

## Retirement Security and Responsible Investment

*KKR understands the importance of a healthy global economy. Our long-term approach seeks to bring investment returns and other societal benefits to our fund investment partners, our portfolio companies, and our shared communities.*

### Strengthening Retirement Security

In the United States, we are working to strengthen the retirement security of American families – both by delivering investment performance and by working to forge public policy solutions.

KKR is fortunate to have some of the nation’s leading public pension funds among our investors. The first state public pension funds invested in KKR’s private equity funds in 1982. The states involved in this maiden allocation were Oregon, Washington State, and Michigan. These early commitments helped launch KKR as a market leader in the industry. They are joined by investors including: private pension funds, private individuals and families, college and university endowments, and large foreign investors. We are proud that these pension funds, and all of our investors, are our partners today. We are also pleased that collectively pension funds in various states, and elsewhere have earned billions of dollars in returns from their partnership with us.

We have long recognized the benefits of well-managed pension funds. One of the largest generations in history – the Baby Boomers – is now retiring. This may challenge private and public pension plans. These men and women deserve a secure retirement.

With this in mind, we have partnered with and helped to organize the Georgetown University Center for Retirement Initiatives to develop and promote bipartisan state policy, legislation, and administrative models that can strengthen retirement security. Among other solutions, we support policies that provide greater access to pooled and professionally managed funds, which we believe will expand the availability and effectiveness of retirement solutions.

<sup>1</sup> [www.investmentcouncil.org/pe-hub-private-equity-and-pensions-a-strong-partnership](http://www.investmentcouncil.org/pe-hub-private-equity-and-pensions-a-strong-partnership). As of December 31, 2015.

<sup>2</sup> As of December 31, 2017. Based on the assets under management of our Private Markets investment funds, Private Markets co-investment vehicles, and Public Markets separately managed accounts and investment funds. This chart excludes general partner commitments, assets managed through collateralized loan obligations (CLOs), and assets managed by other asset managers with which KKR has formed strategic partnerships where KKR does not hold more than a 50% ownership interest. Allocations are assigned to a type or geographic region according to subscriptions received from a limited partner. Source: KKR 2017 Form 10-K.

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

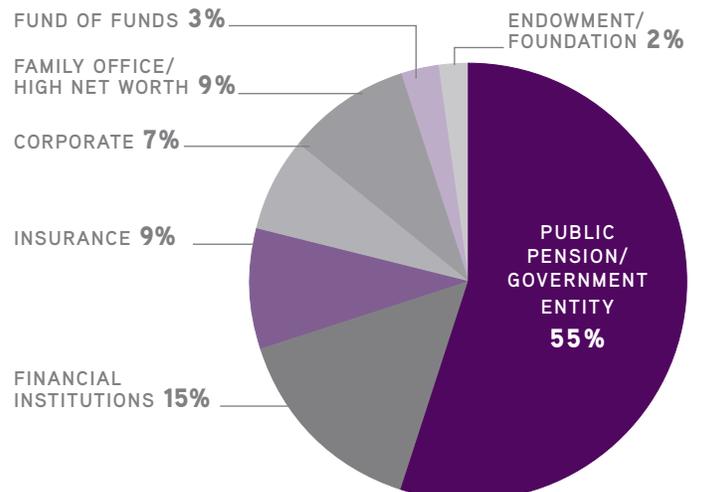


“  
**We know that we have a fiduciary duty – and a personal sense of obligation – to excel on behalf of retirees and pensioners with exposure to our investments.**  
”

### The Beneficiaries of Our Investments

Pension funds made up 44 percent<sup>1</sup> of all private equity investments across the industry in 2015, according to statistics from the American Investment Council. At KKR, that figure is even higher, with public pension plans and government entities accounting for 53 percent of the assets managed by KKR and its affiliates. We appreciate that these pension funds are investing on behalf of teachers, firefighters, and other public or private retirees. In fact, 50 million retirees and pensioners have exposure to our investments.

#### KKR Investors<sup>2</sup>



## A Strong Platform for Responsible Investment

Given the myriad challenges facing companies today, many businesses need capital, a long-term investment horizon, and management expertise. We invest in companies that may be poised for growth, may be undervalued, or may be underperforming and then work with them to increase their value.

Our private equity model provides a strong platform on which to work with these companies to improve their performance. While we have expanded into additional asset classes, our private equity model remains the foundation of our business. In particular, the private equity model offers three distinct advantages for responsible investment:

- Because private equity has a long-term investment horizon, we can focus on making long-term, sustainable improvements in our portfolio companies.
- By aligning our interests with company management teams, we are able to focus on mutually agreed upon objectives.
- As active investors in our portfolio companies, we provide strategic advice, a global network of partners, industry expertise, and the resources that help our portfolio companies succeed.

## Advancing Responsible Investment

As we seek to be a leader in the private equity industry, we strive to advance thoughtful integration of environmental, social, and governance (ESG) issues into our investment approach. We also participate in a variety of industry events and associations. As part of this effort, we:

- ✓ Remain a signatory to the United Nations-backed Principles for Responsible Investment and provide feedback to its reporting and assessment process
- ✓ Convene a working group of U.S.-based private equity peers to discuss responsible investment practices and policies
- ✓ Contribute to the development of industry standards, including the American Investment Council Guidelines for Responsible Investing
- ✓ Support the Sustainability Accounting Standards Board (SASB) with Elizabeth Seeger, KKR Director, serving on the SASB Standards Board; help develop ESG disclosure guidelines through our involvement on the SASB Standards Council

### HOW WE CONTRIBUTE TO A HEALTHY GLOBAL ECONOMY<sup>3</sup>

<p><b>Investing in People</b></p> <p>50 million retirees and pensioners with exposure to KKR's investments</p> <p>More than 695,000 jobs provided by our private equity, technology growth equity, infrastructure, and real estate portfolio companies</p> <p>More than 62,500 veterans and military spouses hired by 41 U.S.-based portfolio companies since 2011</p>	<p><b>Investing in Economies</b></p> <p>\$13.3 billion invested or committed by KKR, our employees, and consultants alongside our fund investors across our private equity, growth equity, infrastructure, energy, and real estate funds<sup>4</sup></p> <p>\$8.1 billion in capital expenditures and \$1.6 billion in research and development by our private equity, technology growth equity, infrastructure, and real estate portfolio companies</p> <p>\$55.3 billion cash back to fund investors in distributions since 2013 across our private equity, growth equity, infrastructure, energy, and real estate funds</p>	<p><b>Investing in Communities</b></p> <p>54 companies, or 35 percent of our private markets portfolio, support the communities where they operate through formal corporate philanthropy and volunteer programs</p> <p>More than 215 ESG-related awards have been presented to 60 companies in our private equity, infrastructure, and energy portfolios since 2012</p> <p>\$11.3 billion of enterprise value in renewable energy and water infrastructure assets since 2011</p>
<p><b>Investing in Solutions</b></p>	<p>\$4.6 billion invested behind sustainable solutions-oriented themes since 2008<sup>5</sup></p>	

<sup>3</sup> Past performance is no guarantee of future results. All informative and data are as of December 31, 2017.

<sup>4</sup> Includes investments/commitments made by KKR's balance sheet, KKR employees, KKR Capstone, and other affiliates. Investments made by current and former KKR employees and KKR Capstone are retained by those individuals personally. Includes unfunded commitments made by individuals. KKR Capstone is not a subsidiary or affiliate of KKR. See Important Information at [kkresg.com/important](http://kkresg.com/important) for additional details.

<sup>5</sup> See Important Information at [kkresg.com/important](http://kkresg.com/important) for additional disclosure regarding calculation and determination of sustainable solutions-oriented themes.

#### 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. All information and data are as of December 31, 2017.