

# Rebuilding Tomorrow: Palomar's Sustainability Story

Sustainability and Citizenship Report 2023





At Palomar, we are dedicated to a business strategy that supports growth, well-being, and long-term sustainability through investment in our people, business, and communities. Transparency in our operations, governance, and environmental impact is crucial for success and benefits all stakeholders.



<b>Introduction</b>	<b>1</b>
About Palomar	3
Mission, Vision, & Values	4
Message from Mac Armstrong	5
2023 At-A-Glance	7
<b>Environmental Stewardship</b>	<b>8</b>
Introduction – From Commitment to Impact	8
Accomplished – The Business of Environmental Sustainability	9
Assessing – Fostering Earthquake Safety	10
Aspiring – Community Support Initiatives	10
<b>Social Responsibility</b>	<b>11</b>
Introduction – Thriving Together: Organizational and Community Resiliency	11
Accomplished – A Great Place to Work	12
Assessing – Strengthening Communities	14
Aspiring – Transforming Together	17
<b>Effective Governance</b>	<b>19</b>
Introduction – Practicing Integrity in Operations	19
Accomplished – Strength Through Governance	20
Assessing - Data Protection at its Best	20
Aspiring – Fresh Perspectives	21
<b>Appendix</b>	<b>25</b>



# About Palomar

Palomar is a specialty insurance company focused on serving residential and commercial customers. Our underwriting and analytical expertise enables us to concentrate on markets that we believe are underserved, such as the market for earthquake insurance. We are a publicly traded company on the Nasdaq Stock Exchange (NASDAQ: PLMR) with a financial strength rating of "A-" (Excellent) from A.M. Best Company.

## Five Distinct Product Categories:



Earthquake



Inland Marine & Other Property



Casualty



Fronting



Crop

## Full Year 2023 Highlights



# 213

Team Members



# \$1.1B

in Gross Written Premium



# 71%

Adjusted Combined Ratio



# 22%

Adjusted Return on Equity



# 2<sup>nd</sup>

**Leading Earthquake Insurer**  
2<sup>nd</sup> Largest Writer in California and  
3<sup>rd</sup> Largest in the United States



# 43

**Nationwide in Scope**  
Offering Products via Admitted  
(43 States) and Non-admitted  
(Nationwide) Carriers



# 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.



# Message from Mac Armstrong

I am pleased to share with you our fourth annual Sustainability and Citizenship Report, which outlines our ongoing commitment to executing responsible environmental, social, and governance (ESG) initiatives. At Palomar, we view this commitment not only as a means of meeting current standards but as a testament to resilience and our adaptability and resilience in the face of emerging challenges as well. Our goal is to ensure strong financial performance for our shareholders while preserving the value of our products and services within the rapidly changing specialty insurance landscape. Our team members are essential to the achievement of this goal, and all our goals for that matter, and we recognize the utmost importance of their dedication and expertise in driving our company and sustainability efforts forward.

Understanding that a sustainable business strategy is key to our long-term growth and corporate well-being, both Palomar and our Board remain deeply dedicated to the development of a comprehensive ESG strategy. Our strategy not only enables good corporate practice but also informs the products we develop for the individuals and businesses we insure. Transparency in our business practices, corporate governance, and environmental impact are essential to building a market leader and a sustainable business that benefits all our constituents — team members, business partners, shareholders, and the American communities in which our insureds live.



“Our commitment to sustainable business practices is driven by the understanding that environmental stewardship, social responsibility, and effective governance are interconnected pillars essential for long-term business success.”

In the first section of this report, we will provide an update on the impacts of our 2023 strategic goals including the adoption of a new benchmarking strategy. This new strategy allows us to present our updated objectives in an innovative and distinctive manner moving forward. This will ultimately improve our transparency, accountability, and decision-making processes.

In our approach to setting, measuring, and achieving our objectives, we have adopted the 3A framework, which encompasses three key categories: Accomplished, Assessing, and Aspiring. This framework is an essential and creative way to meet the demands of an evolving and intricate ESG landscape, where static goals set in the past often struggle to remain relevant. By organizing our goals within this framework, we can maintain agility in our goal tracking, allowing us to adapt to changes or new advancements swiftly and effectively.

Throughout this report, we invite you to delve into the tangible impact of our ESG achievements. These accomplishments represent significant milestones on our ESG journey, underscoring our dedication to positive change and good corporate citizenship.

2023 was a year of significant progress, highlighted by the following: we began offering comprehensive commercial environmental liability coverage; we were recognized as one of San Diego County’s “Top Workplaces” for the second consecutive year by the San Diego Union-Tribune; and we became a signatory to the UN Sustainable Insurance initiative. Additionally, in 2023, we introduced several new initiatives that we will continue into 2024, including: measuring and promoting supplier diversity and inclusion; investigating the earthquake performance of buildings constructed from cold-formed steel through our financial contribution to the University of California San Diego (UCSD) Earthquake Test Program; and becoming a founding member of the California Insurance Emergency Response Association (CIERA).

We encourage you to envision the aspirations that catalyze our organization, underscore our commitment to continuous improvement, and reflect our belief in the transformative power of sustainable business practices. In 2024, we are excited to launch initiatives like partnering with Hammond Climate Solutions Foundation to accelerate solar adoption for nonprofits across the country, and fostering innovation, creativity, and organizational success by increasing workforce diversity.

Finally, our commitment to sustainable business practices is driven by the understanding that environmental stewardship, social responsibility, and effective governance are interconnected pillars essential for long-term business success.

At Palomar, we embrace sustainability as a product for our insureds, as well as recognizing it as a measure of our adaptability and success in an ever-changing environment. As we navigate the complexities of the insurance industry, the sustainability of our team is invaluable, and their enthusiasm and expertise will drive our sustainability initiatives forward.

**Mac Armstrong**  
Chairman and Chief Executive Officer



# 2023 At-A-Glance

In 2023, we had five key goals: Climate Mitigation, Green Investing, Supplier Diversity, Corporate Governance, and Diversity and Inclusion.

Below are highlights of our accomplishments:



## GOAL #1: Climate Mitigation

Partnering with ADEC Innovations, we completed our first Scope 3 net-zero strategy analysis. We found that our current footprint is relatively small compared to other businesses in our industry. As we continue to grow and expand, we are committed to learning and evaluating our mitigation opportunities regularly.



## GOAL #2: Green Investing

We maintained a minimum allocation of two percent of our total investment portfolio to climate or green bonds; importantly, these investments generated returns in excess of our blended portfolio yield. We will continue to meet this threshold throughout 2024.

[Learn More →](#)



## GOAL #3: Supplier Diversity

We conducted an analysis of diversity metrics and assessed our supplier program, diving deep into the demographic makeup of the insurance brokers and agents we partner with. As part of our commitment to diversity, we have now included a section in our new agent form to identify minority and/or women-owned businesses. To gain a better understanding of the diversity within our current partners, we have also conducted self-identifying email surveys.

Furthermore, we have extended our support to this measure by providing financial assistance and actively participating in conferences organized by associations such as the National African American Insurance Association (NAAIA) and the Big I Diversity Council.



## GOAL #4: Corporate Governance

For the first time, we have published the Global Reporting Initiative (GRI) framework, showcasing our strong dedication to transparency and accountability. Further highlighting our commitment to promoting sustainable practices in the insurance industry, we have become a signatory to the United Nations Sustainable Insurance initiative. These achievements reflect our continuous growth, innovation, and maturity in the insurance sector.



## GOAL #5: Enhanced Diversity and Inclusion

We unveiled and published Equal Employment Opportunity (EEO-1) data for the first time. By recognizing the value of varied perspectives and experiences in driving success, we are accelerating company performance by prioritizing the retention and recruitment of a diverse workforce. This significant step showcases our commitment to perpetuating a workspace where everyone has equal opportunities to thrive and succeed.





# Environmental Stewardship

## From Commitment to Impact

As leaders in risk management for earthquakes, hurricanes, floods, and other natural disasters, we see firsthand the impact of climate change on the lives of Americans across the country. We're honored to help our policyholders prepare for an ever-changing world by offering insurance products that provide resilience after disasters strike, however, we are also mindful of the need to reduce the severity of events through more responsible climate management.

Our unwavering dedication to environmental stewardship lies in making decisions that protect our planet, communities, and team members, and pave the way for a sustainable future. By leading a path that not only protects the environment but also fosters growth and prosperity for our organization, we are poised to create a lasting impact.



## The Business of Environmental Sustainability

Accomplished

Assessing

Aspiring

### A New Solution for Environmental Liability

In 2023, we began offering comprehensive commercial environmental liability coverage. Our Environmental practice fills the gaps in standard general liability policies, providing a safety net for unforeseen pollution events, adapting to evolving legal trends, and addressing emerging contaminants. Our risk selection and underwriting practices help to encourage insureds to implement and follow responsible practices that align with environmental preservation and enterprise risk management. This proactive approach fosters a culture of responsibility, motivating companies to manage environmental risks, and in turn, make a positive contribution to the well-being of our planet. Our new environmental liability insurance product strengthens businesses against potential financial losses and plays a crucial role in advancing the cause of environmental sustainability.

### A Greener Workspace

In a push towards creating a greener workspace, our company is actively adopting practices and policies that promote sustainability and environmental responsibility. We encourage a hybrid work model that offers our team members increased flexibility while also reducing the environmental impact of daily commuting and gas consumption. Within our California and Minnesota office spaces, we have implemented several eco-conscious measures, including the installation of refillable water stations, encouraging a shift away from single-use plastic bottles. We are also committed to energy efficiency and have installed LED and compact fluorescent lamps in both

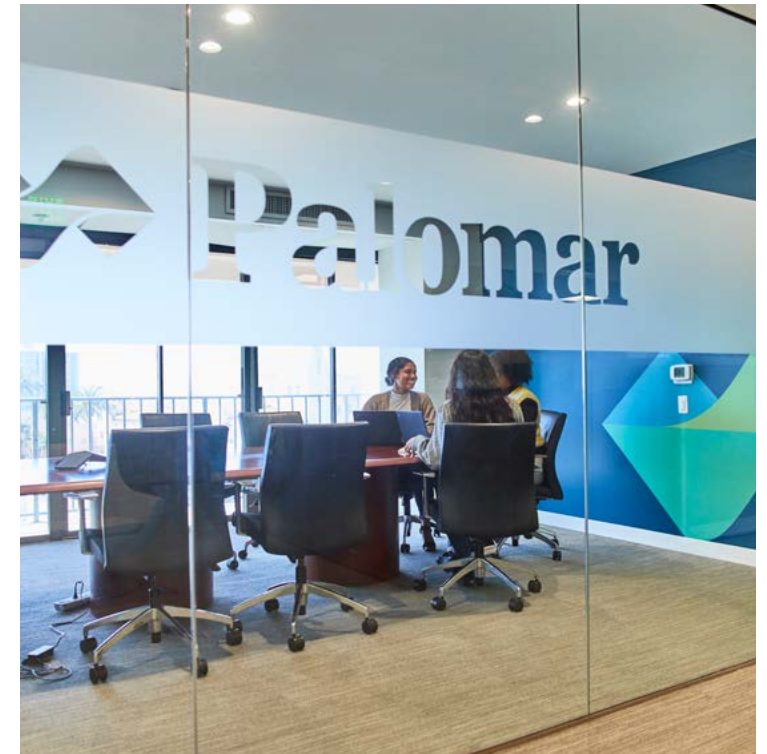
locations. Motion sensors strategically placed in offices and hallways automatically turn off lights when no movement is detected, further reducing energy consumption. Furthermore, we have provided our team members with reused dual computer monitors to minimize the need for paper and printing.

### Investing with Impact

We are committed to allocating at least two percent of our investment portfolio to climate or green bonds. These encompass a wide range of investment categories that are aligned with climate and environmental objectives, including renewable energy, energy efficiency, clean transportation, green buildings, and bonds specifically designed to finance climate solutions in wastewater management and infrastructure.

### Scope 1, 2, & 3

We are proud to demonstrate our dedication to environmental sustainability through our ongoing efforts to measure and disclose our annual Scope 1, 2, and 3 greenhouse gas emissions. By maintaining transparency in our emissions reporting, our aim is to provide stakeholders with a comprehensive understanding of our environmental impact. Furthermore, we are excited to announce that we are fully compliant with new California legislation and the proposed SEC legislation, highlighting our commitment to meet and surpass regulatory standards. We remain committed to evaluating opportunities for further reducing and mitigating our environmental footprint in ways that align with our business objectives, and benefit stakeholders. This proactive approach reflects our continuous dedication to environmental stewardship and our willingness to adapt to emerging sustainability challenges and opportunities.



### CIERA Membership

In late 2023, we became a founding member of the California Insurance Emergency Response Association. CIERA's mission is to provide the California property and casualty insurance industry with a multitude of resources and support, and to enhance its effectiveness in fulfilling policyholder commitments following catastrophic disasters, particularly major earthquakes.



## Fostering Earthquake Safety

Accomplished

Assessing

Aspiring

### UCSD Earthquake Test Program

In adherence to our commitment to advancing earthquake safety, we have proudly contributed to the UCSD Earthquake Test Program. Our financial commitment supports the world's largest high-performance shake table, located in San Diego, as part of a groundbreaking project focused on investigating the earthquake and fire performance of buildings constructed from cold-formed steel. This initiative aims to significantly improve structural and fire design standards. The shake table, capable of simulating realistic earthquake motions, is a pivotal component of this research, utilizing over 700 sensors and dozens of cameras strategically placed throughout a ten-story test building. By supporting this innovative program, our company demonstrates a dedication to community well-being while also playing an active role in fostering advancements in seismic resilience.

## Community Support Initiatives

Accomplished

Assessing

Aspiring

### Princeton Research Project

In 2023, the U.S. experienced 28 separate weather and climate disasters costing at least 1 billion dollars. Floods continue to be one of the costliest natural disasters resulting in billions of dollars of annual damage in the United States. Climate change is contributing to more frequent and severe flood events and expanding potential risk areas, resulting in homes and businesses that were previously considered in low flood risk regions to be increasingly in jeopardy.

By sponsoring their research project, we are partnering with Princeton University to address the serious and urgent need to identify and quantify the current and future potential flood impacts across American communities. This critical multi-year project will provide insights and knowledge leading to building community resilience, better preparation and response to floods, and mitigation of potential long-term impacts. Most excitingly, we will report on the impact of this research project annually.

### Solar Moonshot Program

We are excited to announce support for Hammond Climate Solution Foundation's Solar Moonshot Program, starting February 2024. To date, the Solar Moonshot Program has proudly assisted 131 organizations across 29 states and Puerto Rico, deploying 5,562.08 kW of solar power and offsetting 138,630.8 metric tons of carbon dioxide. Grantees of the program are nonprofits serving communities of concern that otherwise could not afford the switch to solar power. These solar projects are not only reducing the nonprofits' carbon footprint but also help the organizations save money that is reinvested into their mission, supports jobs, and regional economies, as well as offer a great educational piece for the community to learn more about the importance of clean energy. By aligning with Hammond Climate Solutions Foundation, we are actively contributing to a sustainable future and amplifying the impact of solar energy in the nonprofit sector.



# Social Responsibility

## Thriving Together: Organizational and Community Resiliency

At Palomar, we place a strong emphasis on fostering social responsibility, and using our national influence to drive transformative change across the communities we serve. Our social commitment is ingrained in our core values of Accountability, Authenticity, Agility, Diversity, and Innovation.

To ensure a positive impact on both a local and national scale, we contribute meaningfully to the well-being of our team members, the vibrancy of our workplace culture, and the advancement of the communities we call home.

As we move forward, we recognize that our achievements today are not the sole measure of our success. Instead, it is our vision for the future that truly defines us – a future where our dedication to improving community resiliency drives us onward, cultivating a legacy of continuous progress and growth.





TOP WORK PLACES 2023

The San Diego Union-Tribune

"By embracing our team members' individual qualities, we work to continually nurture an environment that promotes team collaboration and community."

## A Great Place to Work

Accomplished

Assessing

Aspiring

### Building Stronger Teams, Cultivating Individual Success

We believe that the power of our team members is a key competitive differentiator. By embracing our team members' individual qualities, we work to continually nurture an environment that promotes team collaboration and community. Our team members and their skills are a powerful asset, and we actively promote an inclusive and supportive work environment that provides abundant opportunities for growth and career advancement. Guided by these principles, we are committed to empowering our team members to thrive and contribute to our collective success.

### Accolades

For the second consecutive year, we are pleased to share that the San Diego Union-Tribune, has recognized our organization as one of San Diego County's "Top Workplaces" for 2023. Gathered using employee survey data, the Union-Tribune's rankings are a proud reflection of the unique, inclusive, and entrepreneurial culture we have at Palomar.

### Compensation, Health, & Well-being

We are dedicated to ensuring the happiness, health, and overall well-being of our team members. Supporting our workforce is at the core of our mission, which is why we offer competitive compensation and benefits. Our comprehensive compensation programs include base pay, annual incentives, and a special focus on long-term equity-based compensation, with 100% of our workforce receiving equity awards in 2023, and set to receive equity awards in 2024.

In addition to financial support, we prioritize the holistic well-being of our team members through a comprehensive benefits program. This program is designed to address various aspects of well-being, including physical and mental health, family care, and community engagement. We continuously benchmark our benefits to ensure our team has access to industry-leading resources.

To further support mental well-being, our team members have access to behavioral health tools and resources. Additionally, we provide a company-paid subscription to Headspace, a meditation and wellness application.

Flexibility is essential to our team members and has been shown to dramatically reduce the risk of burnout, which is why we have implemented a hybrid workforce model.

Finally, to ensure that we create a workplace culture that values respect, dignity, and inclusivity, our team members participate in a mandatory harassment training program.

### Learning and Development

At Palomar, we deeply value the growth and development of our team members. We recognize that it is a crucial element in our success, which is why we prioritize personal and professional advancement. We provide a wide range of training opportunities that expand knowledge sharing, boosts motivation, and drives team member engagement. Our methodology effectively manages performance through coaching and constructive feedback, allowing team members to contribute at their highest level. Our talent development programs offer valuable resources that empower our team members to achieve their career goals while honing their leadership skills.

To support continuous growth and development, we actively foster a culture of diverse learning paths within our team. In 2023, we



made a significant investment in training, dedicating approximately 2,500 hours of training to ensure our workforce is knowledgeable and skilled. We provide a range of training programs, including adding soft management skills, technical insurance comprehension, cybersecurity awareness, and harassment recognition. Our innovative rotational program embraces the philosophy of dynamic talent allocation, enabling interns and team members to rotate through three different roles and departments. This invaluable exposure provides a comprehensive understanding of various facets of our business, enhancing both professional expertise and industry knowledge. By encouraging team members to explore functions beyond their current roles, we ensure a well-rounded skill set and a workforce that is adaptable, dynamic, and well-prepared for the challenges of our ever-evolving business landscape. To further support continuous development, we offer a generous \$3,000 reimbursement for continuing education, tuition, and certifications.

Our systematic approach to talent development includes opportunities for career advancement that are available to all team members, regardless of their position or title. We are incredibly proud that 35% of our workforce was promoted or transitioned to new positions in 2023, showcasing the success of our comprehensive learning and development initiatives.

### Internship Program

At Palomar, we understand the importance of nurturing early career professionals, which is why we have developed an intern program that offers hands-on learning opportunities and aims to bridge the gap between academic learning and real-world professional experiences.

Our dedication to the growth and development of the next generation is evident by our commitment to providing enriching and meaningful work experiences that significantly contribute to each intern's professional journey.



The primary objective is to ensure that each intern gains substantial experience and adds significant value to their resume by the end of their tenure. We equip interns with the skills, knowledge, and experiences that benefit them personally and have the potential to lead to long-term career growth.

We are thrilled to see the remarkable enthusiasm for our internship program, with an increasing number of interns seeking to join our ranks each year. The growth of the program has been the most exciting, increasing from a class of 10 interns in 2021, to 24 interns in 2023.

This growth is a testament to the program's reputation and the value it provides to participants. To further enhance the program's impact, we have expanded our offerings to include mentorship, workshops on resume building, LinkedIn utilization, and specialized Palomar Intern training sessions. These additions provide interns with valuable skills

"I am grateful for the valuable skills, experiences, and networking opportunities that Palomar's internship program provided. I had the opportunity to apply learned skills to real-life situations, a testament to Palomar's dynamic and forward-thinking approach to professional development, which was pivotal in shaping my early career."

**Ana Del-Zio**

Former Palomar Intern, Legal Team



and insights that go beyond their daily tasks, preparing them for future success in the industry.

One of the most rewarding aspects of our internship program is witnessing the sense of camaraderie that develops among interns and their excitement about the insurance industry. This dynamic environment fosters a spirit of learning and collaboration, enriching the experience for all participants. Additionally, the opportunity for interns to present their contributions to Palomar executives at the program's conclusion has been met with great enthusiasm from our leadership team, highlighting the value they place on the insights and contributions of our interns.

Looking ahead, we are committed to continuously enhancing our internship program to provide an even more enriching experience for future participants. We are excited about the impact our program has had on the professional development of interns and the positive contributions they have made to Palomar.

## Strengthening Communities

Accomplished

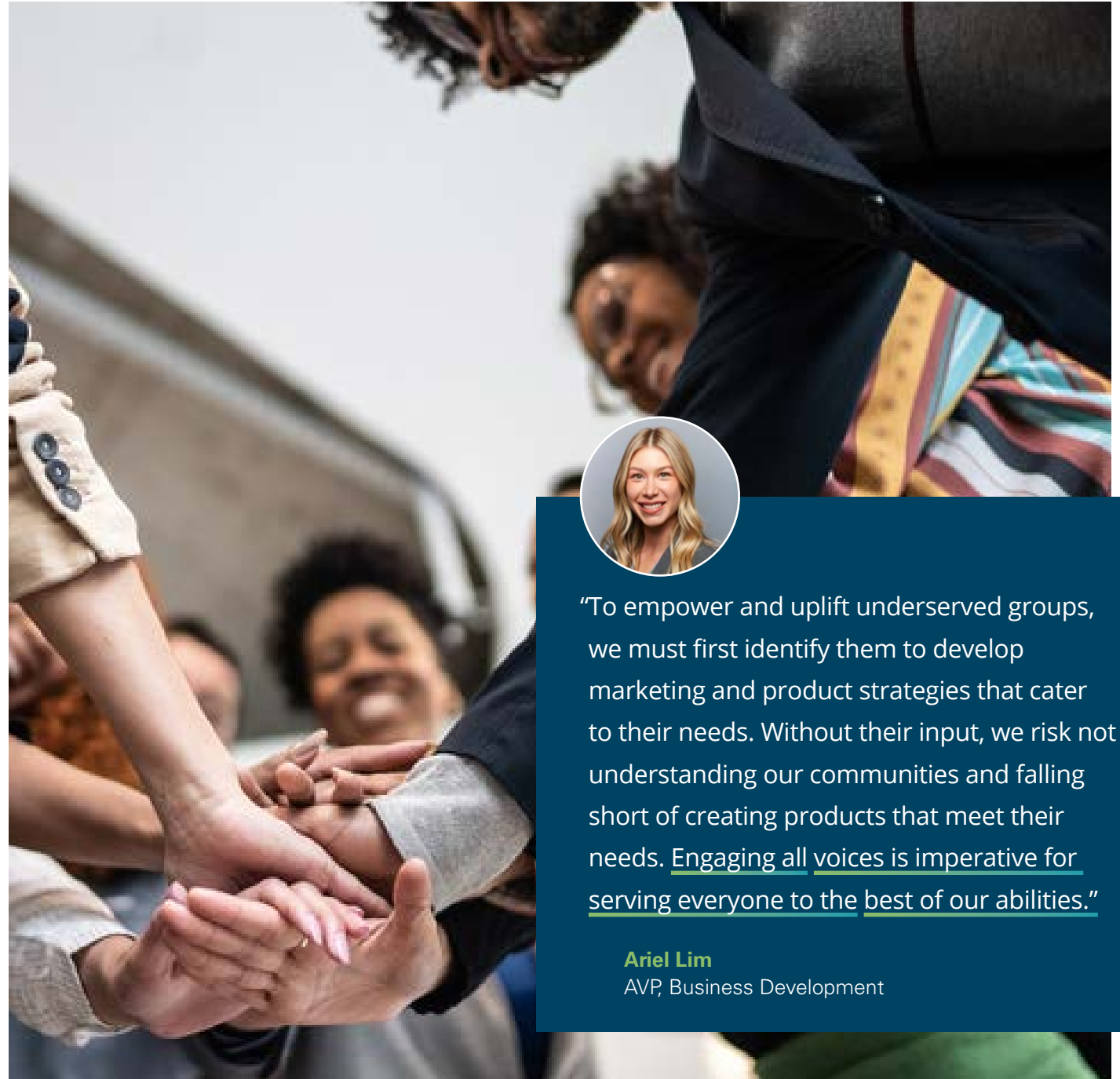
Assessing

Aspiring

### Supplier Diversity

At Palomar, ensuring that our supplier diversity reflects that of our current and future customer base is critical to our company's ongoing success. Our suppliers include insurance brokers and agents as well as general business vendors, and we are dedicated to creating an environment where all partners can thrive.

While we are in the early stages of these efforts, our commitment underscores our belief that Palomar's success is closely tied to the success of our partners. By invigorating business relationships with a variety of suppliers, we enhance the quality of our products, strengthen our brand, and contribute to the growth and security of the communities we serve.



“To empower and uplift underserved groups, we must first identify them to develop marketing and product strategies that cater to their needs. Without their input, we risk not understanding our communities and falling short of creating products that meet their needs. Engaging all voices is imperative for serving everyone to the best of our abilities.”

**Ariel Lim**

AVP, Business Development



In 2023, we initiated a thorough evaluation of our supplier program with a focus on data capture and distilling insights. By incorporating a dedicated section in our new agent form, we have empowered our incoming producers to voluntarily indicate their status as minority and/or women-owned entities. To gain insights into the diversity of our current partners, we will ensure our offerings and distribution partners reflect market needs today and in the future.

Furthermore, in an effort to develop meaningful and symbiotic relationships with a diverse array of partners, we have provided financial support to various organizations, including the National African American Insurance Association and the Big “I” Diversity Council where we actively participate in conferences. Through our financial assistance and event attendance, we are active stakeholders and influencers in the broader community. As these organizations offer a dynamic environment for networking and collaboration, attending their conferences is a key avenue for engagement. Through these organic interactions, we aim to foster a more inclusive network by establishing relationships with partners from different backgrounds. Our dual approach, combining financial support and conference attendance, underscores a proactive effort to build a collaborative and diverse ecosystem that benefits all involved parties.

### Resiliency After Disasters

We believe it is both a privilege and a responsibility to assist our customers in rebuilding their lives, businesses, and communities after disasters. Our steadfast belief in the role of insurers extends beyond simply paying claims; it is about being a pillar of strength and assistance in times of uncertainty and distress. We are committed to standing by our customers every step of the way, offering guidance, resources, and a sense of security as they navigate the journey of recovery. We also advocate for collaborative efforts with government bodies and charitable organizations to facilitate prompt and secure recovery for communities impacted by disasters.





One way we help build community resiliency is by partnering with Team Rubicon, a military veteran-led humanitarian organization that serves global communities before, during, and after disasters and crises.

In 2023, Hurricane Hillary had a significant impact as it moved across California, leaving a lasting impression on the state's landscape. The hurricane brought powerful winds and intense rainfall that coincided with a series of atmospheric rivers that swept through California in that same year.

During the challenges posed by significant flooding from these dual events, Team Rubicon led community recovery efforts, including managing debris and home repair throughout multiple California counties. In the aftermath of these events, residents with flood insurance coverage were better equipped to navigate the recovery and rebuilding processes.

The combination of coverage protection and community recovery plays a crucial role in responding to the aftermath, demonstrating a collective commitment to resilience and the implementation of comprehensive strategies for rehabilitation and reconstruction.

We remain committed to our partnership with Team Rubicon in disaster recovery efforts, recognizing the organization's invaluable expertise and dedicated approach to providing aid in the aftermath of crises.





## Transforming Together

Accomplished

Assessing

Aspiring

### Diversity, Inclusion, Community & Engagement Committee (D.I.C.E)

Our grassroots team member group, known as D.I.C.E., offers our team members an opportunity to contribute their time and energy to community causes.

In our ongoing commitment to providing nourishing meals to students and their families who often face undernourishment, D.I.C.E. is proud to support Got Your Back San Diego. This organization is dedicated to fighting childhood hunger in our local communities by ensuring a consistent supply of nutritious food for children who experience food insecurity. Through our partnership with Got Your Back San Diego, D.I.C.E. volunteers lend a helping hand by filling backpacks with enough food to sustain each child throughout the weekend.

Towards the end of the year, our tech team collaborated with Fit City Adventures to build new bicycles that were donated to the Navy's Family Readiness Group in support of deployed service members. These bikes were presented as gifts to the children of those service members during the holiday season. We chose the Bike Build Community Service Experience because riding a bike is physically and mentally beneficial for children. It's a great way for kids to stay active and healthy while boosting moods and reducing stress.

Our team's exceptional leadership, creativity, and unwavering dedication has shaped our impactful community initiatives. Our success is measured not just by milestones reached, but by the continuous evolution of our team's spirit. The challenges we face today pave the way for tomorrow's innovative solutions. With a forward-thinking mindset, our team proactively seeks opportunities to make a lasting difference.

### Workforce Diversity

Recognizing that a diverse team delivers superior performance, we have set a goal to actively enhance diversity within our ranks. We are committed to cultivating an inclusive and fair workplace, and we acknowledge the importance of embracing diverse perspectives, experiences, and backgrounds. This objective involves implementing targeted recruitment initiatives, unbiased hiring processes, and establishing inclusive workplace policies. By pursuing this goal, we aim to challenge the current status quo and proactively strive to create a workforce that reflects the diversity of the global community. Our commitment to increasing diversity is based on the belief that a more representative and inclusive workforce not only aligns with ethical principles but also fosters innovation, creativity, and organizational success.



"Palomar's commitment to fostering a culture where every voice is not only heard but celebrated, is one of its greatest strengths. As we look to expand our outreach and seek innovative ways to contribute meaningfully to the communities we serve, we become our own architects of change. Since joining the D.I.C.E. committee, the team has reinforced my optimism that businesses can be powerful agents of societal betterment. Palomar's collective spirit of generosity is limitless."

**Kim Armstrong**  
VP, People & Talent





# Palomar Protects

Insurers like Palomar play a vital role in the chain of resilience that aids in the repair and recovery of communities following a crisis. We understand the importance of collaborating with and supporting other key players in this chain, including government, nonprofit organizations, and non-governmental organizations. Whether it's through donations, volunteer work, or strategic partnerships, we are committed to making a positive impact in the communities we serve. Our assistance to these organizations goes beyond just giving back; it's about fostering stronger, more resilient communities for all.



Signatory of:





# Effective Governance

## Practicing Integrity in Operations

As we navigate an increasingly complex ESG landscape, our governance framework serves as a cornerstone for maintaining integrity while also enabling us to respond effectively to evolving trends and stakeholder expectations.

From the boardroom to the front lines of our business, integrity guides our decision-making processes, shapes our relationships with all our stakeholders, and underpins our commitment to sustainability. Here at Palomar, we understand that effective governance goes beyond simply following mandated regulations; it is an embodiment of our core principles and showcases our commitment to ethical leadership. Our goal is to establish trust, cultivate resilience, and make a long-lasting positive impact.

We constantly evaluate our governance initiatives and processes to ensure they remain effective and aligned with the latest best practices and regulations. Upholding integrity as a fundamental value, we shape our policies, procedures, and behaviors to maintain the highest standards of ethical conduct. This fosters a culture of adaptability and resilience, enabling us to navigate uncertainties and seize opportunities responsibly.





### Shareholder Engagement

When executed properly, shareholder engagement has the potential to deliver substantial advantages for both investors and companies.

Annually, we organize exclusive shareholder engagement meetings with our investors to foster strong relationships and drive mutual growth. These gatherings are expertly led by Richard Taketa, our Lead Independent Director and Compensation Committee Chair, and various Palomar leaders.

At these interactive meetings, we prioritize open communication and actively encourage our valued investors to share their thoughts and opinions. We place particular emphasis on soliciting feedback regarding our compensation structures, governance practices, and our ESG initiatives.

By engaging in these meaningful conversations, we gain invaluable insights from our investors while deepening our commitment to transparency, accountability, and continuous improvement.

### United Nations Sustainable Insurance Initiative

Sustainable insurance is a strategic approach that ensures all activities in the insurance value chain, including engagements with stakeholders, are carried out responsibly and with a forward-thinking mindset. It involves identifying, assessing, managing, and monitoring risks and opportunities related to ESG issues. The goal of sustainable insurance is to mitigate risks, foster innovative solutions, enhance business performance, and contribute to the sustainability of the environment, society, and economy.

In 2023, we became a signatory of the United Nations Sustainable Insurance initiative. This action aligns our values and practices with the Principles for Sustainable Insurance, further solidifying our commitment to responsible and ethical business operations. By joining this initiative, we are making a public statement about our dedication to accountability and transparency in handling ESG initiatives.

## Data Protection at Its Best

Accomplished	Assessing	Aspiring
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### Data Privacy and Cybersecurity

At Palomar, safeguarding customer data and digital assets is a top priority. We have established a comprehensive security framework that encompasses people, processes, and technology. Our extensive range of policies and procedures are in line with industry best practices including the National Institute of Standards and Technology, and the COBIT 2019 framework. We proactively search for and detect malicious attacks, conduct thorough risk analyses, and carry out external penetration testing. Regular mandatory training and simulated phishing campaigns ensure that our team is always well prepared. In addition, we employ a variety of tools such as multifactor authentication, firewalls, and threat hunting services. We actively participate in industry associations and engage in regulatory discussions to stay ahead of the curve. We have robust incident response, disaster recovery, and business continuity plans in place, which are regularly tested. Our Board is consistently briefed on cybersecurity matters, and we continually implement improvements. By employing these strategies, we foster a strong security culture and mitigate the impact of cyberattacks.



We also recognize that protecting the privacy and security of the personal information we obtain about our customers is an important responsibility. We will not give or sell personal information to nonaffiliated third parties for their marketing purposes without permission. Furthermore, we maintain safeguards designed to help prevent unauthorized use, access, and disclosure of personal information. For example, we limit access to personal information and require those who have access to use it only for legitimate business purposes.



"I am proud of Palomar's ongoing commitment to sustainability efforts.

Sustainability is about nurturing resilience for customers, shareholders, and team members. Resilience is essential for thriving in an ever-changing world."

**Daina Middleton**

Chairperson of Palomar Sustainability Committee

## Fresh Perspectives

Accomplished

Assessing

Aspiring

### Introducing Daina Middleton

We are pleased to announce the appointment of Daina Middleton as the new Chairperson of our Sustainability Committee. Ms. Middleton has served as a member of our Board of Directors since July 2021. We believe Ms. Middleton is qualified to serve as our new ESG Chairperson due to her deep expertise and experience as an executive leader at several major companies.

Ms. Middleton is the Co-Founder of PrismWork, a leadership and culture consultancy and former Chief Executive Officer of Britelite Immersive, an experiential creative technology company that builds immersive and interactive client experiences. Previously, she served as the CEO of Ansira, an independent marketing technology and services company focused on customer relationship development, and prior to that held top-level management positions with Twitter and Hewlett-Packard. During her nearly 30-year career, Ms. Middleton has consulted broadly across industries to assist companies to manage global teams, optimize strategy, and nurture company culture. She currently serves on the board of Marin Software, the Level Agency, and Bond Brand Loyalty, and serves as an advisor for several woman-founded and run early-stage startups. Ms. Middleton received a BA degree from Oregon State University where she serves as a member of the Advisory Council for the School of Arts & Communication. She is also an author of two books: Marketing in the Participation Age (Wiley, 2012) and Grace Meets Grit (Bibleomotion, 2016).

Ms. Middleton's proven expertise and strategic leadership will undoubtedly enrich our discussions and decisions, driving us towards greater achievements. As we look ahead, we are eager to leverage Ms. Middleton's insights and contributions to further enhance the impact of our committee's work.



**IN MEMORIUM**

### Robert "Bob" Dowdell

Bob served as an adviser and member of our Board of Directors since we formed the company. He was a mentor, coach, and friend to all on the leadership team, and he was also Palomar's greatest cheerleader.

Bob often shared that he wanted to be remembered as the catalyst to others' success. He certainly was a catalyst to Palomar's success.

We will miss him dearly.



# 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.

86%

Independent

43%

Women

29%

Members of Underrepresented Communities

58

Average Board Age

4

Average Board Tenure

*Palomar Board of Directors (From left to right):* **Daryl Bradley**, Chair of the Enterprise Risk Management Committee; **Daina Middleton**, Chair of the Sustainability Committee; **Thomas Bradley**, Newly Appointed; **Mac Armstrong**, Founder, Chairman and CEO, Palomar; **Martha Notaras**, Chair of the Nominating and Corporate Governance Committee; **Richard Taketa**, Chair of the Compensation Committee; **Catriona Fallon**, Chair of the Audit Committee





# Board Composition

We have thoughtfully constructed our Board to advance our strategy.

Skills	Mac Armstrong	Daryl Bradley	Thomas Bradley	Catriona Fallon	Daina Middleton	Martha Notaras	Richard Taketa
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				●	●	●	●
<b>Diversity</b>							
Male	●	●	●				●
Female				●	●	●	
Members of Underrepresented Communities		●					●
White	●		●	●	●	●	

[Disclaimer Message](#)

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.





### Committees and Composition

We have thoughtfully constructed our Board to advance our strategy.

● Member ● Chair

Committee	Mac Armstrong	Daryl Bradley	Thomas Bradley	Catriona Fallon	Daina Middleton	Martha Notaras	Richard Taketa
Audit Committee		●	●	●	●		
Compensation Committee					●	●	●
Nominating and Corporate Governance Committee				●		●	●
Sustainability Committee	●	●			●	●	
Enterprise Risk Management (ERM) Committee	●	●	●			●	



# Reporting Frameworks



## Sustainability Accounting Standards Board Index (SASB)

SASB Standards enable organizations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term.

SASB Standards identify the sustainability-related issues most relevant to investor decision-making in 77 industries. The Standards were developed using a rigorous and transparent standard-setting process that included:

- evidence-based research;
- broad and balanced participation from companies, investors and subject-matter experts;
- and oversight and approval from the independent SASB Standards Board.

[View SASB Index](#)



## Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD recommendations on climate-related financial disclosures are widely adoptable and applicable to organizations across sectors and jurisdictions. They are designed to solicit decision-useful, forward-looking information that can be included in mainstream financial filings.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

[View TCFD Index](#)



## Global Reporting Initiative (GRI)

The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.

The GRI Standards are a modular system of interconnected standards. They allow organizations to publicly report the impacts of their activities in a structured way that is transparent to stakeholders and other interested parties.

[View GRI Index](#)



# Key Performance Indicators

	2023	2022	2021
<b>Environmental</b>			
Scope 1 CO <sub>2</sub> e	97	98	N/A
Scope 2 CO <sub>2</sub> e	52	45.6	N/A
Scope 3 CO <sub>2</sub> e	14,238	14,161	N/A
Total CO <sub>2</sub> e	14,387	14,305	N/A
Environmental statement	Y	Y	Y
<b>Social</b>			
Total headcount	214	191	156
Women team members within the total workforce	42%	41%	38%
Women team members within leadership positions	33%	27%	25%
Women team members within new hires	34%	51%	37%
Team members from underrepresented communities within the total workforce	42%	40%	39%
Team members from underrepresented communities within leadership positions	35%	30%	21%
Team members from underrepresented communities within new hires	39%	44%	41%
Annual employee satisfaction survey	77%	73%	N/A
Total team member training hours	2,366	2,903	1,000
Employee turnover rate	23%	14%	20%
Human Rights statement	Y	Y	Y
DEI statement	Y	Y	N
<b>Governance</b>			
UN Global Compact signatory	Y	Y	Y
UNPRI signatory	Y	Y	Y
Principles for Sustainable Insurance signatory	Y	N	N
Responsible Investment statement	Y	Y	Y
Data Privacy statement	Y	Y	Y
Cybersecurity statement	Y	Y	Y
Total number of Directors	7	7	7
Average Board age (yrs.)	58.1	58.9	57.8
Average Board tenure (yrs.)	3.6	2.7	1.2
Independent Directors	86%	86%	86%
Women Directors on the Board	43%	43%	43%
Directors of underrepresented communities on the Board	29%	29%	29%



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