



November 2017

Governance & Accountability Institute shares timely news, insights and perspectives with corporate managers in key topic areas:

- ⦿ *Corporate Citizenship,*
- ⦿ *Corporate Responsibility,*
- ⦿ *Corporate Sustainability,*
- ⦿ *Community Affairs, and*
- ⦿ *Sustainable Investing.*

To the Point! is a fee-based educational resource for corporate executives and managers distributed each month with periodic brief updates for critical items.

**Published by
Governance &
Accountability Institute, Inc.**
New York, New York

Researchers, Consultants & Strategists

Tel 646.430.8230
Email info@ga-institute.com
Web www.ga-institute.com

Educational Materials -
Contents Copyright © 2017-2018
by Governance &
Accountability Institute, Inc.
ALL RIGHTS RESERVED

*Please contact us for
reprint or academic use:
info@ga-institute.com*

KKR: Private Equity Industry Leader in ESG / Sustainable Investing

Issue 4.3

[Interview With Elizabeth Seeger, Director, Public Affairs at KKR](#)

According to the authoritative *Pensions & Investments* survey in 2015, the top 10 private equity firms accounted for almost 60% of the total P/E assets under management (US\$1.5 trillion) of the largest 50 P/E firms.

Familiar names were in the P&I survey: Apollo Global Management, Blackstone Group; Carlyle Group; and at #4 position, the Kohlberg Kravis Roberts (KKR) firm with almost \$100 billion AUM at that time.

The P/E pioneering KKR firm was established in 1976 by the team of Jerome Kohlberg, Henry Kravis, and George Roberts and quickly became one of the leaders in the P/E field.

One of the most notable of the early transactions was the 1989 leveraged buyout of publicly-traded RJR Nabisco by senior management.

Today, KKR is a global leader in the Private Equity industry; the firm is headquartered in New York City with offices in Europe, South America, and Asia-Pacific. The firm continues to lead in leveraged buyouts, private equity investment, and growth capital investments.



KKR has deep experience in such industries as chemicals, consumer products, financial services, energy, healthcare, technology, and retailing. The investing platforms for KKR include real estate, energy & infrastructure, hedge funds and credit.

ESG IN FOCUS

The firm is a signatory of the **Principles for Responsible Investment (PRI)**, subscribing to the six (6) principles; follows the Global Reporting Initiative (GRI) framework for its "ESG citizenship" reporting; partners with the **Environmental Defense Fund (EDF)**; and, publishes and evaluates ESG issues especially with respect to its P/E activities.

Almost a decade ago (2008), KKR began to embrace important ESG issues into the way the firm invests, and in many companies which it owns.

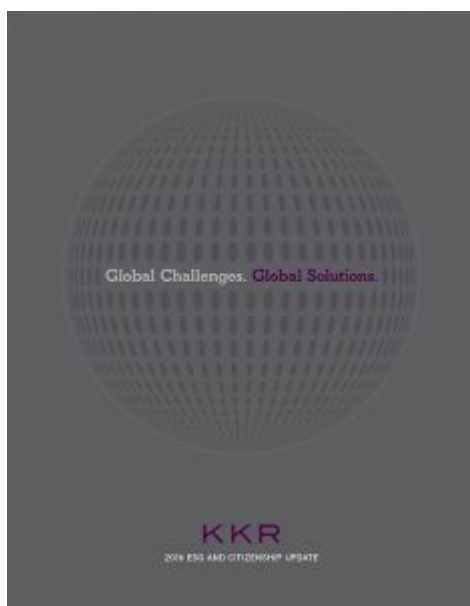


In 2009 the firm was a principal architect in developing ESG / sustainable investing guidelines for the).

In 2013, KKR formalized its own Private Equity ESG Policy and began communicating it to its employees.

The co-founders — Henry Kravis and George Roberts — share the following message: “Today, evaluating value requires building a stronger bottom line by improving the ESG aspects of a business, thus focusing on the internal policies and external impacts of an organization.”

The firm’s **2016 ESG and Citizenship Report** highlights include:



- Introduction of an Eco-Innovation Award for its portfolio companies.
- The launch of KKR 40 For 40, an employee-driven volunteer program (6,000 hours of volunteer time by 550-plus employees).
- Collaboration with portfolio companies to improve business performance.
- Continuing commitment to wellness, diversity, and inclusion (global initiatives).
- KKR’s responses to the Principles for Responsible Investment (PRI’s Due Diligence Questionnaire responses).

A CONVERSATION WITH KKR’S ELIZABETH SEEGER



We had a conversation with Elizabeth Seeger, Director of Public Affairs, who leads KKR's global ESG, sustainability, and responsible investment programs.



G&A: *How would you describe the guiding values of KKR that shape the firm's views of ESG, sustainability and corporate responsibility?*

Elizabeth Seeger: These include teamwork, integrity, relationship building, accountability, innovation, excellence, and diversity. All are important to our management team and our employees. Responsible of course included responsible investing for KKR.

G&A: *You mention engagement. What kinds of engagements are important in this context?*

Elizabeth Seeger: We first engaged with **Environmental Defense Fund (EDF)** back in 2009, to help grow our portfolio with sustainable investments. Our "Green Solutions" initiative is one positive result to point to.

G&A: *How in practical ways does KKR employ ESG approaches?*

Elizabeth Seeger: Our due diligence includes looking at a company's issues in the context of risks and opportunities, and the ESG lens is one of the tools used.

G&A: *And the results of this approach...what can you share with us?*

Elizabeth Seeger: We partner with portfolio companies to drive value creation. Among 25 companies in the portfolio, we achieved US\$1.2 billion in avoided costs such as in reduced GHG emissions and reduction of wastewater. We achieved 2.3 metric tons of avoided GHG emissions; 27 million cubic meters of avoided water use; and, 2.3 million tons of avoided waste. (For more on KKR's Green Solutions Platform, see: www.green.kkr.com)

We have 68 companies in the portfolio in the Americas, 44 in Asia-Pacific and 39 in Europe ("MENA"). (Note: As of November 2017 G&A identified 150 companies in the portfolio. See Resources at the bottom.)



We look at issues across this portfolio to evaluate risk and opportunity in the ESG space. This includes data privacy, good governance and transparency, eco-efficiency, worker health & safety, supply chain, and employee development & engagements. There are opportunities for improvement in many of these areas.

G&A: *What is your role in the company?*

Elizabeth Seeger: I am responsible for the company's global sustainability efforts. I am head of responsible investment for KKR. I work with a team and with our partners on various initiatives. ESG and responsible investment are part of the KKR systemwide programs. That includes evaluating ESG materiality in our Private Equity investments. We may not make an investment because of ESG issues but that is not necessarily the key driver for the decision.

Among my responsibilities is engaging with outside experts to help to design internal processes to make sure our efforts consider their perspectives. That could include examining the metrics that are important for external parties.

G&A: *What is on the horizon for KKR?*

Elizabeth Seeger: We are looking beyond the companies (P/E) in our portfolio to evaluate ESG risk and opportunities. This could, for example, include our real estate investments. Or companies outside of the KKR portfolio.

In terms of the **United Nations Sustainable Development Goals (SDGs)**, we are examining these closely to see where they fit our Green Solutions approach and elsewhere on our investment platform. The Green Solutions approach was initiated eight years ago to promote eco-efficiency best practices across our platform.

Elizabeth Seeger has been with KKR since 2009 when she joined as Director, Public Affairs. She has overseen the management of environmental and social responsibility issues and opportunities across KKR's portfolio companies, including through the Green Solutions Platform. She is based in Washington, D.C. Elizabeth joined the **Sustainable Accounting Standards Board (SASB)** in 2017.

Before joining KKR, Elizabeth was an associate at the Environmental Law Institute.

ABOUT KKR

KKR's Portfolio of Companies includes such diverse and global names as:

- Aecteon (UK)
- Afri Flora (The Netherlands)
- Arago (Germany)
- Avendus Capital (India)
- Beijing Capital Jude (China)
- Bis Industries Limited (Australia)





- Calsonic Kansei (Japan)
- Celest (France)
- Cementos Balboa (Spain)
- Clicktale (Israel)
- Cognita (UK)
- Emerald Media (Hong Kong)
- Go Jek (Indonesia)
- Goodpack (Singapore)
- Hilding Anders (Sweden)
- Joulon (United Arab Emirates)
- Masan (Vietnam)
- Pemex Midstream (Mexico)
- SBB Telemach (Serbia)
- Selecta (Switzerland)
- Ticket Monster/TMON (South Korea)
- Veresan Midstream (Canada)
- Westar Aviation Services (Malaysia)

Familiar Names in the United States include:

- Academy Sports Outdoors
- Alliant Insurance Services
- Apple Leisure Group
- Arbor Pharmaceuticals
- Cherwell Software
- Colonial Pipeline
- First Data
- GoDaddy
- Internet Brands
- Lyft
- Sonos
- Toys R Us
- US Food
- Ultimate Fighting Championship
- Waikiki Trade Center

The complete portfolio list is at: <http://www.kkr.com/businesses/kkr-portfolio>

KKR's Network of External Partners includes:

- American Investment Council
- Business for Social Responsibility (BSR)
- Center for American Progress
- Ceres



- Environmental Defense Fund (EDF)
- Invest Europe
- Principles for Responsible Investing (UN PRI)
- Transparency International
- S. Chamber of Commerce
- Veterans on Wall Street (VOWS)

RESOURCES

The American Investment Council Guidelines are on the KKR web pages at:

<http://www.kkr.com/responsibility/esg-management/our-commitment>

KKR's extensive Private Equity Policy (updated in July 2016) is here: <http://www.kkr.com/files/pdf/kkr-esg-policy.pdf>

The KKR 2016 ESG & Citizenship Update (the firm's 7th report): <http://www.kkresg.com/>

KKR Blog: "To Build Resilient Communities, Start With What's Work and Not What's Broken:

<https://www.forbes.com/sites/socialimpact/2017/09/19/to-build-resilient-communities-start-with-whats-working-not-whats-broken/#3ff3e27048c1>