

## Case study

# Management through the Green Portfolio Program

### KKR-ESG

Kohlberg Kravis Roberts & Co. L.P.  
(together with its affiliates, KKR)

is committed to managing ESG issues in its private equity investments through its commitment to UN PRI and the PEC Guidelines for Responsible Investment. The Green Portfolio Program (GPP) focuses on portfolio companies' environmental impacts to improve both environmental and business performance.



### Background

In May 2008, KKR and the non-profit organization Environmental Defense Fund (EDF) announced the "Green Portfolio" partnership to measure and improve the environmental performance of companies within KKR's U.S. portfolio. The partnership builds on the successful collaboration in the 2007 acquisition of TXU Corporation, now EFH.

### How It Works

The GPP applies KKR's approach of assessing, measuring, and optimizing performance to help its portfolio companies manage their environmental impacts while also improving their business. At the core of this approach is a set of analytic tools to help each company management team assess and track improvements across several key environmental performance areas (KEPAs), such as greenhouse gas emissions, water, waste, priority chemicals, and forest resources, where improving performance can bring about measurable business benefits.



KKR's team of operations experts — KKR Capstone — partners with KKR's portfolio companies to help make this program work. KKR is also in the process of building a number of resources for the GPP participants, including a portal that will help the companies collect data and report performances against their goals, and a database of best practices for improving performance.

### Portfolio Company Involvement

Promoting practices that are more sustainable for the environment and provide cost savings has been widely accepted among many of KKR's portfolio companies. Participation in the program is voluntary, but provides company management teams access to a community of practice around shared issues and challenges. Currently, more than twenty percent of KKR's private equity portfolio companies participate in the program, with several more companies expected to join the venture in July 2010.

### Results

In June 2010, KKR and EDF announced program results from the first eight companies to enroll. KKR estimates that portfolio companies saved over \$160 million and prevented significant amounts of greenhouse gas emissions, waste, and paper. More information on results and how the companies achieved these results are available at <http://green.kkr.com>.

"The business case for environmental management has never been stronger. The Green Portfolio highlights that environmental performance and business performance can go hand-in-hand. We are very excited about the momentum to date and the fact that we have taken this effort global in such a short period of time."

**Henry Kravis, Co-founder of KKR**