Objectives for today’s presentation

A look at:

• PEMCO’s journey
• The impact of changes on our:
  – Strategy
  – Culture
• Evolving culture at PEMCO: leaning forward
About PEMCO

- Founded in **1949**
- Original purpose to **insure teachers** who were members of affiliated credit union
- **Headquartered in Seattle**; offices in Lynnwood and Spokane
- Serving **Pacific Northwest** residents for auto, home, boat, and umbrella liability insurance
- A **mutual company** owned by our policyholders
- We strive to **improve the quality of life in the communities we serve**
<table>
<thead>
<tr>
<th>Year</th>
<th>Companies</th>
<th>Office Locations</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>5</td>
<td>5</td>
<td>800</td>
</tr>
<tr>
<td>2016</td>
<td>2</td>
<td>3</td>
<td>535</td>
</tr>
</tbody>
</table>
Internal changes

Organizational changes put competing pressures on strategy and culture

- Focus on insurance
- Larger focus on technology
- Changes in our physical space
External changes

**Industry**
- Changing regulators and regulations
- Increased competition
- Changing customer preferences

**Environmental**
- Urban density
- Wildfires

**New challenges in insurance**
- Evolving technology
- Sharing economy
- Innovation in products
“You can’t fix culture. Just focus on your business and the rest will follow.”

**Mission**

Every day, we enable and protect the dreams of responsible Northwest people.

**Vision**

Our customers say: “PEMCO gets it. They’re great to do business with, they share my values, and I always recommend them.”
Together we move our culture from one that tends to pay homage to the past to one that embraces leaning forward.
Identifying culture at PEMCO

Organizational CULTURE is a living creature and employees are the ones who feed it.

Culture is the way you think, act, and interact.

Culture eats strategy for breakfast.

- Peter Drucker
Desired culture supports goals

**PEMCO People Make Us Different**

<table>
<thead>
<tr>
<th>Digital</th>
<th>Consumer Driven Design</th>
<th>Relatable, Remarkable, Unique Touchpoints</th>
<th>Relationships &amp; Advocacy Matters</th>
<th>Financial Stability</th>
</tr>
</thead>
</table>

![Images of people in various outfits and activities representing the different aspects of the desired culture.](image-url)
Who are our employees?

<table>
<thead>
<tr>
<th>Headcount</th>
<th>Gender</th>
<th>Age</th>
<th>By Department</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>535</td>
<td>48% Male</td>
<td>48.1 years old average</td>
<td>63% Customer - Facing Roles</td>
<td>12.7 years average</td>
</tr>
<tr>
<td></td>
<td>52% Female</td>
<td>49.0 years old median</td>
<td>37% Support Roles</td>
<td>9.9 years median</td>
</tr>
</tbody>
</table>
PEMCO’s cultural pillars

Everyone understands what it takes to win

Everyone’s committed and passionate

Everyone moves in the same direction
How we identify top talent

- 1:1 discussions
- Performance evaluations
- Performance calibration discussions
- Succession planning
- Leadership opportunities
How we attract

- Referrals
- Internship program
- Work-life balance
- Job fairs
- Industry networking
- Community involvement

22% openings filled by employee referrals
How we develop

- Professional development part of performance evaluation process
- Leadership development programs
  - Interactive
  - 100, 200, 300 series
- Education Assistance Program
- EMBA Sponsorships
- Professional Education Training program
- Professional Designations
How we keep

- Employee engagement
- Wellness program
- Open architecture
- Cross-functional work teams
- Volunteer opportunities
- 1:1 discussions
- Changing/expanding roles
- Transfer/promotional opportunities

27% openings filled by current employees advancing careers
Leaning forward together

What does having an evolving Performance Culture that leans forward mean to you and to PEMCO’s success?

“A brave culture who leans into the discomforts of changing old models and innovating at every step will be the one that has a competitive advantage and makes people say ‘They get it.’”

“While not without bumps and challenges, this is a very exciting time to be at PEMCO. I personally value that throughout all the work to improve and shift our collective thinking, our core values have remained, and we protect them.”
### Evolving Talent Management strategy

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Future Vision: What are we driving toward?</th>
<th>Project/Program Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attracting top talent</td>
<td>We are all PEMCO ambassadors and PEMCO is an employer of choice.</td>
<td>Networking, Community Involvement, Total Rewards</td>
</tr>
<tr>
<td>Developing employees</td>
<td>Employees know how they support strategy, and there are unique, cross-functional opportunities for growth.</td>
<td>Mentoring, Professional Development, Coaching</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>We engage and retain top talent, and employees see the direct impact of their work.</td>
<td>Recognition, Events, Total Rewards</td>
</tr>
<tr>
<td>Planning for the future</td>
<td>Employees innovate and adapt to the needs of our industry and for our workforce.</td>
<td>Strategic Planning, Process Improvement, Succession</td>
</tr>
</tbody>
</table>
Leaning forward as “WE”

We are PEMCO

We Align
We Attract
We Grow
We Move
We Perform
We Engage
Consider for your organization:

• Describe your organization’s culture in 5 words.

• What’s one thing you would change in your organization if you could?

• Name the top 3-5 cultural ambassadors in your organization who embody exactly what you want as an organization.

• Name 3 things you and your leaders do every day that reinforce your culture.
Questions?

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WE’RE A LOT LIKE YOU.
A LITTLE DIFFERENT.