



# 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 reduce 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) – launched in December 2015 – follows nearly eight years of results and impact from KKR’s pioneering environmental initiative, the Green Portfolio Program (GPP). While the GPP was focused on eco-efficiency projects in five key performance areas, the 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 initial GSP results announcement comprises 22 companies across four asset classes, which is the largest number of reporting portfolio companies in the history of KKR’s environmental program. In 2014, the majority of the participating companies reported on eco-efficiency with 19 efforts across a range of geographies and material issues. One company reported on eco-innovation and three companies reported with a focus on eco-solutions. One company is reporting in two areas: eco-efficiency and eco-innovation.

This results announcement is also significant for KKR as it now includes three additional asset classes in addition to private equity. Investments from across special situations (Ursa), infrastructure (Coriance), and real estate (Broadway, Colonie, and Yorktown) are reporting.

In partnership 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>


## The History of the Green Portfolio Program

Since it was launched in 2008, our Green Portfolio Program has 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 (GPP) 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.

At its core, the GPP approach provided a set of analytic tools to help each company’s management team assess and track improvements across several key environmental performance areas (KEPAs). KEPAs included greenhouse gas emissions, water use, waste management, use of priority chemicals, and use of forest resources. Portfolio companies used these tools to identify their most material environmental impacts and design initiatives to address them.


### GREEN PORTFOLIO PROGRAM RESULTS<sup>4</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

### OUR COMMITMENT TO RESPONSIBLE INVESTING

We<sup>5</sup> have made a public commitment to formally incorporate the considerations of ESG factors into our Private Markets investment process.

 In 2009, we became a signatory of the globally recognized voluntary framework of the United Nations-backed Principles for Responsible Investment (PRI) and helped lead the development of the guidelines on responsible investment of the American Investment Council (formerly the Private Equity Growth Capital Council).

These principles and guidelines serve as valuable platforms for formalizing and focusing our responsible investment efforts, raising internal awareness, and providing a common language and set of expectations for our investment partners, our portfolio company management teams, and other stakeholders.

Just as important, we see the value of interacting with and learning from others who share this commitment. We work regularly with our peers in these communities to help develop tools and resources and to learn from each other.

<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, 2015.

<sup>3</sup> The KKR Retail Portfolio includes the following three investments: Broadway Mall, Colonie Center, and Yorktown Center.

<sup>4</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.

<sup>5</sup> “We” refers to Kohlberg Kravis Roberts & Co. L.P.

### Important Information

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