



Building a More Sustainable, Secure Future

2022 Sustainability and Citizenship Report

A Message from Mac Armstrong, Chief Executive Officer

I'm proud to share our third annual Sustainability and Citizenship Report. This past year was eventful; highlighted by our continued commitment to profitable growth; the incremental diversification of our business; and the addition of significant talent in key operating areas. This past year though is best encapsulated by the introduction and execution of Palomar 2X, our strategic plan to double our adjusted underwriting income in an intermediate term while achieving a 20% adjusted return on equity.

The accomplishments of 2022 were enhanced by our successful efforts to incorporate Environmental, Social and Governance (ESG) considerations into our business operations. I am pleased to say that in 2022, we continued to deliver on our promise of transparency and execution on the ESG topics that matter to our stakeholders. As a leader in specialty insurance, we are one link in a vital chain of community resilience that we all depend on when unexpected losses occur. Our ESG efforts, detailed in this report, strengthen our organization and by extension strengthen the American communities we serve.

In this report, we will do three things. First, we will report on our progress on the objectives established in last year's report. Additionally, we will provide an update on our selected ESG initiatives, including our climate footprint, workforce diversity, enterprise risk management, our Board of Directors and our approach to corporate governance. Lastly, we will establish a new set of goals that we pledge to meet before the publication of our next report in early 2024.

As always, please reference our ESG portal (plmr.com/esg) for all corporate ESG statements and documents.

Environmental

This year we completed the first ever third- party analysis of our carbon footprint. In accordance with best practices, our analysis addressed both Scope 1 and Scope 2 emissions, those emissions generated directly by our business operations, as well as Scope 3 emissions, those generated by our suppliers, business partners and investments.

A summary of these findings is included later in this report. This exercise ensures that we are ready to meet any federal or state requirements related to climate disclosure, including a proposed SEC rule regarding Scope 3 emissions. We will continue to measure our numbers and refresh our goals on an annual basis, reflecting both the growth of our business and our ongoing efforts to reduce waste and emissions.

As with all matters in the ESG universe, we are consulting outside experts and our Board of Directors to better understand our options for offsetting our modest carbon footprint. In the coming year we will craft and disclose a plan that accomplishes that goal. We will also continue our efforts to reduce our use of paper and plastic and introduce new systems and technology to reduce our energy consumption. I look forward to providing an update on our environmental efforts in next year's Sustainability and Citizenship Report.



"Palomar is privileged and obligated to help our customers rebuild their lives, businesses and communities after disaster strikes, which is at the heart of our values and core mission."

Social

Our strength lies with our team members. Accordingly, we have taken significant steps to create an entrepreneurial corporate culture built on authenticity, accountability, diversity, innovation and agility. Last year we began disclosing data regarding the diversity of our workforce, and we will enhance these disclosures in 2023.

We will also use our influence to promote diversity and inclusion throughout our business channels and partnerships. This year we launched an initiative to measure the diversity of our suppliers and partners. Once final, we will evaluate the resulting data and investigate ways in which we can augment vendor recruitment and marketing to increase diversity. Just as when any business assesses its supply chain, our inquiry should yield operational efficiency; but more importantly it will lead to increased diversity. While we will always seek to maximize the return we provide to our stakeholders, we believe we can do so while also supporting minority and women-owned businesses.

Governance

ESG is a fundamental component of our approach to governance, and I'm pleased with 2022's progress on several fronts. We adopted new statements on cybersecurity, data privacy and diversity, equity and inclusion to complement our previous commitments and statements. Our management and Board began a process of regular review of our ESG profile of outside investments, pursuant to our commitment as a signatory to the United Nations Principles for Responsible Investment.

We continue to monitor our investments and look for opportunities to improve ESG metrics while delivering strong returns to our stakeholders.

A key component of ESG stewardship is disclosure, and this year we took steps to ensure we observe and exceed best practices with respect to our reporting. We now disclose our climate footprint consistent with the framework established by the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD framework has become an industry standard and is increasingly requested by our stakeholders and required by state governments as an element of regulatory compliance (the framework can be found in the appendix of this report). We look forward to using new tools and frameworks to enhance our disclosures to you and to other stakeholders.

We regularly engage with a broad range of stakeholders to better understand their expectations relative to ESG matters. ESG was an important part of our first Investor Day held in the summer of 2022, and we hold ESG-specific calls with interested stakeholders to communicate our progress and receive valuable feedback. Additionally at our annual meeting, we received approval to amend and restate our Certificate of Incorporation to declassify the Board and remove certain supermajority requirements via a five-year sunset provision.

Community Resiliency

We are privileged and obligated to help our customers rebuild their lives, businesses and communities after disaster strikes. We believe it is crucial that insurers like us do more than just pay claims but also work with government entities and charitable organizations to ensure that communities hit by natural disasters can bounce back as quickly and safely as possible.

Our team members help build resiliency in their communities by volunteering through our Diversity, Inclusion, Community Engagement and Equity (D.I.C.E.) Council, a team member-led group. Our team members serve San Diego's unhoused youth and help repair coastal habitats and ecosystems, among other accomplishments. We are also a partner of Team Rubicon, a military

veteran-led humanitarian organization that serves global communities before, during and after disasters and crises. We will continue to seek opportunities to strengthen the connections between our operations and the lives of the people we serve in 2023 and the years to come.

I would like to thank you for your interest in our business and our ESG efforts. We are eager to receive your feedback and encourage you to contact us at plmr.com/contact.



Mac Armstrong
Chief Executive Officer

Palomar is Committed to Sustainability & Good Corporate Citizenship

Mission

We are built on a culture of agility, innovation and problem solving that delivers peace of mind and protection to individuals and businesses impacted by adversity.

Vision

To build solutions that expand our positive impact on the people, businesses and communities we serve.

Our Core Values

Authenticity

We put people and partners first. We build strong relationships through transparency, trust and respect for each other.

Agility

We adapt quickly to change. Our entrepreneurial and resilient mindset drives us to remove barriers and find creative solutions to challenges.

Innovation

We are bold and inventive problem solvers. We continually collaborate and evolve to provide our partners and customers with unparalleled expertise and market-leading solutions.

Diversity

We celebrate diverse perspectives. We promote inclusion and equality to create more opportunities and build a better world for our team members, company, partners, customers and communities.

Accountability

We do the right thing with strong conviction, integrity and decisive action to strengthen trust within our company and with our partners, customers and communities.

Palomar at a Glance

We are a specialty insurance company that provides property and casualty insurance products to individuals and businesses. We use our underwriting and analytical expertise to provide products for select markets that we believe are underserved by other insurance companies, including the market for earthquake insurance. We use proprietary data analytics and a modern technology platform to offer our customers flexible products with customized and granular pricing for both the admitted and excess and surplus lines markets.

191

Total head count as of 12/31/22

73%

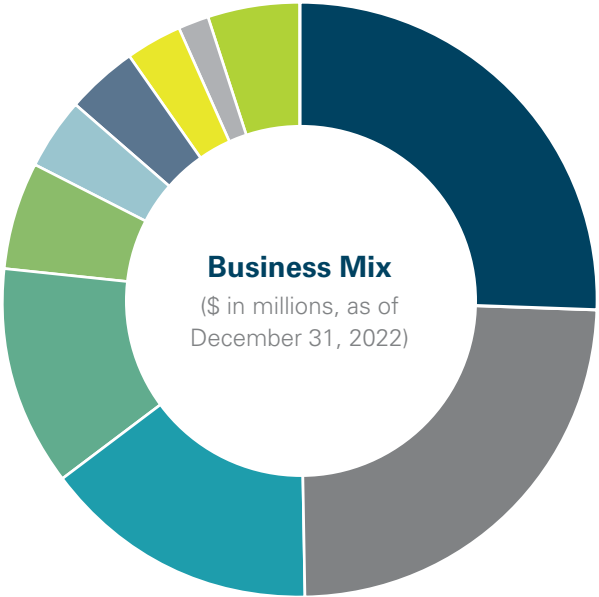
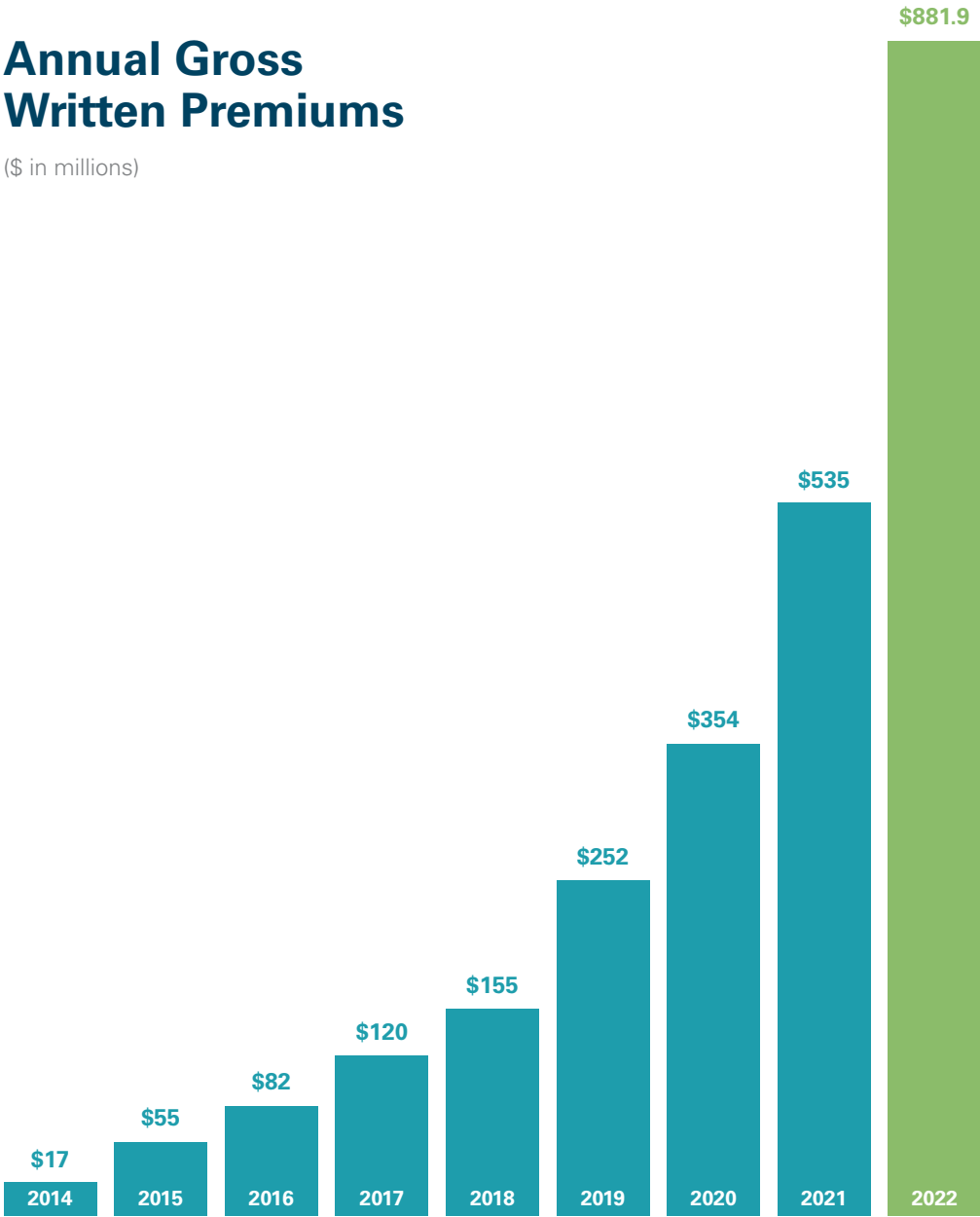
Team Member Satisfaction Score

14%

Year-over-year Turnover
(20% in 2021)

Annual Gross Written Premiums

(\$ in millions)



- Fronting — \$223,249
- Residential Earthquake — \$213,803
- Commercial Earthquake — \$131,677
- Inland Marine — \$105,068
- Commercial All Risk — \$51,671
- Casualty — \$35,791
- Hawaii Hurricane — \$32,967
- Specialty Homeowners — \$29,959
- Residential Flood — \$14,539
- Other — \$43,144



Review of 2022 Goals

✓ Goal # 1

Conduct the first third-party assessment of our carbon footprint

In 2022, we conducted our first such assessment in partnership with ADEC Innovations (adec-innovations.com), an internationally recognized corporate sustainability consultant. Our assessment can be found on page 8 of this report. We will use these results and subsequent assessments to continue to inform our stakeholders on our progress towards a mitigation plan.



✓ Goal # 2

Launch an initiative to measure and improve the diversity of our suppliers

In 2022, we engaged with Pivot Global (pivotglobal.com), a nationally recognized expert on insurance supply chains and diversity, to examine our existing supplier program and make recommendations to management regarding opportunities to diversify the businesses with whom we contract. Our suppliers include insurance brokers and agents as well as general business vendors.

With Pivot Global's assistance, we engaged in a top-to-bottom review of our vendor recruitment strategies to identify opportunities for both diversity and increased efficiencies. Efforts include partnerships with local and national minority insurance

associations and participation in producer diversity initiatives. In 2023, we will incorporate these initiatives into a plan that allows us to monetize these efforts. We look forward to sharing the results of this investment in future communications.

✓ Goal #3

Disclose new social key performance indicators including data regarding our growing workforce

We now regularly disclose data on the ethnicity and gender of our workforce. As noted in our 2023 goals, we plan to expand upon these disclosures to meet or exceed industry best practices. Talent attraction and retention are central to our long-term success, and our team will continue to explore ways to promote diversity and inclusion as we grow.

✓ Goal #4

Through our relationship with Team Rubicon, we will deepen our investment in recovery efforts after natural disasters

We are proud to provide financial support for Team Rubicon’s recovery efforts throughout 2022, which included deployments after the floods in eastern Kentucky, and both Hurricanes Fiona and Ian, each of which devastated communities in Puerto Rico and the southeastern United States. Our team members are training with Team Rubicon so that they will be able to assist in future projects to serve communities before, during and after disasters.

✓ Goal #5

Maintain community relationships, including an increase in our investment in City First Bank, a leading minority-owned depository institution

We maintained our investment in City First Bank (formally Broadway Federal Bank) in 2022 in support of our mission and the communities we serve. Going forward, we will engage with and invest in new community stakeholders and support missions that are consistent with our mission and values.

“We are excited to share the results of our 2022 ESG goals. We continue to increase our commitment to ESG each year and I am honored to work in collaboration with our Board of Directors, management and external partners to develop and achieve our goals. ESG is, and should always be, considered an ACTION word.”

— Angela Grant, Chief Legal Officer



Environmental

As an industry leader in the specialty insurance space, we understand how changes to our environment impact the frequency and severity of storms and floods. Our products help American communities rebuild and recover from these catastrophes. We are continuously refining our approach to underwriting these risks so that we can continue to grow profitably while ensuring American communities are prepared and protected. Selected product offerings include Flood, Hawaiian Hurricane, Commercial All Risk and Inland Marine, all of which have incorporated the impact of climate change into their underwriting and coverage.

“In an era of environmental change, insurers must refine their approach to underwriting climate-related risks. We have developed the systems and talent to interpret mountains of data and make swift adjustments to our product portfolio, meeting the needs of customers and shareholders alike.”

— Robert Beyerle, Chief Underwriting Officer



Our commitment to a more sustainable future extends throughout our organization. As noted in our CEO’s message, this year we completed our first ever third-party analysis of our carbon footprint. By disclosing our footprint, we are fulfilling a promise made in our 2021 Sustainability and Citizenship Report and observing industry best practices and applicable regulatory requirements.



While our Scope 1, 2 and 3 emissions are relatively low for companies in our industry and among companies our size, we are mindful of the need and opportunity to make progress in each area. We are currently interpreting the data and evaluating initiatives and programs that address our findings. In 2023, we will take three steps to further this progress:

1

First, we will work to reduce our footprint through organizational efficiencies and the introduction of new technologies and programs designed to conserve energy and reduce waste. Even modest changes such as reducing single-use plastic or seeking environmentally friendly suppliers, when possible, can have significant impact if scaled across a broad cross-section of companies.

2

Second, we will investigate options for offsetting that portion of our footprint which cannot be mitigated through efficiencies.

3

Third, we will disclose our mitigation plan to the public in our 2023 Sustainability and Citizenship Report.



Greenhouse Gas Emissions

(tCO2e/year)

2022

Scope 1 and CO2e emissions	98.11
Scope 2 and CO2e emissions	143.71
Scope 3 and CO2e emissions	6,527.06
Total CO2e emissions	6,768.88

Social

A Great Place to Work

Our strength is our team members. We have taken several steps to ensure that we attract and retain the best talent in our industry. There is no better authority on the nature of our approach than our own team members, whose regular feedback is crucial to these efforts. We are pleased to share that the San Diego Union-Tribune, the leading newspaper in our local market, has recognized our organization as one of San Diego County's "Top Workplaces" for 2022. The Union-Tribune's rankings are based on employee surveys, and our high ranking is reflective of the unique, inclusive and entrepreneurial culture we have at Palomar.

Central to this culture is the belief that a commitment to diversity pays dividends in both the workplace and in the markets we serve. As embodied in our [Human Rights Statement](#), we promote a work environment where individuals are treated fairly, respectfully and have equal access to resources and opportunities for growth. We appreciate and take pride in every team member's unique contribution within a culture that harmonizes our differences. We believe that diversity, equality and inclusion yield greater organizational creativity and productivity, which help us serve our customers and partners more effectively. We further believe that delivering on our diversity commitment will return greater value to our shareholders and ultimately make a positive impact on the communities in which we do business and on the people who live in them.

Our efforts have yielded high levels of team member engagement and retention. Our most recent engagement survey was conducted in the fall of 2022, and yielded a 73% satisfaction score compared to a benchmark average of 62% from companies our size within our sector. Additionally, we have embraced a hybrid work environment to help team members balance and integrate work responsibilities and personal life. Accordingly, our voluntary turnover rate is only 10% — a low percentage for a mid-sized company.

Our people and talent strategy begins by creating the broadest possible talent pipeline. Through our college internship program, we identify promising prospective team members, hire them as interns and most often offer them a full-time position. In 2023, we will further expand our internship program to attract more students from underrepresented groups. Once at Palomar, our team members enjoy ample opportunities for internal promotion and mobility. Nearly 28% of our team members assumed new job responsibilities in 2022. This professional opportunity yields team member retention and loyalty, and enables us to respond quickly to new business opportunities.



“Our focus and prioritization of our values enable us to take meaningful action in how we attract, retain and provide growth opportunities to our diverse workforce. Our ability to demonstrate action and leverage our team members' skills and talent make Palomar a compelling place to work.”

— Michelle Johnson
Chief Talent and Diversity Officer





Pivot Global

As noted in our 2023 goals, we have engaged Pivot Global, a nationally recognized expert on insurance supply chains and diversity, to examine our existing supplier program, including our distribution network of insurance brokers and agents, and make recommendations to management regarding opportunities to diversify the businesses with whom we contract.

“The Pivot Global initiative is about building a broader pipeline so that we can engage new producers and build enduring relationships with communities across the nation. Being a young woman in a leadership position, I will always strive to create opportunity for underrepresented individuals to thrive in this industry. Together, we will open new markets and increase profitability for Palomar.”

— Ariel Lim
Assistant Vice President of
Business Development

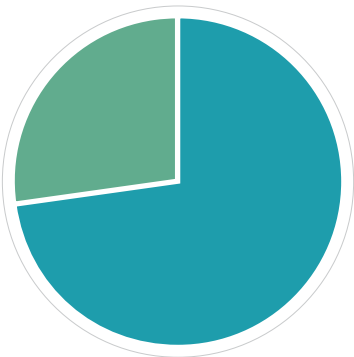
Pivot Global’s approach is to unlock value through innovation and process changes within the enterprise. They are therefore, an ideal partner for us and our commitment to continuous innovation in product development and distribution. As part of our engagement, we are reviewing our producer sourcing strategy, marketing materials and business processes. We have already enabled our producers to self-identify as minority and women-owned so we can better support and create opportunity for community and generational wealth. In addition, we are building stronger relationships with insurance associations to open new distribution channels for our product portfolio.

As with all the initiatives described in this report, this effort will strengthen our ability to profitably grow and expand. Ariel Lim, Assistant Vice President of Business Development, has managed our partnership with Pivot Global.

Leadership

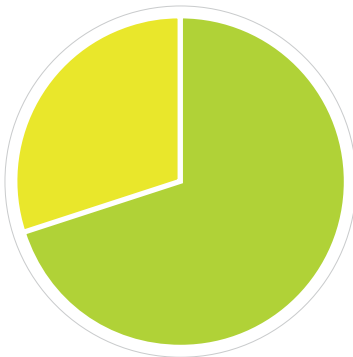
Gender

Male	73%
Female	27%



Race

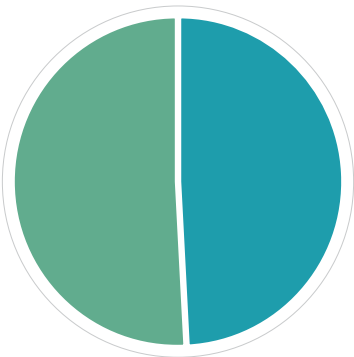
Members of Underrepresented Communities	30%
White	70%



New Hires

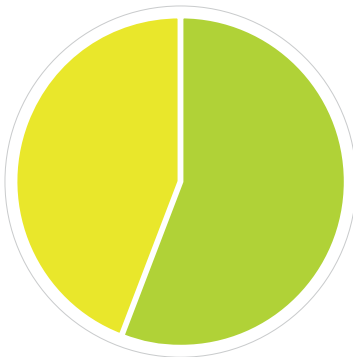
Gender

Male	49%
Female	51%



Race

Members of Underrepresented Communities	44%
White	56%



All Team Members

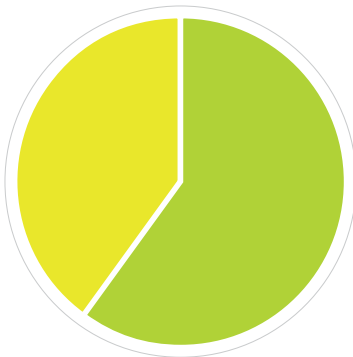
Gender

Male	59%
Female	41%



Race

Members of Underrepresented Communities	40%
White	60%



D.I.C.E. Council

We engage with the communities we serve through philanthropy, volunteerism and partnership. In keeping with our entrepreneurial culture, we turn to our team members to inform and guide our engagement efforts. Our grassroots team member group, known as D.I.C.E., offers our team members an opportunity to contribute their time and energy to worthy causes.

The Monarch School, based near Petco Park in downtown San Diego, is our nation’s only public school dedicated to serving unhoused youth. None of Monarch’s nearly 300 students have a permanent address. Some live on the streets or in shelters, while others bounce between temporary housing. Unsurprisingly, Monarch students face special challenges with respect to nutrition, clothing and other basic needs. After dialogue with Monarch officials, our D.I.C.E. Council proposed an employee action campaign to help Monarch students that would supplement our corporate support and sponsorship.

As part of our effort to provide nutritious food to often undernourished students and their families, the Monarch School holds a regular farmer’s market funded and staffed by volunteers. Our team members have staffed the market, ensuring that some of our most vulnerable neighbors have healthy, nutritious food to eat.

In 2022, D.I.C.E. also engaged the Surfrider Foundation, a national organization devoted to cleaning up America’s beaches and oceans. Surfrider operates throughout the country and has long roots in Southern California, where it was founded in 1984. Our team members volunteer to help clean up the beaches on a regular basis, so they can be enjoyed by all.

We are proud of the leadership and creativity of our team members, and we look forward to another year of commitment to our communities.



Governance

Spotlight: Rick Taketa

Our lead independent director, Richard (Rick) Taketa, President of Taketa Capital, has been a member of our Board since 2018 and serves as Chair of the Board’s Compensation Committee. As the Board’s lead independent director, he has an intimate knowledge of our history and strategic vision including our approach to ESG. Rick brings a career of valuable experience to this task, including his experience as CEO and President of York Risk Services, a leading insurance claims adjudication provider. He also has a long history of advising private and public companies as both a board member and advisor.

Early in Rick’s career he embraced environmental protection as a passion and cause. Prior to attending Stanford Law School, Rick worked for the inaugural class of AmeriCorps, working on environmental justice matters in Washington DC. Since that initial experience, he has worked for and volunteered at organizations including the Earthjustice Legal Defense Fund, the National Association of Environmental Law Societies and served on the Board of Friends of the Earth.

“I was attracted to Palomar because of the unique business strategy and importance to the insurance marketplace – both of which have been unwavering since inception. Our mission to return value to our stakeholders is enhanced by a complementary mission – to restore people and organizations who face unexpected losses or even tragedies. I am proud of our execution against these missions, especially around ESG compliance and leadership. By meeting and often exceeding best practices in ESG, we will be even better positioned for profitable growth and continue to attract industry-leading talent.”

— **Richard Taketa**
Lead Independent Director



Our Board of Directors

Our Board of Directors is comprised of accomplished industry veterans who bring decades of experience from their prior roles working in insurance and financial services companies.

From left to right:

Daryl Bradley

Former EVP and Head of International Insurance, Everest Reinsurance

Daina Middleton

Chief Strategy Officer, PrismWork

Mac Armstrong

Founder, Chairman and CEO, Palomar

Martha Notaras

Managing Partner, Brewer Lane Ventures

Richard Taketa

President, Taketa Capital Corporation

Catriona Fallon

Former CFO, Aktana

Robert Dowdell

Founder and Former CEO, Career Education Corporation



Board Composition

We have thoughtfully constructed our Board to advance our strategy.

Skills	Mac Armstrong	Richard Taketa	Daryl Bradley	Robert Dowdell	Catriona Fallon	Daina Middleton	Martha Notaras
Accounting and Finance	●	●		●	●	●	●
Corporate Governance	●	●	●	●	●	●	●
Cybersecurity Oversight			●	●	●		●
Environmental Policy Management		●	●				
Human Capital Management	●	●	●	●		●	
Insurance and Financial Services	●	●	●	●	●		●
Investment and Capital Management	●	●	●	●	●		●
Leadership	●	●	●	●	●	●	●
Marketing and Brand Management	●			●		●	
Risk Management and Reinsurance	●	●	●	●			
Technology		●		●	●	●	●
Diversity							
Male	●	●	●	●			
Female					●	●	●
Members of Underrepresented Communities		●	●				
White	●			●	●	●	●

The lack of a dot for a particular item does not mean that the director does not possess that skill or experience. We look to each director to be knowledgeable in these areas; however, the dot indicates that the item is a particularly prominent qualification or characteristic that the director brings to the Board.

86%

Independent

43%

Women

29%

Members of
Underrepresented
Communities

58.9

Average Board Age

2.7

Average Board Tenure

Board and Governance Philosophy

Our strength is reflected in a diverse, active Board who possess critical skills and experience relevant to our operations. Since 2021, we have maintained a standing committee within our Board devoted to the oversight of our ESG initiatives, and our full Board addresses ESG matters as part of every quarterly meeting. Our newest Board sub-committee, which has now been elevated as a standalone committee in early 2023, is organized around Enterprise Risk Management (ERM) and examines ESG issues in the broader contexts of corporate governance, risk identification and mitigation.

Daryl Bradley, an independent director with a long and distinguished career in the insurance industry, chairs our ERM Committee.

“In an era of increasing risks and unpredictability, companies must adjust their risk management strategies to keep pace. Our focus on ERM and continued efforts to expand leadership in ESG matters will help ensure that we anticipate and mitigate risks before they impact the business.”

— Daryl Bradley
Independent Director



2023 Goals

We are pleased to commit to the following new goals in calendar year 2023:

Goal #1

Climate Mitigation and Community Resiliency

With the results of our climate survey in hand, our team will work during 2023 to develop a plan to assess our climate footprint. We will ensure, above all, that any mitigation plan is both realistic and specific, with details made available to all interested stakeholders upon completion. We firmly believe that we can achieve this important objective while continuing to grow and strengthen our position as a leader in the specialty insurance space. We will also continue to identify and implement changes to

our business operations that reduce our carbon footprint, including paperless communications and energy efficient technologies.

We are dedicated to protecting and rebuilding American communities in partnership with Team Rubicon. As a company, we will encourage our team members to increase their volunteering efforts to serve communities before, during and after disasters and crises. We will seek both local and national opportunities to offer support where help is needed. We look forward to providing an update on the progress of our partnership with Team Rubicon and involvement in assisting various communities.

Goal #2

Green Investing

As a signatory to the United Nations Principles for Responsible Investment (PRI), we have committed to consider ESG concerns in all investment decisions – a commitment that is consistent with both our investment objectives and our company values. We have also committed that no less than 1% of our overall investment portfolio would be comprised of "green" investments.

In 2023, we commit to doubling our green investments and allocating no less than 2% of our overall portfolio to those instruments. Our analysis suggests that this commitment will enhance our return on capital while also benefiting our shared environment.



Goal #3

Supplier Diversity

As noted in our review of 2022 goals, we surveyed our suppliers and partners to identify opportunities to engage with minority and women owned businesses. In 2023, we will complement this effort by joining and sponsoring the Big “I” Diversity Council as a company member. The Big “I” Diversity Council is a cooperative insurance industry group comprised of diverse Big “I” member agents and leading companies. Additionally, we will be entering a partnership with the National African American Insurance Association (NAAIA) as an effort to further promote diversity in the insurance industry.

These engagements are one element of a multifaceted strategy to increase our supplier diversity where possible and is consistent with the needs of our business. We look forward to engaging with new partners in the years to come.

Goal #4

Corporate Governance and Transparency

The foundation of both good corporate governance and ESG management is transparency. Over the past 24 months we have ensured that our stakeholders can access information about our company and our

operations as easily as possible. These reports – following industry standards such as the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) – can be found in the appendix to this report.

In 2023, we commit to report our ESG progress pursuant to the Global Reporting Initiative (GRI) format, which has been identified by our stakeholders as a valuable resource. Once completed, our report will be available via our ESG portal at plmr.com/esg.

Goal #5

Enhanced Diversity and Inclusion Initiatives

In 2022, we began reporting on the diversity of our workforce and our ongoing efforts to build the strongest possible pipeline of talent to guide our growth and expansion. In 2023, we commit to disclosing more information regarding our workforce demographics pursuant to the Equal Employment Opportunity (EEO-01) Report, a government form that requests information about employees' job categories, ethnicity, race and gender to establish a benchmark for our workforce. As we continue to grow, we will use this data to guide our talent acquisition and retention strategies.

Task Force on Climate-Related Financial Disclosure (TCFD) Index

We recognize that climate change is perhaps the most complex risk facing society today. As a specialty insurance company writing earthquake, hurricane and flood coverage, climate change directly impacts our business and insureds. In our corporate reporting on climate change, we apply and adopt the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD’s four pillar framework provides needed guidance on how climate-committed companies such as our company can disclose and address risks and opportunities in the changing climate.

TCFD Issue	Recommended Disclosure	Response
Governance a)	Describe the organization’s governance around climate-related risks and opportunities.	<p>Our Board of Directors directly and through our committees, oversee risk management policies and practices, including climate-related risks. In 2021, the Board of Directors established an Environmental, Social and Corporate Governance (ESG) Committee that consists of Martha Notaras (Chairperson), Mac Armstrong, Daryl Bradley and Daina Middleton. The ESG Committee oversees and provides guidance on our strategies related to a number of factors, including environment, health and safety, corporate social responsibility, governance, sustainability and public policy matters relevant to our business.</p> <p>Specific duties include:</p> <ul style="list-style-type: none">• Assisting the management team in setting general strategy relating to ESG matters;• Developing, implementing and monitoring initiatives and policies based on that strategy; and• Overseeing communications with team members, investors and shareholders with respect to ESG matters. <p>In 2021, the Audit Committee established an Enterprise Risk Management (ERM) Sub-Committee that consists of Daryl Bradley (Chairperson), Robert Dowdell (member), our Chief Underwriting Officer and Chief Risk Officer, who act as management participants. In early 2023, the ERM Sub-Committee became a standalone board committee, which will meet twice annually at a minimum. Martha Notaras (member), has joined Mr. Bradley and Mr. Dowdell as active participants of the committee. The ERM Committee is responsible for the following duties:</p> <ul style="list-style-type: none">• Assisting in setting general strategy with respect to enterprise risk management, and to consider and recommend policies and practices that conform with the strategy;• Assisting in overseeing internal and external material communications regarding our position or approach to enterprise risk management; and• Assessing and monitoring the risk management framework employed to manage enterprise risks.

TCFD Issue	Recommended Disclosure	Response
Governance b)	Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>Our Chief Underwriting Officer and Chief Risk Officer oversee risk management policies and practices, including climate-related risk. These executives consult climate data and other relevant information to guide our product development and business strategy. Separately, our Chief Legal Officer and Chief Talent & Diversity Officer guide ESG strategy and oversee the implementation of ESG initiatives.</p>
Strategy a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	<p>We recognize that climate change has and will continue to affect the frequency, severity and geographical distribution of extreme weather events. Organizations such as the World Meteorological Organization (the WMO) and the National Oceanographic and Atmospheric Administration (the NOAA) have documented this dynamic in research that we closely study in developing our business strategies. Current climate models, such as the International Panel on Climate Change (IPCC) model, which we use to help assess our risks, indicate physical climate change risk will begin to rise more materially after the next two decades if left unmitigated.</p> <p>As a specialty insurer whose products cover loss from hurricane and flood damage, we are concerned about a continuation of this trend over the long term. We believe over the short term, natural climate variability will have a greater impact on natural catastrophe losses than the long-term trends identified by the WMO and NOAA. To accommodate the evolving nature of climate risk, we consider both near-term (three to five year) and long-term (five to ten year) time horizons, with the long-term view used as a basis to develop mitigation strategies. Overall, we consider the near-term climate change-related risks to be manageable and foreseeable, whereas long-term risks are elevated and highly uncertain. A worsening disaster footprint could influence company decisions regarding the mix of products we sell to consumers and could also impact the features of individual products.</p>
Strategy b)	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	<p>We are exposed to physical risk of climate change through the underwriting of personal and commercial property risks. While assessing and managing the impact of extreme weather events is part of our core business competency, changes in frequency and severity of events caused by climate change add to the challenges in accurately measuring expected impacts. There is also a risk that physical events reduce the profitability of investments across asset classes (e.g., equities, or corporate bonds), though analysis suggests that very significant impairments would be required for our portfolio to be materially impacted. We consider the risk to our own operations from climate risk as less material, as we are generally not located in highly exposed areas and business continuity plans are in place to react to relevant extreme weather events.</p> <p>As an innovative insurer, we are positioned to provide climate change-informed products and services which enable existing and prospective customers to better understand and manage their exposure to climate risks. We also invest in community resilience through both the provision of property insurance and through investments in non-governmental organizations (NGOs) such as Team Rubicon, who assist communities rebuild in the immediate aftermath of catastrophic events. As a leading provider of insurance solutions for earthquakes, hurricanes, floods and other perils exacerbated by climate change, we see an opportunity to lead our industry and partner with private and public stakeholders to build a more sustainable, secure future.</p>

TCFD Issue	Recommended Disclosure	Response
Strategy c)	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>Each major economy is likely to respond to transition risks in specific ways and within different time periods. Shifts toward a low-carbon economy carried out in specific sectors are likely to affect not only those individual sectors, but other parts of the economy as well. There are at least three aspects to consider within this transition process: effect on technologies, economies and society. The insurable risks related to these transitions could develop in many ways.</p> <p>Achieving a transition to a low-carbon economy requires fundamental changes to all parts of the economy. While limiting climate change to 2°C or below will lower physical climate risk, the technological and policy changes required to achieve this create their own sets of risks.</p> <p>Independent of the precise pathway, the transition could be disruptive, as significant asset price moves are required to shift resources to low-carbon technology on a global scale. Changes in public perception and the regulatory landscape could reshape legal and reputational risks.</p> <p>Transition risks are more uncertain than physical risks. We use a climate scorecard to measure transition risk-related indicators, with the assessment indicating that a physical risk path currently is significantly more likely than a transition path. However, transition risks and physical risks are not mutually exclusive and can potentially coexist, depending on the timing, speed and effectiveness of the path followed.</p>
Risk Management a)	Describe the organization’s processes for identifying and assessing climate-related risks.	<p>Our economic model is closely tied to our coverage for natural disasters and catastrophes. We believe the existing scientific consensus that man-made changes to climate conditions are leading to increases in sea levels and global temperatures, and that the severity and frequency of weather-related natural disasters may increase relative to historical experience. We believe that this increase in severe weather, coupled with currently projected demographic trends in catastrophe-exposed regions, contributes to factors that will increase the average economic value of expected losses, increase the number of people exposed per year to natural disasters and, in general, exacerbate disaster risk, including risks to infrastructure, global supply chains and agricultural production. In addition to the impacts that environmental incidents have on our business, changes to law and regulation related to climate change could also directly affect our business, including state insurance regulations that could impact our ability to manage property exposures in areas vulnerable to significant climate-driven losses, and possible new requirements that insurers integrate the financial risk of climate change into business operations and governance. Additionally, The ERM Committee, which is guided by the Own Risk and Solvency Assessment (ORSA) model developed by the National Association of Insurance Commissioners (NAIC), is ultimately responsible for assessing and monitoring our risk management strategy and framework.</p> <p>From an underwriting standpoint, we carefully consider the development and deployment of insurance products in coastal areas that may be impacted by rising sea levels, and we incorporate scenarios into our catastrophe modeling that involve elevated sea surface temperatures and other relevant data. As part of our risk management practice, we use third-party vendor catastrophe modeling tools to help estimate our exposure to weather risk by line of business, as well as on a per-occurrence and aggregate basis. Our modeling process generates exceedance probability curves and we evaluate our modeled net retained weather risk against specific probable maximum loss (PML) return periods.</p>

TCFD Issue	Recommended Disclosure	Response
Risk Management b)	Describe the organization’s processes for managing climate-related risks.	<p>Climate change could have an impact on the frequency and severity of weather-related events in the areas where we provide hurricane and flood coverage. In consideration of these risks, we have instituted certain underwriting guidelines and criteria to mitigate our risk, and we have employed a robust reinsurance program to address and mitigate our risk of a material climate change impacting business. We partner with catastrophe modeling companies AIR Worldwide (AIR) and Risk Management Services (RMS), who both leverage the latest IPCC model, to evaluate climate-related risks to our core underwriting portfolio. We also leverage data from the National Weather Service and the National Hurricane Center to ensure we are evaluating the most relevant data in our respective markets.</p> <p>While we are honored to offer insurance products that provide resilience after disaster strikes by helping our policyholders rebuild their homes and businesses, we are also mindful of the need to reduce the severity of events through more responsible climate management. Accordingly, with respect to our office activity, mobile combustion and business travel, we continue to work on reducing our environmental impact. We offer our team a hybrid work environment that not only addresses our team members' changing needs, but also has the added benefit of reducing our carbon footprint. Additionally, for a portion of our residential inspections, we use a leading photo and video verification platform, which reduces our carbon footprint by eliminating the need to send an inspector to each unique location.</p>
Risk Management c)	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	<p>We regularly and continually review, monitor and assess catastrophe model literature, papers and publications for potential effect on our business. Tests using computer simulations are conducted to assess the effect of climate changes on our business and policyholders. The weather-related computer models allow us to assess our concentration of risks, claims frequency and product pricing to ensure consumer confidence in our ability to respond to catastrophes as they develop. Our reinsurance brokers also assist in assessing how climate change may affect our business.</p>

TCFD Issue	Recommended Disclosure	Response
Metrics & Targets a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	We are in the process of identifying key performance indicators (KPIs) to track and ensure improvement in the mitigation of operational and investment-related risks. As stated above, we have initiated a hybrid workforce which reduces commute time and vehicle emissions. We have also implemented a largely paperless environment. Where allowed, we issue policies via email through PDF files and avoid the printing and reprinting of policies, amendments, endorsements, billing statements, etc. Internally, communication is via email and records are kept in paperless form. When we do need to print, we utilize dual-side printing. We use energy-saving light bulbs, and our lighting and electrical systems use motion sensor technology to automatically turn off electricity when not needed. We have also installed web conferencing technology to reduce the need to travel from office to office.
Metrics & Targets b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	See page 8.
Metrics & Targets c)	Describe the targets used by the organization to manage climate-related risks, opportunities and performance against targets.	We regularly consult predictive studies and analyze disaster patterns after disaster events, allowing us to make the appropriate changes to our underwriting portfolio and business strategy.

Sustainability Accounting Standards Board (SASB) Index

Topic	Code	Accounting Metric	Palomar Response
Transparent Information & Fair Advice for Customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	<p>While we do not disclose this specific information, we do disclose certain applicable material pending legal proceedings, other than ordinary routine litigation incidental to the business, as required by applicable Securities and Exchange Commission (SEC) disclosure requirements in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q (collectively, SEC Filings).</p> <p>https://ir.palomarspecialty.com/financials/sec-filings</p>
	FN-IN-270a.2	Complaints-to-claims ratio	<p>While we do not calculate a complaints-to-claims ratio, the National Association of Insurance Commissioners (NAIC) publishes a Closed Complaint ratio.</p> <p>https://content.naic.org/cis_consumer_information.htm</p>
	FN-IN-270a.3	Customer retention rate	<p>Our products demonstrate strong premium retention trends, which we believe are an indication of the distinctive value we provide to our insureds.</p> <p>During the years ended December 31, 2022 and 2021, our Residential Earthquake products had a premium retention rate of approximately 91%.</p>
	FN-IN-270a.4	Description of approach to informing customers about products	<p>While we develop product communications in accordance with regulations set forth by state departments of insurance, we aim to go beyond regulatory requirements. We invest in excellent customer service to provide clear, frequent communication to keep our customers apprised of their insurance coverages.</p>

Topic	Code	Accounting Metric	Palomar Response
Incorporation of Environmental, Social and Governance Factors in Investment Management	FN-IN-410a.1	Total invested assets, by industry and asset class	<p>For information with respect to our investment activities, including disclosures on asset class and asset ratings, see section “IV. Results of Operations—Investments” under Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Annual Report on Form 10-K.</p> <p>\$553.6 Million Total Invested Assets, as of December 31, 2022</p> <p>U.S. Governments: 8.9%</p> <p>States, territories and possessions: 1.0%</p> <p>Political subdivisions: 0.8%</p> <p>Special revenue excluding mortgage/asset-backed securities: 6.0%</p> <p>Industrial and miscellaneous: 46.4%</p> <p>Mortgage/asset-backed securities: 31%</p> <p>Equity securities: 6.1%</p> <p>Total: 100%</p> <p>https://ir.palomarspecialty.com/static-files/b2ea501b-b1b2-4235-9616-0f648d26c397</p>
	FN-IN-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	<p>See Responsible Investment Statement.</p> <p>In 2023, we committed to doubling our green investments and allocating no less than 2% of our overall portfolio to those instruments.</p> <p>https://plmr.com/responsible-investment-statement/</p>
Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	<p>We are unable to measure or disclose this metric at this time.</p>
	FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety and/or environmentally-responsible actions and/or behaviors	<p>See the "Climate Strategy" and "Disaster Preparedness & Response" sections of our ESG portal.</p> <p>https://plmr.com/esg/</p>

Topic	Code	Accounting Metric	Palomar Response
Environmental Risk Exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	We do not disclose this information at this time.
	FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes, and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	<p>We do not categorize catastrophic events as modeled versus non-modeled as we do not believe this categorization is meaningful to our business. For reporting purposes, we define catastrophe losses as certain losses resulting from events involving multiple claims and policyholders, including earthquakes, hurricanes, floods, convective storms, terrorist acts or other aggregating events.</p> <p>We report net catastrophe losses in our SEC Filings. The SEC Filings also include an overview of our reinsurance and the recoverables recorded.</p> <p>For more information on how we manage climate-related risks, please see our 2022 Task Force on Climate-Related Financial Disclosures report on page 19.</p>
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts, and (2) the management of firm-level risks and capital adequacy	<p>We evaluate climate-related considerations relevant to our policyholders’ location during the underwriting process. We analyze the potential impact to capital as a result of possible natural catastrophe events.</p> <p>Additionally, our ERM Committee assesses and monitors enterprise risks related to climate change.</p>
Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally-cleared derivatives	As of December 31, 2022, we did not have any derivatives outstanding.
	FN-IN-550a.2	Total fair value of securities lending collateral assets	As of December 31, 2022, we did not have any securities lending reinvested collateral assets per Schedule DL filed with the NAIC.
	FN-IN-550a.3	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	<p>See section “II. Financial Condition” under Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Annual Report on Form 10-K.</p> <p>https://ir.palomarspecialty.com/static-files/b2ea501b-b1b2-4235-9616-0f648d26c397</p>

Key Performance Indicators

Environmental	2022	2021
Scope 1 and CO2e emissions	98.11	N/A
Scope 2 and CO2e emissions	143.71	N/A
Scope 3 and CO2e emissions	6,527.06	N/A
Environmental statement	Y	Y

Social	2022	2021
Total headcount	191	156
Percentage of women team members within the total workforce	41%	38%
Percentage of women team members in leadership positions	27%	25%
Percentage of women team members within new hires	51%	37%
Percentage of team members of underrepresented communities within the total workforce	40%	39%
Percentage of team members of underrepresented communities in leadership positions	30%	21%
Percentage of team members of underrepresented communities within new hires	44%	41%
Annual employee satisfaction survey	73%	N/A
Total team member training hours	2,903	1,100
Employee turnover rate	14%	20%
Human Rights statement	Y	Y
DEI statement	Y	N

Governance	2022	2021
UN Global Compact signatory	Y	Y
UNPRI signatory	Y	Y
Responsible Investment statement	Y	Y
Data Privacy statement	Y	Y
Cybersecurity statement	Y	Y
Total number of directors	7	7
Average Board age (yrs.)	58.9	57.8
Average Board tenure (yrs.)	2.7	1.7
Percentage of independent directors	86%	86%
Percentage of women directors on the Board	43%	43%
Percentage of directors of underrepresented communities on the Board	29%	29%



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