators

This table shows the various ways in which we made progress against our commitments in 2018 and outlines select 2019 objectives. For the full list of progress highlights since 2010, visit kkresg.com/kpi.

Our Commitment	2018 Progress Highlights	Select 2019 Objectives
IDENTIFY ESG RISKS AND OPPORTUNITIES PRE-INVESTMENT (PRI 1)		
Assess potential private equity investments as part of the Investment Committee process, which involves the ESG diligence group	<p>Reviewed more than 230 companies through 36 meetings of the ESG diligence group</p> <p>Convened the global ESG and compliance diligence groups to build connectivity and increased awareness of processes and global best practices</p> <p>Augmented our internal ESG diligence monitoring system to include more frequent and standardized follow-up</p> <p>Integrated the consideration of ESG, regulatory, and reputational issues into a technology platform that supports the investment process</p> <p>Developed a diligence process for the Firm's new KKR Global Impact strategy</p>	<p>Formalize the documentation of material ESG considerations into Investment Committee materials globally, where relevant</p> <p>Expand consideration of Sustainability Accounting Standards Board (SASB) issues to various business units during review of and reporting on new portfolio companies</p>
Provide guidance to KKR investment professionals for identifying and assessing opportunities	Created 37 industry-specific issue lists detailing ESG considerations likely to have financially material impacts according to SASB for the ESG diligence group to use with investment teams	Educate investment teams on how to utilize the industry-specific issue lists

Our Commitment

2018 Progress Highlights

Select 2019 Objectives

IDENTIFY ESG RISKS AND OPPORTUNITIES PRE-INVESTMENT (PRI 1) CONTINUED

Integrate ESG considerations when assessing potential investment targets for relevant non-private equity asset classes

Advanced the strategy for ESG integration across infrastructure, real estate, and special situations asset classes

Increase representation of non-private equity asset classes in the ESG diligence group

Publish responsible investment policies for three non-private equity asset classes

Develop more comprehensive responsible investment approach for our credit business

ACTIVELY MANAGE ESG ISSUES DURING COMPANY OWNERSHIP (PRI 2)

Partner closely with our private equity portfolio companies to ensure key ESG issues are being assessed and managed appropriately

Reviewed select private and public markets portfolio companies globally for material ESG issues or opportunities biannually

Created monthly assessment of key ESG and reputational risks of portfolio companies from multiple asset classes and shared with Firm leadership

Continued tracking of priority issues into the Portfolio Management Committee process

Conducted a cybersecurity assessment of a majority of private equity portfolio companies

Continue monthly assessments of key ESG and reputational risks of portfolio companies from multiple asset classes and share with Firm leadership

Partner with select portfolio companies to enhance ESG-related policies and practices, where needed

Integrate ESG considerations in management across relevant non-private equity asset classes

Conducted assessments of company-specific issues and ongoing monitoring for asset classes beyond private equity, where applicable

Included select portfolio companies into monthly assessment of key ESG and reputational risks

Include more key ESG and reputational issues from non-private equity portfolio companies into aforementioned monthly assessments

Support portfolio companies' efforts in topic areas that help drive value creation

Presented the KKR Eco-Innovation Award to one portfolio company for its innovative, environmentally beneficial project that created business value

Awarded Eco Grants to two portfolio companies to support early-stage projects that drive both environmental and business value

Utilized the expertise of a professional engineer to develop recommendations for energy and water efficiency projects at 11 of our private equity and real estate investments

Continued KKR and portfolio company engagement in the American Heart Association CEO Roundtable to share evidence-based approaches to workplace health

Hired more than 77,600 veterans and military spouses at 50 U.S.-based portfolio companies since 2011 through KKR Vets @ Work; co-hosted the 2018 Veterans Initiative Summit, which included sponsoring a Military Hiring Fair, in Washington, D.C.

Presented content during five events focused on portfolio company executives' development

Introduced 12 portfolio companies or potential investments to the Gephardt Group to support relationships between management and organized labor

Engaged seven portfolio companies in an inclusion and diversity assessment developed with BSR

Updated the Responsible Sourcing Initiative Resource Guide and Assessment in conjunction with BSR

Continue to work with, and update strategy for, portfolio company engagement and value creation to include new focus areas and ongoing collaboration with KKR Capstone⁴⁰

⁴⁰ KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information on the inside back cover for additional details.

Our Commitment	2018 Progress Highlights	Select 2019 Objectives
PROMOTE TRANSPARENCY AND STAKEHOLDER ENGAGEMENT (PRI 3)		
Encourage private equity portfolio companies' efforts to report their sustainability and ESG efforts to key stakeholders	<p>Gathered updates on portfolio companies' performance to include in annual reporting for select funds</p> <p>Provided sustainability reporting guidance to three portfolio companies</p> <p>Identified that more than 18 percent of our global private equity portfolio companies publicly report, or are beginning to publicly report,⁴¹ on sustainability-related issues, and nearly 50 percent communicate sustainability-related information publicly</p>	<p>Continue sharing sustainability reporting knowledge and resources with portfolio companies to encourage stakeholder communications</p> <p>Enhance fund-level reporting with select fundwide performance metrics</p>
PROMOTE RESPONSIBLE INVESTMENT (PRI 4)		
Work with individuals throughout the private equity value chain to share best practices	<p>Presented our responsible investment strategy to various stakeholders, including limited partners and other asset managers</p> <p>Integrated content into three regional investor meetings</p>	Continue to integrate responsible investment content into regional investor meetings
Promote the PRI and other guidelines for responsible investment through involvement in sector initiatives	Sponsored and/or delivered remarks at various forums, including the Private Equity International Responsible Investment Forum and the SASB Symposium	Continue participation in industrywide events that engage investors on ESG issues
COLLABORATE WITH PARTNERS (PRI 5)		
Work with others in the financial services industry to develop a common framework for ESG reporting	<p>Shared best practices and lessons learned with U.S.-based peers during quarterly private equity ESG-focused working group meetings</p> <p>Participated as a member of the PRI's Reporting and Assessment Advisory Committee</p> <p>Continued active participation by one KKR executive on the SASB Standards Board</p>	Continue to advocate for, and participate in, efforts to improve the thoughtful management and disclosure of ESG issues
REPORT ON OUR ESG ACTIVITIES (PRI 6)		
Integrate discussion of ESG issues into investment partner communications	<p>Published our eighth ESG and Citizenship Report</p> <p>Integrated ESG management into discussions at regional fund investor conferences and distributed periodic ESG-related updates, when appropriate</p>	Continue to facilitate conversations with limited partners about our approach to responsible investment
Foster dialogue about responsible investment policies and practices with investors and respond to related information requests	<p>Responded to 28 stand-alone ESG-related questionnaires from fund investors</p> <p>Shared responses to the PRI Limited Partners' Responsible Investment Due Diligence Questionnaire publicly for the second time</p>	Continue to provide information proactively and respond to investor inquiries
Provide data and KPIs that clearly link ESG goals to business performance	Developed a measurement and management system for our new KKR Global Impact strategy investments	Measure progress of our portfolio companies' engagement efforts
Obtain stakeholder feedback on our ESG reporting	Incorporated feedback from stakeholders during the development of this report	Continue to gather feedback on our reporting efforts and monitor best-in-class reporting trends

⁴¹ For purposes of this number, a company was considered publicly reporting if it independently disclosed performance metrics on its ESG or citizenship programs.

ABOUT THIS REPORT

Since the publication of our first ESG report, we remain committed to sharing our progress transparently and consistently. This 2018 ESG, Impact, and Citizenship Report provides an account of our activities during 2018 and is our ninth such document addressing our responsible investment approach and progress. For more detail and to view supplemental materials and past reports, visit kkresg.com. That microsite provides these documents in PDF format for download and in digital formats for viewing on desktop, tablet, and mobile devices.

Guiding Frameworks

We seek to align our reporting efforts with leading frameworks and methodologies. As a signatory to the Principles for Responsible Investment (PRI), we organize our key performance indicators (pp. 41-43) around the PRI's six principles. To foster dialogue about responsible investment policies and practices with our fund investors, KKR publicly shares our responses to the PRI Limited Partners' Responsible Investment Due Diligence Questionnaire, available at kkresg.com/ddq. When writing this report, we considered the Global Reporting Initiative standards for defining report content and quality.

Boundary

We evaluate ESG issues with respect to several asset classes; thus, this report describes the initiatives and the integration of ESG issues in the investment processes for both our private equity investment process and private equity portfolio companies as well as for select non-private equity asset classes such as energy real assets, infrastructure, real estate, and credit, unless otherwise noted. As used in this report, "portfolio company" refers to the companies held in our private equity funds, unless

otherwise noted. The data contained in this report are based on those assets/investments held in our portfolio during the 2018 calendar year along with select forward-looking initiatives for 2019. All information and data in this report are as of December 31, 2018, unless otherwise noted.

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. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. Inc. (NYSE: KKR), visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

Contact

We value feedback on our ESG-related efforts, impact investing business, and citizenship program. We welcome your questions and comments on both our report and our performance. Contact us via email at sustainability@kkr.com or by using the feedback form on our report microsite, available at kkresg.com/contact. Join the conversation on Twitter or LinkedIn by using #KKRESG, #KKRGlobalImpact, or #KKR40for40.

IMPORTANT INFORMATION

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Unless specified, any views, including any general discussions regarding the market or market conditions, reflected herein are those solely of KKR, dated as of December 31, 2018, and are subject to change without notice. Neither KKR nor any of its affiliates are under any obligation to update or keep current the information contained herein. Additionally, this report contains forward-looking statements. All statements other than statements of historical facts, including those regarding our expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions are forward-looking statements. Actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.

The reported impact of initiatives provided in this report is based on internal analysis of KKR and/or KKR Capstone and information provided by the applicable portfolio company. Impacts of such initiatives are estimates that have not been verified by a third party and are not necessarily reported according to established voluntary standards or protocols. KKR does not guarantee the accuracy, adequacy, or completeness of such information. They may also reflect the influence of external factors such as macroeconomic or industry trends. There is no guarantee that results shown will be replicated in the future and actual results may be better or worse in future years.

Past performance is not indicative of future results. Any information provided in this report about past investments is provided solely to illustrate the investment process and strategies previously used by KKR. No representation is being made that any investment or transaction will or is likely to achieve profits or losses similar to those achieved in the past or that significant losses will be avoided. Investment professionals and portfolio managers may use some or all of the techniques and/or processes described herein. The specific securities and portfolio companies identified and described in this report do not represent all of the securities or portfolio companies purchased, sold, or recommended by KKR. The reader should not assume that investments in the securities and portfolio companies identified and discussed were or will be profitable.

The companies included in the calculation on pages 19 and 21 represent KKR's solutions-focused businesses. The determination and assessment by KKR of which investments to include involves significant judgment and may differ from another party's review of KKR's investments. Another party's assessment may exclude certain companies or include comparable companies not represented.

Some of the information in this document has been prepared and compiled by the applicable portfolio company and has not been reviewed or independently verified by KKR and its affiliates. KKR and its affiliates do not accept any responsibility for its contents and do not guarantee the accuracy, adequacy, or completeness of such information provided by the applicable portfolio company. The information herein is not intended to address the circumstances of any particular individual or entity and is being shared with you solely for informational purposes.

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. 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.

References to "KKR Capstone" or "Capstone" are to all or any of KKR Capstone

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References to "Senior Advisors" and "Industry Advisors" are to individuals who are engaged, as consultants, to assist KKR with sourcing or developing investment ideas and a variety of other matters. These individuals are not employees of KKR. The portion of the compensation paid to Senior Advisors and Industry Advisors that is related to fund activities, such as sourcing investments or monitoring portfolio companies, may be borne by the relevant funds. References to "KKR Advisors" are to individuals who were formerly employees of KKR and are engaged as consultants for KKR. None of the compensation of KKR Advisors is borne by the funds.

References to "assets under management" or "AUM" represent the assets managed or advised by KKR from which KKR is entitled to receive a fee or carried interest (either currently or upon deployment of capital), general partner capital, and assets managed or advised by strategic BDC partnership and hedge fund managers in which KKR holds a minority ownership interest. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of KKR's investment funds; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which KKR is currently not earning management fees or carried interest; (iii) the fair value of investments in KKR's co-investment vehicles; (iv) the par value of outstanding CLOs (excluding CLOs wholly owned by KKR); (v) KKR's pro rata portion of the AUM of hedge fund managers in which KKR holds a minority ownership interest; (vi) all AUM of the strategic BDC partnership with FS Investments; and (vii) the fair value of other assets managed by KKR. The pro rata portion of the AUM of hedge fund managers is calculated based on KKR's percentage ownership interest in such entities multiplied by such entity's respective AUM. KKR's calculation of AUM may differ from the calculations of other asset managers, and, as a result, KKR's measurements of its AUM may not be comparable to similar measures presented by other asset managers. KKR's definition of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles, or accounts that it manages and is not calculated pursuant to any regulatory definitions.

References to Hedge Funds and Stakes "assets under management" or "AUM" represent assets attributable to KKR's pro rata portion of the assets under management or advisement by hedge fund managers in which KKR holds a minority interest. KKR is not responsible for the management of the assets of these managers. This calculation of AUM may differ from the calculations of these hedge fund managers or other asset managers and, as a result, KKR's measurements of AUM may not be comparable to similar measures presented by other asset managers. This definition of AUM is not calculated pursuant to definitions used for purposes of regulatory reporting.

References to types of fund investors on page 5 is based on the AUM of our Private Markets investment funds, Private Markets co-investment vehicles, and Public Markets separately managed accounts, and Public Markets investment funds. This chart excludes general partner commitments, assets managed through CLOs, and assets managed by other asset managers with which KKR has formed strategic partnerships where KKR does not hold more than a 50 percent ownership interest. Allocations are assigned to a type or geographic region according to subscriptions received from a limited partner.

Sourced information for the BlueSprig case study on page 17 is from Centers for Disease Control and Prevention: Data & Statistics on Autism Spectrum Disorder (2018).

let's invest together.

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