

OUR LATEST STATEMENT

Focused on being an employer of choice

We're committed to providing a positive, safe, and equitable work environment and to being a best place to work.

We understand the current labor environment across the country, and what it means for workers, organized labor, and organizations, like Kaiser Permanente, who are committed to improving the economic health of our people and our society.

We also understand the impact the pandemic has had on our employees and physicians, from the front lines of health care to the teams that work with and support them. We have been on this journey together over the past 3 years, acknowledging our employees' dedication and providing them with benefits that few other employers offered. We took extraordinary steps to support and protect our workforce and their families, and to support their mental as well as physical health.

We provided:

- \$800 million in special pandemic benefits to ensure that front-line employees had access to alternate housing options
- Special child care grants
- Additional paid leave for COVID-19 illness and exposure

Kaiser Permanente is proud to be the largest union-represented health care employer in the U.S. — with nearly 75% of our employees represented by unions. We work hard to be a nationally recognized leader in constructive labor relations, including through our historic, 26-year-old Labor Management Partnership, the longest-lasting partnership of its kind in the country. We have pioneered new ways for our people to work together, management and labor, so that our employees' voices are meaningfully heard. That includes our unit-based teams, or UBTs, a hallmark of our Labor Management Partnership, made up of front-line staff, managers, and physicians who join together to think critically about problem-solving and contribute to work innovation.

In addition to leading compensation, we offer employees opportunities to learn new skills and grow their careers. Over the prior 3 years, 2020 through 2022, Kaiser Permanente contributed more than \$190 million to union-employee training trust funds, leading to employees earning more than 5,100 new degrees and certifications. In just the first half of 2023, our investments in union training trusts have provided nearly 30,000 employees with training opportunities at no cost to them.

As a result of the value we place on treating our people with respect, we're committed to providing a positive, safe, and equitable work environment and to being a best place to work. Because of our efforts, Kaiser Permanente has weathered the pandemic and its related

health-care-wide staffing challenges better than most health care organizations. While most health care organizations are experiencing an employee turnover rate of 21.4%, Kaiser Permanente's average employee turnover rate is only 8.5%.

Kaiser Permanente has always focused on being an employer of choice.

- We are leaders in employee wages and benefits in every market we are in.
- We are committed to the economic health of our employees. In fact, our philosophy is to deliver compensation that provides wages above the local market (at or up to 10% above market) to attract and retain the best employees.
- Our very generous health care and retirement benefits add another 50% of value to the overall compensation package.
- We help our employees build long-term economic security with:
 - Low-cost health insurance
 - Industry-leading retirement plans
 - Other benefit programs to support employee health and well-being

We hired over 29,000 new employees in 2022 and are on pace to exceed that substantially in 2023, despite the pandemic-driven labor shortage happening across health care. We believe this is because talented people recognize the value of our current wage and benefit offerings and want to work at Kaiser Permanente. About 96% of candidates for Coalition-represented positions accept our employment offers — significantly above the industry average.

Bargaining with the Coalition of Kaiser Permanente Unions

We are currently bargaining with the Coalition of Kaiser Permanente Unions, which represents about 88,000 of our employees in a variety of roles. The Coalition is part of our Labor Management Partnership.

Over the course of our 20-year partnership with the Coalition, we have jointly reached national agreements in every bargaining period with 2 rates of employee wage increases, reflecting market differences:

- One rate for higher-cost California
- One rate for generally lower-cost markets outside California
- At times, we have also agreed to differentiate one market when conditions warranted

As a result of more than 2 decades of these agreements, wages in some of our markets are significantly above market, while in other markets wages are only at the market average.

This year, the unions' leadership is seeking a single national wage increase, the same increase for everyone. However, this would not reflect market labor costs and would prevent us from addressing fair market wages.

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different levels all over the country, so we need to tailor wage increases so everybody benefits fairly.

- In markets where some of our jobs have wages significantly higher than market average, it makes it harder for us to offer affordable care.
- In markets where our jobs have wages that are at or even below competitors in the market, it goes against our compensation philosophy and hurts our ability to attract and retain the best people.

Being a best-in-class employer is a fundamental part of who we are. We intend to provide all Coalition employees with wage increases. We simply cannot endorse a single national approach to determining wages and ignore local market conditions.

Continuing to bargain in good faith

The COVID-19 pandemic has shown us the huge disparities in access to U.S. health care based on a person's ability to pay. Now more than ever, our nation needs to own access and affordability of health care. At Kaiser Permanente, we want to do so in a way that is fair and just for our people and in a way that makes affordable health care available to many more Americans.

We have worked together and supported each other throughout the pandemic, and we are now dealing with the damage it has caused. We are committed to continuing to support our employees through what continues to be an exceptionally difficult time in health care.

We remain committed to bargaining with our Coalition unions in good faith and in the spirit of partnership, working together to address the many complex issues at both local and national bargaining tables.

We are confident that we will reach an agreement that achieves this goal before the national agreement expires on September 30.

Consequences of a strike authorization vote

A strike authorization vote does not reflect any breakdown in bargaining, nor does it indicate a strike is imminent or will happen at all. It is a disappointing action considering our progress at the bargaining table. Unfortunately, this year, throughout our negotiations we have seen Coalition leaders attempt to rally their unions' members to threaten a strike despite important progress made through negotiations.

We will urge our employees to reject any call for an actual strike in October and continue to focus on providing high-quality care and service to our members, patients, and communities who need us to be there for them.