

The KKR logo is displayed in a bold, dark purple, sans-serif font in the upper left corner of the slide. The background of the entire slide is a photograph of a city skyline at dusk, with the Freedom Tower as the central focus. The sky is a gradient of light blue and purple, and the buildings are illuminated with warm, golden light. On the right side of the slide, there is a large, abstract graphic consisting of multiple overlapping, curved white lines that create a sense of motion and depth, resembling a stylized wave or a series of concentric arcs.

# Driving Financial Success Through Shared Ownership

DECEMBER 10, 2024 / GRAHAM THOMAS, KKR

# Many workers are disenchanted with their current situation and frustration is spilling into the broader societal picture

## Workplace Issues

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Less than 1/3 of employees engaged at work<sup>(1)</sup>



High quit rates with 4 in 10 Americans quitting their jobs each year



Massive wealth and income gaps



Anger the top daily emotion felt in the workplace for hourly workers (up from 20% in 2020 to 45% in 2022)<sup>(2)</sup>

## Societal Issues

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~65% believe lack of civility and respect is worse today than ever<sup>(3)</sup>



Less than half believe their families will be better off in five years<sup>(3)</sup>



Confidence in capitalism is declining

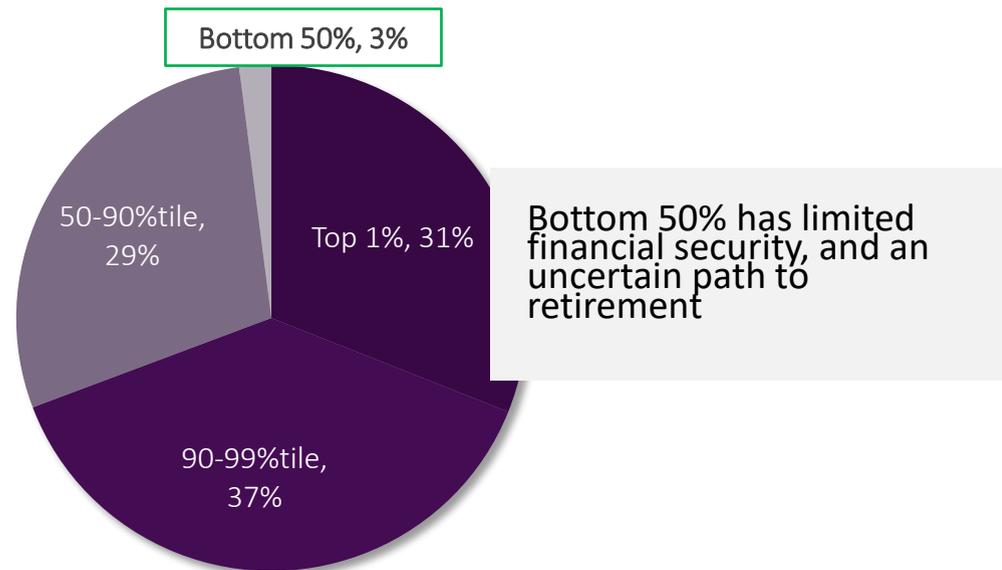


High degrees of polarization and low levels of trust

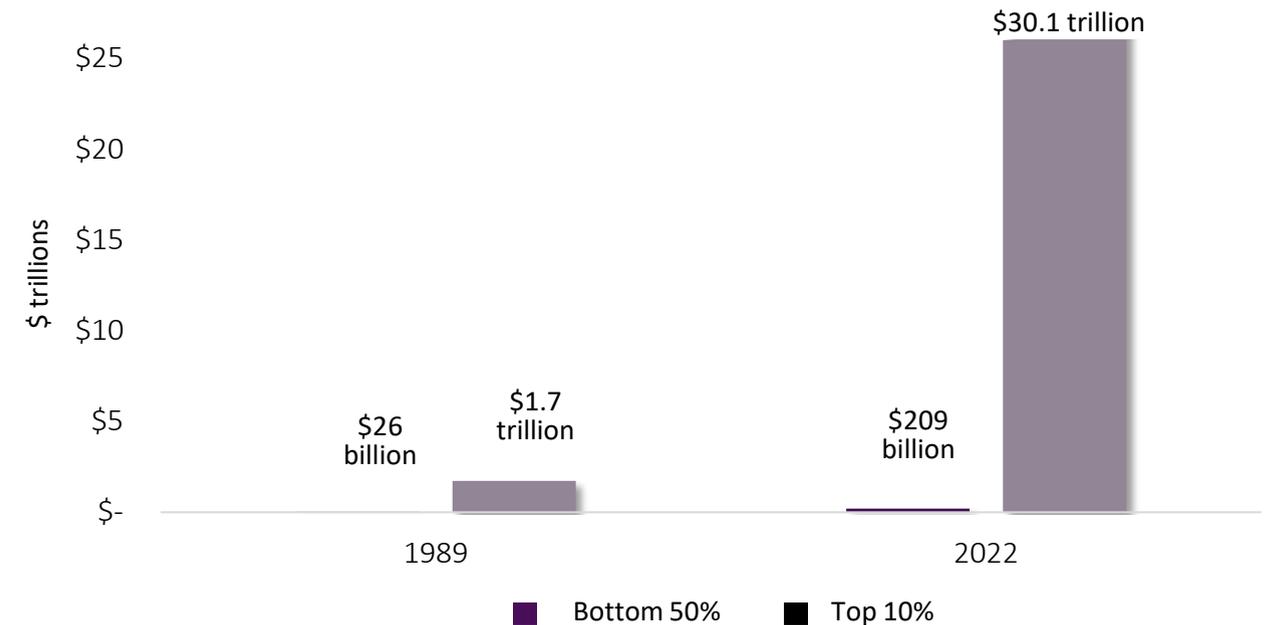
1. Gallup  
2. BCG Deskless worker survey 2023  
3. 2023 Edelman Trust Barometer Global Report

# Equity ownership is a uniquely powerful tool to address wealth inequality

## U.S. Wealth Distribution Today

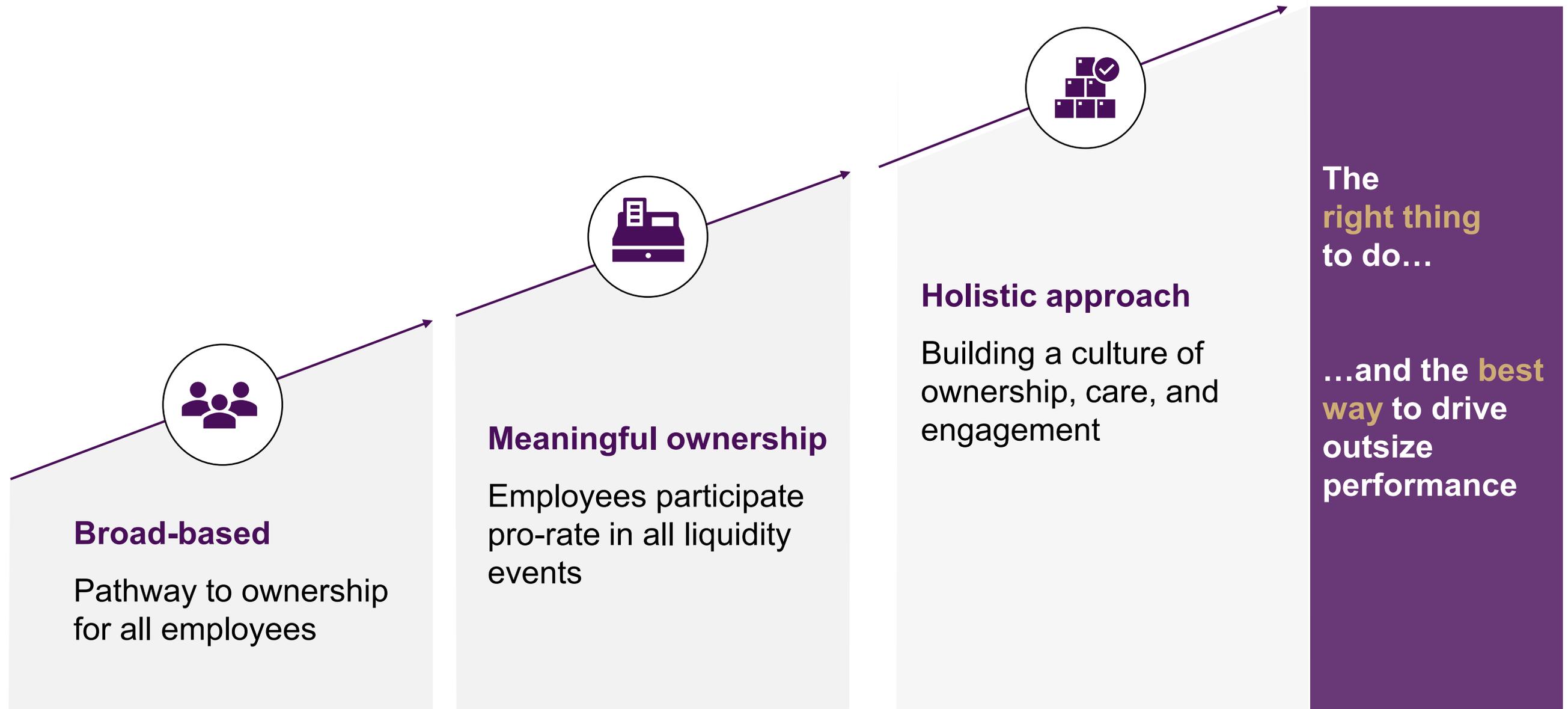


## Lack of Exposure to Equities has Been Devastating for Bottom 50%

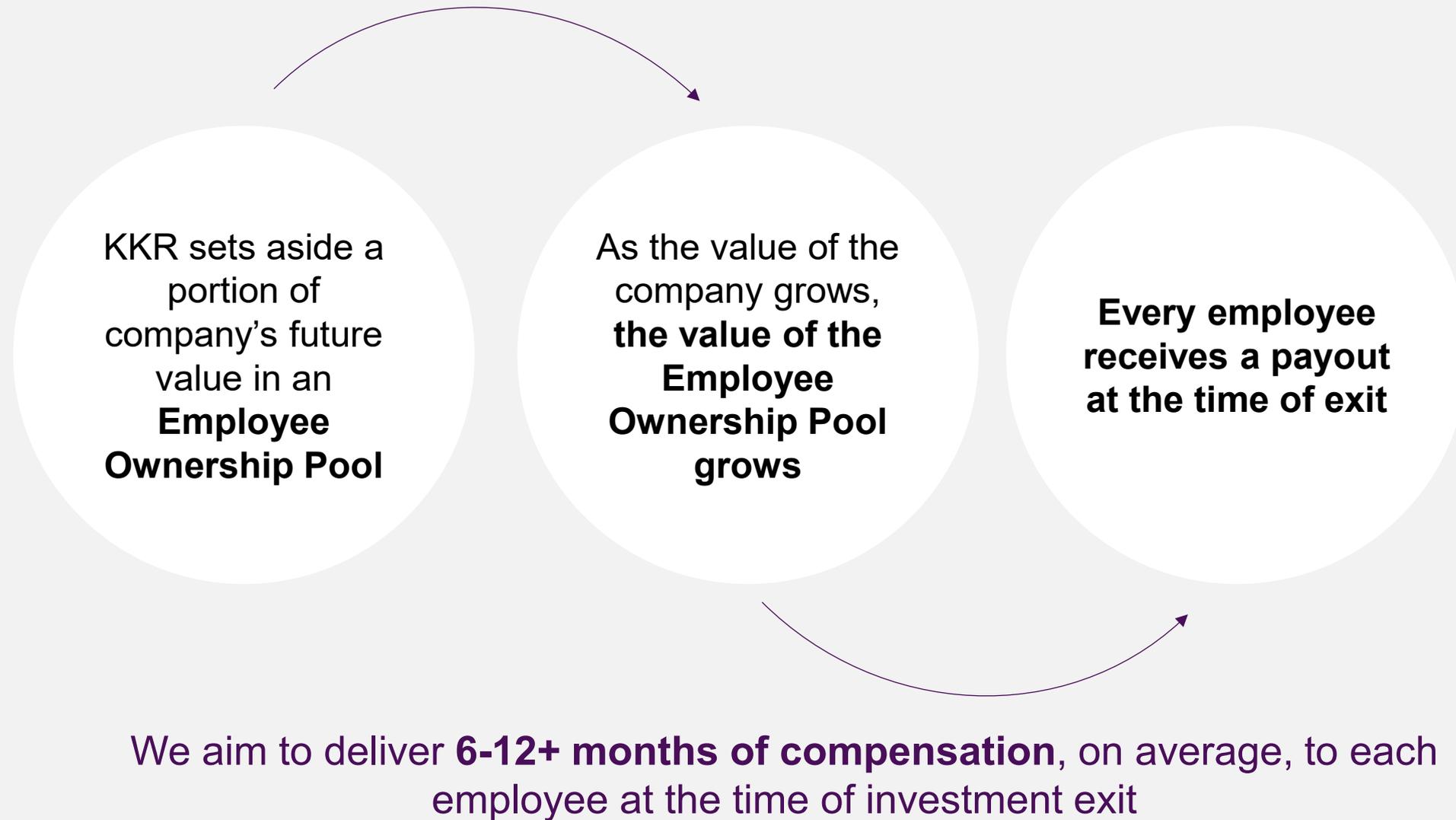


Broad based ownership has the potential to create **\$100 Billion** in new equity wealth for **over 4 million employees** if deployed across the portfolio companies of the top 20 funds

# Broad-based ownership can be a win/win in private equity



## How does the plan typically work?



# KKR's Journey with Shared Ownership

2014 - 2021

Industrials Pilots

1-2 rollouts per year

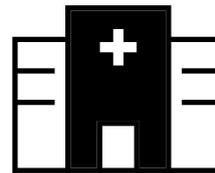
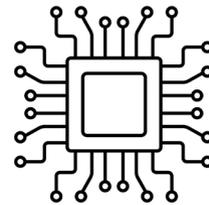
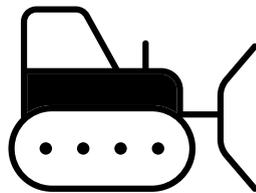
**CHI's hourly workers  
will make between  
\$20,000 & \$800,000  
each**



2021 - 2023

America's PE Rollout

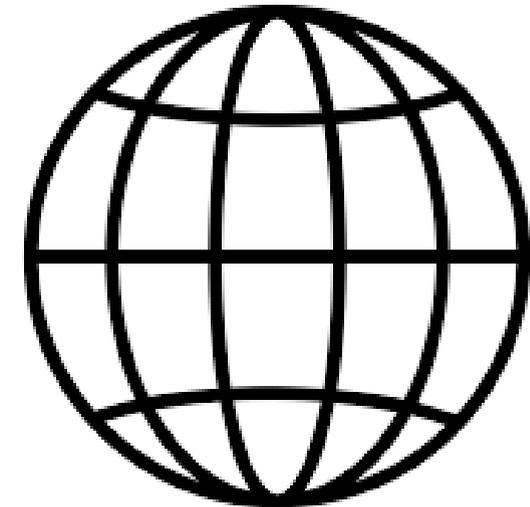
~10 rollouts per year



2024 - >

Global and strategy expansion

20+ rollouts per year



# Key Success Factors

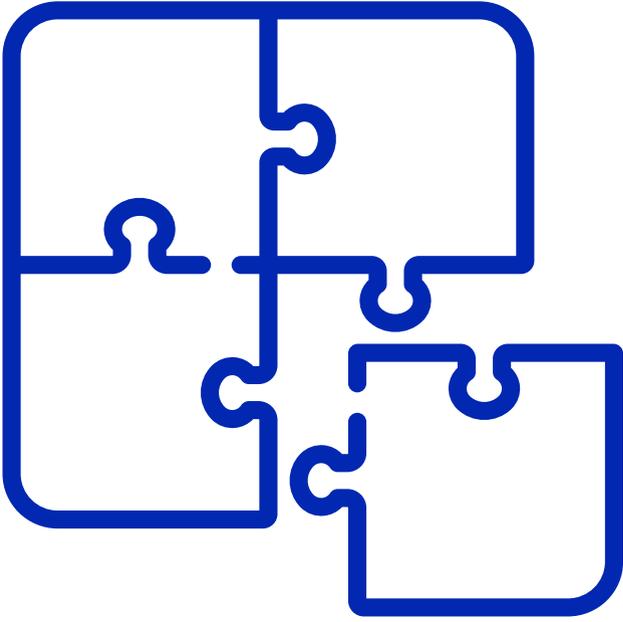
## 1 Empathetic Leadership



## 2 Effective Program Design



## 3 Holistic Execution



# The Critical Role of Leadership From the Top

## Anecdotal Evidence



Bert Bean

“We want to **be the light** in the lives of people trying to get into the workforce”

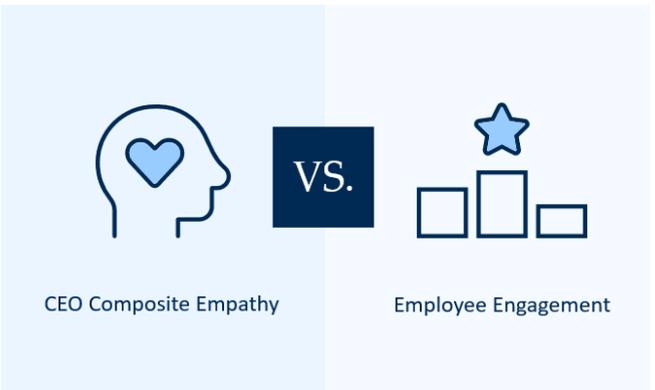
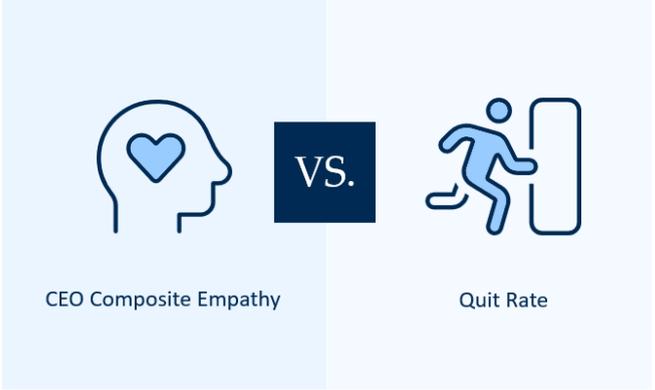


Matt Malone

“I started Groundworks for one reason – to **elevate tradespeople**”

+

## Preliminary Research



# Effectively structuring and launching programs

## Structuring guidelines to protect program integrity

- 100% of FTEs participate, including front-line hourly workers
- Meaningful payouts for all employees
- No tradeoffs to existing wages or benefits
- No ability to put own money at risk for employees earning under \$100k
- Participation starts at 1.0x with no upside cap



## Proven launch playbook ensures effective launch

Multiple communications touch points



Exciting launch event



Ownership SWAG to serve as ongoing reminder





Activating “ownership” requires much more than just equity



Information & Metrics Sharing



Employee Engagement Effort



Worker Voice Initiatives



Corporate Finance Training



Personal Financial Literacy Training

# Listening and communication efforts

 **Transparency** through Owners' Meetings, KPIs

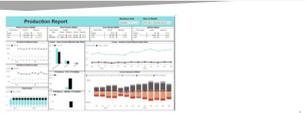
Example simplified employee-facing P&L				Divisional YTD Performance Scorecard		
\$ in millions	2023 YTD	Vs. prior yr	Vs. budget	Division	Net Sales	Profit (EBITDA)
Gross Sales	\$1,811	\$127	-\$22	Division 1	Yellow	Green
Returns & Discounts	-\$273	-\$19	\$13	Division 2	Green	Yellow
<b>Net Sales</b>	<b>\$1,539</b>	<b>\$108</b>	<b>-\$9</b>	Division 3	Red	Green
Royalties & JV Expenses	-\$399	-\$28	\$24	Division 4	Green	Green
Production Costs	-\$284	-\$20	-\$23	Division 5	Green	Green
Return & Writedown Cost	-\$54	-\$4	-\$9	Division 6	Green	Yellow
Other Income	\$19	\$1	\$0	Total Co.	Green	Green
<b>Gross Profit</b>	<b>\$821</b>	<b>\$57</b>	<b>-\$16</b>			
SG&A	-\$296	-\$21	\$23			
Advertising	-\$153	-\$11	\$4			
Warehouse Expense	-\$95	-\$7	-\$4			
Other Adjustments	\$5	\$0	\$0			
<b>Profit (EBITDA)</b>	<b>\$280</b>	<b>\$20</b>	<b>\$4</b>			

KPI Placemats and BU Dashboards Tied to Ownership Behaviors and Company priorities

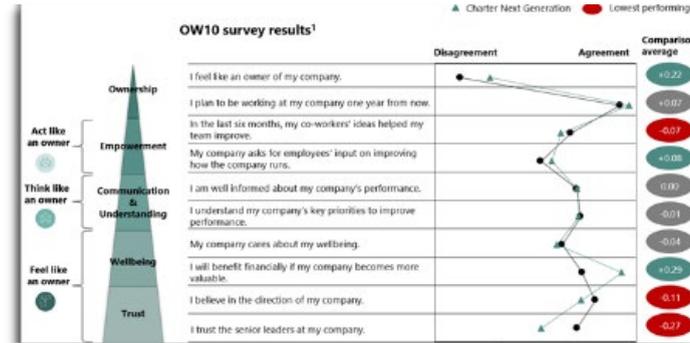
KPI Placemat TEMPLATE - Insert BU Name

On Foundations for Growth	On Strategic Priorities	Key Metrics (Ownership)	Target KPIs
<ul style="list-style-type: none"> <li>1. FOUNDATIONS FOR GROWTH</li> <li>2. STRATEGIC PRIORITIES</li> <li>3. KEY METRICS (OWNERSHIP)</li> <li>4. TARGET KPIs</li> </ul>	<ul style="list-style-type: none"> <li>1. FOUNDATIONS FOR GROWTH</li> <li>2. STRATEGIC PRIORITIES</li> <li>3. KEY METRICS (OWNERSHIP)</li> <li>4. TARGET KPIs</li> </ul>	<ul style="list-style-type: none"> <li>1. FOUNDATIONS FOR GROWTH</li> <li>2. STRATEGIC PRIORITIES</li> <li>3. KEY METRICS (OWNERSHIP)</li> <li>4. TARGET KPIs</li> </ul>	<ul style="list-style-type: none"> <li>1. FOUNDATIONS FOR GROWTH</li> <li>2. STRATEGIC PRIORITIES</li> <li>3. KEY METRICS (OWNERSHIP)</li> <li>4. TARGET KPIs</li> </ul>

BU dashboards created for each team for on-going real-time visibility into KPI placemat metrics using PowerBI



 **Engagement efforts** driven by data analysis



 **Worker voice** elevated throughout org

**(CNG) OPERATION MOONSHOT**

CHARTER NEXT GENERATION

\$100 MILLION

Jan 52.0M

LAUNCH PAD

DATE	SUBMITTER	IDEA	STATUS
6 Nov 2023	Tom Hunter	3D Analytics	Review
2/12/24	TD Leary	Time Syncing	Review
1/16/24	Craig DeWitt	New Talker	In Progress
1/16/24	Sam Filer	Admin Post	Active

We Upgraded CHI Facilities

AC

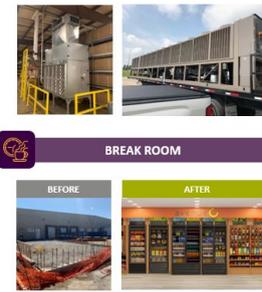
CAFETERIA

BREAK ROOM

HEALTH CLINIC

Health + Wellness Clinic

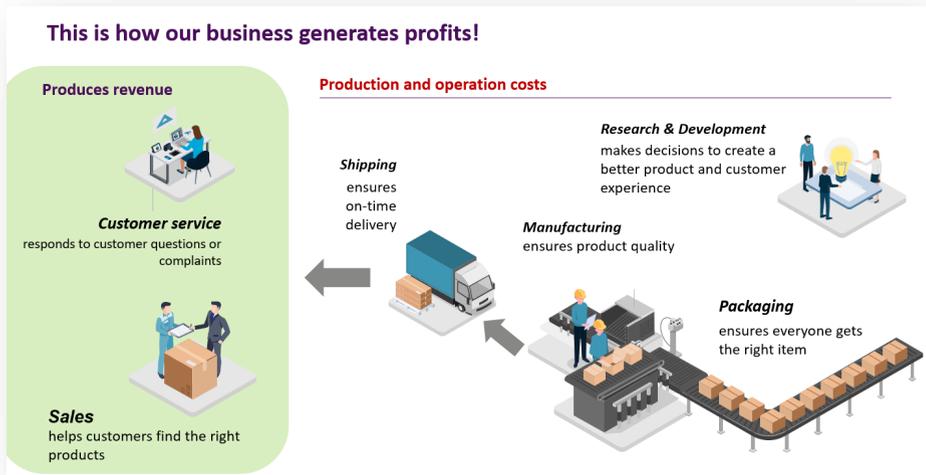
C.H.I.



# Corporate and personal financial literacy

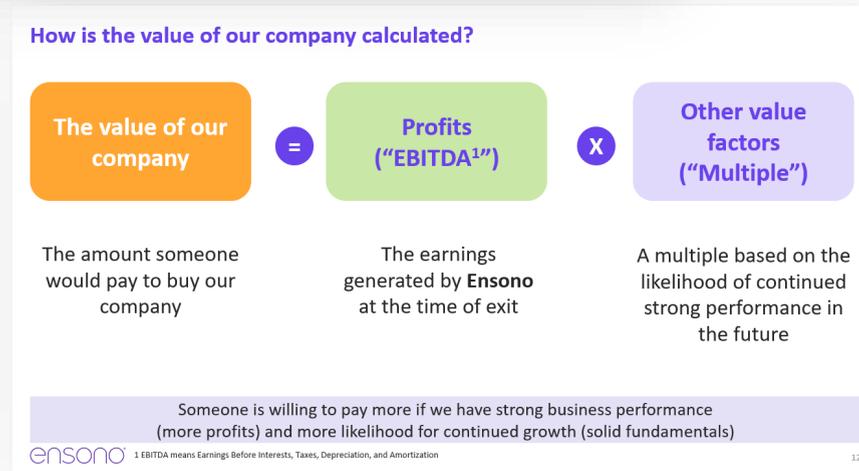
**Corporate Finance Training** to understand how the company creates equity value

**Personal Financial Coaching** addresses current financial stress and a plan for the future



**Individual coaching** to meet employees where they are

**Group coaching** to address relevant topics, such as retirement, credit, and savings



# Mission and 10-Year Goal



Catalyze a broader shared ownership movement



Provide hands-on, practical resources to companies



Create \$20B+ of wealth for employees over the next 10 years



**Ownership  
Works**

# When Everything Goes Well, Everyone Wins!



Exit Video: <https://youtu.be/Tc74bOA8wSs?si=GTACWEVWVWFZGKZa8>

## The story in numbers

- **>800** employees made owners
- **~2.5x** engagement survey response rate (30% to 85%) and **20%** increase in engagement scores
- Generated average payout of **~\$175,000 for** hourly workers and truck drivers
- **10x MOIC**