

## Investing in Solutions

*Our portfolio includes companies that address societal issues while seeking to earn a competitive return.*

KKR is proud to invest in businesses that are working to address pressing societal issues. While we seek to apply an environmental, social, and governance (ESG) management lens to the activities in our portfolio where applicable, we also invest in opportunities in which responsibility and sustainability are core to the business model and investment thesis. KKR’s capital, operational capabilities, and long-term ownership model position the Firm well for investing in strategies that have positive societal impact.

Based on where we think opportunities are going forward, we have invested more than \$4.6 billion behind sustainable solutions-oriented themes<sup>1</sup> as mapped on the reverse of this fact sheet. These are themes that we believe contribute to the United Nations Sustainable Development Goals, which provide an important framework for assessing progress.

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**Investments in companies that provide solutions allow our fund investors to put their capital to work in meaningful ways that address big challenges.**  
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Alisa A. Wood

KKR Member, Client and Partner Group

## Defining Responsible Investment

We aim to identify relevant ESG issues and incorporate the consideration of these issues into our due diligence, decision-making, and management practices in varying ways in our Private Markets businesses.

Our responsible investment activities fall across three categories: ESG Integrated, ESG Targeted, and Solutions Focused. Most broadly, we work to integrate ESG considerations at each step in the life cycle for all private market investments, when applicable. ESG Targeted investments are those investments where improving performance on critical ESG issues helps create value or mitigate risk, and we provide resources or tools to manage and measure progress. Finally, Solutions Focused investments are those made in companies where the business model, product, or service provides a solution to an ESG-related challenge.



### CASE STUDY

#### A-Gas Group Limited: Recovering Refrigerant Gases Globally<sup>2</sup>

Fluorinated refrigerant gases (F-gases) are critical components of air conditioning and refrigeration systems and an essential resource for many businesses, from supermarkets to office buildings. While these gases serve an important function, they are environmentally sensitive with varying degrees of global warming potential and older generation gases also possess ozone-depletion properties. In response, global protocols and policies such as the Montreal Protocol and the Kigali Amendment seek to help regulate and phasedown these older, more harmful gases over time. While newer generations of less harmful gases are being adopted, recovering and reclaiming existing supplies of older generation gases will help achieve ambitious regulatory phasedown targets by minimizing potential business disruption.

A-Gas Group Limited (“A-Gas”), a leading specialty gas distribution and reclamation services company, specializes in refrigerant gases and helps enable this phasedown. A-Gas recovers older generation, used refrigerant gases and reclaims them to a virgin gas-equivalent state, limiting the need for new gases of the same type. The company’s proprietary recycling technology enables it to process approximately 95 percent of gases and mixtures, while competitors’ capability hovers around 50 percent. As a direct result of recovering the gases for further use, A-Gas reduced the emissions equivalent by more than 7 million metric tons of carbon dioxide in 2017. A-Gas has developed the Total Solutions™ marketing strategy, which is designed to supply and ultimately reclaim whatever cooling fluid the market chooses. This allows for the product range and adjacent services to be continuously updated in line with customers’ changing global regulatory and environmental requirements.



<sup>1</sup> The companies included in this calculation represent KKR’s sustainable solutions-oriented investments. The determination and assessment by KKR of which investments to include involve 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.

<sup>2</sup> The case study about the company from the private equity portfolio shown above represents what we believe to be one of the most demonstrative examples of sustainable solutions-oriented investments. The specific portfolio company identified is not representative of all of the investments made, sold, or recommended for advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable. Company information and data as of April 20, 2018.

# Investments Providing Solutions<sup>3</sup>

More than \$4.6 billion invested behind solutions-oriented themes



## Industrial and Infrastructure Solutions

- 1** Bayonne Water & Wastewater Concession<sup>4</sup>  
Water infrastructure
- 2** Capital Safety  
Safety equipment
- 3** Coriance<sup>5</sup>  
District heating
- 4** Middletown Borough Authority Concession<sup>5</sup>  
Water infrastructure
- 5** South Staffordshire Plc<sup>10</sup>  
Water infrastructure

## Responsible Production and Consumption

- 17** Afriflora<sup>7</sup>  
Sustainable, fair trade agriculture
- 18** Asia Dairy<sup>4</sup>  
Integrated dairy producer
- 19** COFCO Meat  
Integrated pork producer
- 20** Jiangsu Yuguan  
Agaricus mushroom producer
- 21** Ma Anshan Modern Farming<sup>8</sup>  
Integrated dairy producer
- 22** Masan Nutri-Science  
Integrated feed producer
- 23** PT Japfa Comfeed  
Integrated chicken feed and poultry producer
- 24** Santanol  
Sustainable forestry
- 25** Sundrop Farms  
Sustainable agriculture
- 26** Sunner Development  
Integrated poultry producer
- 27** Yuehai Feed Group  
Aquatic feed and nutrition solutions

## Environmental Management

- 6** A-Gas Group Limited  
Life-cycle management of gases and chemicals
- 7** CITIC Envirotech Ltd.<sup>5</sup>  
Water treatment and recycling
- 8** Resource Environmental Solutions (RES)  
Ecological solutions

## Next-Generation Energy

- 9** ACCIONA Energia Internacional  
Renewable energy
- 10** Calvin Capital  
Gas and electricity smart metering
- 11** Renvico Renewable Energy  
Renewable energy
- 12** SSM Solar<sup>6</sup>  
Renewable energy
- 13** SunTap Energy RE LLC  
Renewable energy
- 14** T-Solar Global Operating Assets  
Renewable energy
- 15** Transphorm  
Power conversion technology
- 16** X-ELIO  
Renewable energy

## Learning Resources and Workforce Development

- 28** Tarena  
Education service provider
- 29** Weld North<sup>9</sup>  
Digital ed-tech platform

<sup>3</sup> As of March 31, 2018. The companies shown above represent KKR's sustainable solutions-oriented investments as identified by KKR that were made globally from January 1, 2008 to March 31, 2018 by the KKR private equity, growth equity and infrastructure funds and KKR-managed separately managed accounts, including investments made by other KKR industry teams, but excluding investments made by the KKR balance sheet. Such determination and assessment involves significant judgment and may differ from another party's review of the criteria used. Another party's assessment may include comparable companies not represented above. The specific portfolio companies identified are not representative of all of the securities purchased, sold or recommended for advisory clients, and it should not be assumed that the investment in the companies identified was or will be profitable.

<sup>4</sup> KKR exited this investment in 2017.

<sup>5</sup> KKR exited this investment in 2016.

<sup>6</sup> KKR exited this investment in 2015.

<sup>7</sup> KKR exited this investment in 2018.

<sup>8</sup> KKR exited this investment in 2014.

<sup>9</sup> KKR announced the sale of Weld North Education and Performance Matters in Q1 2018.

<sup>10</sup> KKR announced the sale of the remaining 75% equity stake in South Staffordshire in April 2018, transaction expected to close 1H 2018.

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