

KKR Global Impact

June 24, 2019

Prepared at the Request of NABTU Capital Strategies

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Introduction



Ken Mehlman
Member &
Co-Head of
KKR Global Impact



Robert Antablin
Member &
Co-Head of
KKR Global Impact



Dick Gephardt
Strategic Labor &
Stakeholder Advisor

Our Impact Business Builds on Our History as a Firm



#1: Our Industry Focus and Experience Investing in Key Themes



#2: Our Leadership in ESG Management



#3: Our Experience Measuring and Reporting Performance



#4: Our Ability to Leverage the Global Resources of KKR



By Investing in Solutions We Can Deliver “Win-Win” Outcomes



20

private equity and growth investments behind SDG themes over the past ten years

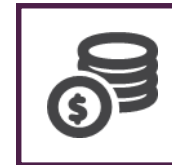


Strong performance with an avg duration of 3.4 years across these 20 investments and an avg transaction size of ~\$185 million



6

investments fully exited across our key verticals



\$1.2 bn

of total estimated financial impact generated in the first 5 years of KKR’s Green Solutions Platform⁽¹⁾

Exited Investments



Environmental Management

CITIC Envirotech, 2.7x Gross MOIC



Responsible Production & Consumption

Afriflora, 1.6x Gross MOIC
Asia Dairy, 2.7x Gross MOIC
Ma Anshan, 3.0x Gross MOIC

Industrial & Infrastructure Solutions

Capital Safety, 3.0x Gross MOIC



Learning Resources & Workforce Development

Weld North, 2.1x Gross MOIC

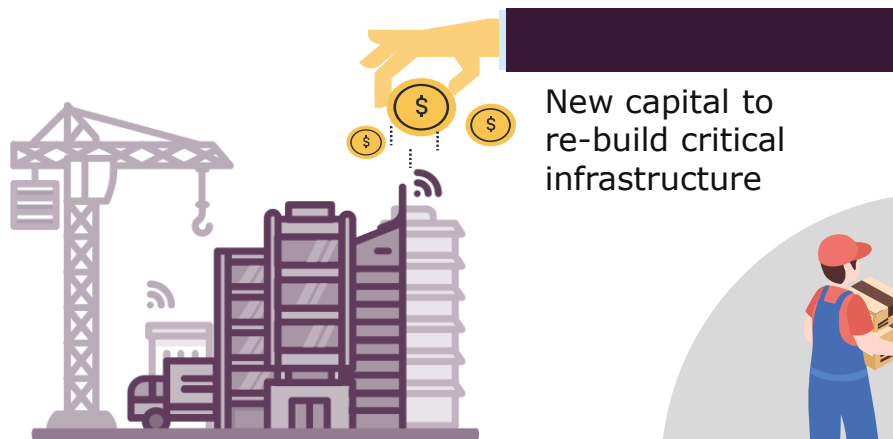


Note: Past performance is no guarantee of future results. Information as of March 31, 2019 unless otherwise noted.

1) The KKR Green Solutions Platform, formerly known as the KKR Green Portfolio Program, launched in 2008 in partnership with the Environmental Defense Fund. In 2015, KKR decided to launch the Green Portfolio Platform as the Green Solutions Platform, a global program centered around three focus areas: eco-friendly, eco-innovation and eco-solutions.

Through a Partnership with the NABTU We Can Do More

Rebuild American Infrastructure



New capital to re-build critical infrastructure

Construct first ever RCP for Private Equity⁽¹⁾



Expand a differentiated employee engagement program

Share Knowledge & Insights

Best practices sharing between KKR and NABTU



Empower Workers

A platform for the worker's voice in fund leadership



KKR is committed to pioneering a long-term, innovative partnership with the NABTU that seeks to rebuild America, create new jobs and build a new level of employee engagement & ownership in companies.

Overview of KKR Global Impact

We are partnering with businesses that create value by providing commercial solutions to key challenges facing the world

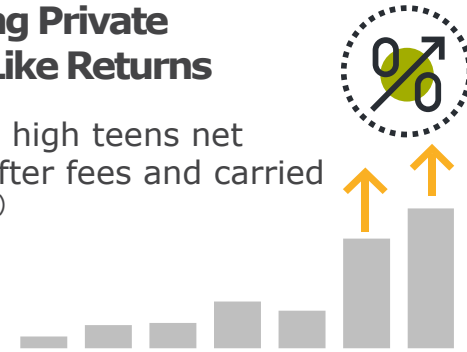
Lower Middle Market Private Equity Strategy

Focused on Americas, Europe and Asia



Targeting Private Equity-Like Returns

Targeting high teens net returns after fees and carried interest⁽¹⁾



Investment Size

Focused on opportunities requiring less than \$100 million of equity investment



Leverage Competitive Advantages of KKR

Global team with local country expertise
Differentiated sourcing from across the Firm



Align with Thought Leaders

Industry executives and NGOs across key industry verticals



Pursue Traditional PE Approaches

Change of control acquisitions
Minority partnerships with influence
Industry build-ups

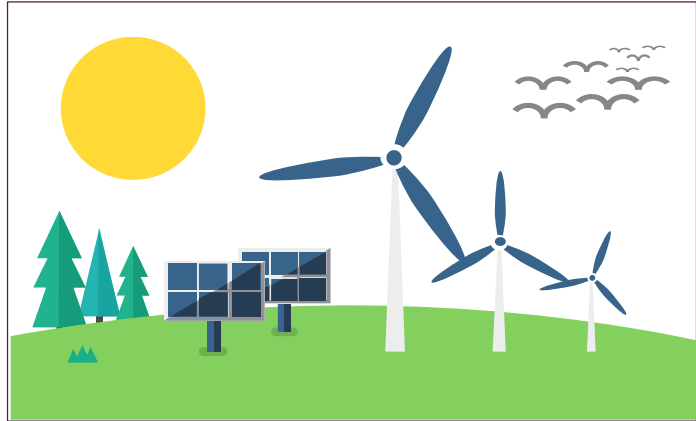


4 Imperatives We Believe We Can Help Drive

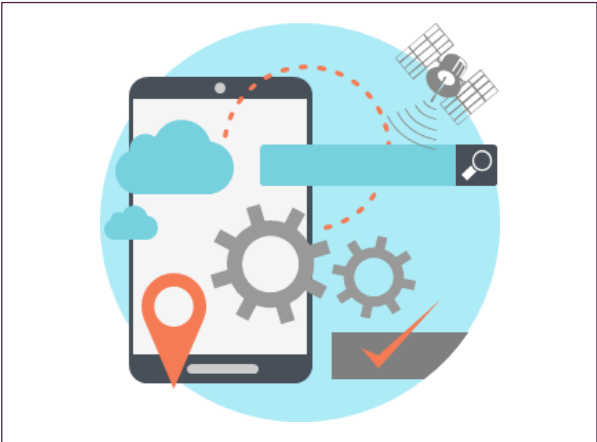
4 Imperatives



1 Mitigating & Adapting to Climate Change



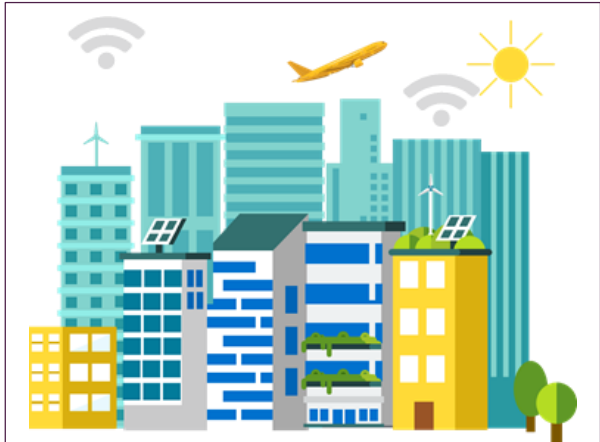
2 Harnessing the 4th Industrial Revolution



3 Serving Empowered Consumers



4 Building for the Future



Impact and ESG Measurement and Management



Align Commercial Outcomes & Positive Impact



Leverage Tested Frameworks and Lessons Learned



Incentivize Management for Maximum Impact



Third Party Inputs



Optimize Locally Relevant Impacts



Manage the Possible Downsides



Focus on Metrics that Matter



Specific & Credible Reporting

Portfolio Construction

We intend to manage portfolio construction in partnership with the KKR Global Macro and Asset Allocation team in order to create thoughtful risk exposure

Targeting:

Private equity-like returns and risks



+/-20 investments



Representation across each key sub-sector of focus



Balanced exposure to developed & developing markets (Americas, Europe, Asia)



15%

targeted concentration limit for any single investment

+ or - 5

key positions of larger size (\$75-100 mm); average position size of +/- \$50 mm

Up to 20%

to co-invest in larger impact investments within other flagship and/or growth equity strategies

Example: Creating Value by Rebuilding Aging Infrastructure

Case Study: Bayonne and Middletown

- KKR worked with United Water and the City of Bayonne and Middletown to create the concession model that allocated risks efficiently, creating a solution that met the needs of all constituents
- Enhanced the operating condition of a system that was severely under invested
- Kept control in the hands of the Cities

KKR's Differentiated Approach

1. **Exclusive partnership with water utility operator to bring industry leading solutions to the cities of Bayonne, NJ and Middletown, PA**
2. **Sourced management team to deliver differentiated deal flow and execution**
3. **Deployed best in class operating capabilities through strong partnership with United Water to mitigate years of underinvestment**
4. **Align governance and operations with the interests of ratepayers and workers, while incorporating environmental and safety best practices**

Bayonne: Before



Bayonne: After



Sustainable Development Goals⁽¹⁾



1) For more information on the Sustainable Development Goals, please visit: <https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>
Note: The case study shown above represents what we believe to be the most demonstrative example of the corresponding challenge. The specific portfolio companies identified are not representative of all of the investments made, sold, or recommended for advisory clients, and it should not be assumed that the investment in the companies identified was or will be profitable.

Example: Creating Value by Engaging Employees

Case Study: Employee Engagement

Since 2011, KKR's Industrials PE team in the Americas has focused on employee engagement as a key driver in building stronger companies by:

- Seeking to make everyone in the company an owner by granting the opportunity to participate in the equity return potential directly alongside KKR
- Investing in people through safety and functional training programs to support a stronger workforce
- Engaging with the community by forming partnerships with non-profit organizations that may benefit from our companies' products, skills or services and help improve the quality of life of others

KKR's Differentiated Approach

- 1. Build stronger companies through employee engagement and ownership**
- 2. Implement inclusive management equity program**
- 3. Seek to make everyone an owner and aligning incentives to build strong companies**
- 4. Demonstrate how everyone in the company can enhance behaviors and drive improved results**

"Through our engagement model, we have seen how the alignment and excitement of broad-based employee ownership can contribute to creating exceptional outcomes."

PETE STAVROS
Member and Head of Industrials, KKR

