

Kayne Anderson Climate Change Policy: June 2023

Kayne Anderson believes that climate change presents unprecedented environmental, social, and financial challenges and opportunities that require us to think critically about how and where we invest. Addressing the challenges associated with climate change is part of a prudent risk management strategy and the complexity requires a multi-pronged approach in increasingly complex and dynamic financial markets.

Kayne Anderson has an established track record of integrating material ESG considerations into our investment process consistent with our “Assess-Monitor-Engage” philosophy. Climate-related issues are a core component of our approach, and we have extensive experience working with our portfolio companies on a variety of climate-related issues.

GOVERNANCE

Kayne Anderson’s Board of Directors, which, in part, is comprised of managing partners from each of the firm’s investment strategies, provides oversight of the firm’s Climate Change Policy. The firm’s Head of ESG Strategy, who works in close collaboration with respective ESG Working Groups embedded within each strategy, is responsible for the implementation of the Climate Change Policy. The ESG Working Groups focus on implementation and execution that is customized to the needs of each investment strategy.

INTEGRATION OF CLIMATE RISKS IN OUR INVESTMENT PROCESS

➤ ASSESS

Climate change considerations are relevant in different ways across asset classes. As part of the firm’s commitment to ESG integration, Kayne Anderson has implemented customized ESG due diligence assessments for our investment strategies that seek to identify material ESG issues, including climate-related risks and opportunities.

➤ MONITOR

Monitoring material ESG issues is a fundamental component of Kayne Anderson’s overall investment philosophy. We track climate related developments across investments and collect climate metrics to monitor performance, where data is available. Below are examples of climate metrics the firm is collecting across investment strategies:

- Energy Private Equity: greenhouse gas (GHG) emissions and methane intensities
- Real Estate: energy usage and GHG emissions
- Renewables: avoided GHG emissions

➤ ENGAGE

We are committed to engaging portfolio companies on material climate-related issues, particularly where we exercise control or have significant influence. We believe the firm’s ability to prudently manage risk and capitalize on potential opportunities requires us to educate and collaborate with our portfolio companies, supporting their climate-related initiatives and helping them evaluate how climate change can impact their businesses.

Kayne Anderson Climate Change Policy: June 2023

Driving Reductions in GHG Emissions

Given that today's global energy demands cannot be met through renewable energy sources alone, we believe the firm can achieve significant impact through partnerships with companies to reduce their GHG intensity, while still producing the necessary energy to meet today's needs. As such, Kayne Anderson's Energy Private Equity strategy has a robust multi-year emissions management program. The program is built on several core elements, including identifying and implementing operational improvements, setting reduction targets, and moving towards collecting actual emissions data in lieu of estimated emissions data.

COMMITMENT TO THE ENERGY TRANSITION

Recognizing that climate change presents unique challenges and opportunities across industries, Kayne Anderson is committed to playing a role in the energy transition.

➤ DEDICATED RENEWABLES STRATEGY

The global economy is undergoing an unprecedented energy transition and we are committed to investing in assets to facilitate the transition to a lower-carbon economy. The firm has been investing in renewable infrastructure companies since 2013 and our dedicated renewables strategy is focused on companies leading the global buildout of wind, solar, battery storage, electrical grids and other related infrastructure. The companies in which we invest are having a material, quantifiable impact on reducing global CO2 emissions.

➤ REAL ESTATE NET ZERO

Kayne Anderson's Multifamily strategy has adopted a goal to achieve net zero GHG emissions by 2040. This commitment is in line with the Paris Agreement's goal of limiting greenhouse gas emissions to curb global warming below 1.5°C. We have developed a roadmap to provide an implementation plan to achieve a net-zero carbon portfolio through emission reductions by setting decarbonization objectives and corresponding interim targets throughout the portfolio.

➤ OPERATIONAL FOOTPRINT

Kayne Anderson is committed to measuring its operational carbon footprint (scope 2 & 3 emissions) and as such, has commissioned a GHG emissions inventory for each calendar year since 2019. The firm mitigates its operational footprint through the purchase of high-quality carbon offsets and renewable energy credits.

➤ INDUSTRY COLLABORATION

Kayne Anderson believes industry collaboration and the sharing of ESG knowledge improves firm-level and industry-level impact. Kayne Anderson became a member of the North American chapter of the International Climate Initiative (ICI) in 2022. Kayne Anderson also supports enhanced disclosure of material climate-related risks by companies through standardized climate reporting frameworks. As part of the firm's support for greater climate disclosure, Kayne Anderson became a public supporter of the Task Force on Climate-related Financial Disclosure (TCFD) framework in 2022.

We are committed to periodically reviewing this Climate Change Policy to drive continuous improvement in Kayne Anderson's effort to address challenges and opportunities presented by climate change and associated with the energy transition.