PALOMAR HEALTH

SB 261 TCFD-Report – Palomar Health

prepared by: ecom-energy
Sustainability Compliance | Date: Jan 2026

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INTRODUCTION

Palomar Health is the largest public healthcare district in California, serving communities across North San Diego County with a commitment to excellence in patient care, innovation, and community health. With a history rooted in service and a vision for the future, Palomar Health operates advanced medical centers, specialty programs, and outpatient facilities designed to meet the evolving needs of our diverse population. Our mission is to heal, comfort, and promote health in the communities we serve, while our vision is to be recognized as a trusted leader in patient-centered care and medical innovation.

We understand that climate-related risks pose significant challenges to healthcare delivery and operational resilience. These risks include disruptions to utility services, supply chain instability, increased frequency of extreme weather events, and heightened vulnerability to infectious disease outbreaks. Such impacts carry financial, operational, and equity implications, disproportionately affecting underserved populations and threatening access to critical care during emergencies.

This disclosure represents an important milestone in our climate resilience and sustainability journey. It identifies key financial exposures—such as utility reliability risks and emergency surge costs—alongside opportunities to strengthen our system through investments in renewable energy, energy efficiency, and sustainable infrastructure. By aligning with the Task Force on Climate-related Financial Disclosures (TCFD) framework, we aim to enhance transparency, build stakeholder trust, and demonstrate accountability in addressing climate-related risks and opportunities.

As part of our commitment to sustainability and resilience, Palomar Health has integrated energy efficiency and risk mitigation strategies into our operational planning. These initiatives include expanding renewable energy capacity, improving onsite generation systems, and implementing strategic energy management programs to reduce consumption and enhance reliability. These efforts not only advance environmental stewardship but also safeguard our ability to deliver uninterrupted, high-quality care during emergencies—supporting our mission to protect community health and ensure long-term financial stability.

Sustainability Milestones Timeline

2012 - Sustainable Hospital Design	2016 - Solar Powered Parking Lot Lighting	2019 - Food Waste Reduction Program	2021 - LED Surgical Lighting Upgrade	2022 - EV Charging Stations Installed	2023 - Sustainable Food Procurement
Opened Palomar Medical Center Escondido with a 1.5-acre green roof, daylight-optimized operating rooms, high-efficiency HVAC, water-saving fixtures, and recycled-water systems, designed under Green Guide for Health Care standards	Installed 50 solar LED parking lot lights for employee parking, saving over $500,000 in trenching costs and reducing energy use.	Implemented Leanpath tracking technology through Smart Kitchens San Diego to measure and reduce food waste, diverting surplus food to local food banks.	Upgraded surgical exam lights to LED in labor and delivery units as part of a capital improvement plan, improving energy efficiency and reducing maintenance.	Launched public EV charging stations (ChargePoint Level 2) at Palomar Medical Center parking facilities to support sustainable transportation.	Partnered with Practice Greenhealth to increase local and organic food purchases, promoting healthier and environmentally responsible menus

This report has been developed in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD), established in 2015 by the Financial Stability Board (FSB). TCFD provides a globally recognized framework for organizations to disclose climate-related risks and opportunities in a structured, transparent, and decision-useful way. Its recommendations are widely supported by regulators, investors, and businesses, and they form the foundation of emerging disclosure mandates such as California's SB 253 and SB 261, as well as the U.S. Securities and Exchange Commission's (SEC) proposed climate disclosure rule.

The following locations and entities are covered in this report via the below CARB identifiers:

Entity Name	Entity Number
Palomar Health Development, Inc.	2720713

CARB designated the TCFD (Task Force on Climate-related Financial Disclosures) 4-pillar framework as an acceptable format for SB 261 reporting compliance.

The TCFD framework offers a structured lens to evaluate how climate-related hazards affect not only our physical operations but also our long-term strategy, financial planning, and community obligations. While traditional sustainability reporting often emphasizes an organization's impact on the environment, TCFD centers on how climate change impacts the organization which is a critical distinction for healthcare providers whose mission depends on resilience during crises.

Through this report, we disclose both acute physical risks (e.g., earthquakes, pandemics, IT outages, utility failures) and transition risks (e.g., regulatory compliance with SB 261, supply chain volatility, cybersecurity, and market expectations). We have also highlighted the financial exposures related to these risks, drawn from Hazard Vulnerability Assessments (HVAs), Emergency Operations Plans (EOPs), and industry benchmarks.

By structuring this disclosure under the TCFD's four pillars, we aim to enhance transparency, improve internal awareness, and strengthen decision-making across our system:

By adopting this framework, Prime Healthcare seeks to build through transparency, strengthen our operational and financial resilience, and demonstrate leadership within the healthcare sector.

GOVERNANCE

Executive Leadership Oversight

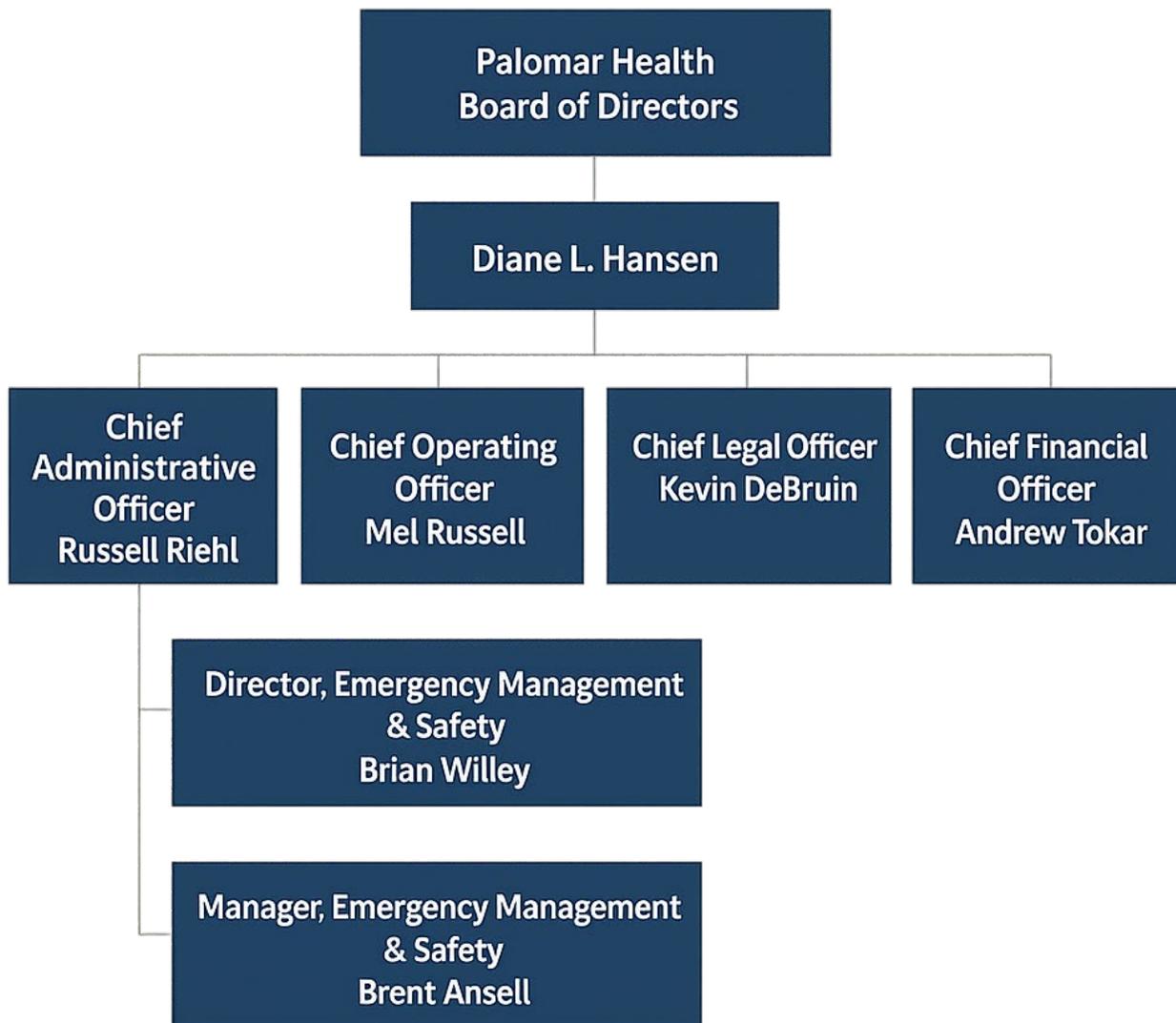**Governance: Emergency Management & Disaster Preparedness**

Palomar Health's governance structure for climate-related risks and emergency management is overseen by senior executive leadership, ensuring alignment with organizational priorities and regulatory requirements. The Board of Directors provides strategic oversight, while the President & Chief Executive Officer (CEO) is responsible for overall operational leadership.

Key executive roles involved in emergency management and disaster preparedness include:

- Russell Riehl, Chief Administrative Officer: Directly oversees Employee Health & Safety, including Disaster Preparedness programs and initiatives.

- Brian Willey, Director, Emergency Management & Safety: Responsible for the development, implementation, and maintenance of emergency management protocols and safety programs.

- Brent Ansell, Manager, Emergency Management & Safety: Supports operational execution of emergency management and disaster preparedness activities.

These leaders collaborate with other executive functions, including the Chief Legal Officer, Chief Operating Officer, and Chief Financial Officer, to ensure that emergency management is integrated into broader risk management and organizational resilience strategies.

Summary Table of Key Governance Roles

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                    │     Palomar Health       │
                    │   Board of Directors     │
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                    │     Diane L. Hansen       │
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│   Chief     │ │    Chief    │ │ Chief Legal │ │    Chief    │
│Administrative│ │  Operating  │ │   Officer   │ │  Financial  │
│   Officer   │ │   Officer   │ │Kevin DeBruin│ │   Officer   │
│Russell Riehl│ │ Mel Russell │ │             │ │Andrew Tokar │
└─────────────┘ └─────────────┘ └─────────────┘ └─────────────┘
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      │   ┌──────────────────────────────┐
      ├───│ Director, Emergency Management│
      │   │          & Safety             │
      │   │         Brian Willey          │
      │   └──────────────────────────────┘
      │   ┌──────────────────────────────┐
      └───│ Manager, Emergency Management │
          │          & Safety             │
          │         Brent Ansell          │
          └──────────────────────────────┘
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This governance structure ensures that climate-related risks, including those arising from natural disasters and emergencies, are managed through coordinated leadership and clear accountability.

The Emergency Management & Safety team reports to executive leadership, facilitating integration of climate resilience into Palomar Health's strategic planning and operational processes.

Monitoring Climate Policy and Disclosure Requirements

Palomar Health actively monitors and responds to evolving climate policy and disclosure requirements at the state and federal levels. The Emergency Operations Plans (EOP) are reviewed annually and revised as needed to reflect lessons learned from actual events, exercises, and regulatory changes. Palomar's EOPs are aligned with:

- **CMS Conditions of Participation (42 CFR Part §482.15):** Palomar maintains compliance with federal emergency preparedness requirements, including the ability to request 1135 waivers during federally declared disasters.
- **The Joint Commission Emergency Management Standards:** The EOP is structured to meet accreditation standards for emergency management and disaster readiness.
- **California State Licensure (Title 22):** Palomar's plans address Title 22 requirements for disruption of services, patient safety, and reporting.
- **National Incident Management System (NIMS):** Palomar adopts NIMS principles, ensuring interoperability with local, state, and federal agencies.

Palomar Health is preparing for compliance with California's climate disclosure mandates, integrating climate risk into its hazard vulnerability analysis and reporting frameworks. Oversight of climate policy and disclosure is led by the Emergency Management Committee, Safety Officer, and Senior Leadership, with regular reporting to the Board of Directors. The EOP and associated annexes are reviewed with community emergency response agencies to ensure synchronization and integration with local and regional plans.

STRATEGY

Reducing Our Operational Footprint

Palomar Health's strategy to reduce its operational footprint aligns resilience goals with measurable decarbonization and resource-efficiency actions across hospitals and ambulatory sites. Our EOP establishes foundational capabilities—redundant communications, 96-hour subsistence stocks for food, water, fuel, pharmaceuticals, and PPE, and robust incident command processes—that we leverage to both mitigate acute risks and systematically lower routine consumption and emissions. For example, our facilities planning embeds SB 1953 seismic and non-structural hazard mitigation (bracing, fasteners, fixture securing) to reduce repair needs and embodied carbon from potential rebuilds, while preventive maintenance on critical utility equipment (generators, medical gas, HVAC) minimizes unplanned downtime and inefficient emergency operations.

We are pursuing a "efficiency-first" pathway: optimizing HVAC runtimes and temperatures to protect patient safety with minimal energy draw; instituting load-shedding protocols during outages to

prioritize critical care areas; and expanding business continuity practices (e.g., IT downtime procedures and secure offsite data storage) to avoid resource-intensive disruption cascades. Our resource inventory and replenishment framework targets 96-hour self-sufficiency without external support across water, energy, food, medical oxygen, and fuel—an approach that simultaneously enhances climate resilience and drives disciplined resource budgeting and conservation.

In drought- and wildfire-prone Southern California, site-level wildfire mitigation (vegetation control, no-smoking policy, evacuation readiness) and communications redundancy (HAM/ARES, Everbridge, FirstNet, runners) further reduce risk exposure and help lower indirect emissions from avoidable diversions or multi-facility evacuations.

Scenario Planning and Forward-Looking Approach

We use an all-hazards, ICS/HICS-based planning framework to test climate-relevant scenarios and translate lessons into capital plans, operations, and training. This framework includes annual HVAs at the facility level, integrated with San Diego Healthcare Disaster Coalition inputs, and exercises that stress our communications, staffing, patient care, utilities, security, and resource/asset management under different climate trajectories.

Our scenario approach is iterative:

1. Identify top hazards and climate linkages (earthquake remains dominant; wildfire and temperature extremes are high-probability; drought affects water security; electrical and information systems failures reflect grid/cyber stresses). Facility HVAs rank these risks and surface operational vulnerabilities.
2. Design operational responses and capital mitigations (seismic bracing, fuel and oxygen strategies, alternate care sites, communications redundancy, surge and evacuation procedures, COOP/BCP).
3. Exercise and evaluate via HICS drills and county-wide scenarios; document after-action reports (AARs) and update EOP, HVAs, and training.
4. Resource stewardship and procurement: track on-site inventories daily during events, prioritize high-competition items (fuel, oxygen, PPE, ventilators), and activate MOUs or county caches when needed data that inform future efficiency and resilience investments.

Low Warming Scenario (1.5–2 °C, High Policy Response)

Under a global warming pathway with strong policy and market signals, we expect tightening healthcare standards for energy, water, and emergency readiness to align with our EOP/COOP practices. In this scenario:

- Operational impacts: More frequent heat advisories and smoke events, but manageable wildfire seasons, improved grid reliability due to decarbonization investments, and enhanced regional coordination reduce diversion times. Our HVAC conservation and temperature management strategies, along with emergency lighting, fire detection, and generator fuel oversight, support safe operations with lower energy intensity.

- Capital planning: We prioritize non-structural seismic mitigations, wildfire-edge hardening (defensible space), and communications redundancy expansions over large emergency energy build-outs, because policy-driven grid upgrades and demand-response participation likely reduce outage frequency and duration.
- Clinical continuity and surge: Prepared screening/isolation workflows for emerging infectious disease remain essential but benefit from stronger public health systems; we continue 96-hour stocks and alternate care site readiness (tents/pods) as scalable surge buffers.

Overall, our footprint reduction efforts (efficiency, preventive maintenance, inventory discipline) are likely sufficient to maintain service reliability and avoid significant climate-related stranded costs in this low-warming future.

High Warming Scenario (3–4 °C, Limited Policy Response; increased physical risks)

A high-warming trajectory implies more severe wildfires, heat waves, smoke intrusions, and intermittent drought, with grid instability and information systems risks elevated by compounding events. Our HVAs already rank wildfire, temperature extremes, electrical failure, communications failure, and information systems failure among top risks across sites; under high warming, we assume greater frequency and concurrent occurrence of these hazards.

Strategic implications:

- Resilience operations: Maintain and potentially extend self-sufficiency beyond 96 hours for water, fuel, oxygen, and critical supplies; pre-stage portable power and expand load-shedding playbooks to isolate non-critical zones, preserving ICU/ED/OR continuity.
- Facility adaptations: Increase wildfire perimeter management, smoke infiltration control via HVAC shutdown protocols and filtration, and strengthen evacuation/shelter-in-place decision frameworks tied to air quality and fire behavior intelligence.)
- Digital resilience: Heightened emphasis on cyber downtime procedures, offsite data, and incident response for information systems failure to ensure clinical documentation and medication safety in degraded IT conditions.
- Financial planning: Scenario budgeting for surge staffing, donations management, and mutual aid resourcing (including county caches and MOUs), recognizing higher competition for fuel, oxygen, PPE, and transport during multi-hazard events.

In short, high warming increases the probability of temporary service curtailments or diversions unless we sustain investment in onsite inventories, equipment reliability, and evacuation/alternate care capabilities already embedded in our EOP.

Facility-Specific HVA Findings and Physical Risk Assessments

Site	Top Risks	Assessment & Recommendations
Palomar Medical Center Escondido Campus	- Earthquake - Emerging Infectious Disease (EID) - Wildfire - Information Systems Failure - Critical Capacity Levels (NEDOCS) - Communications Failure	- All-hazards ICS/HICS, earthquake IRGs; SB 1953 non-structural mitigation (bracing, fasteners, fixture securing); 96-hour food/water/fuel/PPE/pharma; decon capability; evacuation & alternate care sites.
Palomar Medical Center Poway Campus (Pomerado Hospital)	- Earthquake - Emerging Infectious Disease (EID) - Information Systems Failure - Wildfire - Critical Capacity Levels - Electrical Failure	- ICS/HICS, earthquake IRGs, non-structural securing/bracing, pharmaceutical caches, 96-hour subsistence, evacuation & alternate care options; rapid grounds assessment; HVAC shutdown capability; - Site governance: Villas maintains its own EOP; align with district ICS/HICS where feasible for mutual aid.
Pomerado Outpatient Pavilion (POP)	- Earthquake (POP ~78%) - Wildfire - Emerging Infectious Disease (EID) - Information Systems Failure - Electrical Failure	- ICS/HICS, non-structural securing/bracing, earthquake IRGs; pharmaceutical caches; evacuation procedures; quick injury & damage assessment; HCC/EOC coordination.
Medical Office Buildings (MOB 1 & 3)	- Earthquake - Emerging Infectious Disease (EID) - Wildfire - Information Systems Failure - Electrical Failure	- ICS/HICS & EOP controls: non-structural mitigation; earthquake IRGs; evacuation readiness; 96-hour stocks (scaled to outpatient needs); alternate care
Crisis Stabilization Unit (CSU)	- Electrical Failure - Earthquake - Wildfire - Information Systems Failure - Emerging Infectious Disease	- Electrical/Power: Vigilant PM; portable power; temporary E-power connection via the old MRI trailer interface; load shedding.

Cross-Facility Observations

Across the Escondido and Poway campuses, the risk pattern is consistent: Earthquake remains the highest structural hazard; wildfire and temperature extremes are the most climate-amplified physical risks; and information systems and electrical failures are increasingly consequential due to

interdependencies. Our mitigation stack—seismic bracing, vegetation control, EOC integration, multi-modal communications, 96-hour inventories, load-shedding, and alternate care sites—offers scalable resilience with clear operational triggers and command roles.

Emergency governance and command are codified through HICS with Incident Commander authority, multidisciplinary committees, and AAR-driven updates to the EOP/HVA/COOP at least every two years (more frequently as needed). This governance ensures climate-related risk management is embedded into leadership oversight, capital allocation, and training, and that Palomar Health can adapt strategy as physical risks and policy environments evolve.

RISK MANAGEMENT

Hazard Vulnerability Assessment Framework

Palomar's HVA framework is an evolving document, updated annually and after major incidents. It evaluates probability, human impact, property impact, business impact, preparedness, and response capacity for each hazard. Top risks are prioritized for mitigation and response planning.

Identification and Assessment

Palomar Health utilizes a data-driven Hazard Vulnerability Assessment (HVA) framework to identify and prioritize climate-related physical and transition risks. This assessment is conducted annually at the facility level and integrated with the San Diego Healthcare Disaster Coalition to ensure regional alignment.
- Quantitative Scoring: Each hazard is evaluated based on probability and impact (human, property, and business/financial).
- Gap Analysis: We assess our current level of preparedness and internal response capacity to determine "Risk Magnitude."
- Climate Integration: Beyond traditional hazards, we identify "climate-amplified" risks such as increasing wildfire frequency, extreme heat, and drought-related water insecurity. These are cross-referenced with transition risks, including regulatory compliance (SB 261) and grid instability

Oversight and Accountability

Accountability for risk management is integrated into the Palomar Health leadership hierarchy to ensure climate resilience is treated as a core business function.

- Executive Responsibility: The Chief Administrative Officer (CAO) holds primary responsibility for Employee Health, Safety, and Disaster Preparedness.
- Operational Management: The Director and Manager of Emergency Management & Safety are responsible for the day-to-day execution of the HVA and the maintenance of the Emergency Operations Plan (EOP).

- Committee Governance: The Emergency Management Committee and the Safety Officer monitor policy changes (such as CARB mandates) and report findings regularly to the Board of Directors.
- Continuous Improvement: Following any exercise or real-world event, the team generates After-Action Reports (AARs). These reports are reviewed by senior leadership to adjust capital allocation and strategic priorities.

Mitigation and Response

Our mitigation strategy employs a "stack" of physical, operational, and digital safeguards designed to maintain clinical continuity during climate-induced disruptions.

- Physical Hardening: Implementation of SB 1953 seismic mitigations (bracing, fasteners) and wildfire-edge hardening (vegetation control and defensible space).
- 96-Hour Self-Sufficiency: We maintain a standardized inventory of "subsistence stocks" including water, fuel, medical oxygen, pharmaceuticals, and PPE—sufficient to sustain operations for 96 hours without external support.

Utility & Digital Resilience:

- Redundant Communications: Utilization of HAM/ARES, Everbridge, and FirstNet to ensure connectivity.
- IT Downtime Procedures: Robust cyber-resilience plans to manage information system failures.
- Scalable Surge Capacity: Use of the Hospital Incident Command System (HICS) to activate alternate care sites (tents/pods) and mutual aid MOUs during mass casualty or high-surge climate events.

Integration of Climate Risk

Climate risk is no longer viewed as a standalone "environmental" issue but is fully embedded in the HVA and EOP. Specific annexes have been developed for climate-sensitive drivers, including utility failures, infectious disease outbreaks, and hazardous materials incidents, ensuring that Palomar Health remains resilient under both low-warming and high-warming future scenarios.

Top Risks, Financial Exposure, and Mitigation

Risk	Likelihood (HVA Score)	Potential Financial Exposure	Time Horizon	Mitigation / Response in Place	Mitigation / Response Potential Add
Earthquake / Structural Failure	Very High (Top Risk across all sites – 67%)	$10M+/ event; Estimated based on structural damage and prolonged service curtailment	Short to Long-term	Annual HVA; SB 1953 non-structural seismic mitigation (bracing, fasteners); HICS drills.	Comprehensive structural retrofit plans for older facilities to exceed minimum state requirements.
Information Systems Failure / Ransomware	Very High – 61%	$2.5-5M	Immediate	Shut down network protocols; restoration procedures; regulatory notification.	Implementation of "immutable" backup systems and enhanced employee cyber-hygiene training.
Wildfire & Smoke Infiltration	High -61%	$1,500,000 per event. Costs stem from evacuation readiness, staff call-backs	Seasonal (Short-term)	Vegetation control; HVAC shutdown capability; FirstNet/Everbridge communications.	Investment in high-efficiency particulate air (HEPA) filtration upgrades for all critical care zones.
Emerging Infectious Disease (EID)	High – 61%	$5-10M/ yr. Includes surge staffing costs and lost elective procedure revenue.	Short to Medium-term	96-hour stocks of PPE/Pharma; isolation workflows; de-contamination capability.	Permanent expansion of alternate care sites (tents/pods) and scalable staffing MOUs.
Electrical / Utility Failure	High – 58%	$500,000 - $1,000,000/ day	Short-term	Load-shedding protocols; 96-hour fuel subsistence; redundant generator maintenance.	Installation of on-site solar microgrids to reduce dependence on the external regional grid.

METRICS AND TARGETS

Palomar Health utilizes a multifaceted approach to track and manage its climate and operational resilience. To mitigate financial volatility associated with employee health, the District successfully transitioned from a self-insured medical plan to a fully indemnified plan with Sharp Health in January 2025. This strategic move stabilizes benefit costs, which previously saw liabilities of $2.2M. Additionally, PH tracks Workers' Compensation Liabilities, which increased to $12.2M in 2025, as a KPI for workplace safety and physical environmental risk.

From an operational standpoint, the District tracks its 96-hour self-sufficiency stocks for water, fuel, and medical oxygen. These inventories are verified through annual HVAs and regular HICS drills, ensuring that facilities can remain functional during acute climate events without external support.

Targets for Future Resilience

- Seismic Compliance: Palomar Health is committed to achieving full SB 1953 non-structural hazard mitigation compliance across all campuses to protect its $954.1M in capital assets.
- Operational Decarbonization: By moving to fully indemnified insurance and optimizing HVAC runtimes, the District aims to reduce its indirect carbon footprint while lowering the $1.05B in annual operating expenses.
- Digital Continuity: Following the 2024 ransomware event, the District has targeted a 0% unplanned downtime for Information Systems during utility or cyber events through enhanced offsite data storage and incident response.

APPENDIX A - Methodology

- Quantitative ranges (e.g., potential earthquake losses) are modeled estimates based on Palomar's risk priorities, insurance program data, audited financial statements and FEMA/ ASHE loss-ratio benchmarks.

- Pandemic and infectious-disease risk estimates are modeled using Palomar's HVA probability ratings and FEMA/ HHS reimbursement data.
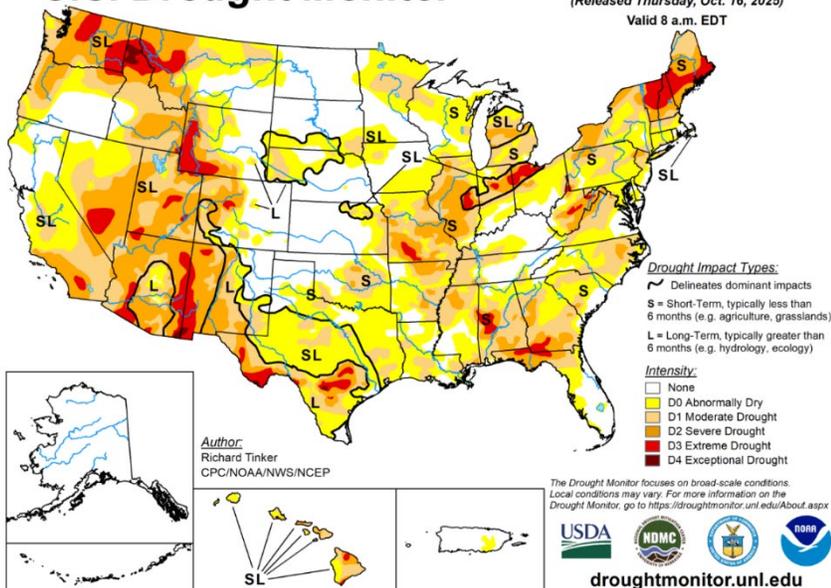
APPENDIX B – Physical Climate Risk Maps

U.S. 2024 Billion-Dollar Weather and Climate Disasters
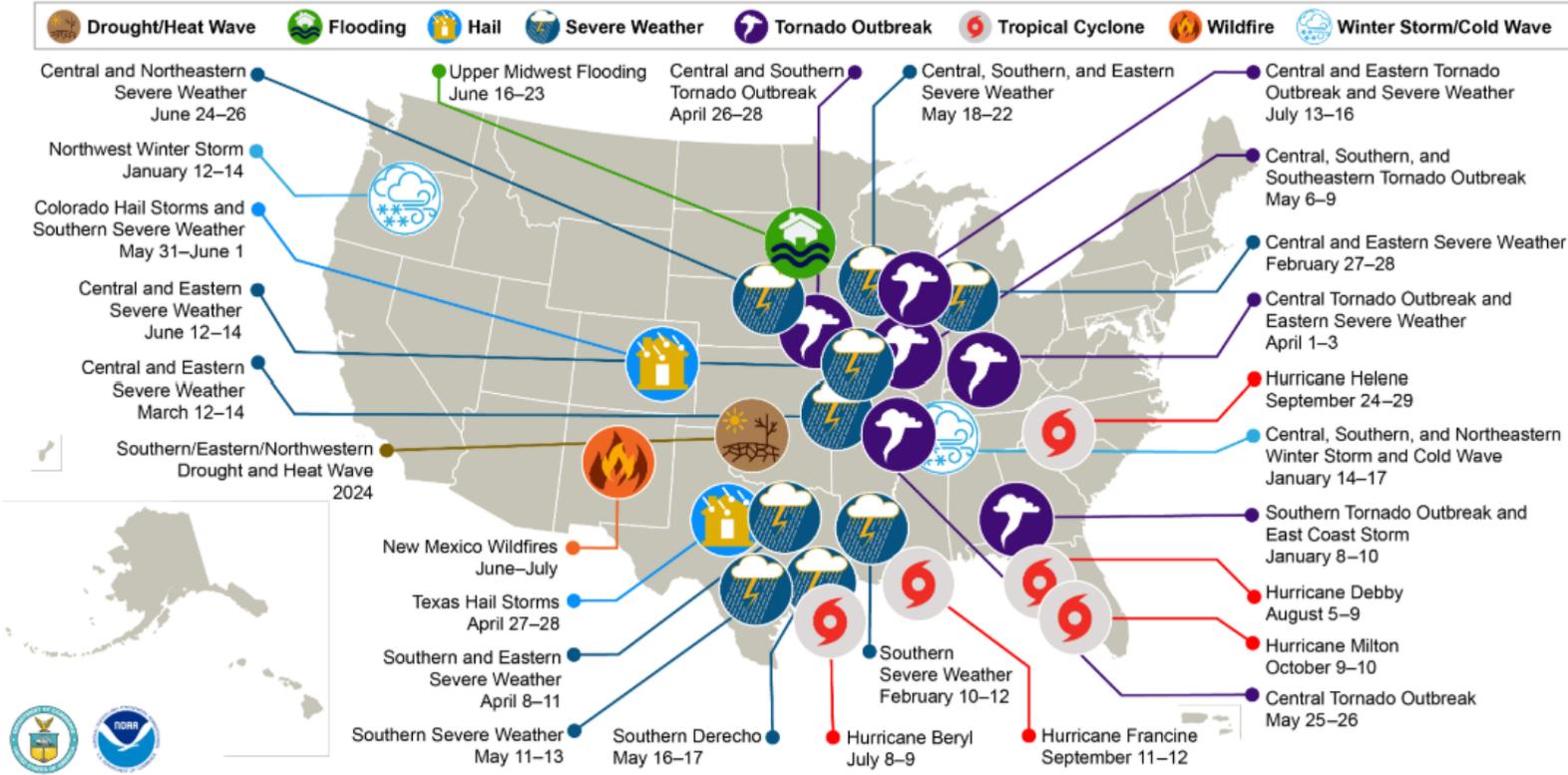
This map denotes the approximate location for each of the **27 separate billion-dollar weather and climate disasters** that impacted the United States in 2024.
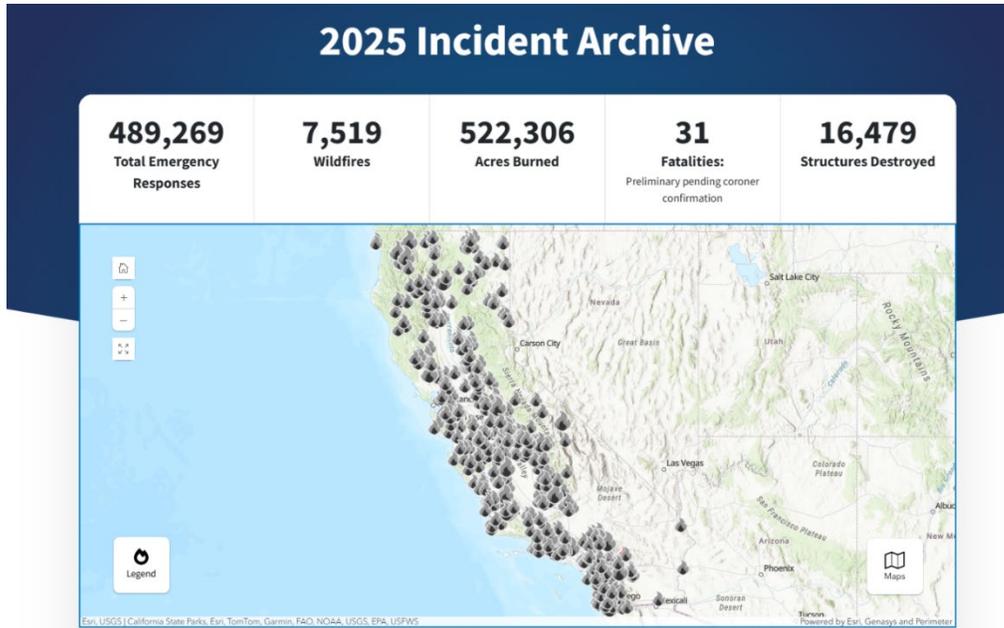

U.S. Drought Monitor — October 14, 2025

2025 Wildfire Incidents Summary in California

The image below illustrates the number of wildfires which occurred in 2025 and their detrimental impacts.

2025 Incident Archive

489,269	7,519	522,306	31	16,479
Total Emergency Responses	Wildfires	Acres Burned	Fatalities: Preliminary pending coroner confirmation	Structures Destroyed

Floodplain Risks in California

Population living in 500-year floodplain
- North Coast 40,000
- North Lahontan 4,000
- Sacramento River 930,000
- San Joaquin River 540,000
- San Francisco Bay 1,040,000
- Tulare Lake 500,000
- Central Coast 430,000
- South Lahontan 150,000
- South Coast 3,410,000
- Colorado River 230,000

Value of structures in 500-year floodplain
- North Coast $4 billion
- North Lahontan $1 billion
- Sacramento River $70 billion
- San Joaquin River $40 billion
- San Francisco Bay $130 billion
- Tulare Lake $30 billion
- Central Coast $40 billion
- South Lahontan $10 billion
- South Coast $230 billion
- Colorado River $20 billion