

## 1 of 4: Governance

**Disclose the insurer's governance around climate-related risks and opportunities.** In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following: Identify and include any publicly stated goals on climate-related risks and opportunities. Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

**Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.** In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following: Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks

**Describe management's role in assessing and managing climate-related risks and opportunities.**

### Public Commitments & Transparency

In 2016, Kaiser Permanente publicly committed to a comprehensive set of ambitious 10-year environmental goals, including energy, water, waste, built environment, and environmentally preferable purchasing. Our performance against these targets is disclosed in our 2021 Sustainability Report. In 2020, Kaiser Permanente was the first U.S. health system to become certified carbon neutral. In 2022, Kaiser Permanente publicly committed to reducing emissions by 50% by 2030, and to going net zero by 2050. For more information, see [kp.org/green](https://kp.org/green).

### Board and Management Oversight

Kaiser Permanente's executive leadership has adopted an organizational tenet related to climate change, excerpted below: "If greenhouse gas emissions continue to increase, climate change will cause health effects that will directly impact Kaiser Permanente's ability to fulfill our promise of quality affordable care. Global climate instability will increase the demand for health care. The costs of energy and water are likely to increase while supplies are diminished. Threats to biodiversity could also threaten the availability of potential cures for diseases."

Kaiser Permanente launched an Enterprise Risk Management (ERM) program in 2011. The ERM program is governed by executive management and the Board of Directors. The program has a strategic and multi-year (three-year) lens. It deals with risks and opportunities that can affect value creation and preservation over time, and provides a holistic view of risks, including external, operational, and strategic. Climate change is included as a key factor for external risks, including trends impacting health.

The Healthcare Continuity Management team provides updates on resilience including emergency management and business continuity efforts across regions and business units. Kaiser Permanente also

maintains crisis planning and response teams for all potential crisis events, including any climate-related crises.

Kaiser Permanente's ESG (Environmental, Social, Governance) oversight continues to mature and integrate enterprise climate risk and opportunity management.

The Sustainable Resources Council was created in 2012 and is accountable for achieving KP's ambitious goals relative to energy efficiency, Water utilization, waste stream reduction, operational carbon emissions, and LEED certification.

## 2 of 4: Strategy

**Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.** In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following: Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency. Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

**Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.** In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following: Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30years as long term.

**Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.** In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following: Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk. Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

**Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenarios.**

Our highest commitment at Kaiser Permanente is protecting the health and safety of our members, communities, and employees. Kaiser Permanente knows that climate change poses a public health and health equity crisis. Climate change is impacting our patients, our communities, and our operations today. Our physicians and nurses treat patients experiencing health challenges impacted by our changing climate, while our operations continuously monitor and respond to climate threats in our service areas.

As the nation's largest integrated not-for-profit health system, we recognize our obligation to steward the environment we live, work, play, and deliver care in. Our foundational approach to stewardship is anchored in protecting and promoting the health of our communities.

KP's strategy is informed by qualitative and quantitative scenario analyses related to climate change. The strategy guides our approach to managing climate-related risks and opportunities including (1) establishment of Kaiser Permanente's commitment to Net Zero by 2050 and 50% absolute emissions reduction by 2030 across Scopes 1, 2, and relevant Scope 3 categories, (2) identification of emissions reduction projects to support our interim 2030 targets, (3) pursuit of LEED® certification and ENERGY STAR® building ratings, and (4) transition to renewable electricity consumption.

#### Constituency Risk: Chronic Care

Kaiser Permanente communicates in a variety of ways with health plan members (policyholders) regarding environmental contributors to disease as part of our efforts to promote healthy environments. Kaiser Permanente also conducts and publishes Community Health Needs Assessments (CHNA's) across the communities we serve. These publicly available assessments help Kaiser Permanente identify, prioritize and address community health needs including poor health outcomes that are correlated with climate change.

#### Facilities Risk: Acute Care

Wildfires remain a pressing concern as the western states continue with drought conditions. According to the California Department of Forestry and Fire Protection (Cal Fire), the 5-year average for the number of wildland fires in the state is 5,353/year. In 2022, this included 129,418 acres burned. Other climate-related events, such as ice storms, heavy rains and flooding, hurricanes, tropical storms, and extreme summer heat impacted multiple markets. The Pacific Northwest endured some of the hottest local temperatures on record again in 2023.

Facilities design and construction is managed with the future in mind, including climate impacts. Since 2013, KP has required Leadership in Energy and Environmental Design (LEED) certification for all new construction of hospitals, large medical offices and other major projects.

#### Transition Risks & Opportunities: Acute Care

Ongoing volatility in the price of energy and fuel could continue to impact our direct and indirect operating costs. It is expected that electricity rates will rise as regulators demand improvements to the electricity grid to increase resiliency against climate-related weather events and as broad electrification increases to reduce GHG emissions.

### **3 of 4: Risk Management**

**Disclose how the insurer identifies, assesses, and manages climate-related risks.** In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following: Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk. Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. Describe how the

insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

**Describe the insurers' processes for identifying and assessing climate-related risks.** In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following: Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.

**Describe the insurer's processes for managing climate-related risks.** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management. In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following: Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed. Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered. Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Risk Management – closed ended questions answered in addition to the narrative -- **Not obligated to respond in 2022**

Kaiser Permanente carefully monitors studies and reports issued by government agencies and other organizations that speak to climate change-related risks and uses these reports and findings to assess the potential impact on our business. The Healthcare Continuity Management (HCM) team provides updates on resilience including emergency management and business continuity efforts across regions and business units. Kaiser Permanente also maintains crisis planning and response teams for all crisis events, including any climate-related crises. The HCM maintains vigilance by tracking and responding to all threats to the organization, including earthquakes, wildfires, severe weather events, civil unrest, and labor-related issues. Concurrently, HCM also provides support to the National Command Center (NCC), Regional Command Centers (RCCs), and Local Command Centers (LCCs) throughout the year.

#### **4 of 4: Metrics and Targets**

**Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.** In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following: Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

**A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.** In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following: In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with

climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

**B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**

**C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.**

Collaborating with internal resources and external vendors (insurance, reinsurance brokers and other risk consultants) Kaiser Permanente's corporate risk management department has a strong focus on the quantification of the catastrophic risks that are presented to our organization. In addition to metrics such as peer group analysis, Kaiser Permanente uses probabilistic results from catastrophe modeling firms.

Kaiser Permanente hospitals use a hazard vulnerability analysis for The Joint Commission and the Centers for Medicare & Medicaid Services emergency management requirements where specific risks such as wildfire, flood, and others are identified. While the risk of earthquake is the primary naturally occurring catastrophic peril to which KP's portfolio is exposed (in terms of magnitude), the organization also performs catastrophe modeling around the risk of flood, wind, and wildfire. We stratify and review our portfolio numerous ways (including but not limited to, hospitals, medical office buildings, administrative facilities, contents, inventory, buildings, age, construction classes and geography) to understand our risk exposures – and to evaluate the relative value of various coverage offerings. Kaiser Permanente's climate adaptation actions include conducting an inventory of its hospitals using 500-year flood levels to assess vulnerability of its critical systems (e.g., power, water) and is developing plans to protect those systems.

#### **2022 Emissions Metrics:**

- Scope 1: 269,501 MTCO<sub>2</sub>e (pending third-party verification)
- Scope 2: location based = 461,338 MTCO<sub>2</sub>e (pending third-party verification)

Kaiser Permanente has invested in enterprise energy and emissions monitoring and management capabilities, with a formalized process to routinely evaluate and improve energy, water, waste, and emissions performance across all our regions and facilities. Further, Kaiser Permanente comprehensively monitors and discloses our holistic environmental impact. For more information, see [kp.org/green](https://kp.org/green).