

Frequently Asked Questions

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 working with and highlighting the work of participating companies across a wider variety of focus areas.

The defining components that make up the GSP remain similar to those of the GPP as the team seeks to highlight how environmental benefits can also drive business benefits. The objective of publishing portfolio company results through the GSP is to share best practices and demonstrate KKR's approach to environmental, social, and governance (ESG) management and transparency.

The GPP was developed in partnership with Environmental Defense Fund (EDF) whose input and support has been invaluable to the design and launch of the GSP as well.

For more information on KKR's ESG efforts, please see our report, *Creating Sustainable Value*, available at: www.kkresg.com

1. What are the benefits to companies participating in the Green Solutions Platform (GSP)?

The Green Solutions Platform (GSP) has been designed to focus on value creation, which is an important component of KKR's investment philosophy. In our work since 2008, we confirmed that a one-size-fits-all approach cannot work. Therefore, we have developed a suite of resources available to participating portfolio companies, including expertise on energy and resource management through KKR Capstone¹ and customized strategy and communications support through the KKR Global Public Affairs team to better highlight a portfolio company's efforts with its key stakeholders. In the future, the GSP team seeks to create additional motivation and resources for participating companies, particularly in the area of eco-innovation. For more on these resources, visit the "About GSP" tab.

2. What are the selection criteria for joining the program?

The enrollment decision is achieved collaboratively with input from KKR GSP team members, portfolio company industry teams at KKR, and the portfolio company's internal management team. Core to this conversation is a discussion on whether the GSP brings value to a particular portfolio company's efforts to manage its key environmental performance areas.

The portfolio company's maturity level on managing environmental efforts is not considered a criterion for joining the program. It is also important to note that non-participation in the program is not an indication that a portfolio company is not managing its material environmental impacts.

3. How are the narratives of each GSP company written?

Each portfolio company tracks the metrics essential to the goals that it is working to address. In addition to the numerical data, the portfolio companies also provide KKR with qualitative information on the initiatives and future plans contributing to their results. KKR works directly with the portfolio companies to write and format the narratives for publication. The information shared is that of the portfolio companies, which are responsible for the content.

While the GPP relied on significant amounts of raw data from participating portfolio companies, the GSP may leverage data that has been analyzed and reported by the portfolio companies themselves. It is noted in the narratives where this is the case.

4. Why do some companies focus on a single key environmental performance area (KEPA) while others may focus on multiple?

Historically, the GPP focused on five key performance areas (KEPAs): greenhouse gas emissions, water, waste, priority chemicals, and forest resources. Today the GSP continues to focus on these areas, but the program allows more flexibility to support efforts outside of the five KEPAs in the GSP framework. Participating portfolio companies work with KKR to assess which focus areas are most relevant to their business by considering whether a portfolio company's activities impact a KEPA and if the KEPA represents significant business value for the portfolio company. If these two criteria point to a high level of impact, then the organization will focus on the KEPA.

5. Is the GSP an environmental reporting program?

No, KKR's GSP is focused on supporting, motivating, and highlighting the work of KKR portfolio company work that achieves both environmental and business benefits. The numbers shared publicly are not environmental "footprints." Instead, portfolio companies are identifying policy, process, and product changes that result in cost reductions, operational improvements, revenue growth, and reduced environmental impacts. KKR communicates the results of these efforts publicly.

6. Does the GSP use any accepted reporting protocol?

Since the GSP is not an environmental reporting program, it is not aligned with a specific protocol such as the Global Reporting Initiative, the Carbon Disclosure Project, the UN Global Compact, or the Greenhouse Gas Protocol. Greenhouse gas calculations are either made using publicly available conversion factors for the relevant regional energy sources or by portfolio companies' own reporting methodologies. We encourage our portfolio companies to follow recognized standards when reporting their environmental performance.

7. Are the financial results of the GSP reported by the portfolio companies?

No, KKR's GSP is focused on supporting, motivating, and highlighting the work of KKR portfolio companies that achieves both environmental and business benefits. The numbers shared publicly are not environmental "footprints." Instead, portfolio companies are identifying policy, process, and product changes that result in cost reductions, operational improvements, revenue growth, and reduced environmental impacts. KKR communicates the results of these efforts publicly.

8. What are the key differences between the GPP and the GSP?

Since 2008, KKR has worked with our portfolio companies to help drive and highlight how environmental and business benefits can jointly create value for companies. KKR's approach is centered on assessing, measuring, and optimizing performance to help portfolio companies manage their environmental impacts while also improving their businesses.

From 2008 to 2014, this work was done through the Green Portfolio Program (GPP) which drove and highlighted results from portfolio companies' eco-efficiency efforts and yielded an aggregate environmental and financial impact across the reporting companies. For more on the GPP's history, visit the "History" tab.

The Green Portfolio Program evolved in 2015 into the Green Solutions Platform in order to expand KKR's support and resources for portfolio companies. The GSP allows us to support and highlight portfolio companies' environmental impacts achieved not only through eco-efficiency, but also through eco-innovation efforts, and a focus on providing eco-solutions. While this approach does not allow for aggregation of program results as in years past, KKR believes that the increased flexibility allows teams to focus more time on the value creation aspects of the program and less time on data calculation, confirmation, and aggregation.

For more on the approach, visit the "About GSP" tab.

9. Is the GSP a green investment fund for KKR?

No, it is not. Investors cannot directly invest in the Green Solutions Platform.

Updated August 2016

i References to "KKR Capstone" or "Capstone" are to all or any of KKR Capstone Americas LLC, KKR Capstone EMEA LLP, KKR Capstone EMEA (International) LLP, KKR Capstone Asia Limited, and their affiliates, which are owned and controlled by their senior management. KKR Capstone is not a subsidiary or affiliate of KKR. KKR Capstone operates under several consulting agreements with KKR and uses the "KKR" name under license from KKR. References to operating executives, operating experts, or operating consultants are to employees of KKR Capstone and not to employees of KKR. In this presentation, the impact of initiatives in which KKR Capstone has been involved is based on KKR Capstone's internal analysis 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 based on any established standards or protocols. They may also reflect the influence of external factors, such as macroeconomic or industry trends, that are unrelated to the initiative presented.