



# 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 supporting and highlighting the work of KKR portfolio companies across a wide variety of focus areas. The GSP includes companies that enhance eco-efficiency, advance eco-innovation, and/or offer a solution to environmental problems as core to their business mandate.

In late 2017, KKR released program updates for 13 of the portfolio companies participating in the GSP, three of which are entirely new participants. These 13 case studies describe projects across four asset classes, including private equity, special situations, real estate, and infrastructure, as well as a range of geographies and focus areas.

We expect this program to continue to evolve and grow over time, in collaboration with our participating companies, nongovernmental organization (NGO) partners, our investors, and KKR Capstone.<sup>1</sup> The KKR Capstone team includes a professional engineer who is responsible for driving increased energy and resource efficiency across the KKR Portfolio, including through the Green Solutions Platform. This individual is a Certified Energy Manager, a Certified Building Commissioning Professional, and a LEED Accredited Professional and specializes in efficiency technologies, greenhouse gas reduction measures, and providing professional consulting engineering services for building owners. Individual company results and updates are available at [green.kkr.com](http://green.kkr.com).

### GREEN SOLUTIONS PLATFORM 2016 AND 2015 PARTICIPANTS<sup>2</sup>



### 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

<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, 2017. Capsugel, CITIC Envirotech Ltd., Coriance, HCA, Tarkett, and Urso are no longer a part of the KKR portfolio.  
<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.

## THE KKR 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 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. The winner of the 2017 KKR Eco-Innovation Award was US Foods, one of the largest foodservice distributors in the United States. US Foods was selected for its Serve Good product line, which is composed of sustainable food and non-food products that are responsibly sourced or contribute to waste reduction. For more on these projects, 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>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

This document is being made available regarding Kohlberg Kravis Roberts & Co. L.P. and its efforts on environmental, social, and governance performance. It does not constitute an offer to sell or a solicitation of an offer to purchase any security of any fund or any other investment vehicle or product sponsored or managed by KKR. No part of this constitutes investment, legal, tax, regulatory, accounting, or other advice of any kind. Unless specified, any views reflected herein are those solely of KKR and are subject to change without notice. Neither KKR nor any of its affiliates are under any obligation to update or keep current the information contained herein. Additionally, this report contains forward-looking statements. Actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.