



# Enhancing Environmental Sustainability

*At KKR, responsible investment is not only the right thing to do; it is also critical to smart investing.*

At KKR, “green” is not just about the environment; we see it as another way to build value. We believe companies that strategically measure and manage their environmental impacts – and commit to strategies to improve them – will experience various benefits. In addition to driving improved environmental performance, these efforts can simultaneously reduce costs and create more productive workplaces. These actions can also help companies develop stronger relationships with suppliers and customers, launch new products and services, and build competitive advantages.

## The Green Solutions Platform

The Green Solutions Platform (GSP) seeks to drive business and environmental value by partnering with and highlighting the work of participating companies across a wide variety of focus areas. The GSP includes companies focusing on eco-efficiency improvements, advancing eco-innovation, and/or offering a solution to environmental problems as core to their business mandate.

The 2016 GSP results announcement comprised 28 participating companies, 10 of which are entirely new participants. As of December 2016, the program includes 18 portfolio companies focused on eco-efficiency, six focused on eco-innovation, and seven focused on eco-solutions. Of these participants, three report on both eco-efficiency and eco-innovation efforts.

These 31 projects span four asset classes, including private equity, special situations, real estate, and infrastructure, and span a range of geographies and focus areas.

In collaboration with our participating companies, nongovernmental organization partners, KKR Capstone,<sup>1</sup> and our investors, we expect this program to continue to evolve and grow over time. Individual company results and updates are available at [green.kkr.com](http://green.kkr.com).

### GREEN SOLUTIONS PLATFORM THREE-PART APPROACH



#### Eco-Efficiency

Projects within companies that result in avoided cost and improved environmental impacts



#### Eco-Innovation

Projects within companies that create business value through their environmental attributes



#### Eco-Solution

Investments in companies that provide a solution to an environmental challenge

### GREEN SOLUTIONS PLATFORM PARTICIPANTS<sup>2</sup>


<sup>1</sup> KKR Capstone is not an affiliate or subsidiary of KKR. Please see the Description of Methodology and Terms on [green.kkr.com](http://green.kkr.com) for additional disclosure regarding KKR Capstone.

<sup>2</sup> The portfolio companies listed are the participants in the Green Solutions Platform as of December 31, 2016.

## INAUGURAL ECO-INNOVATION AWARD

At KKR, we seek to promote value creation through the thoughtful management of environmental, social, and governance challenges and opportunities with our portfolio companies in private equity and certain other asset classes. Innovation plays an increasingly important role at KKR, and we strive to encourage environmental advancements through new processes and projects. In this spirit of innovation and value creation, we launched an Eco-Innovation Award for KKR portfolio companies.

The Eco-Innovation Award was introduced in June 2016 to encourage and reward KKR portfolio companies for innovative, environmentally beneficial projects or initiatives that create business value. The award recognizes the achievements of our portfolio companies and is intended to inspire them to identify new and enhanced ways of creating sustainable value.

Specifically, the award program was developed to:

- Help drive significant, measurable improvement in environmental impact (e.g., energy or water use).
- Highlight measurable cost savings and/or added revenue that result from implementation of a project.
- Encourage innovation, environmental awareness, and employee engagement at KKR portfolio companies.

In 2016, Qingdao Haier Co., Ltd. was named the inaugural award winner for its Intelligent Air Conditioning project, which includes a series of nearly 100 energy-efficient inverter room air conditioners that feature six industry-leading smart technologies. For more on its project and this award, visit [green.kkr.com/award](http://green.kkr.com/award).

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**We will continue working with our program partners to find new ways to drive both business and environmental value.**

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**Henry R. Kravis and George R. Roberts**  
Co-Chairmen and Co-CEOs

## The History of the Green Solutions Platform

The GSP was launched in December 2015, following nearly eight years of results and impact from KKR's pioneering environmental initiative, the Green Portfolio Program (GPP). Since it was launched in 2008, our Green Portfolio Program helped portfolio companies strategically measure and manage environmental impacts. Participating companies found opportunities to increase efficiency, reduce operating expenses, and boost their bottom line.

In May 2008, KKR launched the Green Portfolio Program in partnership with Environmental Defense Fund (EDF), a leading nonprofit organization with more than one million members worldwide. GPP served as an operational improvement program that used an "environmental lens" to assess critical business activities for KKR's participating private equity portfolio companies.

The GSP builds on the foundation of the GPP, but expands the focus beyond the impacts of eco-efficiency projects.

### GREEN PORTFOLIO PROGRAM RESULTS<sup>6</sup>

From 2008 to 2014, 27 portfolio companies participated in the GPP. Collectively through their efforts, participating companies produced the following estimated cumulative results:

-  Achieved nearly **\$1.2 billion** in financial impact
-  Avoided **2.3 million metric tons** of greenhouse gas (GHG) emissions
-  Avoided **6.3 million tons** of waste
-  Avoided **27 million cubic meters** of water use
-  Recycled more than **1.6 million tons** of waste

<sup>3</sup> KKR engaged Chartres Lodging Group, LLC on a portfolio of lodging properties across the United States.

<sup>4</sup> KKR engaged Crossbeam Concierge on a portfolio of multi-family properties across the United States.

<sup>5</sup> The KKR Retail Portfolio includes the following three investments: Broadway Mall, Colonie Center, and Yorktown Center.

<sup>6</sup> The reported impact of initiatives of the Green Portfolio Program 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. All Green Portfolio Program data are as of October 1, 2014, unless otherwise noted. Please see the Description of Methodology and Terms on [green.kkr.com](http://green.kkr.com) for additional disclosure regarding KKR Capstone.

### Important Information

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