



## PALOMAR RESPONSIBLE INVESTMENT STATEMENT

Palomar invests regularly in financial instruments (cash, cash equivalents, fixed income and equities) that enhance our financial health and support its operations and planned future initiatives. Our investment program is compliant with investment guidelines established in the State of California Insurance Code Sections 1170 to 1212. Listed below, in order of priority, are the primary objectives of the Palomar investment portfolio:

1. Ensure sufficient cash flow and liquidity to fund expected operational needs and otherwise support Palomar's strategy.
2. Preserve and grow the capital of Palomar in order to support the success of its operations.
3. Achieve favorable return on invested assets through investment in high quality, income producing assets.

Palomar recognizes the importance of responsible investment and corporate environmental, social and governance (ESG) factors in assessing investment opportunities. ESG is built into Palomar's investment operations in the following ways:

### Methodology

Palomar's investment manager and its investment committee thoroughly review the ESG implications of investment opportunities before execution. At least on a quarterly basis, Palomar's senior management reviews our entire investment portfolio and takes appropriate actions to further the objectives of this policy. ESG considerations are a primary component of the overall credit review of the individual holdings. As of September 2021, Palomar is a signatory to the United Nations "Principles for Responsible Investment" and has pledged to assess ESG issues in managing our investment portfolio. Additionally, our primary investment manager has also been a signatory since 2012.

### Excluded Industries

Palomar will not make investments in organizations whose revenue is primarily derived from the manufacture or sale of tobacco or personal firearms and weaponry. We will also seek to eliminate investments in organizations that generate more than 30% of annual revenue from the mining or use of thermal coal to adhere to the State of California's guidance to divest from thermal coal investments.

### Green Investment

Palomar commits to allocate at least 1% of its overall investment portfolio to climate or green bonds. Examples of climate and green bond investing categories include renewable energy, energy efficiency, clean transportation, green buildings, wastewater management and infrastructure bonds tailored specifically to finance climate solutions.