



KAYNE ANDERSON

2023

RESPONSIBLE INVESTING REPORT

RESPONSIBLE INVESTING FOR
LONG-TERM PERFORMANCE



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INTRODUCTION

OUR CEO

A MESSAGE FROM OUR CEO



Albert Rabil III

CEO OF KAYNE ANDERSON AND
CO-FOUNDER & CEO OF KAYNE
ANDERSON REAL ESTATE

As we continue to navigate an increasingly complex global landscape, our commitment to responsible investing principles remains a cornerstone of our strategy. Our dedication to transparency, accountability, and the long-term value we create for our investors is reflected in Kayne Anderson's 2023 Responsible Investing Report. The report captures our firm's commitment to clearly communicating the tangible impact of our actions and provides insights that go beyond the numbers, offering a deeper understanding of our efforts and their outcomes.

We recognize the evolving demands of sustainable investment and the critical role that regulations, such as the Sustainable Finance Disclosure Regulation (SFDR), play in shaping the industry's approach. Our adherence goes beyond compliance; it embodies our commitment to transparency and accountability, reinforcing our proactive approach to responsible investment. In the evolving landscape of regulatory requirements, futureproofing assets requires proactive compliance. Anticipating state and local regulatory requirements for our real estate and energy private equity investments enhances assets' resilience.

The energy transition is generating compelling opportunities for sustained growth and long-term value creation for investors with established expertise in energy and energy infrastructure. Building on our strong track record, Kayne Anderson actively invests in both traditional and renewable energy sources. This two-pronged approach allows us to capitalize on opportunities arising from the energy transition while taking active ownership of, and responsibility for, emissions management.

YEAR IN REVIEW: MAJOR ESG INITIATIVES AND ACHIEVEMENTS

As we reflect on the year's achievements, we are proud to share the significant progress in our scores for both the PRI and GRESB assessments*. For the first time, our attainable multifamily housing strategy received a GRESB score, earning a 78 and achieving three stars for the 2023 submission. Kayne's core real estate strategy's GRESB score rose to 85 in 2023, up from 77 in 2022, achieving four-star status for the first time and ranking 2nd out of 16 in its peer benchmark. Our core real estate strategy was awarded full points for the social and governance sections and saw a significant increase in the score for the environmental section.

Our PRI scores for 2023 also made significant strides, with four stars awarded in six of the seven modules, each well above the PRI median. The most substantial improvements were in our real estate and private equity scores which rose by 20 points each. Our governance and strategy score also saw a 12-point increase, reflecting our ongoing commitment to strong, principled leadership.

We continue to uphold SFDR status in core real estate (Article 8), attainable multifamily housing (Article 9), and renewable infrastructure (Article 8). SFDR compliance has been integrated into these funds' investment strategies and reporting, so we can effectively disclose how we integrate sustainability risks into our investment decisions. Our adherence to SFDR regulations underscores the importance of comprehensive sustainability disclosures and the integration of these principles into our investment strategies and reporting.

Looking ahead, we continue to anticipate regulatory risks, particularly in the energy private equity and real estate sectors. By actively engaging with our portfolio companies, we position ourselves to stay ahead of the curve, add value, and successfully navigate any challenges that arise.

As we reflect on our achievements and the work that lies ahead, I want to express my deepest gratitude for your trust and partnership. Together, we are building a future that not only meets the demands of today but also paves the way for sustainable growth for the years to come.

*For more information about these awards, please refer to the Disclaimer page at the end of the report.



ABOUT KAYNE ANDERSON

Kayne Anderson (“Kayne” or the “Firm”), founded in 1984, is a leading alternative investment management firm focused on real estate, credit, energy and energy infrastructure. With a team defined by an entrepreneurial and resilient culture, Kayne Anderson’s investment philosophy is to pursue cash flow-oriented niche strategies where knowledge and sourcing advantages enable us to deliver above average, risk-adjusted investment returns. As responsible stewards of capital, Kayne Anderson’s philosophy extends to promoting responsible investment practices and sustainable business practices to create long-term value for our investors. As of 12/31/2023, Kayne manages \$34 billion in assets for institutional investors, family offices, high net worth and retail clients and employs 330 professionals.

BUSINESS ETHICS AND COMPLIANCE

Kayne Anderson is committed to maintaining the highest standards of ethical and professional conduct and compliance with all relevant laws and regulations. The compliance program, under the leadership of the chief compliance officer, embeds the Firm’s code of ethics into everyday operations. All employees are required to adhere to this code, certify compliance on a quarterly basis, and participate in mandatory annual training. The program addresses key areas including personal securities transactions, the handling of non-public information and prevention of insider trading, anti-bribery and corruption practices, regulation of political contributions, and conflicts of interest management. To ensure our compliance program is aligned with industry best practices, it is independently tested on an annual basis.

Further, this focus on ethics and best-in-class business practices extends to our portfolio companies where we have established an Operating Partner Code of Conduct for our real estate business and Environmental, Health, and Safety (EHS) policies for our energy private equity business to support responsible operations.

CYBERSECURITY

At Kayne Anderson, we employ a systematic approach to cybersecurity planning to manage cyber risks effectively in the face of evolving threats. Our strategy is underpinned by third-party assessments of our operations, our portfolio companies, and critical service providers, guiding our ongoing enhancements to cybersecurity measures.

The oversight of our cybersecurity strategy and planning falls under the Kayne Anderson Data Protection Task Force. This task force ensures our measures adhere to industry standards. By implementing top-tier protocols and maintaining stringent oversight of critical cybersecurity activities, our program strengthens our defenses and prepares us to respond promptly to emerging cyber threats.

GOVERNANCE AT KAYNE ANDERSON

The Kayne Anderson Board of Directors is responsible for overseeing corporate governance and meets regularly to review the Firm’s performance, culture, and strategic direction. Additionally, the Firm has established various governance bodies including valuation committees for individual products and an operating committee to inform strategic decisions.

BOARD OF DIRECTORS

ALBERT RABIL

CEO, Kayne Anderson
Co-Founder & CEO, Kayne Anderson Real Estate

PAUL BLANK

President & COO, Kayne Anderson

TERRENCE QUINN

Vice Chair, Kayne Anderson

RICHARD KAYNE

Founder & Co-Chair, Kayne Anderson

BOB SINNOTT

Co-Chair, Kayne Anderson

JIM BAKER

Managing Partner & Co-Head, Kayne Energy Infrastructure

DANNY WEINGEIST

Managing Partner & Co-Head, Kayne Energy Private Equity

MATT BARBABELLA

General Counsel, Kayne Anderson

DAVID SELZNICK

CIO, Kayne Anderson Real Estate

DOUGLAS GOODWILLIE

Managing Partner & Co-Head, Kayne Anderson Private Credit



INCLUSION

Our commitment to fostering an inclusive work culture is rooted in the belief that diversity enhances our perspectives and thereby contributes to the Firm's success. An outcome-focused approach is the foundation to ensure that DE&I initiatives are beneficial for our employees, clients, and stakeholders while enhancing our business outcomes.

This work is managed by the Kayne Anderson Diversity, Equity, and Inclusion (DE&I) Council, composed of key leadership including the head of diversity, equity & inclusion and head of human resources. The council's mandate is to spearhead these initiatives, focusing on promoting inclusive recruitment strategies and fostering community partnerships. They collaborate closely with recruiters to maintain a diverse candidate pool and an equitable hiring process, recognize and celebrate cultural events and holidays, and develop meaningful community partnerships and volunteer opportunities.

INTERNAL EDUCATION

Beginning in October 2020, Kayne Anderson has partnered with Paradigm to provide an on-demand training platform. As part of our commitment to enhancing inclusivity through education, this initiative enables employees to engage with training materials that promote awareness of inclusive practices. By offering accessible educational opportunities across the firm, irrespective of geographical location or time constraints, Kayne Anderson aims to deepen our workforce's understanding of inclusive practices.

2023 ACHIEVEMENTS IN INCLUSION

Our efforts over the past three years to build a more inclusive recruiting process and embed greater awareness of equitability and objectivity into the hiring and promotion process has advanced our workplace towards balanced representation. Our achievements include:

NEW HIRES

13% » **49%**
increase over 2022 of women hired of new hires were women

62% » **4%**
of new hires were individuals from underrepresented groups increase from 2020

ORGANIZATIONAL REPRESENTATION

34% » **53%**
of total personnel are women combined representation of women and underrepresented groups

LEADERSHIP DIVERSITY

20%
of senior management roles are held by women and underrepresented groups



SUPPORTING FAMILIES AND WORKING PARENTS

Kayne Anderson is dedicated to supporting working parents by offering parental leave programs and flexible work arrangements.

BENEFITS	DETAILS
Paid parental leave	<ul style="list-style-type: none"> • Primary caregivers: 10 weeks of 100% paid leave • Secondary caregivers: 2 weeks of 100% paid leave
Family forming	<p>\$10,000 allowance for employees with over two years of tenure towards a range of family-forming options like surrogacy, adoption, IVF, and embryo freezing. This program includes access to a dedicated family-forming consultant.</p>
Workplace flexibility	<ul style="list-style-type: none"> • Hybrid work model provides flexibility in worklocations and schedules. • Certain offices offer a fully remote option for the month of July annually.

PARTNERSHIPS

In partnership with Him for Her, a social impact venture, Kayne Anderson actively seeks to enhance board diversity across our portfolio companies by identifying and promoting diverse candidates for open board positions.

In 2023, Kayne Anderson Real Estate partnered with Project Destined for the third year in a row to provide 30 underrepresented students with the opportunity to learn about the alternative sectors where we invest.

ENHANCING KAYNE ANDERSON'S RECRUITMENT PROCESS

Since hiring a talent acquisition specialist with a focus on inclusion in 2022, the Firm has strengthened its collaboration with recruiters skilled in diversity hiring, ensuring a robust candidate pool for all positions. Looking forward, Kayne is committed to ongoing evaluation and adaptation of our strategies to foster an inclusive environment that upholds our values and meets our business goals.

KAYNE ANDERSON FOUNDATION

In 2023, through our foundation's matching donation program, Kayne Anderson and its employees collectively supported 258 nonprofit organizations through an extensive matching donation program. Employees volunteered a total of 500 hours throughout the year through the Firm's paid Volunteer Time-Off (VTO) Policy that provides employees with paid leave to volunteer with eligible 501(c)(3) organizations. This policy allows employees to actively engage in community service during regular business hours, emphasizing the Firm's commitment to supporting charitable activities.

Organizations supported in 2023 include, but are not limited to:

LOCATION	DETAILS
Los Angeles	<p>Cherished Hands</p> <ul style="list-style-type: none"> • Dedicated to the development and enrichment of foster children.
Boca	<p>The EJS Project</p> <ul style="list-style-type: none"> • Creates a safe space for Palm Beach teens, empowering future leaders and promoting positive youth development.
Houston	<p>Kids Meal</p> <ul style="list-style-type: none"> • Provides free healthy meals to Houston's pre-school aged children in their homes.
Chicago	<p>VOCEL (Viewing Our Children as Emerging Leaders)</p> <ul style="list-style-type: none"> • Supports children with the foundation to learn, grow, and lead in a safe environment.



KAYNE ANDERSON'S CONTINUED MOMENTUM: RESPONSIBLE INVESTING TIMELINE

Integrating ESG factors into investment practices is an ongoing process. The initial phase consists of developing a governance structure, establishing core external commitments and developing strategies for implementation. The majority of the commitments and initiatives listed under previous years are ongoing and continued into 2023.

15

First Firmwide ESG policy

2015

16

Energy private equity strategy adopted an ESG policy addendum

2016

17

Launched renewable infrastructure strategy

2017

18

Held first ESG symposium for energy private equity portfolio companies

2018

19

Became UN PRI signatory

Kayne Anderson's core real estate strategy began participating in GRESB

Growth equity strategy adopted ESG policy addendum

2019

20

Published the first ESG reports for Kayne Anderson Real Estate and the private energy income strategy

Private credit strategy adopted an ESG policy addendum

Adopted real estate business partner code of conduct

2020

21

Adopted climate change policy

Released inaugural report on responsible investing

Became a signatory of the Institutional Limited Partners Associate (ILPA) Diversity in Action initiative

Began measuring firm-level carbon footprint

Conducted TCFD (Task Force on Climate-Related Financial Disclosures) gap analysis across investment strategies

2021

22

Launched multifamily housing strategy, focused on attainable housing

Joined the Global Impact Investing Network (GIIN)

Became a member of the Initiative Climate International (iCI), a network of general partners collaborating on climate risks and best practices

Became a public supporter of TCFD

Renewable infrastructure strategy published first sustainability and ESG report

Launch of Women's Technology Circle initiative

2022

23

Joined GRESB's steering committee for the relaunch of its debt assessment process

Launched a robust climate risk dashboard for utilization across real estate portfolio

2023



RESPONSIBLE INVESTING AND CLIMATE POLICIES

KAYNE ANDERSON'S ESG POLICY

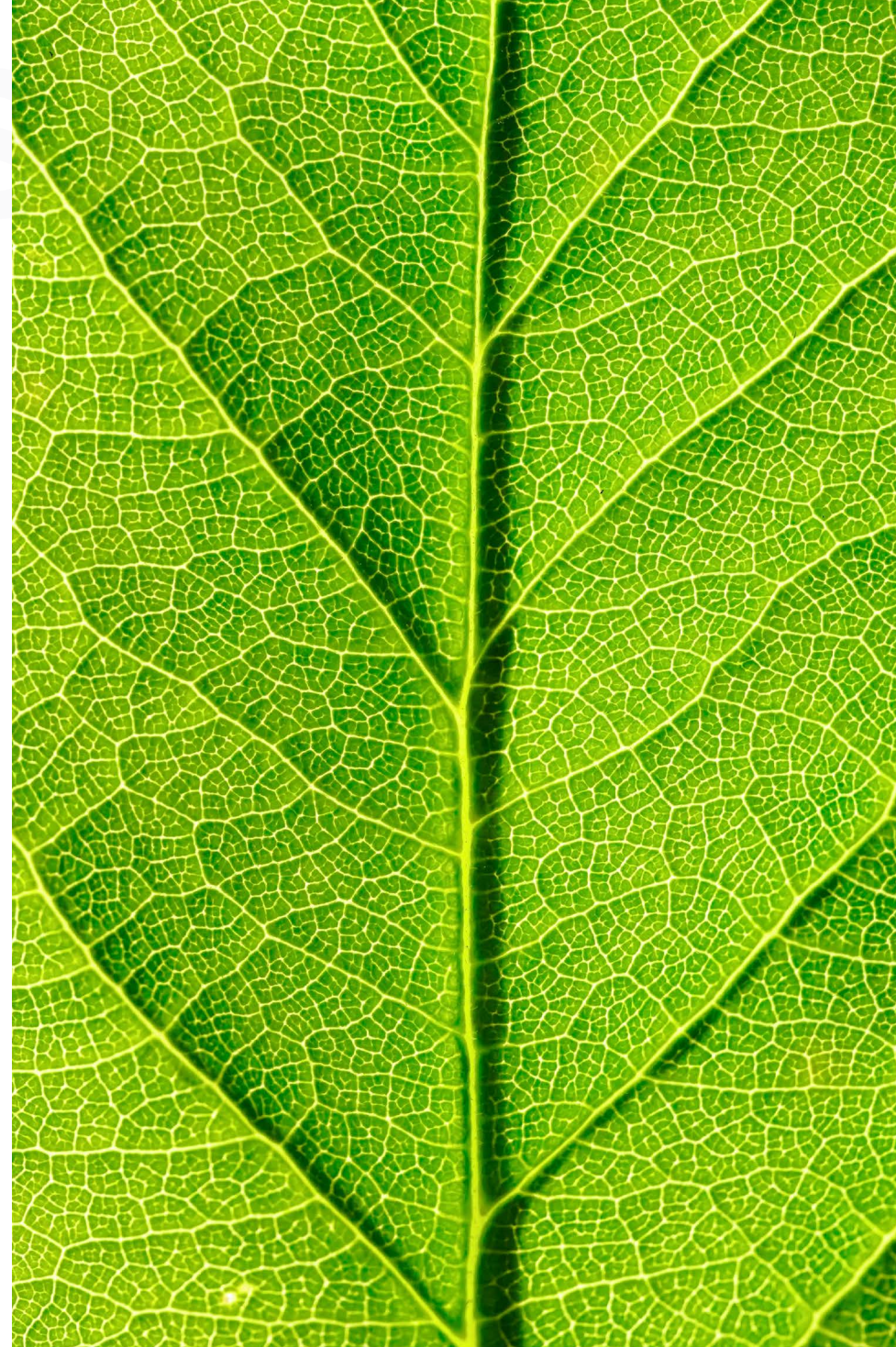
At Kayne Anderson, we view responsible investment practices as pivotal to conducting good business. Our Environmental, Social, and Governance (ESG) policy ensures the systematic consideration of ESG factors in our investment process throughout our investment portfolios. In our daily operations, the policy provides an “assess-monitor-engage” framework for how the firm identifies and manages ESG material risks and opportunities in our investment process.

HOW WE DEFINE RESPONSIBLE INVESTING

Responsible investing is rooted in a comprehensive approach to financial materiality that identifies, and accounts for, how ESG factors affect the company, asset, and portfolio performance. In practice, we embed this evaluation of environmental, social, and governance-related risks and opportunities into our investment processes.

CLIMATE CHANGE POLICY

Kayne Anderson acknowledges the significant global impacts of climate change. Our climate change policy outlines the processes used to manage potential climate consequences for our investment strategies, effectively including our approach to integrating climate risks into investment analysis, monitoring and engaging on climate-related risks and opportunities. The policy also defines our internal governance of these efforts.



CLIMATE STRATEGY

Navigating the dual challenge of increasing energy reliability and affordability while significantly curbing greenhouse gas emissions defines the complex interplay between ongoing energy needs and environmental stewardship. The energy transition, a pivotal shift from traditional to sustainable sources, will be a long process, expected to unfold over several decades. Consequently, this transition period necessitates a strategic reliance on conventional energy sources to ensure a stable and continuous energy supply while newer, sustainable alternatives are scaled up.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
<p>At Kayne, accountability and oversight is central to our operating philosophy. The Firm's climate approach, which is a core component of the overall ESG strategy, has an established governance structure.</p> <hr/> <p>Staff leading and overseeing the management of climate-related risks and opportunities</p> <ul style="list-style-type: none"> Oversight by the chief compliance officer Dedicated ESG committees across each core investment strategy 	<p>Kayne Anderson is committed to growing investment opportunities that facilitate the transition to a low-carbon economy.</p> <hr/> <p>Investment opportunities identified in our focus industries</p> <ul style="list-style-type: none"> Sustainability-focused products that include climate change as a key consideration (i.e., attainable multifamily housing strategy, renewable infrastructure strategy) Renewable infrastructure strategy launched in 2017 (dedicated index and actively managed funds) <p>Scenario Analysis</p> <ul style="list-style-type: none"> Multifamily housing strategy: conduct scenario analysis through Carbon Risk Real Estate Monitor Project (CRREM) modeling 	<p>Kayne integrates climate-related impact analysis into existing investments and new opportunities.</p> <hr/> <p>ENERGY PRIVATE EQUITY</p> <ul style="list-style-type: none"> Multi-year emissions management strategy, aims to reduce the regulatory risk facing portfolio companies <p>ENERGY INFRASTRUCTURE</p> <ul style="list-style-type: none"> Dedicated climate factor within strategy's ESG scorecard for investments Dialogue with companies on key environmental risks, including climate change. (2023: 11 engagements on climate-related topics) <p>PRIVATE CREDIT</p> <ul style="list-style-type: none"> Leverage Sustainability Accounting Standards Board's (SASB) industry materiality maps during diligence to identify climate risks <p>REAL ESTATE</p> <ul style="list-style-type: none"> Assess physical and transition climate risks, as well as resiliency measures during diligence for all equity deals Identify opportunities for energy efficiency opportunities and certifications across our real estate strategy (e.g., ENERGY STAR, IREM, CSP) <p>Decarbonization efforts across the Firm and investment strategies:</p> <p>FIRM-LEVEL To attain carbon neutrality against our measured footprint, Kayne purchased Renewable Energy Credits (RECs) and high-quality carbon offsets generated by solar projects.</p> <p>ENERGY PRIVATE EQUITY Emissions management program</p> <p>REAL ESTATE Portfolio-wide energy and water efficiency measures: HVAC replacements and controls upgrades, LED lights, smart thermostats, roofing upgrades, plumbing fixture upgrades, and ENERGY STAR® appliances</p>	<p>Data collection and climate targets, where appropriate, are important components of the Firm's approach to understanding climate progress and driving decarbonization efforts.</p> <hr/> <p>OPERATIONAL FOOTPRINT</p> <ul style="list-style-type: none"> Commissioned firm-level GHG emission inventories for our 2023 Scope 2 and 3 emissions and offset our carbon footprint for that year. <p>STRATEGY-LEVEL METRICS</p> <ul style="list-style-type: none"> Energy private equity strategy <ul style="list-style-type: none"> Methane intensity GHG intensity Real estate strategy <ul style="list-style-type: none"> Energy efficiency measures Energy usage GHG emissions Renewables <ul style="list-style-type: none"> Calculate potentially avoided emissions Measure installed renewable energy capacity Energy Infrastructure <ul style="list-style-type: none"> Number of engagements (e.g., climate-related) <p>TARGETS</p> <ul style="list-style-type: none"> Energy private equity strategy: emissions management program

MANAGING TRANSITION RISK

Anticipating regulatory risks is a key component of our responsible investing strategy. A proactive approach to potential regulatory and policy developments can minimize or altogether avoid the incurrence of penalties while offering a competitive edge by allowing businesses to adapt early to evolving regulatory landscapes and public expectations.

See *Future proofing: Evaluating a portfolio's preparedness for the Inflation Reduction Act and Real Estate – Progress in 2023* for more information on how preemptive initiatives in our Energy Private Equity and Real Estate investment strategies mitigate potential regulatory impacts facing portfolio companies and investments and capitalize on the opportunities presented by the transition to a low-carbon economy, while also aligning with global efforts to address climate risks.



INITIATIVES AND ASSOCIATIONS

ENHANCING RESPONSIBLE INVESTING PRACTICES THROUGH INDUSTRY INITIATIVES AND ASSOCIATIONS

As part of Kayne Anderson's commitment to transparency and excellence in ESG integration, we actively engage in key industry organizations.



As part of our commitment to ESG integration, Kayne Anderson became a signatory to the UN Principles for Responsible Investment (PRI) in 2019.



Kayne Anderson Real Estate has been a participating member of the Global Real Estate Sustainability Benchmark, the global ESG benchmark for real estate investments, since 2019.



In 2021, Kayne Anderson signed on to the ILPA Diversity in Action initiative.



In 2019, Kayne Anderson Real Estate became a founding governor of the Pension Real Estate Association Foundation.



In 2022, Kayne Anderson Real Estate became a member of the Urban Land Institute (ULI) Greenprint Center for Building Performance.



Joined the Global Impact Investing Network.



Became a member of iCI, a network of GPs collaborating on climate risks and best practices, in 2022.



Became a public supporter of the Task Force on Climate-Related Financial Disclosures ESG-Focused Initiatives in 2022.

IMPROVEMENT IN PRI AND GRESB SCORES

In 2023, Kayne Anderson achieved significant improvements in its PRI and GRESB scores*.

- **PRI:** Kayne earned four out of five stars in six of the seven assessed modules, with scores notably surpassing the PRI median. The scores for our private equity sectors increased by 20 points each. Kayne's governance and strategy score saw a rise of 12 points. This progress reflects the dedicated efforts of our investment teams over the past two years to increasingly integrate ESG considerations into our investment processes.

- **GRESB:**

- Our core real estate strategy achieved a GRESB four-star rating for the first time, with its score increasing to 85, up from 77 in the previous year. The fund achieved maximum points in both the social and governance sections, while the environmental section saw the most significant increase. Furthermore, the fund was ranked second out of 16 in its peer benchmark of diversified office/residential non-listed funds.
- The multifamily housing strategy reported to GRESB for the first time in 2023 and achieved a score of 78 and a three-star rating, compared to the average first-year fund score of 59 in the Americas in 2023. The strategy also achieved maximum points in the management section.

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UN SUSTAINABLE DEVELOPMENT GOALS

SUPPORTING FAMILIES AND WORKING PARENTS

At Kayne, we are committed to contributing to the 17 Sustainable Development Goals (“SDGs”) adopted by the UN General Assembly as part of its 2030 Agenda for Sustainable Development. Our efforts in 2023 aligned with the following SDGs:





PROGRESS IN 2023

PROACTIVE

PROACTIVE MANAGEMENT OF LONG-TERM ESG RISKS

IN TARGET SECTORS

We implement sector-tailored multi-year initiatives as part of our responsible investing practices to allow for sustained development and implementation of comprehensive plans that address and can adapt to long-term changes in the market and regulatory environments.

In 2023 our energy private equity strategies' methane emissions management program and cybersecurity initiative evolved to apply a broader and more strategic lens to two critical operating risks in the sector.

PERFORMANCE AGAINST 2023 GOALS

2023 GOAL	PROGRESS (OUTLINE)
1. Climate: enhance risk management and transparency by aligning with the TCFD.	<ul style="list-style-type: none">Continued methane reduction across the energy private equity portfolio in 2023 (production companies reduced GHG emissions by 50% since 2019)Piloted decarbonization projects (real estate)
2. Data collection: continue to leverage data collection efforts to drive improved ESG performance.	<ul style="list-style-type: none">Expanded the scope of data collection via the growth capital platformEnergy private equity improved GHG emissions data collectionImproved data coverage for two real estate funds and improved both core and multifamily data collection for 2023 (CY 2022) GRESB submissions (real estate)
3. ESG processes: review and strengthen existing ESG processes.	<ul style="list-style-type: none">Developed climate risk dashboard for asset-level evaluations (real estate)Continued to use data to drive operational improvements and reduce operating expenses (real estate)





**RESPONSIBLE INVESTING
AT KAYNE ANDERSON**



GOALS FOR 2024



01

TECHNOLOGY

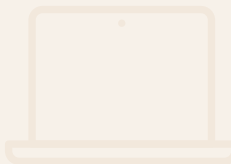
Advance ESG integration capabilities through purpose-built platforms and systems



02

DATA

Refine ESG metrics through improved access to data



03

STEWARDSHIP

Increase our collaborative dialogues with portfolio companies to identify value-creation opportunities linked to ESG performance



OUR APPROACH

KAYNE ANDERSON'S RESPONSIBLE INVESTING TOOLS AND METHODS

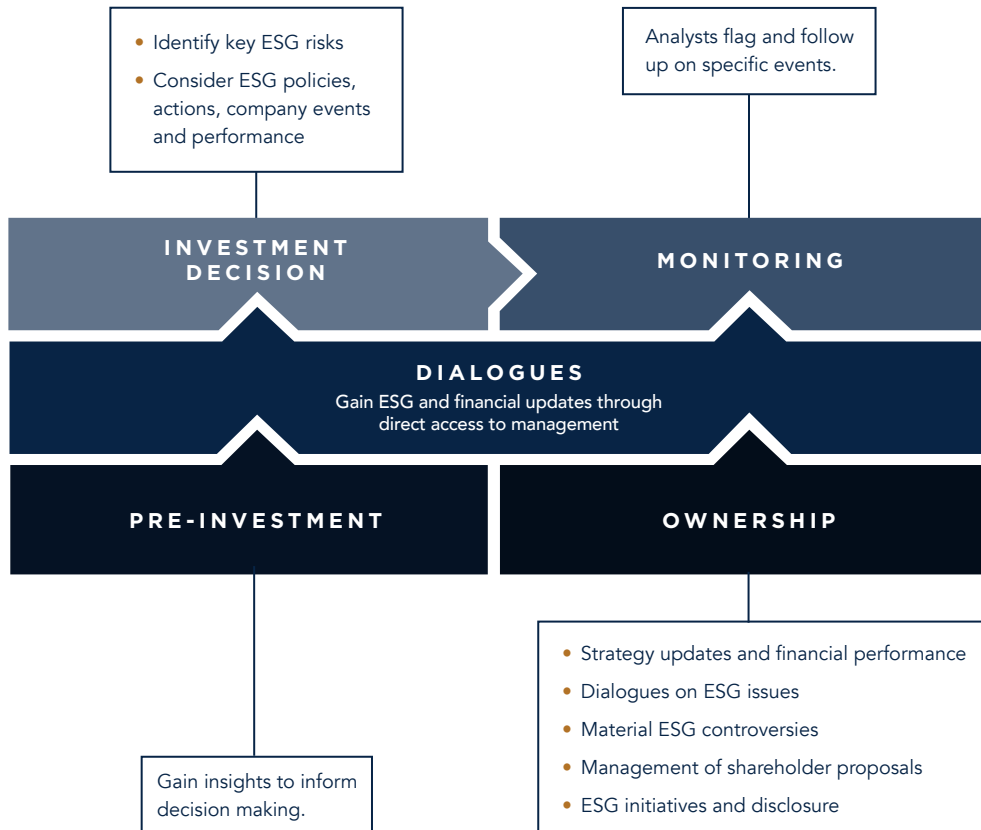
Responsible investing recognizes the need for ESG integration to be customized to investment philosophies and strategies for effective risk mitigation and value creation. Accordingly, we implement ESG practices best suited to the level of influence, asset class, sector, and type of holding of each investment strategy.

ASSESS	MONITOR	ENGAGE
<p>DUE DILIGENCE QUESTIONNAIRES Use proprietary frameworks for ESG risk assessment of prospective investments.</p> <p>EXCLUSIONS Private credit and growth capital have restrictions prohibiting investments in high-risk industries (e.g., controversial weapons, firearms, etc.).</p> <p>INVESTMENT COMMITTEE MEMOS Any identified material ESG risks in the due diligence phase are presented in the investment committee memo for consideration.</p>	<p>TRACKING ESG EVENTS A wide range of information and data sources are utilized to monitor corporate ESG events (e.g., incidents) and developments across portfolios.</p>	<p>DIALOGUES ACROSS INVESTMENT LIFECYCLE Direct engagement to encourage improved management of material ESG risks.</p> <p>PROXY VOTING Vote our proxies to protect and promote the economic value of our clients' investments.</p> <p>RESOURCE DEVELOPMENT AND EDUCATION Increase awareness of ESG risks and management through ideas exchange and engagement with industry experts.</p>
<p>ESG SCORECARDS Provide insights into portfolio company sustainability commitments, strategy, and performance.</p>		
<p>DATA COLLECTION OF ESG METRICS Quantitative metrics: track ESG metrics to help benchmark, establish baselines, and measure progress.</p>		



ENERGY INFRASTRUCTURE

I. MIDSTREAM



PROGRESS IN 2023

Stewardship

Continued driving environmental risk management through engagement: ESG dialogues with issuers on key environmental risks for the sector, including methane emission strategy and carbon emissions targets.

96 ESG DIALOGUES WITH PORTFOLIO COMPANIES IN 2023*:

E: 24
S: 12
G: 87

** Corporate dialogues with portfolio companies often cover multiple ES&G issues.*

MINI CASE STUDY

ALIGNING INCENTIVE COMPENSATION WITH SHAREHOLDER VALUES

Through dialogues, Kayne Anderson has influenced and prompted corporate governance changes within our portfolio companies. In 2023, discussions were initiated with a leading midstream company regarding its incentive compensation metrics, specifically the use of adjusted EBITDA and volume growth as components that could potentially encourage dilutive growth. The company responded by integrating DCF per share as a significant component of its incentive calculations, moving away from adjusted EBITDA after feedback from Kayne Anderson.

In the fall of 2023, Kayne Anderson re-engaged the portfolio company as part of our annual shareholder engagement program. Kayne reiterated that volume growth as a driver of short-term incentive compensation was a poor metric from a shareholder's perspective.

By 2024 our dialogue led the company to eliminate the volume growth metric. A new metric—the percentage of gathering and processing volumes with fees or fee-based floors—was introduced. This shift provides investors with incremental visibility into the company's exposure to commodity prices. Kayne Anderson's strategic and sustained engagement shaped corporate practices by increasing alignment with shareholder values.



II. RENEWABLES

Kayne's renewable infrastructure strategy invests in global renewable infrastructure companies that are at the forefront of developing the foundation necessary to scale the spectrum of renewable assets such as wind, solar, hydro, and geothermal. Our portfolio is instrumental for meeting the unprecedented demand created by 100% renewable energy commitments for data centers by major technology companies, including Amazon, Google, and Microsoft.

ECONOMIC SECTORS

The strategy investments are primarily made in the following subsectors: green utilities (34%), renewable power companies (33%), renewable energy developers (13%), and wind & solar (12%)*

Kayne invests in both pure-play companies—those whose business activities are predominately derived from renewable energy infrastructure and related infrastructure (e.g. grids)—and transition companies. The latter represent a major source of impact through the phasing out of high carbon intensity power generation as they shift to a more sustainable mix of lower carbon and renewable energy sources.

We prefer companies that have articulated clear business strategies that commits to a decarbonized energy mix and promotes renewables development and an explicit commitment to phase out existing coal assets and not pursue any further coal developments.

*Exposure as % of net assets. As of 12/31/2023.



ENERGY PRIVATE EQUITY

KAYNE ENERGY PRIVATE EQUITY

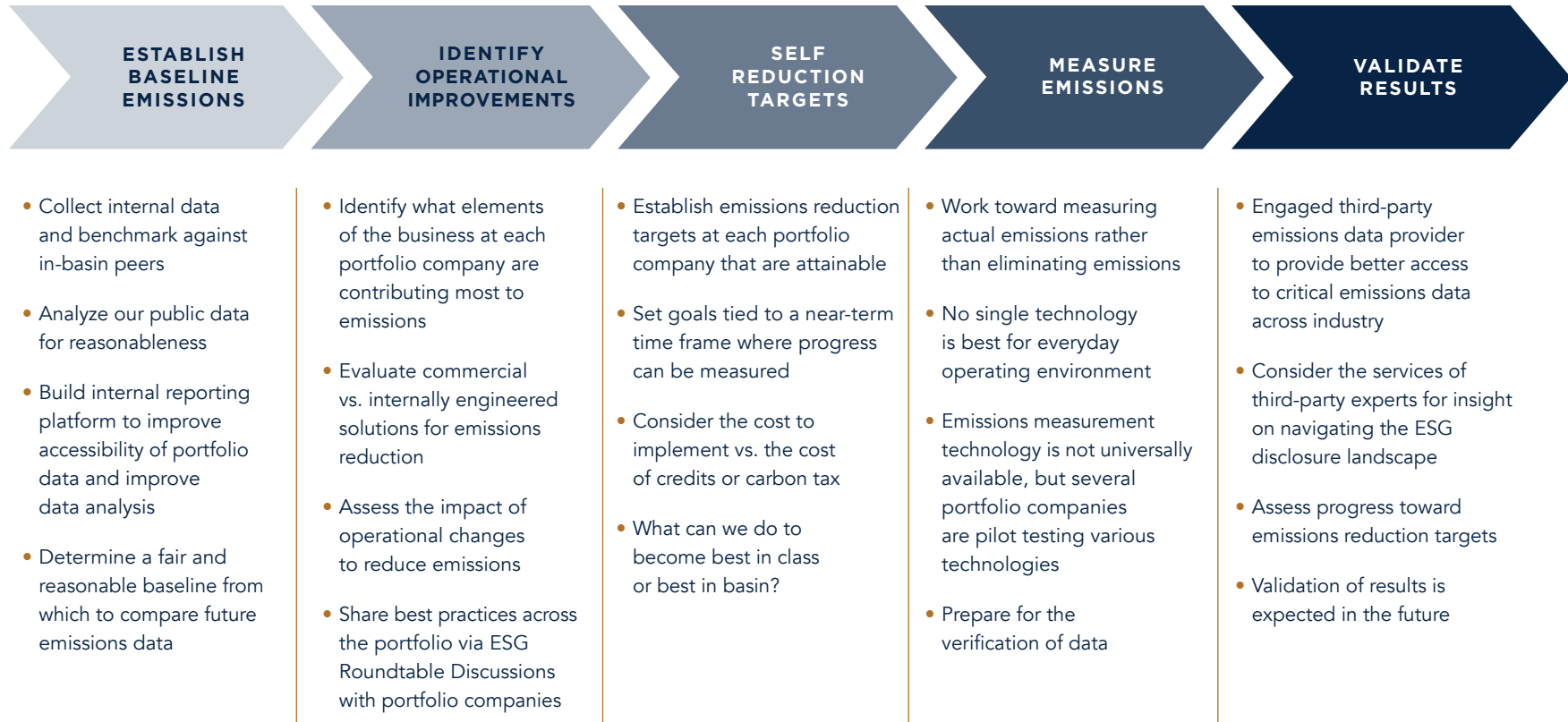
	ASSESSMENT Assessing ESG risk management capacity	MONITORING Leveraging majority ownership during monitoring	ENGAGEMENT	ACCOUNTABILITY
Due Diligence and Investment Decision	<ul style="list-style-type: none"> ESG due diligence questionnaire identifies material ESG risks and a company's ESG risk management resources and capability. Analysis weighs ability to manage risks against risk exposure. Topics include natural resources, energy usage, health and safety, social license to operate, cyber, human capital management, board structure. 	Investment teams: Ongoing monitoring of material ESG developments across holdings		Investment Committee: Required to consider, evaluate, and document ESG risk factors. Material ESG risks identified in due diligence phase are presented to the investment committee.
Post-investment			Data collection: Develop, collect, and report ongoing relevant ESG metrics and related performance.	Thematic engagement across the portfolio (e.g., methane, cyber). See emissions management program: Future proofing: Evaluating a portfolio's preparedness for Inflation Reduction Annual ESG summit for portfolio companies: Discuss and encourage best practices across the portfolio



ENERGY PRIVAT

PROGRESS IN 2023

EMISSIONS MEASUREMENT



Kayne Energy has increased its focus on emissions management in recent years and has established a framework to drive emissions reduction across the portfolio.

FUTURE PROOFING: EVALUATING A PORTFOLIO'S PREPAREDNESS FOR THE INFLATION REDUCTION ACT

Building on foundational efforts from previous years, in 2023 Kayne's emission management program focused on gaining a realistic perspective on regulatory exposure since 2024 marks the first year methane emissions will be assessed under the Inflation Reduction Act's Methane Emissions Charge.

Over the past four years, Kayne's emission management program for energy private equity strategies has guided portfolio companies to significantly reduce methane emissions. This effort effectively preempted regulatory changes, providing companies with a competitive advantage by positioning them to swiftly adapt to changes in public policy trends, thereby minimizing potential future methane tax liabilities under the Inflation Reduction Act.

In 2023, Kayne's engagement focused primarily on assessing regulatory exposure on sustainability topics including the methane tax under the Inflation Reduction Act. To gain an understanding of the portfolio's potential exposures, companies' emissions data was benchmarked against historical estimates and against peers across their respective basins.

The results of the benchmarking reinforced Kayne's initial assessment that enabling and educating portfolio companies to identify methane reduction opportunities ahead of regulation would mitigate GHG emissions and deliver a financial benefit. All of our portfolio companies are positioned in the lowest quartile for emissions intensity in each of their respective basins. Methane emissions were reduced by 50% across the portfolio and the average GHG intensity for production companies is significantly below peers operating in the same basins. The evaluation process was supported by our recently developed emissions management platform, which allows for the precise benchmarking of emissions data provided by portfolio companies, offering a clearer view of our standing relative to industry peers.

The emissions management initiative is an ongoing process, designed to continuously evolve and adapt to emerging environmental standards and regulation. Kayne Anderson engagement will continue to aid and educate portfolio companies in adapting their operational strategies to address impactful ESG factors.



CASE STUDY

Terra's emissions management program has successfully reduced its emissions by approximately 70% over the past few years, significantly mitigating its regulatory risk. Looking ahead, Terra is committed to further reducing methane emissions intensity to below 0.10% by the end of 2024. The projects currently identified are expected to decrease methane emissions by an additional 67% from 2021 levels, underscoring Terra's proactive approach in addressing environmental impacts.

With an eye toward continuous improvements, Terra leverages recent enhancements in emissions monitoring techniques to increase the precision of the company's emissions tracking. Through the adoption of advanced technologies, such as satellite monitoring and aerial surveillance, Terra ensures that emissions data is current and accurate, thereby minimizing the risk of undetected leaks. For instance, in July 2022 aerial surveillance identified two minor leaks that might have been overlooked previously.

Additionally, the installation of stationary methane monitors on four pads, a water pit, and tank facilities in 2022 revealed methane levels slightly above the baseline, prompting further analysis and adjustments. Terra has responded by adding staff and enhancing its Leak Detection and Repair (LDAR) procedures.

Terra has also initiated a program to collect data from newly installed instrument air pads which allows natural gas to be replaced with air and eliminate methane emissions from pneumatic controllers. Initial findings from the data indicate that the volume of methane emitted from pneumatics controllers is significantly lower than the estimated volume derived from EPA emissions factors.

As the regulatory landscape evolves, particularly with the introduction of the methane tax, Kayne guides portfolio companies in adapting their operational strategies. This includes implementing preemptive measures to mitigate penalties and ensuring compliance with new provisions targeting high emitters, as stipulated by the Inflation Reduction Act.





ESG RISK ANALYSIS OF PORTFOLIO COMPANIES

Last year, five of the largest investments in energy private equity were benchmarked against established sustainability and public policy concerns as well as evolving topics. The goal of these assessments was to provide a clear understanding of each company's ESG performance and pinpoint areas needing improvement.

Reflecting the effectiveness of Kayne's engagements over the past five-to-six years, the findings indicated that most of the companies were performing well in ESG practices.

The evaluations not only compared emissions and safety but also provided a comprehensive look at how these companies align with broader industry practices and standards. One area identified for future enhancements was water scarcity management, underscoring the need for tailored and evolving ESG strategies. Overall, the assessments provided data-driven baselines, identified reporting and data collection limitations, and looked ahead to potential near-term priorities.

CYBERSECURITY

CYBERSECURITY SPOTLIGHT

Over the past two years, to enhance cybersecurity management at portfolio companies, we expanded our efforts beyond traditional IT to include operational controls. As part of our holistic approach to protecting digital assets across the portfolio, we include a comprehensive assessment of operational technology as part of our cybersecurity evaluations.

By the end of 2023, Kayne Anderson had completed initial cybersecurity assessments that identified operational vulnerabilities for portfolio companies. Following the assessments, portfolio companies actively addressed identified cybersecurity gaps, making significant progress in mitigating risks based on the findings. There is an ongoing effort to update these assessments as technological and risk management landscapes evolve.



CREDIT

Kayne's integrated credit platform invests in "all-weather" asset classes. Kayne manages over \$10 billion in credit across middle market direct lending, liquid (infrastructure) credit, and specialized real estate debt.

In our middle market credit strategies, we target senior loans in traditional middle market companies across a wide array of industries. Over the past three decades and through a variety of cycles, the team has executed more than \$13 billion of directly originated loans. The liquid credit strategy focuses on infrastructure debt issuers that pay above market yields and exhibit an extremely low incidence of credit loss.

APPROACH

To identify ESG risks in middle market and liquid credit investments, we apply our own ESG due diligence questionnaire and proprietary ratings framework. The middle market investment committee considers and evaluates ESG risk factors as part of the investment decision-making process.

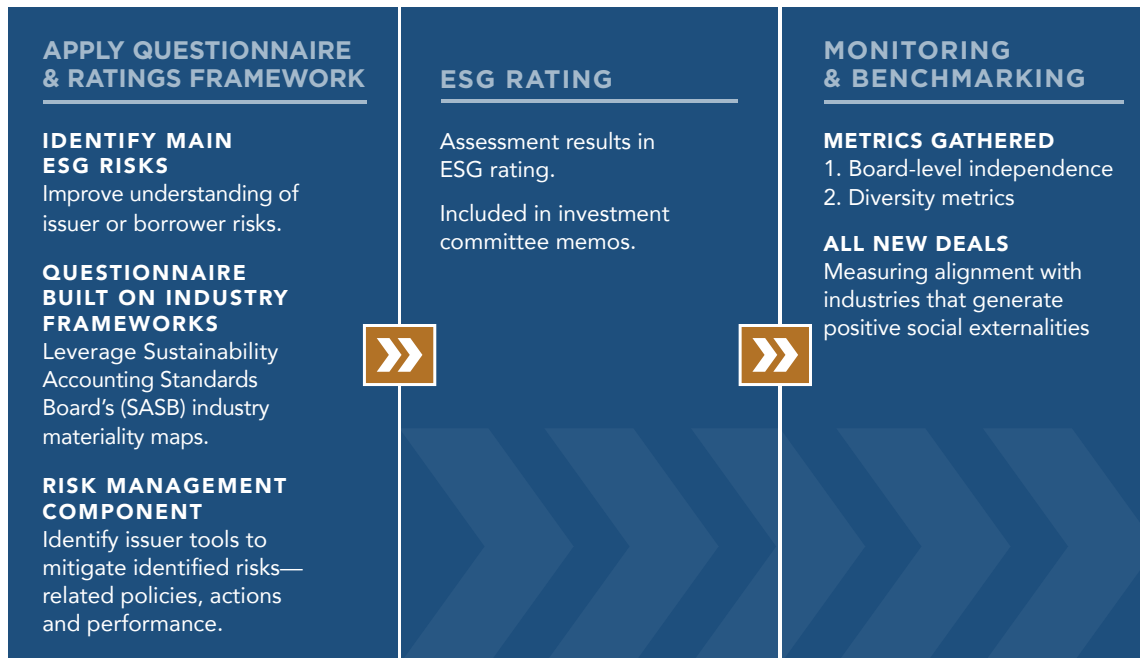
The investment decision-making process incorporates the assessment of ESG risk factors. To systematically identify these risks, we use our proprietary ESG due diligence questionnaire and ratings framework, applying it to both middle market and liquid credit investments.

Kayne Anderson has committed to a three-year engagement on GRESB's steering committee for the relaunch of its debt assessment process. Our participation will help inform and structure the assessment.

SPOTLIGHT:

FINANCING ENERGY AND WATER EFFICIENCY THROUGH OUR REAL ESTATE DEBT PORTFOLIO

Close to \$2 billion of Kayne's real estate debt investments are directed towards financing Freddie Mac's Green Advantage Program, which provides environmental benefits in multifamily properties—by incentivizing energy and water efficiency improvements—and social benefits through reduced borrowing costs.



REAL ESTATE

	DUE DILIGENCE	OWNERSHIP PRACTICES	NEW CONSTRUCTION
Environmental	Evaluating material ESG risks and opportunities is a key component of the due diligence process. Due diligence assessments address air quality, building resiliency, energy use, environmental liabilities, potential physical and transition climate risks, water use, and waste management.	Three core practices: 1. Operating efficiency 2. Utility monitoring 3. Partner engagement Operating efficiency and utility monitoring practices seek to reduce property-level costs through energy efficiency, water conservation, and waste reduction measures in operations and construction.	Identify opportunities in new construction and major renovation projects. Energy efficiency upgrades include, but are not limited to, HVAC equipment and automation systems, LED lighting fixtures, high-efficiency water fixtures, occupancy sensors, natural lighting maximization, and repurposed building materials.
Social	Social factors assessed include accessibility—a key concern for senior housing (e.g., interview tenants to understand their needs and desire for improvements).	Tenant engagement and programming.	On-site health and wellness facilities.
Governance	Due diligence assessments address the capabilities of service providers.	<ul style="list-style-type: none"> • Business Partner Code of Conduct • Responsible Contractor Policy 	



PROGRESS IN 2023

- Climate risk dashboard: Kayne Anderson developed a climate risk dashboard to perform asset-level evaluations of physical climate risk including assessing vulnerability based on property-level resiliency measures.
- Transition risk: Kayne Anderson Real Estate collaborates with external experts for quarterly benchmarking and performance standard updates firmwide, ensuring compliance and readiness for regulatory changes through consistent monitoring and third-party consultations.
- Enhanced data collection: in 2022 our core and multifamily real estate strategies led to improved submissions for the 2023 GRESB. Kayne Anderson Real Estate also benchmarked acquisitions in the most recent opportunistic fund series' properties, where feasible.
- Multifamily housing strategy participated in the first Fitwel S fund level certification. This evidence-based assessment enables real estate investors to benchmark funds or portfolios against a specific standard and compare performance with industry peers. Additionally, it links health outcomes to economic value, offering robust evidence and risk assessments derived from contemporary health-related research.

PERFORMANCE*

- Core strategy received a GRESB four-star rating
- Multifamily housing strategy received a GRESB three-star rating
- Earned ENERGY STAR Portfolio Manager certification for 34 buildings
- Achieved three IREM CSP certifications
- Achieved one Fitwel certification for Multifamily Residential

*For more information about these awards, please refer to the Disclaimer page at the end of the report.

DECARBONIZATION & WATER REDUCTION INITIATIVES AT KAYNE'S REAL ESTATE ASSETS

In 2023, Kayne Anderson's real estate investment team implemented several energy and water efficiency projects. These measures exemplify the core strategies' strategic approach to integrating environmental sustainability into its real estate operations, driving both operational improvements and environmental benefits.

Throughout 2023, Kayne piloted a series of efficiency projects targeting specific opportunities at individual senior housing assets. One such project involved collaborating with a new vendor on energy and water efficiency measures. This included installing a toilet retrofit system to improve tank filling and flushing efficiency, reducing water usage by approximately 30% per flush while preventing leaks and flooding. Smart thermostats were installed in the common areas of another property to decrease energy consumption; the installation of the EcoBee thermostats enables remote management of temperatures leading to improved energy use. Kayne launched an effort to improve energy efficiency at five medical office assets with the installation of sensors coupled with software that continuously scans HVAC data to pinpoint energy-saving opportunities. We anticipate an estimated 10% improvement in energy efficiency and potential cost savings.



GROWTH CAPITAL

KAYNE ANDERSON'S ESG INTEGRATION PROCESS FOR GROWTH STRATEGIES

DUE DILIGENCE

IDENTIFY MAIN ESG RISKS

The platform assessment of an issuer or borrowers' risk applies industry frameworks, including the Sustainability Accounting Standard Board's (SASB) industry materiality maps.

RISK MANAGEMENT ASSESSMENT

Determine ability to manage ESG risks based on collected ESG metrics & reviews of company policies, programs, and performance.



ENGAGEMENT

WOMEN'S TECHNOLOGY CIRCLE

Launched in 2022, the Women's Technology Circle aims to empower female technology leaders through three core pillars: leadership development, a supportive community network, and tailored information sharing. This initiative enhances the capabilities and influence of women in the technology industry, fostering a more inclusive and dynamic professional environment. In 2023, every company in Kayne's growth equity strategy participated in the initiative, including 250 individuals from more than 40 portfolio companies.

PROGRESS IN 2023

In 2023, Kayne Anderson launched a new data collection platform designed to ensure consistent use across investment decisions through the integration of our ESG due diligence questionnaire as a platform tool.

The web-based platform expands on the scope of our original ESG due diligence questionnaire with an increased focus on progress and plans. It now gathers detailed information on GHG emissions reduction commitments, ESG-related challenges for portfolio companies, use of ESG standards, and participation in industry initiatives.



MOVING FORWARD

The successful incorporation of ESG factors into investment practices is an iterative process that focuses on both value creation and risk mitigation. Acknowledging the importance of continual enhancement, we have refined our ESG approach over the past year and are proud of the outcomes. Looking ahead, we are dedicated to further enhancing our commitments and fulfilling the objectives set forth in our policies.

We appreciate the trust our investors have in us and welcome your comments on this report.

You may contact us at: investorrelations@kaynecapital.com



KAYNE ANDERSON

PRI disclaimer: Assessment scores received 12/15/23, based on information from a 12-month period ending 6/30/23. The assessment methodology is described here: [How investors are assessed on their reporting | Reporting guidance | PRI \(unpri.org\)](#). Kayne pays an annual membership fee to the PRI as a signatory in order to participate in and receive its assessment.

GRESB disclaimer: Assessment scores received 10/2/23, based on information from calendar years 2021 and 2022. The assessment methodology is described here: [GRESB Documents](#). Kayne pays a membership fee to GRESB in order to participate in and receive its assessment.

Fitwel disclaimer: Certification received 11/14/23, based on data and assessments completed in 2023. The assessment methodology is described here: [Fitwel — Project Solutions | About The Fitwel Standard & Scorecards](#). Kayne pays a per project registration fee and certification fees that vary based on project size to Fitwel.

ENERGY STAR disclaimer: Certifications received throughout 2023 to February 2024. Each certification is based on information from a 12-month period that is within 120 days of the certification application date. Application approval time varies. Certification dates by property are available upon request. The certification methodology is described here: [Benchmark Your Building With Portfolio Manager | ENERGY STAR](#). Kayne pays fees to licensed professionals for the ENERGY STAR building verifications used in the Portfolio Manager certifications.

IREM CSP disclaimer: Certifications received 11/3/23, based on data and assessments completed in 2023. Certifications are valid for three years. The certification process is described here: [Get started on an IREM Certified Sustainable Property certification](#). Kayne pays an application fee for the IREM CSP certification.

The receipt of any awards or certifications by the Kayne strategies described herein is no assurance that Kayne's investment objectives have been achieved or successful. Further, such awards or certifications are not, and should not be deemed to be, a recommendation or evaluation of Kayne's alternative investment management business. The awards noted herein relate only to selected funds or strategies and may not be representative of any given client's experience and should not be viewed as indicative of Kayne's past performance or its funds' future performance.