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Capital Safety: Supporting Worker Safety



Workplace accidents are all too common and can disable workers, devastate families, and damage companies. Ensuring that employees have the training, equipment, and processes to keep them safe on the job is essential. Capital Safety's mission is to ensure that workers can provide for their families by helping them stay safe on the job. The company does this by producing high-quality fall prevention equipment that includes harnesses, lanyards, self-retracting lifelines, and safety systems for workers in the fields of construction, transportation, utility management, and energy. KKR owns companies that employ workers in many of these sectors, and we support Capital Safety's mission of providing top-of-the-line safety equipment around the world.

Capsugel's Journey*



Capsugel, a global leader in delivering high-quality, innovative dosage forms and solutions to its customers in the health care industry, completed an assessment of its sourcing practices with KKR and BSR in early 2012. The assessment examined four critical elements of basic supply chain sustainability: Leadership and Vision; Designing and Measuring Performance; Establishing Expectations; Engaging with Suppliers. Since its initial assessment, Capsugel has made significant strides in all four categories.

On a four-point scale, Capsugel has improved its overall score from 1.75 in August 2012 to 3.5 at the end of 2013. Key actions include:

- Integrating responsible sourcing efforts cross-functionally in Procurement, Production, Quality, EH&S, and Supply Chain
- Appointing a global, cross-functional team to oversee these efforts
- Developing a Capsugel Supplier Code of Conduct
- Embedding Responsible Sourcing requirements in Global Procurement Corporate Policies
- Defining “critical suppliers” and asking them to participate in a “Responsible Sourcing Self-Assessment Survey” (93 percent response)

Moving forward, Capsugel aims to maintain its commitment to best practices in global sourcing, focusing on continuous improvement and transparency.

* Capsugel is the only North American portfolio company that completed a corrective action plan in 2013 as part of RSI. The specific portfolio company referenced is not representative of all investments made by KKR Funds, and it should not be assumed that any investment in the company identified was or will be profitable.

Scaling Social Enterprise: KKR and East Bali Cashews*



In 2013, KKR executives teamed with Impact Investment Exchange Asia (IIX) and Impact Investment Shujog (Shujog) to identify an opportunity for KKR to engage with a social enterprise in need of expertise and resources. The team selected East Bali Cashews (EBC), Bali’s first large-scale cashew processing facility. EBC uses environmentally friendly practices while also providing employment to villagers in an impoverished community, many of whom are women who have never earned a steady income.

KKR, IIX, and Shujog professionals collaborated with EBC’s management team to set financial targets, design a growth strategy, and create a bridge between the enterprise and potential investors. Together we created a business plan, completed a competitive analysis, designed an approach to scale production, and created a social-impact assessment for use with potential investors.

This work enabled EBC to raise \$900,000 in three months and to put that funding into expanding operations and updating machinery. These improvements enabled EBC to create nearly 100 new jobs by December – about 90 percent of which went to local women – and to support EBC workers and their families with not only steady employment, but also access to critical social services.

KKR’s commitment and unique skills provided knowledge and operational experience that enabled EBC to create long-term value for the company and community, while demonstrating the power of private equity’s expertise.

*East Bali Cashews is not a KKR portfolio company.

ESG-Related Enhancements in Real Estate Investments *



Sunrise Senior Living Communities

Conducted a series of assessments and worked with management to address the quality of care, employee training, and incident reporting and tracking practices at the facilities, while also standardizing specific care delivery processes, such as medication distribution and health care assessments.

Radisson Blu Hotel in Minneapolis, Minnesota

Integrated environmental considerations and improvements in the renovation of the hotel, including installing efficient LED lighting, low-flush toilets, and a heating, ventilation, and air conditioning energy management system, which is expected to reduce energy consumption by almost 50 percent.

Yorktown Center Shopping Mall in Lombard, Illinois

Upgraded outdoor and indoor lighting systems and supported modifications to the chilled water system at the shopping center to improve efficiency and reduce costs.

Prairie Pines Apartment Complex in Williston, North Dakota

Adopted environmental building best practices in the construction of the new apartment complex, including the installation of low-flow shower heads and toilets; energy-efficient lighting; the use of Energy Star appliances and low VOC paint; and the integration of high-efficiency boilers and gas water heaters.

* The above highlights real estate investments where KKR has supported the integration of ESG initiatives into building practices or operations and are for illustrative purposes only. They are not representative of all investments made by KKR Funds, and it should not be assumed that any investment in the companies identified was or will be profitable.

Gardner Denver’s Cutting-Edge Approach to Workplace Wellness*



Improvements in key health measurements for same group of participating Gardner Denver employees and their dependents since 2009

	2009	2010	2011	2012	2013
Health Event Average Score (max. 100 pts.)	72.8	76.4	77.8	77.1	77.2
Average BMI	29.0	29.1	29.1	29.3	28.9
Average Systolic	123.0	120.7	117.8	117.9	118.3
Average Diastolic	77.5	76.5	75.4	74.9	75.2
Average Total Cholesterol	200.7	195.3	198.7	200.9	195.9
Average LDL Cholesterol	119.3	115.6	116.8	116.8	111.0
Average HDL Cholesterol	54.5	53.9	56.8	59.0	60.5
Average Triglycerides	130.6	125.0	122.0	128.8	127.3
Average Glucose	99.3	98.2	98.3	100.5	99.1

Gardner Denver is a leading global manufacturer of highly engineered industrial machinery including compressors, blowers, pumps, and fluid transfer systems. Long before corporate wellness programs were commonplace, Gardner Denver was engaged in the health and well-being of its employees.

Gardner Denver’s efforts have evolved over the last several years to create a cutting-edge approach to workplace wellness through a health care ownership culture with programs to assist employees in leading healthier lives.

In 2007, prior to becoming a KKR portfolio company, Gardner Denver began piloting voluntary biometric screenings, health risk assessments, and health coaching for employees. Today, all U.S. employees and their enrolled spouses have the option to participate in incentivized annual health programs. Also, employees and dependents must be compliant with the condition management program should they have a chronic medical condition. By satisfying the necessary requirements, employees and spouses each are eligible for reduced medical contributions – for 2014 the amount can be up to \$540 per year. Using this model, Gardner Denver’s employee participation rate has increased to more than 90 percent for the past four years.

The company joined the KKR Wellness Works program and research study in 2013. KKR, the University of Pennsylvania research team, and our other portfolio companies will learn from Gardner Denver and its years of experience.

* The following companies are all of KKR’s portfolio companies enrolled in KKR Wellness Works as of December 31, 2013: Biomet, Inc., Del Monte Corporation, First Data Corporation, Gardner Denver, HCA Holdings, Inc., Ipree Holdings, and Visant Corporation. They are not representative of all investments made by KKR Funds, and it should not be assumed that any investment in the companies identified was or will be profitable.

Nielsen Exceeds Goal to Hire Veterans*



Founded in 1923, Nielsen offers a comprehensive understanding of what consumers watch and buy around the world. The company serves over 20,000 clients in 104 countries with a global team of nearly 35,000 associates.

Since 2012, Nielsen has focused on hiring veterans of the United States armed forces for key positions within the company. To date, they have hired more than 350 veterans, exceeding their annual hiring goals year over year. In 2012, the company joined the 100,000 Jobs Mission, a growing coalition of companies committed to collectively hiring 200,000 veterans by 2020.

The company has a robust network of employee resource groups (ERGs), including one for veterans. Sponsored by Chief Operations Officer Brian West, Support and Employee Resources for Veterans (SERV) is the Nielsen ERG supporting veterans and veteran allies at the company. The group, which has regional chapters, provides social activities and opportunities to influence business strategy to its members. SERV also supports the hiring of additional veterans by promoting the company's incentivized employee referral program.

Nielsen believes that it is important to give back to those who have served our country and focus on the opportunities best suited for veterans' skills while advancing the business' needs. In 2014, Nielsen will continue to participate in career fairs, conferences, and events focused on veterans and are on track to exceed their 2014 goal of hiring an additional 300 veterans.

* The following companies are all of KKR's portfolio companies enrolled in the Vets @ Work Program as of December 31, 2013: Academy Sports + Outdoors, Accellent, Alliant Insurance Services, Biomet, Capsugel, Colonial Pipeline, Del Monte Corporation, Dollar General, Energy Future Holdings Corp., First Data Corporation, Gardner Denver, HCA Holdings, Inc., Laureate International Universities, The Nielsen Company B.V., Samson, Toys"R"Us, US Foods, and Visant Corporation. They are not representative of all investments made by KKR Funds, and it should not be assumed that any investment in the companies identified was or will be profitable.

Santanol: Combatting Deforestation



Sandalwood is a sought-after commodity for everything from high-end furniture and home goods to fragrances and toiletries, but sandalwood trees only grow naturally in India, Indonesia, and some Pacific islands. High demand has led to deforestation in their natural environments, the emergence of a black market, and the over-exploitation of natural supply. Santanol is one of two Australian horticultural- and forestry-management businesses producing sandalwood. During the last decade, the management team at Santanol has developed systems and technology to improve the survival rates of crops to create a sustainable sandalwood plantation. Santanol and the Australian plantation industry will be able to supply global markets with sandalwood in the years to come. KKR looks to equip Santanol with the resources to better achieve its mission and promote a legal supply of Indian sandalwood.

Supporting Employee Wellness



As part of the KKR Wellness Works initiative and our commitment to align with the recommendations that we make to our portfolio companies, KKR has facilitated biometric screenings for our U.S.-based employees for the second year.

We are proud to report that KKR achieved 99 percent participation in the screenings, a one percent increase from 2012. All employees received wellness coaching and health management resources if their results indicated a health risk.

We continue to offer our flu shot program, health risk assessment, and cancer screening outreach initiative annually. In addition, we completed a Firm-sponsored global CPR/AED training and certification campaign. More than 415 KKR employees completed the online CPR training curriculum and 361 of them were certified to administer CPR and AED in an emergency situation. Fostering a culture of health and wellness is a priority for the Firm and something we plan to advance in the coming years.

Supporting Diversity: Emerging Manager Program at KKR Prisma



In the past two years, our multi-manager hedge fund solutions provider, KKR Prisma, has advanced the role of emerging hedge fund managers to deliver superior results for our clients. “Emerging” managers include firms owned by women, minorities, veterans, and people with disabilities, as well as small and early stage businesses. This area is of growing importance for many U.S. public pension plans, foundations, and endowments.

Acquired by KKR in 2012, KKR Prisma constructs and manages customized hedge fund portfolios, seeking to deliver superior performance through proactive strategy allocation and an integrated, quantitative approach to risk management. KKR Prisma takes a specialist approach by seeking leading niche hedge fund managers in each strategy. One aspect of this approach is KKR Prisma’s focus on investing with emerging managers.

Based on research and experience, KKR Prisma believes that emerging managers can drive additional risk-adjusted returns for our clients, while also meeting plan sponsor needs for increased diversity. To build more interest and awareness, KKR Prisma has engaged in dialogue with plan sponsors about the opportunities associated with emerging managers in hedge fund investing. KKR Prisma has also participated in industry conferences that support and advance this approach.

UEL: Providing Clean Water



China is a country of more than a billion people, and these citizens, along with their communities, businesses, and manufacturers, require an abundance of clean water to thrive. However, challenges related to water pollution and growing resource demand have led the government to emphasize reducing contamination and promoting recycling. UEL's growing water treatment capacity and its cutting-edge membrane technology represent key components in China's campaign to address water pollution challenges. The company helps alleviate budgetary pressures on local governments by cutting the amount of municipal land needed for water treatment plants and by operating plants at the highest cost-efficiency, while also reducing hazardous seepage often associated with older conventional treatment facilities. Together, UEL and KKR aim to be at the forefront of this sector, providing innovative solutions, technological expertise, and positive market standards.