

▶ 2022 Corporate
Sustainability Report



ABOUT THIS REPORT

This 2022 Corporate Sustainability Report (or Report) will focus on those environmental, social and governance (or ESG) factors that are relevant for PennyMac Financial Services, Inc. (NYSE: PFSI), our business, and our communities, and will highlight our commitment to increased transparency in our sustainability practices. We are pleased to share this Report with you as it demonstrates how our business creates value for our stakeholders.

In preparing this Report, we considered elements of the Global Reporting Initiative (GRI) Standards: Core Option. This Report also has been prepared in accordance with the principles and disclosures of the Sustainability Accounting Standards Board (SASB) Mortgage Finance Standard. SASB's mission is to develop and disseminate sustainability accounting standards that help public corporations disclose information that SASB deems to be material, decision useful information to investors. The SASB disclosures included in this Report are highlighted in the SASB Index Disclosures. The highlights and metrics shared in this Report represent the 2022 fiscal year and, where helpful, we have provided information related to events that occurred subsequent to the year end but prior to the publication of this Report. To view this Report online, please visit our Investor Relations website at pfsi.pennymac.com.

TABLE OF CONTENTS

About This Report	
Message from Our Chairman and CEO	1
About the Company	3
Our Vision, Mission and Core Values	4
Our 2022 Corporate Highlights and Business Strategies	5
Our Corporate Sustainability and ESG Approach	7
Operating Ethically, Responsibly and Sustainably	11
Board Governance	11
Board of Directors Leadership	12
Board Diversity	13
Our Board's Role in Risk Oversight	13
Executive Compensation	14
Human Rights and Our Code of Business Conduct and Ethics	14
Whistleblower and Ethics Hotline Reporting	15
Regulatory Compliance	16
Anti-Money Laundering and Fraud Prevention	16
Political Contributions and Advocacy	17
Enterprise Risk Management	17
Business Continuity and Crisis Management	19
Cybersecurity and Data Privacy	19
Improving the Lives of Customers, Employees and Communities	21
Promoting Responsible Lending	21
Supporting Sustainable Homeownership	22
Human Capital Management	24
Diversity, Equity, and Inclusion	27
Economic Inclusion with Vendors	32
Company Culture	32
Employee Health and Wellbeing	33
Philanthropy and Community Engagement	35
Company Recognition	40
Employee Recognition	41
Advancing Environmental Sustainability in Our Operations	42
Our Environmental Responsibility	42
Our Environmental Impact	42
Waste Reduction and Management	43
Energy Efficiency	44
Water Recycling and Conservation	45
Climate and Environmental Risk Management	46
Sustainability Accounting Standards Board (SASB) Index Disclosure	49

MESSAGE FROM OUR CHAIRMAN AND CEO



As Chairman and CEO of PennyMac Financial Services, Inc., I am pleased to share with all stakeholders our 2022 Corporate Sustainability Report (referred to herein as the Report). Since the beginning, our vision has been to revitalize the mortgage market and create a mortgage bank that would become one of the most respected and trusted in the industry. In support of that vision, we are guided by an unwavering commitment to advancing our core values of being Accountable, Reliable and Ethical (or A.R.E.) and operating our business in a way that creates positive environmental, social and governance (or ESG) impacts and long-term, sustainable growth.

This Report is intended to be a companion to the PennyMac Financial Services, Inc. 2022 Annual Report to Stockholders and 2023 Notice of Annual Meeting and Proxy Statement. This Report evidences our commitment to voluntarily reporting on our ESG investments and impacts, supporting the evolving information needs of our stakeholders, and approaching sustainability with the goal of minimizing our risk profile and maximizing our operational and financial performance.

2022 was a year of transition for the mortgage industry with the tightening of monetary policy to address inflationary concerns, which drove a rapid and significant increase in mortgage rates. Nonetheless, PFSI's financial results highlight the strength of our balanced business model with industry-leading production and servicing businesses. The challenges faced in 2022 by our company and our industry as a whole served as an important reminder that corporate sustainability must be meaningfully integrated into every aspect of our business in order to support business resiliency and long-term value creation. Corporate sustainability shapes our

governance practices, informs our business and operational decisions, and guides our human capital strategy. Our Board of Directors and our executive leadership team are keenly aware of the importance of managing our corporate sustainability and ESG risk profile – it is a foundational discipline that will continue to play a critical role in PFSI's ability to drive sustainable business growth as a leader in the mortgage industry.

At PFSI, we are committed to a robust set of sound and effective governance policies and practices that are designed to maintain the highest standards of oversight, ethics and integrity. Our Board's oversight of our corporate sustainability and ESG practices, our enterprise risk management framework, and the establishment of rigorous policies and procedures to drive business conduct that aligns with our A.R.E. core values are all key components of our efforts to ensure our long-term success as an organization.

We are intentional about creating and sustaining positive social impact in our business practices, in our workplace, and in the communities where we serve. To further those intentions, we continue to implement a number of enterprise-wide strategies that are designed to support our goal of being an employer of choice so that we continue to attract, develop, engage and retain the very best talent. PFSI has a strong commitment to cultivating a diverse, equitable and inclusive workforce and empowering employees from different backgrounds and experiences to connect, contribute, thrive and realize their full potential. Moreover, we consistently prioritize the health and wellbeing of our employees and support meaningful and impactful engagement with local and national community organizations.

At PFSI, we understand that environmental sustainability is a shared responsibility and recognize the opportunity and importance of managing the environmental impact of our operations while minimizing our exposure to weather and climate-related events. Numerous aspects of our business evidence this commitment, including our efforts around waste reduction and management, energy efficiency improvements, water conservation priorities, and climate-related risk analysis.

Notwithstanding the unprecedented challenges faced in 2022, we remain committed to executing on our strategic priorities and creating long-term, sustainable value for all of our stakeholders. I am inspired and humbled working alongside PFSI's deep and highly-experienced management team as they thoughtfully and deliberately ensure that we do the right thing every day for our customers, employees, investors, and other stakeholders. I invite you to learn more about how we do that in this Report.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Spector". The signature is fluid and cursive, with the first name "David" being more prominent.

David A. Spector
Chairman and Chief Executive Officer

ABOUT THE COMPANY



PennyMac Financial Services, Inc. (or PennyMac Financial) is a specialty financial services firm focused on the production and servicing of U.S. mortgage loans and the management of investments related to the U.S. mortgage market. PennyMac Financial externally manages PennyMac Mortgage Investment Trust (NYSE: PMT), which is a mortgage real estate investment trust separately listed on the New York Stock Exchange that invests primarily in mortgage-related asset (or PMT and, collectively with PennyMac Financial and their affiliates, referred to herein as Pennymac). Founded in 2008, PennyMac Financial is recognized as a leader in the U.S. residential mortgage industry and employs approximately 4,000 people across the country. In 2022, our production of purchased and newly originated loans totaled \$109 billion in unpaid principal balance, making it the third largest mortgage lender in the nation. As of December 31, 2022, PennyMac Financial serviced loans totaling \$552 billion in unpaid principal balance, making it a top ten mortgage servicer in the nation.

We operate and control all of the business and affairs and consolidate the financial results of Private National Mortgage Acceptance Company, LLC (PNMAC). Our principal mortgage banking subsidiary, PennyMac Loan Services, LLC (PLS or our Servicer), is a non-bank producer and servicer of mortgage loans. Our investment management subsidiary, PNMAC Capital Management, LLC (PCM), is a registered investment adviser and the external manager of PMT.

We conduct our business in three segments: production, servicing (together, production and servicing comprise our mortgage banking activities) and investment management.

- The production segment performs loan origination, acquisition and sale activities for our account as well as for PMT.
- The servicing segment performs loan servicing for both newly originated loans we are holding for sale and loans we service for others, including for PMT.
- The investment management segment represents our investment management activities, which include the activities associated with investment asset acquisitions and dispositions such as sourcing, due diligence, negotiation and settlement.

On May 14, 2013, our common stock was listed on the New York Stock Exchange under the ticker symbol "PFSI." Our corporate headquarters office is located at 3043 Townsgate Road, Westlake Village, CA 91361.



OUR VISION, MISSION AND CORE VALUES



As a leader in the U.S. residential mortgage business with a relentless focus on the customer, our competitive advantage is defined by our management expertise, agile delivery of process improvements and technology innovation, and a performance-driven culture based on Accountable, Reliable and Ethical (or A.R.E.) action to earn and maintain the trust and respect of employees, borrowers, partners and shareholders.

OUR VISION	OUR MISSION
Be the most trusted partner for home.	Building the foundation of homeownership by enabling Americans to achieve and sustain their aspirations of home.

Core Values

Our strong organizational culture has been one of the key drivers of our long-term success. We recognize the importance of creating an environment that can support our vision and mission, sustain our successes and embed a common DNA around our values across our workforce. Our Company values are reflected in the phrase “We A.R.E. Pennymac” and establish our commitment to being Accountable, Reliable and Ethical in everything we do.

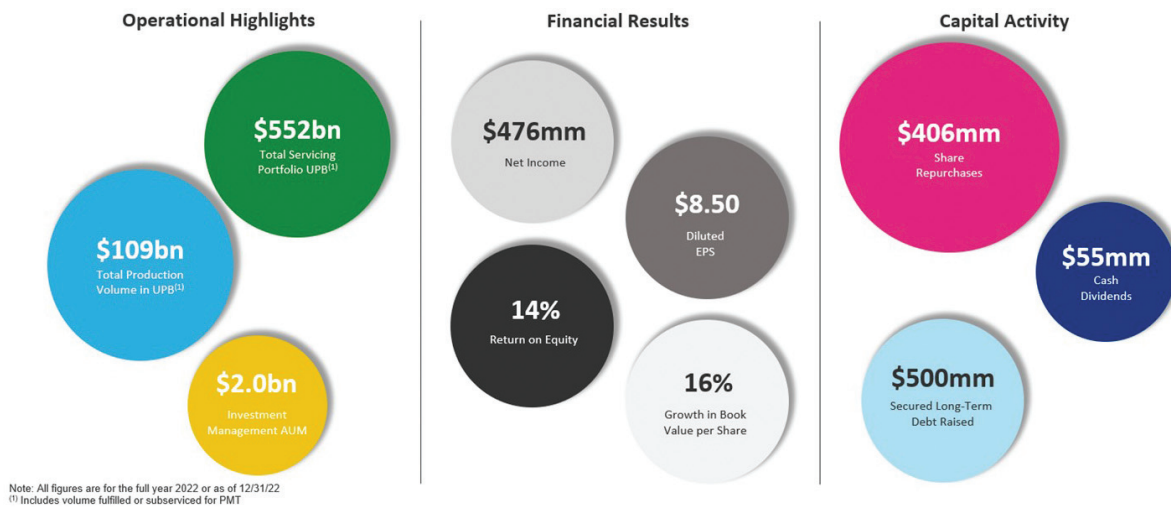
- ACCOUNTABLE**
 - Customers first, and always.
 - Grow.
 - Play at the top of your game.
- RELIABLE**
 - Care.
 - Win together.
 - Start with why. Excellence follows.
- ETHICAL**
 - Be a positive influence.
 - Celebrate our differences.
 - Do what's right. It's never wrong.

Our A.R.E. core values are reinforced by behavioral standards that help define the conduct that is exhibited on a daily basis with customers, team members and other stakeholders and that ultimately supports the achievement of our long-term business goals.

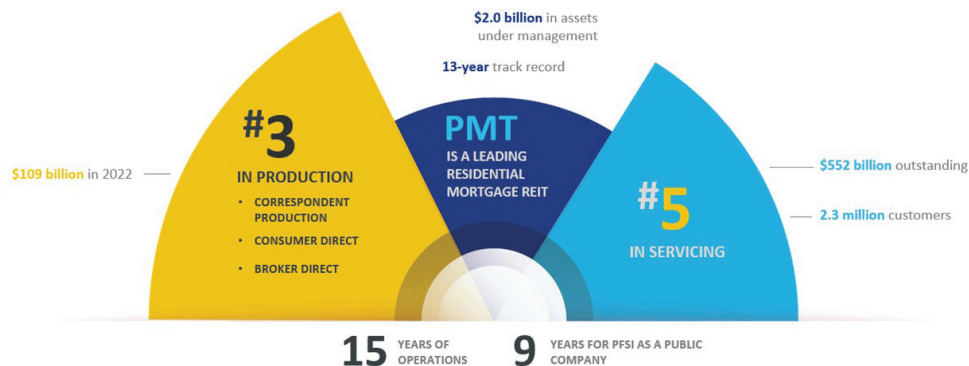
OUR 2022 CORPORATE HIGHLIGHTS AND BUSINESS STRATEGIES

Corporate Highlights^(a)

PennyMac Financial's operating discipline to right size capacity and reduce expenses drove strong financial performance notwithstanding the challenging mortgage environment of 2022.



Pennymac is an established leader in the U.S. mortgage market with substantial long-term growth potential, as illustrated below:



Note: All figures are for PFSI and include volume fulfilled or subserviced for PMT. All figures are as of 12/31/22 unless otherwise noted.
⁽¹⁾ Inside Mortgage Finance for the full year 2022
⁽²⁾ Inside Mortgage Finance as of 12/31/22

(a) For complete information regarding our Fiscal 2022 performance, stockholders should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and accompanying notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the Securities and Exchange Commission, or the SEC, on February 22, 2023 and is being made available to stockholders with the Proxy Statement as a part of our 2022 Annual Report to Stockholders.

Business Strategies



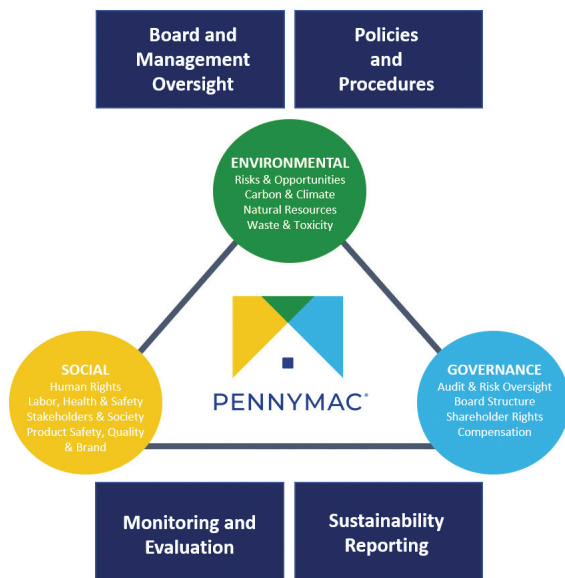
Our business strategies are based on five key focus areas: consumer direct lending, broker direct lending (also known as third-party origination), correspondent lending, mortgage loan servicing, and new markets and products.

<p>Consumer Direct Lending</p>	<p>We expect to grow our consumer direct lending business over time by leveraging our growing servicing portfolio through the recapture of existing customers for refinance and purchase-money loans as well as increasing our non-portfolio originations. As our servicing portfolio grows, we will have a greater number of leads to pursue, which we believe will lead to greater origination activity through our consumer direct business. As of December 31, 2022, we serviced 2.3 million loans. In 2022, 2021 and 2020, we funded \$15.4 billion, \$43.1 billion and \$23.5 billion of mortgage loans, respectively, through our consumer direct lending channel. We believe that our national call center model and our technology will enable us to drive origination process efficiencies and best-in-class customer service.</p>
<p>Broker Direct Lending</p>	<p>According to Inside Mortgage Finance, the broker direct lending channel represented approximately 15% of U.S. residential mortgage originations in 2022. In 2022, 2021 and 2020, we funded \$6.9 billion, \$16.8 billion and \$12.2 billion of mortgage loans, respectively, through our wholesale-broker channel, which is comprised of loans from both the broker segment as well as loans purchased through our non-delegated correspondent segment. We plan on growing our mortgage loan volume in this channel through the addition of new broker and non-delegated partner relationships, as well as expansion of existing relationships enabled by our leading broker technology platform.</p>
<p>Correspondent Lending</p>	<p>We expect to support our correspondent production market share by expanding the number and types of sellers from which we purchase loans and increasing the proportion of our sellers' production volumes that we purchase as we continue to expand the loan products and services we offer. We believe that we are well positioned to continue taking advantage of this opportunity based on our management expertise in the correspondent production business, our relationships with correspondent sellers, and our supporting systems and processes. In 2022, 2021 and 2020, we purchased \$49.7 billion, \$64.8 billion and \$60.5 billion of mortgage loans from PMT, respectively, through our correspondent lending channel.</p>
<p>Mortgage Loan Servicing Portfolio</p>	<p>We expect to grow our servicing portfolio through loan production activities, as our correspondent production for our own account and consumer and broker direct lending add new servicing for owned MSR, and correspondent conventional production for PMT's account adds new subservicing. We or PMT may also grow our servicing portfolio through acquisitions. In 2022, our loan production totaled \$109.1 billion in UPB and we purchased MSR backed by loans with UPBs totaling \$375.4 million. Our MSR were backed by loans with UPBs totaling \$314.6 billion as of December 31, 2022.</p>
<p>Expansion into New Markets and Products</p>	<p>We regularly evaluate opportunities to grow our business, including expansion into new markets and providing additional services to our customers directly or through external partnerships. We have entered into partnerships or joint ventures that can provide insurance and closing and title services to our customers and others. We also continue to develop new products to satisfy demand from customers in each of our production channels and respond to changing circumstances in the market for mortgage-related financing.</p>

OUR CORPORATE SUSTAINABILITY AND ESG APPROACH

Corporate Sustainability and ESG as a Foundational Discipline

Our Corporate Sustainability and ESG Program was established as a core foundational discipline in 2020. We maintain a Corporate Sustainability and ESG Policy, which defines the framework, requirements and governing platform for how we identify and manage the ESG impacts of our operations in furtherance of our strategic plan objectives.



The primary components of the Corporate Sustainability and ESG Policy are Board and Management Oversight, Policies and Procedures, Monitoring and Evaluation, and Sustainability Reporting.

Our **Board and management oversight** program component establishes who is responsible for providing oversight and making critical decisions. Currently, our Senior Managing Director, Chief Human Resources Officer and our Managing Director, Corporate Sustainability report directly to the Executive Committee and our Board's Nominating and Corporate Governance Committee.

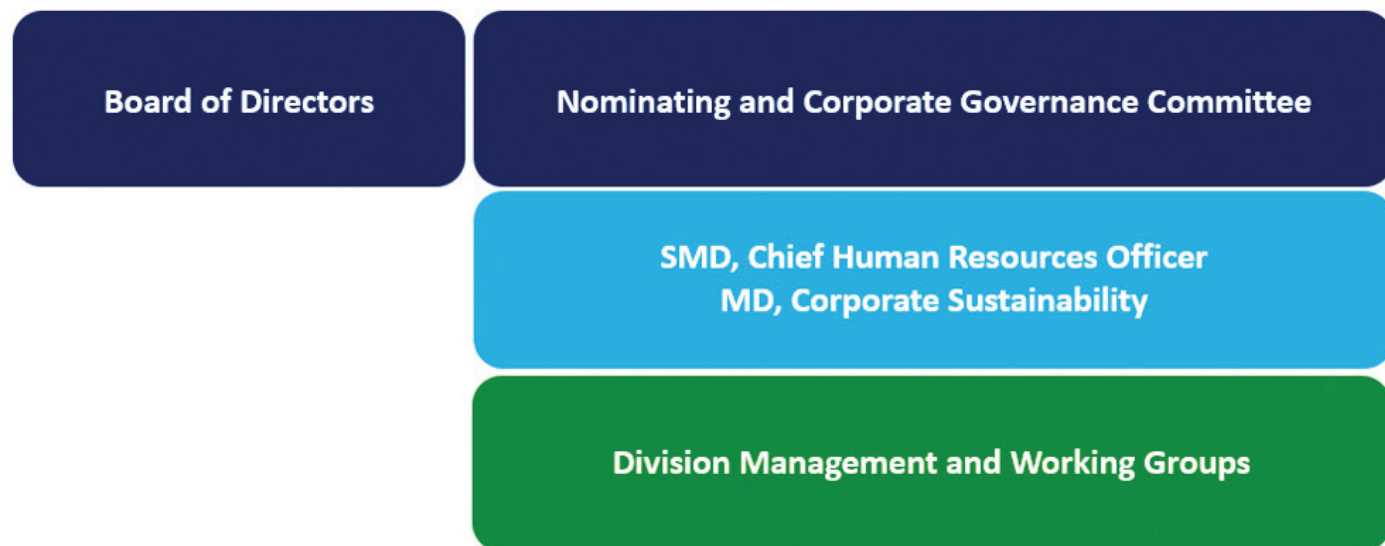
We also establish **policies and procedures** that support and define the controls necessary to manage identified ESG risks and opportunities.

Through ongoing **monitoring and evaluation**, we are able to measure those ESG factors that are material to our business operations.

Finally, our commitment to **sustainability reporting** demonstrates to our internal and external stakeholders our commitment to corporate sustainability disclosures that we believe to be decision-useful, transparent, accurate and complete.

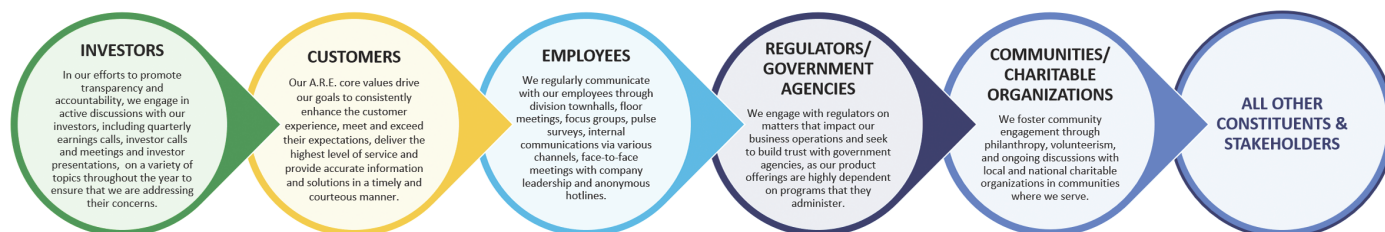
Corporate Sustainability and ESG Governance

Our Corporate Sustainability and ESG Program is currently supported by the following governance structure:



Stakeholder Engagement

Our Corporate Sustainability and ESG approach starts with acknowledging that our stakeholders are the beneficiaries of our growth and success as an enterprise. We engage with a variety of stakeholders, as we collaborate, inform, listen and respond to views or concerns. This helps identify risks and opportunities as it relates to our business and facilitates the identification and establishment of sustainable business strategies.



We are committed to cultivating relationships with all of these key stakeholders. We also engage with a number of other constituents and stakeholders including, but not limited to, business partners, vendors, and trade associations.

SASB Materiality Mapping

Based upon the SASB Materiality Map, the table below shows those Environment, Social Capital, Human Capital, Business Model and Innovation, and Leadership and Governance sustainability issues that have been identified by SASB as more likely to affect the enterprise value of companies within the Mortgage Finance, Asset Management and Custody Activities, Commercial Banks and Consumer Finance industries within the Financials sector.

Dimension	General Issue Category	Mortgage Finance	Asset Mgmt & Custody Activities	Commercial Banks	Consumer Finance
Environment	GHG Emissions				
	Air Quality				
	Energy Management				
	Water and Wastewater Management				
	Waste & Hazardous Materials Management				
	Ecological Impacts				
	Social Capital	Human Rights & Community Relations			
	Customer Privacy				X
	Data Security			X	X
	Access & Affordability			X	
	Product Quality & Safety				
	Customer Welfare				
	Selling Practices & Product Labeling	X	X		X
Human Capital	Labor Practices				
	Employee Health & Safety				
	Employee Engagement, Diversity & Inclusion		X		
Business Model & Innovation	Product Design & Lifecycle Management		X	X	
	Business Model Resilience				
	Supply Chain Management				
	Materials Sourcing & Efficiency				
	Physical Impacts of Climate Change	X			

Dimension	General Issue Category	Mortgage Finance	Asset Mgmt & Custody Activities	Commercial Banks	Consumer Finance
Leadership & Governance	Business Ethics		X	X	
	Competitive Behavior				
	Management of the Legal & Regulatory Environment				
	Critical Incident Risk Management				
	Systemic Risk Management			X	

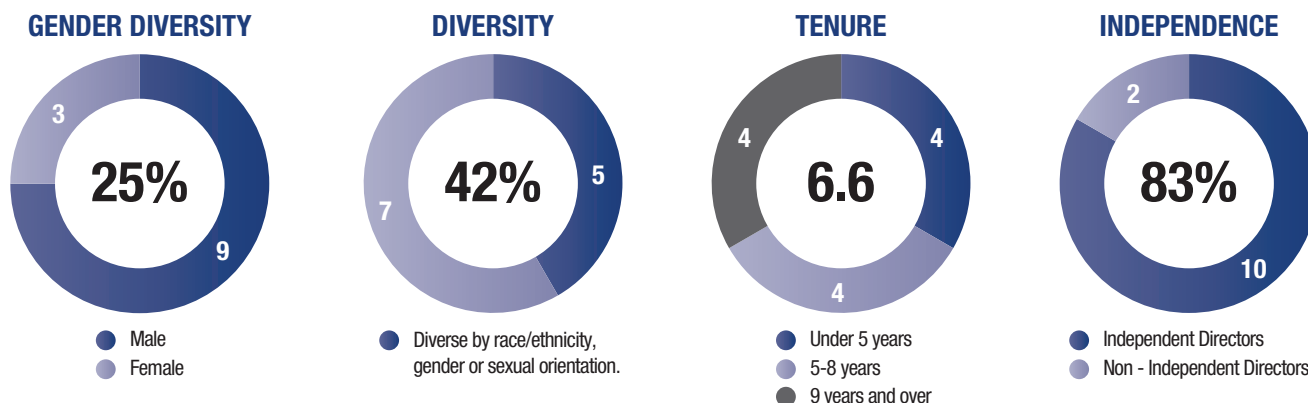
Note: The SASB Standards vary by industry based on the different sustainability issues, risks and opportunities within an industry. An “X” indicates those sustainability issues most likely to impact enterprise value; however, individual companies may choose to report on different sustainability issues based on their unique business model. See SASB Standards, “Materiality Finder”. Website: <https://www.sasb.org/standards/materiality-finder/>

OPERATING ETHICALLY, RESPONSIBLY AND SUSTAINABLY

Strong governance is at the core of how we operate and is fundamental to our sustainable growth and success. We aim to maintain the highest standards of ethical conduct in our business operations and full compliance with all applicable laws and regulations.

Board Governance (a)

We believe our Board possesses deep and broad skill sets and specific experience and expertise that facilitate strong oversight and strategic direction for us as a leading specialty financial services firm focused on the production and servicing of U.S. mortgage loans and the management of investments related to the U.S. mortgage market.



Board Skills



out of 12 directors

(a) As of December 31, 2022

We continuously monitor developments, trends and best practices in corporate governance and consider feedback from stockholders and proxy advisory firms when enhancing our governance, policies and structure. A few of our corporate governance best practices are highlighted below:

<ul style="list-style-type: none"> ✓ Majority Voting Standard in the Election of Directors. Our Amended and Restated Bylaws provide for a majority voting standard for uncontested director elections and plurality voting standard for contested director elections. 	<ul style="list-style-type: none"> ✓ Independent Lead Director. The independent directors of our Board elected Jeffrey A. Perlowitz as our independent lead director for a three-year term that expires in March 2025.
<ul style="list-style-type: none"> ✓ Director Resignation Policy. Our Corporate Governance Guidelines include a requirement that any director nominee who fails to receive a majority vote, if required, for election or re-election will promptly tender his or her resignation to the Board. 	<ul style="list-style-type: none"> ✓ Board Refreshment. We have robust processes to identify, evaluate and select qualified director candidates and we regularly assess the size and composition of the Board. We have added four Board members since 2019.
<ul style="list-style-type: none"> ✓ Director Limitations on Number of Boards. A director who is currently serving as a chief executive officer of a public company, including our Chief Executive Officer, is not permitted to serve on more than two outside public company boards. No other director is permitted to serve on more than five outside public company boards. 	<ul style="list-style-type: none"> ✓ Regular Executive Sessions. Our independent directors meet privately on a regular basis. Our independent lead director presides at such meetings.
<ul style="list-style-type: none"> ✓ Robust Stock Ownership Guidelines. We have robust stock ownership guidelines for our non-management directors (five times the base annual retainer) and executive officers (five times base salary for our Chief Executive Officer; three times base salary for all other executive officers). 	<ul style="list-style-type: none"> ✓ Regular Board Evaluation. The Nominating and Corporate Governance Committee sponsors an annual self-assessment of the Board's performance as well as the performance of each committee of the Board.
<ul style="list-style-type: none"> ✓ Stockholder Engagement. We engage in active discussions with our stockholders on a variety of topics throughout the year to ensure that we are addressing their concerns. 	<ul style="list-style-type: none"> ✓ Annual Elections. Our Board is not classified and, therefore, we conduct annual elections for all directors who serve on our Board.

Board of Directors Leadership

Our Board leadership structure is currently comprised of our Chairman and Chief Executive Officer, David Spector, our independent lead director, Jeffrey Perlowitz, and our independent Board committees and committee chairs. Our Chairman and the independent lead director provide leadership to and work with our Board to define its structure and activities in the fulfillment of its responsibilities.

We believe that independent directors and management have different perspectives and roles in strategy development. Our independent directors bring experience, oversight and expertise from outside our Company and industry, while Mr. Spector brings company-specific experience and expertise and the ability to utilize the in-depth focus and perspective gained in running our Company to effectively and efficiently lead our Board. As the director most familiar with our business and industry, our Chief Executive Officer is capable of identifying and executing new initiatives and businesses, strategic priorities and other critical and/or topical agenda items for discussion by our Board and then leading the discussion to ensure our Board's proper oversight of these issues.

Our Board leadership structure is further strengthened through the appointment of an influential independent lead director with a strong voice. Our independent lead director works with our Chairman of the Board and other directors to provide informed, independent oversight of our management and affairs.

Board Diversity

Currently, three women serve on our Board representing 25% of our Board members. In addition, three directors self-identify as representing underrepresented communities, including one director of Indian/South Asian heritage, one director of Middle-Eastern/North African heritage and one director of gay, lesbian, bisexual or transgender orientation. Our Board believes that diversity factors are important in promoting our long-term sustainable growth. Our Board maintains a policy regarding the evaluation of director candidates which states that the Board in its selection of director candidates will consider the overall Board balance of diversity of viewpoints, backgrounds and experiences. Our Board has also established director selection criteria which provides that the Board in its selection of director candidates will consider factors that contribute to Board diversity in the broadest sense, including gender, ethnicity, geography, education, and personal and professional experiences.

Our Board’s Role in Risk Oversight

Our senior management is responsible for designing, implementing and maintaining an effective and appropriate approach for managing enterprise risk. Our Board and each of its committees, and in particular, the Risk Committee, have an active role in overseeing our risk management process, while supporting organizational objectives, improving long-term organizational performance and creating stockholder value. While our Board has the ultimate oversight responsibility for the risk management process, particularly with respect to those risks inherent in the operation of our businesses and the implementation of our strategic plan, the committees of our Board also share responsibility for overseeing specific areas of risk management as follows:

Committee	Primary Risk Oversight Responsibility
Audit	Our Audit Committee focuses on risks associated with internal controls and securities, financial and accounting compliance, and receives an annual risk assessment report from our internal auditors. Our Audit Committee also discusses with management our major risk exposures and the framework management has established to monitor and control such exposures, including our risk assessment and risk management policies.
Compensation	Our Compensation Committee focuses on oversight of our compensation policies and practices, including whether such policies and practices balance risk taking and rewards in an appropriate manner so as not to encourage excessive risk taking.
Finance	Our Finance Committee focuses on risks relating to our Company’s liquidity and capital resources and our investment policies and strategies.
Nominating and Corporate Governance	Our Nominating and Corporate Governance Committee focuses on risks associated with proper board governance, including the independence of our directors and the assessment of the performance and effectiveness of each member and Board Committee, as well as risks associated with corporate sustainability and ESG practices. Our Nominating and Corporate Governance Committee also has specific oversight responsibility for risks relating to our corporate sustainability and ESG policies and practices, including human capital management, community involvement, corporate governance and stakeholder reports.
Related Party Matters	Our Related Party Matters Committee focuses on risks arising out of potential conflicts of interest between us or any of our subsidiaries, on the one hand, and (i) PMT and its subsidiaries, (ii) any other non-wholly-owned entity that we may manage or over which we may have control, and (iii) any other identified related party, on the other hand.
Risk	Our Risk Committee oversees our enterprise risk management function in relation to our business activities and focuses on credit risk, mortgage compliance risk, environmental and climate risk and operational risk, including cybersecurity and data privacy risk. The Risk Committee, as well as other members of the Board, receive updates from our Chief Information Officer on the overall cybersecurity and data privacy risk environment including our enterprise-wide cybersecurity risk assessment results and key initiatives.

While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire Board is regularly informed through committee reports about the nature of all such risks.

Executive Compensation

The executive compensation program focuses on the following key objectives:

- Pay For Performance – Maintain a pay-for-performance culture where total compensation for each named executive officer is primarily performance based;
- Stockholder Alignment – Align the interests of our executives with those of our stockholders with a significant emphasis on equity incentives and performance-based compensation;
- Market Competitive – Assess named executive officer compensation against market compensation benchmarks prepared by our independent board consultant;
- Employee Retention – Facilitate the attraction, motivation and retention of highly talented executive leaders who will be crucial to our long-term success and sustainability; and
- Support Strategy – Encourage executives to focus on achieving our annual and long-term business goals.

Our executive compensation program consists of three primary elements:

- Annual Base Salary,
- Annual Performance-Based Cash and Equity Incentives, and
- Long-Term Equity Awards.

We tailor our executive compensation program each year to provide what we consider to be a proper balance of these basic elements. The executive compensation program was weighted towards annual performance-based incentives and long-term equity awards, rather than toward annual base salaries, in order to ensure that a significant portion of compensation is tied to Company and stock performance and to maximize retention. We continue to assess the compensation elements for our executive officers, including our named executive officers, and are committed to ensuring that our executive compensation program remains generally consistent with market practices and focused on long-term performance.

In addition, we utilize the services of an outside independent compensation consultant, which is engaged directly by the Compensation Committee to advise on executive compensation matters.

Human Rights and Our Code of Business Conduct and Ethics

Human Rights

Our Statement on Human Rights describes the basis of our responsibility to respect human rights and the approaches and processes we use to implement it. Equally, we expect our vendors to recognize and uphold human rights as reflected in our Statement of Vendor Ethics. We believe in the human rights principles contained in the United Nations Universal Declaration of Human Rights and recognize the importance of respecting, protecting and fulfilling human rights and fundamental freedoms. We are committed to paying fair and equitable compensation, respecting labor rights, treating all people regardless of certain identified characteristics with dignity and respect, enabling healthy and safe work environments, providing safe and accessible water where we operate, promoting high ethical behavior and respecting privacy. We believe respect for human rights is integral to advancing sustainability.

Through the implementation of corporate policies and procedures related to fair and equitable compensation, labor rights, non-harassment and non-discrimination, equal employment opportunity, diversity, equity, and inclusion, and workplace safety, we are committed to protecting the human rights of our employees, all of whom are situated in the United States. These policies seek to provide employees and applicants equal treatment regardless of certain identified characteristics that can lead to bias in employment decisions.

Code of Business Conduct and Ethics

In alignment with our commitment to being accountable, reliable and ethical in everything that we do, our Code of Business Conduct and Ethics sets forth the basic principles and guidelines for resolving various legal and ethical questions that may arise in the workplace and in the conduct of our business. Specifically, this code provides that we treat all persons with dignity and respect; we deal fairly and honestly with every person and entity we come in contact with in the course of our business activities; and we do not pursue any business opportunity that would require any violation of the law. This code is applicable to all of our directors, officers and employees, and we expect the same level of ethical business conduct from our vendors as described in the following section. Our Chief Legal Officer, and where applicable, specified members or committees of our Board of Directors, are responsible for overseeing and monitoring compliance with the code.

In addition, we have adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers, which sets forth specific policies to guide these individuals in the performance of their duties. The Code of Business Conduct and Ethics and the Code of Ethics for the Chief Executive Officer and Senior Financial Officers are available on our website at pfsi.pennymac.com.

Statement of Vendor Ethics

We maintain a Statement of Vendor Ethics, which describes both legal and social responsibility requirements for all of our vendors. Vendors, in their activities, are required to operate in full compliance with applicable laws, rules and regulations of the jurisdictions in which they operate. We are fully aware of the responsibility we bear towards our stakeholders. Thus, we have given ourselves a strict set of ethical business standards to guide us in our business activities. We expect all of our vendors to adhere to the same ethical standards, as it relates to a number of factors including anti-bribery, anti-corruption, anti-money laundering, confidentiality, human rights, non-harassment and non-discrimination, fair wages and benefits, health and safety, forced labor, human trafficking and slavery, child labor, wage and hour laws and environmental and social sustainability.

Whistleblower and Ethics Hotline Reporting

Section 301 of the Sarbanes-Oxley Act of 2002 requires the Audit Committee of our Board to establish procedures for: (i) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by our employees, members, partners, officers, and directors and its subsidiaries of concerns regarding questionable accounting or auditing matters. Accordingly, our Audit Committee has established procedures for the receipt, retention and treatment of complaints and concerns. Our Whistleblower Policy is intended to encourage employees to confidentially and anonymously report, without fear of retaliation, concerns or complaints regarding the actual or suspected violation of accounting or auditing rules and principles, federal securities laws and ethics rules and standards, including the Code of Business Conduct and Ethics and Code of Ethics for the Chief Executive Officer and Senior Financial Officers. Confidential and anonymous reporting is provided through various means, including a toll-free hotline that is available 24 hours, 7 days a week.

Regulatory Compliance

We have a comprehensive compliance management system (or CMS) that is designed to ensure compliance with applicable mortgage origination and servicing laws and regulations. The components of our CMS include: (i) oversight by senior management and our Board of Directors to ensure that our compliance culture, guidance, and resources are appropriate; (ii) a compliance program to ensure that our policies, training and monitoring activities are complete and comprehensive; (iii) a complaint management program to ensure that consumer complaints are appropriately addressed and that any required actions are implemented on a timely basis; and (iv) independent oversight to ensure that our CMS is functioning as designed.

An important component of the CMS is management's Mortgage Regulatory Compliance Committee (or the MRCC). This committee oversees the CMS and supports our cultural initiatives that reinforce the importance of regulatory compliance. The MRCC also monitors changes in the internal and external environment, approves mortgage compliance policies, monitors compliance with those policies and ensures any required remediation is implemented on a timely basis. The MRCC has identified individuals throughout the organization to oversee specific areas of compliance. MRCC membership includes senior management from all areas of our Company impacted by mortgage compliance laws and regulations. The MRCC meets on a regular basis throughout the year and reports directly to our Board's Risk Committee.

Anti-Money Laundering and Fraud Prevention

We are firmly committed to compliance with all applicable anti-money laundering (AML) laws and regulations, as well as the detection and prevention of mortgage fraud. We have established an Anti-Money Laundering Compliance Program ("AML Program"), including a Know Your Customer (Customer Identification Program) that consists of customer identification, due diligence, and verification and is designed to comply with the USA Patriot Act of 2001, as well as other applicable laws and regulations relating to the prevention of money laundering and terrorist financing.

The AML Program provides for:

- Policies, procedures, and a system of internal controls designed to ensure ongoing compliance with applicable AML and economic laws and regulations;
- Designation of AML compliance officers who are responsible for coordinating and monitoring day-to-day compliance with the AML Program for their businesses;
- Procedures for independent testing for compliance with the AML Program and applicable laws;
- Anti-money laundering training for appropriate personnel; and
- Appropriate risk-based measures for monitoring transaction activities of customer accounts.

We have also implemented policies and procedures designed to comply with the prohibitions and restrictions mandated by the Office of Foreign Asset Control (OFAC) and all other sanctions laws and regulations applicable in the jurisdictions in which we operate. Our OFAC Program includes the scanning of borrower names against Specially Designated Nationals and Blocked Persons (SDN) lists which is designed to prevent us from entering into mortgage loan transactions with sanctioned individuals.

Political Contributions and Advocacy

We do not contribute to or make expenditures on behalf of any federal, state or local candidates for election, referenda, or initiatives; contribute to or make expenditures on behalf of political parties; contribute to or make expenditures on behalf of political committees or other political entities organized and operating under 26 U.S.C. Sec. 527 of the Internal Revenue Code; contribute to any charity or non-profit organization at the request of any federal, state or local governmental office holder or any candidate for such an office; donate Company time, resources, products or services to any of the foregoing; or pay for advertisements, printing or other campaign expenses.

Laws of certain jurisdictions prohibit the use of our funds, assets, services or facilities on behalf of a political party or candidate. Our employees may not be paid for any time spent running for public office, serving as an elected official or campaigning for a political candidate. Nor will we compensate or reimburse them, in any form, for a political contribution that they intend to make or have made.

We do not directly engage in any lobbying activities and our involvement with trade associations is generally limited to those associations with similar industry interests, such as the Mortgage Bankers Association (including a number of State and local associations), the Mortgage Industry Standards Maintenance Organization, the Structured Finance Association, the National Association of Minority Mortgage Bankers of America, and the Housing Policy Council.

Enterprise Risk Management

Enterprise Risk Management Framework

Risk identification, assessment and monitoring are important processes for our Board and our leadership teams. Through our Enterprise Risk Management (or ERM) framework, we are able to identify, quantify, manage, monitor, and

mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as operational and legal risks, including cybersecurity, related to our business, assets, and liabilities.

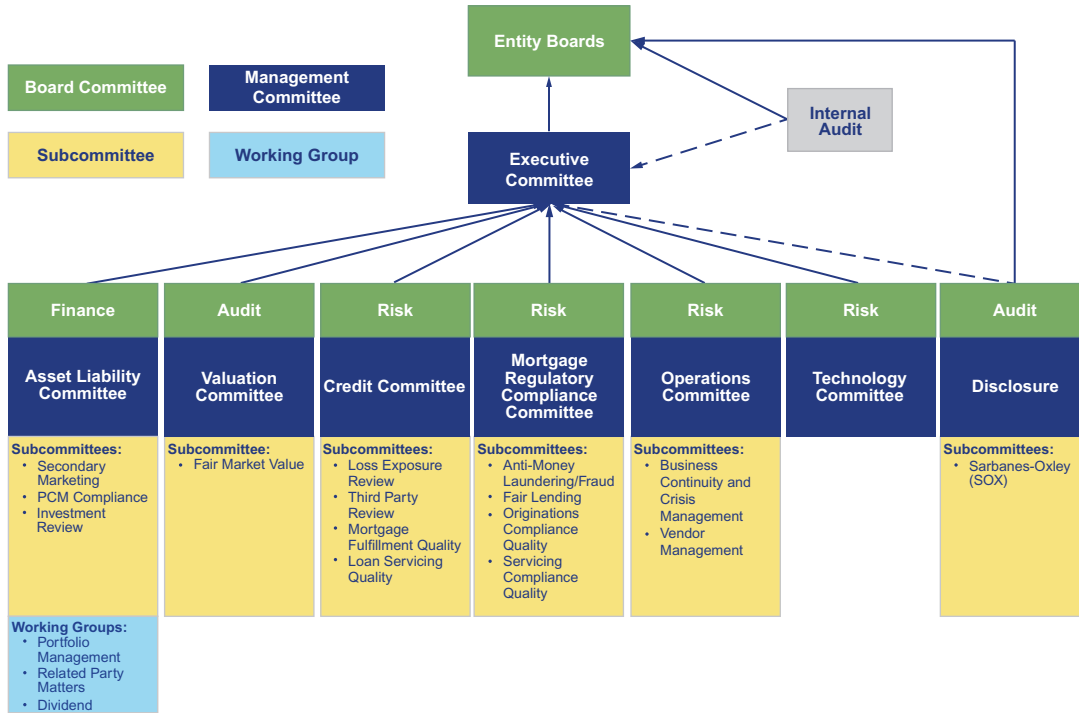
Important objectives of risk management are to ensure oversight, risk assessment, policy and procedure, and monitoring activities are functioning as designed and to ensure there is a culture that supports risk awareness and the documentation of controls and that minimizes reputational exposure.

The primary components of the ERM Framework are (i) Board and Management Oversight, (ii) Risk Assessment, (iii) Policies, and (iv) Monitoring. These components are accompanied by certain behavioral standards, which define desired employee behavior in the absence of policies.



Board and Management Committee Governance

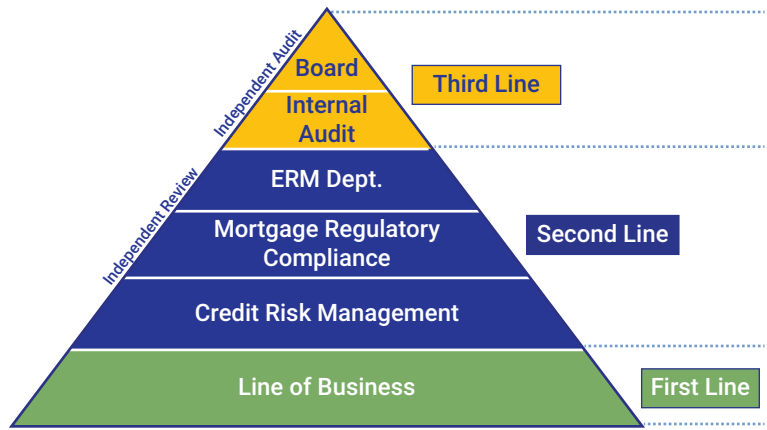
Our current governance structure is provided below:



Three Lines of Defense

We use “Three Lines of Defense” to support our ERM Framework. These Lines of Defense are comprised of:

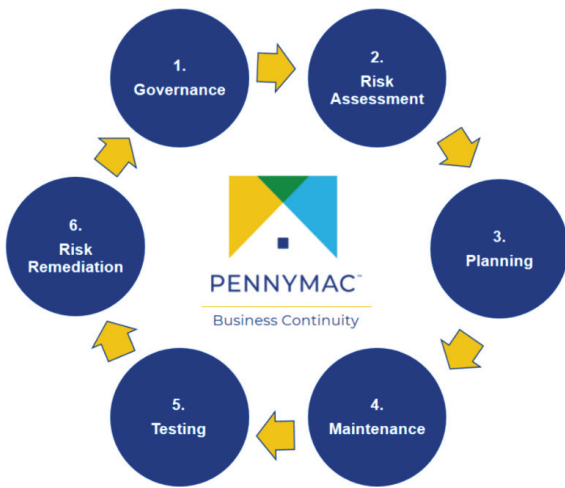
- The First Line, which includes the Revenue and Support Divisions.
- The Second Line, which includes Credit Risk Management, Mortgage Regulatory Compliance, ERM Department, and the Management Committees.
- The Third Line, which includes Internal Audit and our Board of Directors.



Business Continuity and Crisis Management

Our Business Continuity Management Program was established to ensure that we are able to recover and resume business processes when business operations are disrupted unexpectedly, and to support the continued maintenance of systems and controls for the resilience of operations. Disruptions can be caused by natural or man-made events or actions (e.g., earthquakes, fires, pandemic, terrorist attacks) and are sometimes unexpected. As part of our Business Continuity Management Program, we maintain policies and procedures that advance an enterprise-wide plan for ensuring the timely response, recovery and resumption of business operations in the event of a significant business disruption.

Our program takes into consideration the Federal Financial Institutions Examination Council Handbook, the International Standards Organization Business Continuity Standards—ISO 22301 and the Disaster Recovery Institute International Professional Practices for Business Continuity Practitioners, each of which offers a widely accepted framework for building organizational resilience with the capability of effective responses that safeguard the interests of our key stakeholders, reputation, brand, and value-creating activities. At a division level, we develop risk assessments, business impact analyses, business continuity plans, and technology recovery plans that are updated and tested regularly to ensure minimal disruption in the event of a business continuity event.



Strong governance is at the core of our business continuity practices. Our Business Continuity Subcommittee, which consists of senior leaders from Executive Management, Human Resources, Internal Communications, Enterprise Risk, Finance, Legal, Information Technology, and representatives from each of our business divisions, provides guidance for our Business Continuity Management Program and reports into our Operations Committee, which, ultimately, reports to the Risk Committee of our Board of Directors. We have procedures in place to ensure that all appropriate employees receive training and development in the use of our business continuity management system and other relevant topics.

Cybersecurity and Data Privacy

As evidenced by our enterprise-wide Information Security Policy, a critical management function is Information Security. Our dedicated Information Security, Governance and Risk Teams continually work to improve our Company's data protection practices and ensure that controls are in place to support the continued operation of our computing systems. We monitor and operate a robust set of cybersecurity capabilities executed around the clock to ensure we stay in front of the latest threats and quickly respond to suspicious activity. We utilize best practices to help protect sensitive customer data so that it is handled securely and safe from unauthorized access.

Our comprehensive Information Security Program succeeds by collaborating with business and technology stakeholders to infuse best practices into our Company culture. Whether it is access control, data handling, remediating vulnerabilities, or incident response, our Information Security Program is deeply embedded across the enterprise to mitigate risk. It is ingrained in our practice to continually stay abreast of the latest threats and compliance requirements to ensure we continually evolve our Cybersecurity Program in the right direction.

The mission of our Information Security Program is to operate a collaborative organization dedicated to partnering with business and technology stakeholders to reduce cyber risk. Our goal is to execute an intelligent organization that sets strategy and priorities based on the best data available about enterprise risk. Cyber threats are always evolving and our program strives to stay ahead of where we need to be. During the last three years, we have not experienced any material losses or other material consequences relating to technology failure, cyber-attacks, or other information or security breaches.

Leadership and Governance

We have a dedicated Chief Information Security Officer who provides leadership and strategic oversight for the development and execution of our enterprise-wide Information Security Program. Both our Chief Information Security Officer and/or our Corporate Privacy leadership report to the Risk Committee of our Board of Directors on a regular basis. Risk assessment metrics thresholds and threat profile statuses are also reported up to the Board of Directors on a regular basis. The Technology Committee is the management committee that oversees cybersecurity and is comprised of cross-functional executive leaders to ensure oversight across our key business stakeholders.

Technology Advancements

We constantly advance our technology and maintain physical, electronic and procedural safeguards to protect against unauthorized access to customer and employee information. Our Information Security Program is continuously monitored and well positioned to keep pace with emerging threats. We dedicate significant resources to help ensure privacy and data protection. Access to our networks are protected by advanced phishing defenses and robust access controls. Our attack surface management solution employs data-driven service levels that include application and supply chain assessment. Comprehensive penetration testing is also executed across our assets to regularly test our defenses. All of these efforts are buttressed by a modern detection and response capability coupled with advanced big data analytics to ensure our 24/7 security operations center personnel are focusing on the most important security events with access to the right forensics.

Privacy and Data Security

Risk management is foundational to our culture of privacy and data security. We have aligned our information security controls to the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Cybersecurity. This ensures our data governance protocols maintain alignment with industry standards and best practices. All of our capabilities are reinforced by our Corporate Privacy Program, which establishes policies and procedures to protect consumer and employee privacy, as well as drive enterprise-wide awareness.

Privacy and Data Security Training and Development

Privacy and data security is everyone's business, especially for us as sensitive data is core to our business. Ensuring that we arm colleagues with the knowledge to make the right data-handling decisions is critical to protecting our sensitive information. Our program consists of annual training sessions for cybersecurity and privacy in addition to regular training, infographics and videos to frequently reinforce the importance of the subject enterprise wide. Additionally, we make significant investments in our information security team training through technical and leadership training, conferences, hands-on simulations, participation in communities of practice, and technology bootcamp sessions.

IMPROVING THE LIVES OF CUSTOMERS, EMPLOYEES AND COMMUNITIES



Promoting Responsible Lending

Transparency in Loan Products

We firmly believe that transparency of information in our loan products and services is a critical component in empowering our borrowers to make sound financial decisions. Our commitment to responsible lending includes a dedication to strict lending criteria to ensure that we only lend what our customers can afford to repay; responsible and transparent marketing of our products and services; supporting our customers in the event of financial difficulty by providing them with information and assistance; and working to improve the financial literacy and capability of our customers.

During the development of loan products and services, we engage with a number of internal and external stakeholders. We are committed to advancing equitable homeownership, empowering customers to take control of their finances, and promoting financial literacy and borrower education. Our senior management team, consisting of individuals from multiple disciplines throughout the organization such as Credit Risk, Correspondent Production, Third Party Origination, Consumer Direct Lending, Mortgage Fulfillment, Legal, and Mortgage Regulatory Compliance, meets regularly to discuss the development of loan products and services.

Customer Satisfaction

As one of the leading mortgage service providers in the country, we place great emphasis on customer service to ensure that our homeowners have the best possible experience throughout their home-buying journey. Our goal is to consistently improve the customer experience through actively monitoring and addressing the root causes of any issues that could adversely impact customer satisfaction. Insight into customer satisfaction offers a great opportunity for driving consumer loyalty, reduced costs, product improvements, quality service, and regulatory compliance. Our proactive complaint management system is handled through dedicated complaint response teams and governed by corporate policy requirements and executive management oversight, all of which ensure consumer complaints are addressed in an efficient and effective manner. In addition to our steadfast commitment to resolving our consumer complaints, we also engage with our customers through an assortment of surveys soliciting feedback to offer us insight into ways we can further improve our dedication to the highest customer satisfaction.

Supporting Sustainable Homeownership

Homeownership is a critical driver of wealth creation and economic mobility for families and entire communities. At our Company, we are building the foundation of homeownership by enabling Americans to achieve and sustain their aspirations of home. For low- to moderate-income individuals and families, the journey to homeownership can be challenging and confusing. We all work together toward the same goal: to build trust and quality in the home loan experience from beginning to end.

Affordable Lending for Low-Income and First-Time Homebuyers

We provide a number of resources and affordable loan products for first-time homebuyers, homebuyers with compromised credit, and low-income buyers, including:

Fannie Mae's HomeReady®	Freddie Mac's HomeOne®	VA Home Loans
Improves housing affordability by offering low down payment options and flexible funding for down payments	Offers qualified first-time homebuyers flexible financing with a low 3% down payment requirement	Offers low interest rates, no down payments and no monthly mortgage insurance premiums for eligible veterans
Fannie Mae's RefiNow™	Freddie Mac's Home Possible®	FHA Home Loans
Offers an affordable refinancing option to help reduce monthly housing costs	Offers low down payment options and credit flexibility for very low- to low-income borrowers	Offers below-average interest rates, easier credit requirements, and low down payments
Community Seconds® / Affordable Seconds®	Affordable Products /Manufactured Housing	USDA Rural Development Loans
GSE-offered products that provide down payment assistance and allows up to 105% combined loan-to-value	Offers loans for manufactured housing, which promotes affordable homeownership and equity building	Provides low- and moderate-income households the opportunity to purchase a home in eligible rural areas

During 2022, we published a First-Time Homebuyer Loan Guide to help clarify the home buying process and help buyers gauge when they are financially ready to take on the responsibility of homeownership. We also provided resources to help first-time borrowers understand how credit standing, debt-to-income ratio, and income levels have an impact on the ability to obtain favorable mortgage loan terms. Additionally, we provide our customers with information regarding down payment requirements, closing costs and other fees, as well as a calculator to help determine how much home the individual can afford.

We also provide borrowers with information regarding other programs and resources such as grants, tax deductions, closing assistance can help make home ownership a reality. We share with our customers information regarding federal programs and nonprofit programs that provide an avenue to homeownership. We also promote information regarding the HUD Housing Choice Voucher (HCV) Homeownership Program, which allows families that are assisted under the HCV program to use their voucher to buy a home and receive monthly assistance in meeting homeownership expenses, and the Native American Homeownership Initiative, which provides down payment and closing cost assistance for qualifying households.

VA Home Loans

For our veterans and military family members, we support sustainable homeownership through our VA Home Loan Program. Through this program, eligible service members and veterans are able to take advantage of several benefits such as lower interest rates, and no requirements for down payments or monthly mortgage insurance premiums, depending on the mortgage type. In 2022, we provided over \$28 billion in financing to veterans. As the servicer for nearly 425,000 loans for veterans, service members and their family members, we ranked nationally as the #7 VA lender as of December 31, 2022 according to Inside FHA/VA Lending Top 50 Lenders by dollar amount for full year 2022 report. We're honored to extend our veteran support beyond the VA loan program and support the recruitment of active, reserve, veteran and retired military employees. We also provide resources to inform buyers of resources such as the Military Housing Assistance Fund and the Specially Adapted Housing Grant Program.



Green Mortgages

We partner with Freddie Mac to provide loans that meet the eligibility requirements of their GreenCHOICE Mortgages® program, which is committed to providing flexibility to finance energy and/or water efficiency home improvements. Green mortgage programs such as these are an important step in helping to reduce the financial burden associated with home utility costs, thereby increasing the financial resiliency of borrowers and enabling them to sustain homeownership.

We also partner with Fannie Mae to provide loans that meet the eligibility requirements of their HomeStyle® Energy Mortgage program, which is committed to providing borrowers with means for making upgrades to conserve energy, reduce utility costs and make their homes more resilient. These mortgages may be used for upgrades to energy and water systems including solar, property improvements for better resilience to natural disasters, new windows and doors, and to pay off other energy-related debt.

Financial Literacy and Borrower Education

A well-educated borrower is much more likely to succeed with a mortgage loan, which is exactly what we want for our customers. To ensure that our borrowers have clarity and understanding of the responsibilities that come with owning a home, some of the loan products that we offer, such as the Fannie Mae HomeReady® Mortgage, may require

homeownership education and housing counseling. These requirements equip our borrowers with the necessary skills to manage their responsibilities, which promotes sustainable homeownership and ultimately is beneficial for the borrower, our Company, and our industry as a whole.

State-Funded Assistance and Sustainable Homeownership

Homeowners who are having difficulty making their current mortgage payments may be eligible for State Homeowner Assistance Funds (HAF) programs. These programs provide assistance to families that have suffered short- and long-term financial hardships. While not all states offer these programs, and each state’s program may be different, they generally offer one or more of the following types of mortgage assistance: loan modification assistance, reinstatement assistance and unemployment assistance. These state programs are designed and administered at the state level, and homeowners are required to apply directly with their state agency. We provide the state with requested information and work with the state to ensure that assistance is timely and appropriately applied to the homeowner’s loan.

External Partnerships to Promote Equitable Homeownership



MORTGAGE BANKERS ASSOCIATION

We are a proud member company of the Mortgage Bankers Association (MBA). During 2021, we joined the Home for All Pledge, an MBA member company action pledge, as part of our commitment to promoting and ensuring fair, equitable and responsible lending, and inclusion in housing. As a member company, we signed the Home for All Pledge and committed to aligning with MBA’s efforts to foster

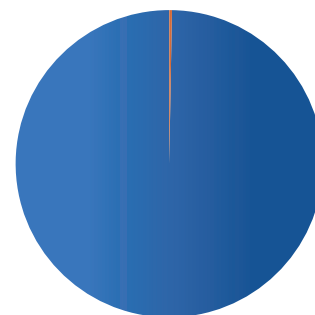
public policies and industry practices that promote and sustain minority homeownership and affordable housing. We also champion diversity, equity and inclusion in our workplace and in the mortgage industry.

Human Capital Management

Our people are our greatest asset and are the foundation of our continued growth and success. Our long-term growth and success is highly dependent upon our employees and our ability to maintain a diverse, equitable and inclusive workplace representing a broad spectrum of backgrounds, ideas and perspectives. We make it our goal to position our employees in roles that best suit them, while building their skills for optimal performance and customer satisfaction. This enables us to deliver the unparalleled expertise, best-in-class service, and innovative solutions our customers expect.

As of December 31, 2022, our workforce was just over 4,000 employees. In 2022, 99.6% of our workforce were employed in full-time positions. Our long-term sustainability as an organization is highly dependent upon our ability to execute on a number of human capital management strategies related to talent acquisition and development, diversity, equity, and inclusion, culture and engagement, employee wellbeing and safety, and community involvement.

2022 Workforce Analytics



Talent Acquisition

The ability to attract and retain a diverse and talented workforce is critical to our sustainable growth and success. We have a highly experienced and specialized team of human resource professionals, led by our Senior Managing Director, Chief Human Resources Officer, who are charged with executing our enterprise-wide workforce planning and talent acquisition strategies. We leverage a number of creative sourcing and automation tools and foster relationships with external technical, diversity and professional associations in order to proactively build and maintain a robust and high-potential candidate pipeline that enables us to meet our current and future workforce needs.

In furtherance of our commitment to attracting and developing the next-generation of mortgage industry professionals, we maintain the Pennymac Corporate University (PCU) Rotational Program. The PCU Rotational Program includes full-time Financial Services Analyst roles, in which participants from diverse backgrounds have the opportunity to learn and develop in different areas of the business. Approximately 73.3% of our 2022 PCU Rotational Program participants were women and/or underrepresented minorities.



Talent Development

Talent development is a critical component of the employee experience in our organization. Our talent development priorities start with creating more visibility and opportunities for each employee to directly contribute to our growth and success. We are committed to ensuring that all employees have access to career growth opportunities. As part of that commitment, we recognize the importance of providing clarity in roles and responsibilities, establishing development networks and relationships, and supporting promotion opportunities that foster continued growth and learning. Throughout the course of the year, we invest significant resources in training programs to help our employees further develop their knowledge, skills and experience.

We utilize a performance management system to manage and execute employee performance reviews in mid-year and year-end cycles during the calendar year. Full-time employees with at least 90 days of service are eligible for a performance review. Employees are reviewed for both goal achievement and company core competencies. During the first quarter of each year, company strategic goals are cascaded from executive leadership to each business unit across the enterprise. Business unit leadership assigns applicable performance goals to employees that are entered into the performance management system. Additional goals that are specific to the business unit or employee may also be entered into the performance management system for evaluation. Employees are evaluated on company behavioral standards that demonstrate the manner or standards in which work is performed.

Mentorship Programs. One of our key development initiatives at Pennymac is curated mentorship. We sponsor an enterprise-wide mentor program pursuant to which we provide curated tools to foster skill-building, professional growth, and cross-divisional relationships, empowering individuals to own their career development. Results are illustrated through more productive, satisfied, long-term employees affecting a positive cultural impact across the organization. In the traditional mentorship context, mentees are paired 1:1 with an executive mentor and explore one of four learning paths over the course of five months. Each path is accompanied by curated resources and discussion guides to facilitate learning.

During 2022, we enhanced the Enterprise Mentor Program and launched two new mentor programs: one for the analysts in Pennymac Corporate University (PCU), which is our college hiring program, and another for our six active business resource groups (or BRGs), which includes representation from a number of underrepresented groups such as women, Black and African American, Hispanic or Latino, and Asian American and Pacific Islander employees. The BRG mentor program expanded opportunities to all organizational tier levels and focused on individuals with aspirations for personal and professional growth.

Management Development Program. During 2022, we launched the inaugural Pennymac Management Development Program. Participants attended four virtual instructor-led classes facilitated by the Human Resources Corporate Learning Team and were provided with three optional roundtable discussions. The Management Development Program is focused on three core, foundational areas:

- Team Culture – Exploring management styles; setting the tone, norms, and values; understanding DEI; and building trust and collaboration
- Management Operations – Defining roles and goals; delegating; managing performance; and motivating and retaining top talent
- Management Skills – Communicating effectively; holding great meetings; managing time effectively; and improving decision making

A number of development programs are offered to employees in specific divisions, including our Mortgage Fulfillment, Servicing and Information Technology Divisions.

Succession Planning

Succession planning is a strategic priority for our company and it is critical to ensure continuity in our operations. With our succession planning strategy, we take a targeted approach to ensuring that we cultivate a strong pipeline of diverse executives who will deliver on future business growth. Our succession planning tools and processes are designed to address organization capability issues through the ongoing evaluation of leadership depth and succession capability. Succession planning components include talent reviews, executive development plans (EDP), and other tools to evaluate key talent and identified successors and to ensure a sustainable talent bench for the Chief Executive Officer role and all Managing Director and Senior Managing Director roles. On an annual basis, a succession plan is developed for all roles identified as key positions which is reviewed and approved by the executive leadership team and human resources. These plans are also reviewed by our Board of Directors.

Mandatory Training

All full-time equivalent employees are required to complete certain training courses, including Fair Lending Compliance; Privacy in the Mortgage Industry; Regulatory Compliance for Mortgage Lenders; Avoiding Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) Violations; Data Security; Ethical Practices; Mortgage Fraud and Anti-Money Laundering (AML); Diversity in the Workplace; Preventing Discrimination and Harassment; Safety, Security, and Business Continuity; Active Shooter Preparedness; Wage & Hour (*Supervisor level and above*); and Insider Trading and Code of Conduct Acknowledgement. These courses are organized and aligned with our key organizational priorities and support our employees generally, as well as in their specific areas of responsibility.

The average completion rate during 2022 for mandatory training courses was 98% company-wide. Employees also have access to various training platforms, including new hire training, management training, and free access to LinkedIn Learning to help further develop their careers. Our Senior Managing Director, Chief Human Resources Officer is responsible for overseeing the Human Resource Department in its efforts to monitor compliance with the corporate and division-level compliance training curriculum.

Diversity, Equity, and Inclusion



Our continued growth and success is a direct reflection of the talent and diversity of our people. Our people are one of our greatest assets. To that end, we are committed to fostering a diverse, equitable and inclusive culture through customized programs and initiatives designed to attract, develop and engage a highly talented and performance-focused workforce. We recognize the value of having a workforce that leverages diversity of backgrounds and experiences, including all racial and ethnic identities, gender identities and sexual orientations, ages and abilities, national origins and other differences that make our employees unique and valuable. We strongly believe that when we have a diverse workforce that is reflective of the communities where we live and serve, it further supports our ability to deliver the best solutions for and serve the needs of our customers.

Diversity, Equity, and Inclusion Policy

Our Diversity, Equity, and Inclusion Policy was established to define the program requirements that support the pursuit and realization of all enterprise-wide diversity, equity, and inclusion objectives. Diversity, Equity, and inclusion is a core component of our business strategy and we believe that it enhances our competitive advantage as compared to our peers and differentiates us as an employer of choice in our efforts to attract, develop and engage top talent.

To support our efforts to build a diverse, equitable, and more inclusive workplace for all, our internal policies prohibit all forms of discrimination or harassment against applicants and employees on the basis of race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age, disability or genetic information or any other lawfully protected classifications. We embed diversity, equity, and inclusion objectives across all aspects of the employee lifecycle and experience, whether it is the attraction, recruitment, onboarding, retention, development or separation of employees.

Diversity, Equity, and Inclusion Council

Our Diversity, Equity, and Inclusion (DEI) Council was established with the goal of providing strategic guidance on enterprise-wide diversity, equity, and inclusion initiatives that are designed to drive positive social impact in our workplace and in the communities where we live and operate. This commitment starts with our executive leadership team. Our Chairman and CEO is the executive sponsor of the DEI Council and is charged with driving accountability of the DEI Council, setting the tone at the top and providing strategic influence and oversight to ensure organizational alignment and business impact. Other members include executive leaders from diverse backgrounds and various departments across the organization. The DEI Council expands and elevates the level of direct accountability for DEI initiatives among our executive leaders, allowing us to efficiently connect and embrace our DEI vision, strategies, and priorities across the Company.

Business Resource Groups (BRGs)

As part of our continued efforts to advance a more diverse, equitable and inclusive workforce, we maintain six formally recognized and company-supported BRGs. Our voluntary, employee-led BRGs play an essential role in our efforts to attract, develop, and engage an increasingly diverse workforce and they support our organizational efforts to leverage diverse thinking, generate innovative ideas, and advance community projects that align with our Company culture, A.R.E. core values, vision and mission. Through our BRGs, employees are empowered to build connections, broaden their view on diversity, equity, and inclusion, discuss common issues and concerns, and engage in networking, mentorship, and career development opportunities.

We currently maintain the following BRGs:



2022 Diversity, Equity, and Inclusion and Workforce Demographics Strategy

During 2022, we maintained a leadership key performance indicator (or KPI) to increase the representation of women and underrepresented minorities in management positions above the 2021 fiscal year end level. This leadership KPI was a critical component of our strategy in attracting, developing and engaging an increasingly diverse workforce. Not only is this important for purposes of executing on our strategic priorities, but it will also help build an increasingly diverse and talented pipeline for executive leadership. The following information is as of December 31, 2022:

	White	Black or African American	Hispanic or Latino	Asian	American Indian/Alaskan Native	Native Hawaiian or Other Pacific Islander	Two or more races	Not Specified	Female	Female or URM ⁽⁴⁾
Executive/Senior-Level Officials and Managers ⁽¹⁾	78.0%	5.1%	5.1%	11.9%	0.0%	0.0%	0.0%	0.0%	20.3%	32.2%
First/Mid-Level Officials and Managers ⁽²⁾	55.9%	8.1%	17.4%	15.6%	0.2%	0.6%	2.0%	0.3%	44.3%	66.9%
Professionals	40.3%	5.1%	9.2%	39.2%	0.0%	0.3%	4.1%	1.7%	30.0%	67.6%
All Other ⁽³⁾	38.5%	18.6%	27.1%	10.5%	0.4%	0.5%	4.0%	0.4%	55.7%	81.2%
Total	44.4%	14.3%	22.6%	14.2%	0.3%	0.5%	3.3%	0.5%	49.9%	75.2%

(1) Includes CEO, Executive Managing Director, Senior Managing Director and Managing Director roles

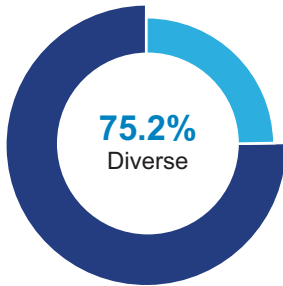
(2) Includes Supervisor through Executive Vice President roles

(3) Includes a combination of the following EEO-1 job categories: technicians, sales workers, administrative support, craft workers (skilled), operatives (semi-skilled), laborers & helpers and service workers

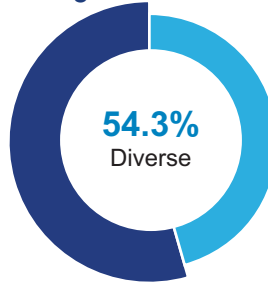
(4) URM includes Black or African American, Hispanic or Latino, Asian, American Indian/Alaskan Native, Native Hawaiian or Other Pacific Islander, and Two or More Races

Race, Ethnicity and Gender Diversity

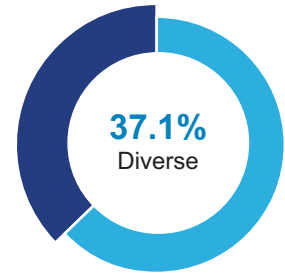
Company Wide



Management Level ⁽¹⁾

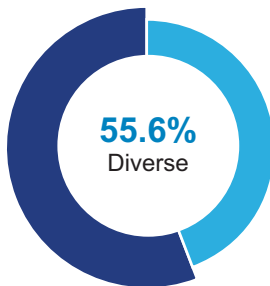


Senior Management Level ⁽²⁾

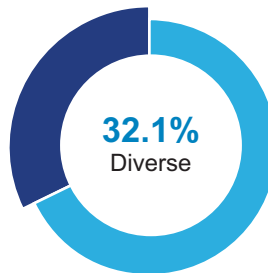


Race and Ethnicity Diversity

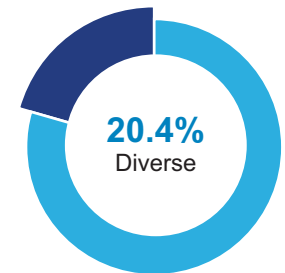
Company Wide



Management Level ⁽¹⁾

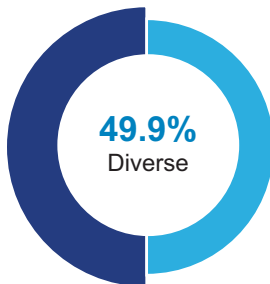


Senior Management Level ⁽²⁾

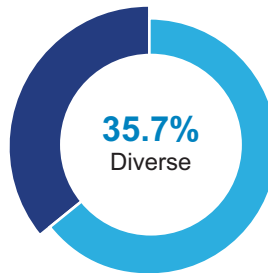


Gender Diversity

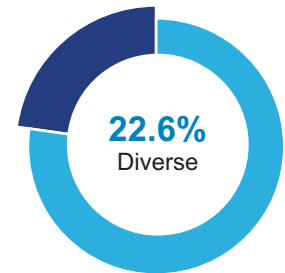
Company Wide



Management Level ⁽¹⁾



Senior Management Level ⁽²⁾



(1) Includes Vice President to Senior Managing Director roles

(2) Includes Senior Vice President to Senior Managing Director roles

Brave & Inclusive Conversations

At our Company, we recognize that our differences make us stronger and that our celebration of each other's unique talents, experiences, and backgrounds creates a greater sense of belonging. We launched the Brave & Inclusive Conversations (BIC) series to advance and enable a more inclusive Company culture and to promote allyship in the workplace. These sessions create space for awareness, understanding, and empathy through intentional dialogue as well as provide tools and techniques to engage in meaningful action. Our DEI Team hosts BIC sessions on a quarterly basis. During 2022, our sessions included topics such as "The Power of Allyship," "Leveraging Social Identities to Drive an Inclusive Culture," and "Prioritizing Mental Health Awareness in an Inclusive Workplace."

Heritage and Inclusion Months



Beyond our day-to-day efforts to attract increasingly diverse talent that represents the communities where we live and serve, we also actively promote initiatives to develop and engage our employees and create an inclusive environment where everyone feels empowered to participate, valued, respected, supported, and a sense of belonging. Throughout the year, we recognized and celebrated the rich diversity and culture of our workforce through hosting a number of heritage and inclusion month activities and programs to drive employee engagement and collaboration.

In January, we close our offices in honor of Martin Luther King, Jr. Day. We encourage employees to use the company-paid holiday as "a day on, not a day off" and invest time to celebrate Dr. King's life and legacy through reflection, action, and service – to better understand the full breadth and depth of his work and to examine our individual and collective roles in driving positive social impact in the communities where we live and operate.



During Black History Month, we take time to celebrate, along with the members of our BOLD BRG, the innumerable contributions and achievements that Black Americans have made in the United States. Through a number of activities, we also drive awareness and education of the experiences of Black Americans. During 2022, our BOLD BRG hosted its signature event "Tackling Racial Inequity in Housing: A Conversation with Preston DuFauchard" where participants engaged in thought-provoking dialogue on this important topic and received a solutions-oriented keynote address from Preston DuFauchard, who has been an esteemed member of the PMT Board of Trustees since 2012 and currently serves as PMT's independent lead trustee.

During Women’s History Month, we honor the remarkable accomplishments and contributions of women in the United States and around the world. Beyond commemoration, we take time to drive discussions around economic inclusion and equity for all women with prioritized efforts around promoting equitable hiring practices, closing the gender pay gap, and increasing the representation of women in senior leadership in the mortgage finance industry and across all professions. Our wEMRG BRG hosted its most successful event, a C-Suite Panel discussion entitled “A Seat at the Table.” This event, co-moderated by Senior Managing Directors Kim Nichols and Abbie Tidmore, featured guest speakers Lisa Shalett of the PFSI Board of Directors, and Renee Schultz of the PMT Board of Trustees. In celebration of International Women’s Day, we also joined our wEMRG BRG in hosting a Wear Purple Day.



During 2022, we also recognized Juneteenth as an official company holiday. This day holds increased significance, especially for our Black and African American employees. Our BOLD BRG and the Mortgage Fulfillment Division’s D&I team hosted a Juneteenth Jubilee networking and educational event to honor the historical importance of Juneteenth. Our Chairman and CEO, David Spector was the surprise guest speaker at this event.

We also celebrate LGBTQ Pride Month and, in 2022, hosted a virtual *run*Pennymac: Pride 5K Challenge, which enabled over 300 Pennymac’ers to virtually bond and show their pride and support in a safe and socially distant manner. In addition to celebratory activities and in support of our Pennymac PRIDE BRG and LGBTQ employees and allies, our Tampa team members gathered to show their pride at the annual Tampa Pride Parade.



Veterans 5K



During National Veterans and Military Families Month, we take time to celebrate and express our gratitude for our veterans and military family employees whose commitment to our customers is delivered by a values-oriented team approach. In 2022, we also partnered with our SERVE BRG to sponsor a Virtual Veterans Day Celebration, which included a moment of silence, a Presentation of the Colors ceremony, the recital of the Pledge of Allegiance and a special message from Operation Gratitude, a local charity that supports our military and first responder communities. We also hosted a *run*Pennymac: Veterans 5K Challenge.





During APIDA (Asian Pacific Islander Desi American) Heritage Month, we supported our InspirASIAN BRG and took time to celebrate the diverse identities, histories, and experiences of all Asian Americans, Pacific Islanders, and Desi Americans (people of South Asian descent). As part of InspirASIAN’s signature event, “InspHERasian: A Celebration of Notable APIDA Women,” Jenny Rhodes, our Senior Managing Director, Chief Human Resources Officer, shared her “Rhodes” to Greatness story, as a reinforcement of our “Greatness Lives Here” campaign.

Our HOLA BRG also hosted a number of activities in connection with National Hispanic Heritage Month under a common theme, “Unidos (United): Inclusivity for a Stronger Nation,” reinforcing the importance of diverse perspectives that yield better decisions, thereby helping to build stronger communities and a stronger nation.



Other inclusion months that we celebrated during the year included National Disability Employment Awareness Month and National Native American Heritage Month, among others.

Economic Inclusion with Vendors

We recognize that vendor diversity is an integral component of advancing diversity, equity, and inclusion and that it can be advantageous on many levels – providing added value to customers, helping to build economic wealth with diverse vendors, and developing communities. Our vendor diversity outreach initiative was launched to promote vendor participation that is reflective of the diverse communities where we live and operate. Our outreach efforts were launched to help us identify vendors that are at least 51% owned, operated and managed by individuals who are disabled; lesbian, gay, bisexual, transgender or queer (LGBTQ); minorities; service-disabled veterans; and/or women. We believe that creating a sustainable, diverse vendor base and an inclusive vendor process could provide a benefit to our supply chain, which in turn, could improve quality, efficiency, and innovation, as well as support business development in our communities.

Company Culture

We are committed to creating a culture and workplace where our employees thrive. We sponsor a number of initiatives year round to foster a community that exemplifies our A.R.E. core values.

Workplace Culture Initiatives

During 2022, a number of workplace culture initiatives were implemented to recognize, support and engage our employees across the enterprise. We coordinated remote and in-person activities, including virtual contests to drive employee engagement and promote a culture of inclusion. These activities, for example, included an Earth Day contest and an office costume contest. In addition, we partner with local and national vendors to offer employee discounts throughout the year. At several office sites, we also have local and divisional culture representatives, including Associate Culture Teams within our Mortgage Fulfillment Division, the Servicing Culture Committee, the IT Culture Committee, and other forums that have been established to drive increased employee engagement across the enterprise.

Throughout the year, we also recognize employees who celebrate their milestone anniversaries. To show our appreciation, we provide employees reaching their 5- and 10-year service anniversaries with milestone gifts.

Rewarding Innovation



Through the Pennymac My Two Cents program, we encourage employees to take an active role in identifying and recommending solutions, and react quickly to changing environments. This program is designed to promote innovative suggestions and thoughtful ideas, and to award employees (up to the vice president level) who submit recommendations for increasing efficiencies, decreasing costs, and driving company growth. Submitted ideas are evaluated based on merit and, if approved, the employee may receive a financial reward.

Peer-to-Peer Recognition

We also host Pennymac Perks, a company-wide, points-based platform that facilitates peer-to-peer and manager-to-employee recognition and awards. Certain leaders are provided with a budget to recognize eligible employees with financial rewards, which may be redeemed for gift cards, hotel stays, or Pennymac-branded merchandise. Some employees can also award non-financial awards, known as perks, to reinforce exemplary behavior. Furthermore, in partnership with the Pennymac Perks platform, our Pennymac Store enables all employees and contractors to purchase Pennymac-branded merchandise and apparel using Pennymac Perks and/or personal funds.



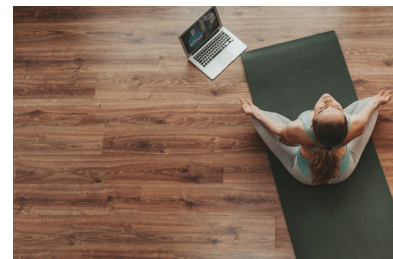
We also maintain our VIP (Very Inspiring Pennymac'er) Program to drive peer-to-peer recognition of employees who go above and beyond in understanding their internal customers' needs. In addition to recognizing individuals who embody what it means to focus on the internal customer, the program recognizes teams that work together internally to demonstrate the behavioral standard: Customers First, and Always.

Employee Health and Wellbeing

The health and wellbeing of our employees has always been a key priority. We are committed to inspiring our employees to make informed decisions about their physical, emotional and financial wellbeing. We firmly believe that employees who are healthy and happy cultivate a more engaged and thriving workplace and more consistently maintain high levels of productivity, which further enables them to provide excellent service to our customers and drive business impact.

Physical Wellbeing

We offer a quality and comprehensive selection of health and welfare benefits to eligible employees. These include two medical plan offerings, two dental plans, vision, HSA, FSA-Health, FSA-Limited Purpose, FSA-Dependent Care, Basic Life Insurance, Long-Term Disability, Supplemental Life (employee, spouse, and child) and voluntary Short-Term Disability for states that do not offer a state disability plan.



Wellness is a way of life at our Company. In addition to our health and welfare benefits, we also offer an integrated wellness program that offers employees opportunities and incentives to create healthy habits and reach their highest levels of wellbeing. Our goal is to encourage employees to commit to improving long-term outcomes based on how we eat, work, move and live. Through this wellness initiative, we believe we can create a culture and work environment where everyone enjoys improved health.

Emotional Wellbeing

For emotional support and wellbeing, we offer an Employee Assistance Program with a work-life benefits feature, where licensed counselors can provide our employees and their immediate family members, free of charge, with access to a wide array of resources and support, including the following:

- Confidential Counseling
- Parenting & Child Care Resources
- Financial Coaching
- Identity Theft Resolution
- Legal Consultation
- Eldercare and Caregiver Solutions
- Self-Help and Resiliency Resources
- Face-to-Face Counseling

Counselors are available 24 hours a day, 7 days a week, for confidential assistance.

Financial Wellbeing

We are committed to the financial wellbeing of our employees as demonstrated by our programs that are designed to enhance organizational performance and recognize and reward employees for their significant contributions. We provide fair and competitive total rewards packages with the goal of attracting, retaining, and engaging talented employees at all levels in alignment with our business strategy. In furtherance of our goal to become an “employer of choice,” we seek to provide compensation programs that are market competitive and meet the needs of our workforce, including the following:

- Competitive base salary that is reviewed on an annual basis
- Performance-based annual and long-term incentive plans
- Comprehensive group benefits plans (e.g., life insurance, extended health care, medication, dental care, LTD, STD, vision care, paramedical services, etc.)
- Retirement and savings plans to help employees prepare for their financial future
- Tuition reimbursement to invest in our employees’ future career growth and help further their skills, knowledge, and competencies through higher education
- Up to 12 weeks of paid parental leave per birth, adoption, or foster care placement, available to full-time employees who are new parents, including birth mothers, fathers, adoptive parents, and foster care placements



Our compensation program is designed and actively administered to provide our employees with a compensation package that is fair and equitable. A number of factors are considered in determining the appropriate pay levels including, but not limited to, relevant experience, education, performance, living wage in states where we operate, and market data through compensation surveys and benchmarking.

Workplace Safety

We are committed to the highest standards of safe and healthy working conditions to reduce employee accidents and occupational hazards. Our Safety & Security Team strives to equip our employees with the resources necessary to ensure a safe, healthy, secure and happy working environment. We have a number of occupational safety and health administration (OSHA) policies and procedures to ensure the safety and health of our employees and to mitigate significant negative occupational health and safety impacts linked to our operations, including the following:

- Emergency Action Plan
- Injury and Illness Prevention Program
- Emergency Maps and Assembly Points
- Physical Access Control Policy and Procedures
- Physical Threats Policy and Procedures

We follow set procedures to ensure our compliance with all applicable OSHA requirements. We have a dedicated team of employees who manage and support our programs and initiatives that address a number of common workplace safety, health and security concerns across the organization. To guarantee the continuing effectiveness of our workplace safety program, we require all employees to take part in annual safety training. In addition, all office sites are systematically evaluated on a regular basis to assess compliance with applicable OSHA requirements.

During the year, we provided Safety, Security, & Workplace Incident Prevention Training to all employees and shared resources with tips about safety and security – both inside and outside of the office. We also provide other specialized safety and security training and host engagement activities that feature vendors and public safety departments, such as local police, fire, and health departments, as well as local businesses.



PENNYMAC
PROTECTION

As part of our due diligence, we investigate all workplace accidents and occupational diseases. During 2022, no workplace accident cases were reported, 15 employees completed ergonomic training, and no employees filed workers compensation claims. There were no reports of work-related fatalities or occupational diseases.

Philanthropy and Community Engagement

The PennyMac Corporate Philanthropy Program is governed by a philosophy of giving that prioritizes the support of causes and issues that are important in our local communities, and drives a culture of employee engagement and collaboration throughout our organization.

Strategic Approach to Philanthropy

Our Corporate Philanthropy Program consists of four components: Employee Matching Gifts, Volunteer Grants (launched in January 2023), Charitable Donations and Corporate Sponsorships. We take a strategic approach to charitable giving and prioritize five philanthropic focus areas: Community Development and Equitable Housing, Financial Literacy and Economic Inclusion, Human and Social Services, Health and Medical Research, and Environmental Sustainability. Within these focus areas, we are able to drive progress to support a number of issues that have impacted underserved and under-resourced communities, including equitable housing, housing insecurity and homelessness, food insecurity and hunger, disaster recovery and child and family services.

Our Community Impact

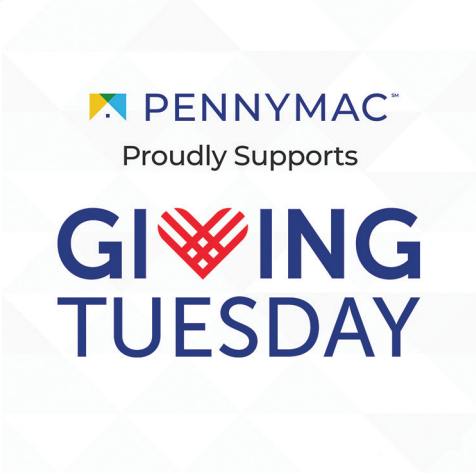


During 2022, we distributed over \$3 million in funds to local and national charities. In June 2022, we had the honor of partnering with the Kurland Family Foundation and serving as the Title Sponsor for the Inaugural Stanford L. Kurland Memorial Golf Classic. Created in memory of our late founder, mentor and friend, Stan Kurland, this event raised over \$2.3 million for the benefit of the UCLA Brain Tumor Center to make significant strides in the ultimate goal of finding a cure for brain tumors.

Chairman and CEO David Spector spoke at the event, along with Stan’s wife Sheila, and Stan’s son-in-law, Oliver Rubinstein, our MD, Chief of Staff. Dr. Timothy Cloughesy, Director of the UCLA Neuro-Oncology Program and Professor of Clinical Neurology, and Co-Director of the UCLA Brain Tumor Center also spoke at the event about developing new treatments for brain tumors and making Stan’s goal of finding a cure into a reality.

During 2022, we also donated \$100,000 to the MBA Opens Doors Foundation, which was established by the Mortgage Bankers Association to help vulnerable families with critically ill or injured children stay in their homes while in treatment.

Through The MBA Opens Doors Foundation home grant program, they provide mortgage and rental payment assistance grants to parents and guardians, allowing them to stay with their children without fear of losing a company match of employee dation.



As part of our GivingTuesday campaign, we donated over \$500,000 to local charitable organizations identified by site leaders from our offices all across the United States. These funds were provided to local charities that had significant meaning to the employees across our many office sites.

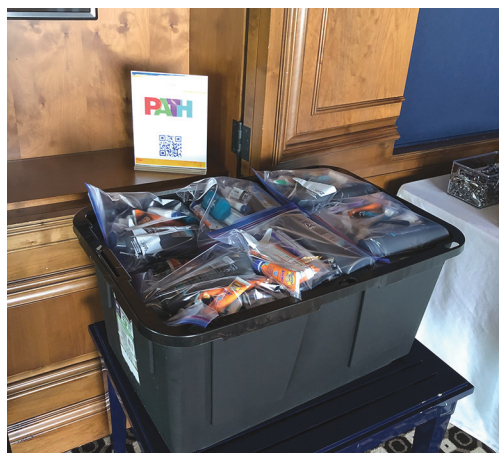
In addition, we donated approximately \$1.8 million in additional funds to 45 charitable organizations that align with our philanthropic focus areas. A few of those charitable organizations are highlighted below:



Employee Giving and Matching Gifts Program

In January 2022, we launched the Pennymac Matching Gifts Program to encourage employees to become personally involved in the wellbeing of the communities where we live and operate. Our Matching Gifts Program offered company matching funds to nearly 70 preferred eligible charitable organizations that aligned with our A.R.E. core values, vision, mission and philanthropic focus areas. To maximize the impact of our employees’ charitable giving, we match, dollar for dollar, individual donations made by eligible employees to eligible charitable organizations, up to a maximum match amount of \$2,000 per employee per year.

Volunteerism and Volunteer Grants Program



In April 2022, our senior leadership team gathered for the Stanford L. Kurland Excellence in Leadership Forum, during which time our leaders assembled homeless hygiene kits for People Assisting the Homeless (PATH). Led by a mission to end homelessness for individuals, families, and communities, PATH envisions a world where every person has a home.

During the 2022 back-to-school season, our team members in Plano participated in the BOMBA Dallas Foundation Community Service School Supply Drive. This school supply drive benefits Genesis Women’s Shelter, Hope’s Cottage, Hope’s Door/New Beginning Center, Ikandy Foundation, Interfaith Housing Coalition, Jonathan’s Place, Our Friend’s Place, The Family Place, Vogel Alcove, and Dallas County Advocate Program.

In May 2022, members of Tampa’s Associate Culture Team spent their Saturday hard at work volunteering with Habitat for Humanity. They prepared the windows for painting, worked on interior insulation, and applied primer to the exterior of the two-story house expected to be finished and delivered to the homeowner by June. This project was part of a community effort to lower the cost of homeownership for low-income families, and together with our volunteer efforts, Habitat for Humanity expected to deliver 38 new homes in the region of Tampa by the end of the year.



In December 2022, we launched an enterprise-wide volunteerism initiative with Operation Gratitude, a non-profit dedicated to providing hands-on opportunities to say “thank you” to our military, veterans, and first responders. Team members across 12 office sites volunteered their time to help assemble care kits, which contained hygiene items for our service members.



In December 2023, members of our Information Technology Division in Agoura Hills, CA participated as volunteers for the Girls Who Code signature event, Computer Science Education Week, which is an annual call to inspire K-12 students to learn computer science, advocate for equity, and celebrate the contributions of students, teachers, and partners to the field. Through the virtual workshops, students had the opportunity to learn from GWC staff and interact with employee volunteers from corporate leaders in the tech industry and beyond. Partner volunteers also had the opportunity to get to know students in smaller breakout sessions, join them in a cybersecurity activity, and share their career journey.



Volunteer Grants Program. In January 2023, we launched a Volunteer Grants Program. To cultivate a culture of volunteerism and maximize the impact of our employees' volunteer time, we will provide a \$100 volunteer grant for every 10 hours of completed volunteer time, up to a maximum volunteer grant amount of \$2,000 per employee per year.

Sponsorships and Affiliations

We have established memberships and/or affiliations with a number of organizations focused on diversity, equity, and inclusion, including the following:



NAMMBA is dedicated to the enrichment and betterment of women and minorities working in the mortgage industry. We support NAMMBA's effort of empowering women and underrepresented minorities to broaden their leadership skills and create an impact in their communities.



The **AMDC** provides a platform for the collaboration of mortgage industry leaders for the advancement of diversity and inclusion dialogue. The organization develops and provides tools and strategies to foster a greater understanding and appreciation of diversity of thought, experience, and backgrounds.



Catalyst is committed to driving change with preeminent thought leadership, actionable solutions and a galvanized community of multinational corporations to accelerate and advance women into leadership – because progress for women is progress for everyone.



The **National Urban League** is dedicated to advancing economic empowerment in order to elevate the standard of living in historically underserved urban communities. Our support helps provide financial stability, job opportunities, better education, access to healthcare, and fair affordable housing.

Company Recognition

We recognize the importance of acting with honesty, integrity and the highest ethical standards of business conduct. We value the external recognition received, as it further demonstrates that our employees are critical to our company's growth and success.



National Mortgage Professional and Mortgage Women Magazine recently named our Company as a 2022 Top Employer for Women. Mortgage Women Magazine selects Companies that are known for creating experiences that matter, providing women the tools, resources, and support they need, working hard to foster a diverse community with employees of all different backgrounds, having women in visible leadership positions, and more. As a top employer for women, we are committed to creating an environment that encourages, supports, develops, and empowers women to reach their full potential and we are committed to increasing diversity in our workplace and leadership teams. Our programs, strategies and formal mentoring programs are specifically aimed to reinforce our commitment.

We were one of 9 nationwide mortgage servicers named as a recipient of the 2022 Servicer Honors and Rewards Program (SHARP)[®], which annually recognizes mortgage loan servicers for quality servicing, risk management and sustainable homeownership resulting in superior portfolio performance. The winners represent outstanding customer service and positive efforts to prevent and alleviate loan delinquencies. We were also one of 22 nationwide mortgage servicers named as a recipient of the 2022 Servicer Total Achievement and Rewards[™] (STAR[™]) Program, which annually recognizes mortgage servicers for competency, capacity, and overall performance. As a 2022 STAR Program recipient, we were recognized by Fannie Mae for our dedicated efforts to supporting and enabling greater access to affordable, equitable and sustainable homeownership. By providing mortgage assistance and long-term solutions for struggling homeowners, the 2022 STAR Program servicers all serve as essential partners in Fannie Mae's journey to knock down housing barriers for people across the country. We are grateful to our outstanding Servicing team for their hard work and dedication to our customers.





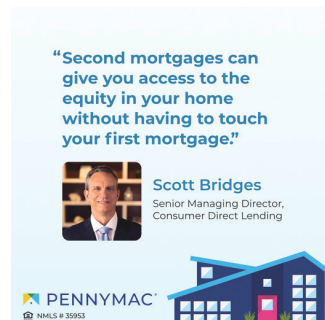
We were recognized by HousingWire as one of the top 100 most innovative technology companies serving the mortgage and real estate industries. This TECH100 award highlights companies that continue to make the housing sector better and more sustainable by increasing efficiency, improving borrower experience, and bringing elasticity to mortgage origination and servicing processes

NerdWallet announced its 2022 Best-Of Awards and we were named the Best Mortgage Lender for FHA Loans. For this award, we were evaluated along with more than 50 mortgage lenders, including the majority of the largest U.S. mortgage lenders by annual loan volume (measured among lenders with at least a 1% market share), lenders with significant online search volume and those that specialize in serving various audiences across the country. NerdWallet rated them on criteria including rate transparency, loan types offered, ease of application and more. The winner is the mortgage lender that had the highest raw score when evaluated against NerdWallet's FHA mortgage lender star-rating rubric, e.g., offers a variety of FHA purchase and refinance loans, dedicates a meaningful portion of its business to FHA lending, has low origination fees, demonstrates rate transparency for consumers and demonstrates an ease of online application for consumers.



Employee Recognition

From time to time, our employees are recognized externally and it is always an opportunity for us to celebrate their accomplishments. A few examples are provided below:



ADVANCING ENVIRONMENTAL SUSTAINABILITY IN OUR OPERATIONS



Our Environmental Responsibility

We recognize the importance of interacting responsibly with our planet and maintaining natural resources in a manner that ensures that we are able to meet our needs without compromising the ability of future generations ahead to meet their needs, as well. As climate change continues to cause growing uncertainty for communities all across the United States, and the world, we recognize that these issues may be important to a number of our stakeholders. We are committed to doing our part in helping to minimize our environmental footprint. Accordingly, we have adopted a Corporate Sustainability and ESG Policy and an enterprise-level environmental policy statement, which sets forth our approach on managing our environmental impact, among other impacts.


We have not identified any significant risks posed by our business to the environment, which is consistent with the SASB Materiality Map and indicates that, in alignment with the SASB standards, environmental risks generally are not financially material for companies within the Mortgage Finance sector of the Financial Services industry.

Our Environmental Impact

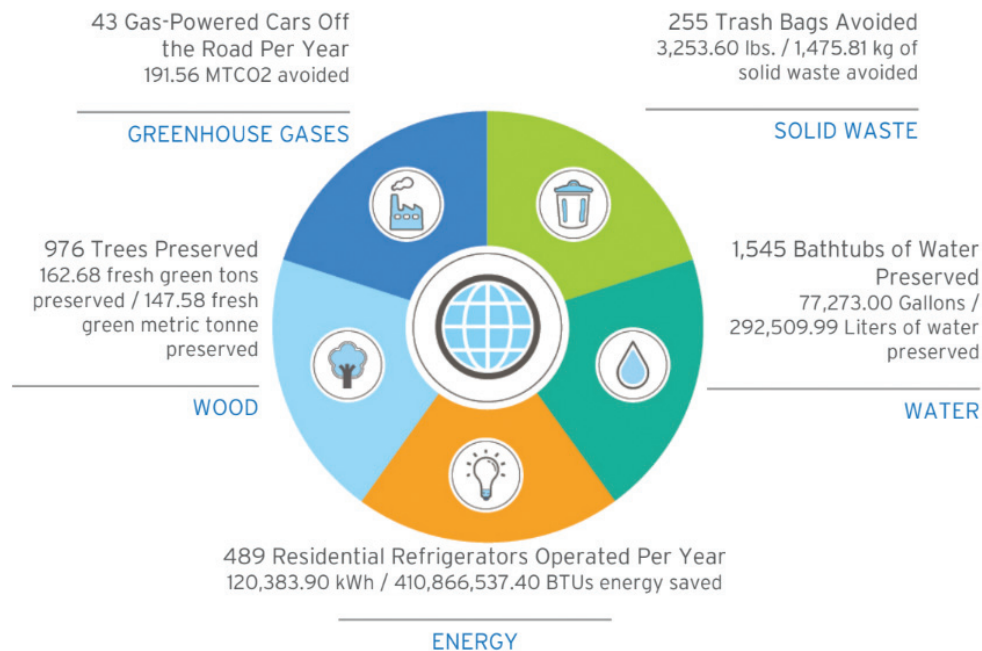
Minimizing our environmental impact while growing profitably is important as we strive to build a strong, sustainable business for our stakeholders. As a leader in the mortgage industry, business optimization is a priority in our efforts to be as efficient and cost-effective as possible. As a mortgage lender, our operations are not energy-intensive relative to many other industries and, as a result, our carbon footprint is relatively limited. From an environmental standpoint, however, we remain focused on waste reduction and management, improving the energy efficiency of our office sites, and water conservation.

Waste Reduction and Management

Waste reduction is at the core of our business model and low-cost operations. In an effort to reduce waste, we removed personal printers from all workstations and most individual offices in order to encourage printing from centralized locations in office buildings. We have also focused on transitioning customers to online platforms to support the digital delivery of documents and statements. During 2022, approximately 50% of our customers used electronic statements, and approximately 85% elected to receive other communications electronically, which resulted in a reduction in the use of over 41 million sheets of paper and 28 million envelopes. For our consumer direct lending channel, approximately 77% of our customers who received disclosures in connection with loan applications opted for eConsent. Of the applications that were locked, approximately 99% of our customers opted for eConsent.

USPS BlueEarth™  During 2022, we also participated in the USPS BlueEarth Secure Destruction program, a service offered to reduce handling costs associated with receiving, handling and destroying return-to-sender mail that includes privacy-protected information. This program allows us to reduce our carbon footprint, increase our recycling efforts, and reduce the handling costs related to the reverse logistics associated with returning mail to our office sites.

When elimination of our paper use is not an option, we strive to divert waste from landfills through recycling. Our secure shredding program is our most widespread recycling program, resulting in approximately 36.90 metric tonnes of paper being shredded and recycled in 2022. A summary of our recycling and landfill diversion statistics is provided below to provide an understanding of the positive environmental impact of our secure shredding program*:



* Source: The Paper Calculator™ from the Environmental Paper Network, a science-based and peer-reviewed study with a publicly-available lifecycle methodology that compares the impacts of using recycled paper to virgin paper.

Beyond paper and confidential materials, recycling for cardboard boxes, plastic and glass bottles and containers, aluminum and other recyclable waste is provided in certain office sites.

Electronic Waste Reduction Initiatives



Our goal is to divert as many electronics as possible from landfills by reusing or recycling them. Our priority is to reuse electronics internally. When that's not possible, we market these materials for reuse through approved vendors or recycle them. To address the growing challenges associated with electronic waste (e-waste), several of our office sites coordinate with third parties for e-waste recycling. This helps divert hazardous waste from landfills, where toxic substances can leach the soil. In 2022, we recycled just under 19,000 pounds of e-waste across the enterprise, as compared to approximately 21,000 in 2021. We continually evaluate and assess our e-waste reduction initiatives to ensure that used electronics are properly collected, reused or recycled in an environmentally responsible manner.

In 2022, we launched the Mini-Pennymac'er Computer Program, a computer reuse initiative that was created as a way to provide computer tools to deserving students of current employees. This effort serves the dual purpose of providing access to technology for families in need, while advancing our sustainability and electronic waste (e-waste) reduction goals. Recipients receive either a desktop computer or a laptop computer along with at least one monitor. The computers are refurbished, wiped clean, and delivered to each recipient.

During 2022, we continued to host a significant number of paperless meetings through video conferencing for our employees and our Board of Directors. These actions result in a reduction in paper waste, as well as a reduction in travel to meetings thereby minimizing our carbon footprint.

Recognizing that easy access to printers is one of the forces that drives paper consumption, the majority of desk-top printers have been removed and replaced with multi-functional devices. In addition, printing devices are generally provided only where printing is justified from a business perspective with an aim to significantly reduce our environmental impact, resulting in a reduction in impression cost (the cost to print each page), the number of pages printed overall, energy consumption, office space, and toner consumption.

External Partnerships to Promote Environmental Sustainability

We do not have operations or projects that significantly impact critical habitats or any other areas with high recognized biodiversity value. We prioritize and recognize sustainable initiatives that have positive impacts on our environment. We provide solutions that champion the efficient use of resources and we are committed to protecting our planet. Through our partnership with One Tree Planted, we recognize the reduction of carbon dioxide (CO₂) emissions achieved by planting trees. Through our partnership, OneTree Planted will plant 50,000 trees on our behalf in critical habitats throughout North America. Trees are critical to the health of our environment as they help to purify the air, filter the water, prevent natural disasters and provide habitat for biodiversity. Reforestation is identified by scientists as one of the best solutions to the climate crisis and the trees planted as part of this program will support all 17 of the United Nations Sustainable Development Goals.



Energy Efficiency

Reducing energy consumption in our office locations is a priority. An energy management system is utilized in several office sites, including our corporate headquarters, to control and manage heating, ventilation, air conditioning (HVAC) and lighting to curb energy use when it is least required. We continue to explore opportunities to further improve our performance in this regard, including the installation of new energy-efficient HVAC units. In 2022, we upgraded some of our existing energy management systems to benefit from the latest technologies, which allows us to more effectively manage energy consumption.

We have prioritized the use of energy-efficient LED lighting inside most of our office buildings. We are gradually retrofitting existing office buildings with LED lighting and expect to continue with this conversion over the next few years. Many of our office buildings have adopted the use of LED fixtures for exterior lighting. Our corporate headquarters also contains a solar system that provides energy credits for the facility.

In addition to improving building efficiency and energy monitoring, we also support energy efficiency and the reduction of carbon emissions by proactively ensuring that electronic vehicle charging stations are made available for a number of our office sites, including our Westlake Village, CA, Lakeview, CA, Moorpark, CA, Ft. Worth, TX, and Summerlin, NV locations.

The table below details our energy consumption for select sites for the 2022 fiscal year.*

	Moorpark, CA	Fort Worth, TX	Summerlin, NV
Electricity Usage (kWh)	2,033,084	2,371,668	1,625,487
Natural Gas Usage (BTU)	1,369,500,000	10,118,009	1,641,800,000

* Data excludes properties where we do not have operational control. Data is calculated predominantly via utility bills via a third-party utility bill management system.

Water Recycling and Conservation

Our office sites are not water intensive as compared to companies in certain industries such as food and beverage and infrastructure. Even so, we understand that we may encounter water risks in the areas in which we operate and recognize the environmental benefits of proactively managing our water consumption. Our facilities team strives to achieve sustainable water management within our operations. In furtherance of this objective, our property managers in certain markets, such as California, prioritize landscaping that doesn't require high volumes of water. Many of our buildings are equipped with water-saving features, such as low-flow, touchless water fixtures and faucets, hands-free flushing sensors and other water-reducing hardware. We also encourage our property managers to explore sustainable technologies, including a water-saving technology that improves the efficiency of water systems in our office sites. Wherever possible, we choose buildings with sound wastewater management practices to ensure that our wastewater discharges comply with local and national standards. We do not have any business operations outside of the United States and therefore do not use water outside of our primary domicile.

Our corporate headquarters is located in Westlake Village, CA and water is provided by Calleguas Municipal Water District. Nearly all potable water delivered to our office site is purchased by Calleguas from the Metropolitan Water District of Southern California. Calleguas' activities extend beyond the distribution of imported water. The District is active in regional water planning, conservation, watershed protection and development of reclaimed water. Calleguas operates three small distribution systems providing recycled wastewater for irrigation use.

We have been working with our distributed facilities teams to gather data from property managers and/or local municipalities which will enable us to monitor and manage total water usage across our national footprint, where such data is available. For example, in our Summerlin, NV location, we have been tracking our water usage which was 3.5 million gallons in 2022, as compared to 3.6 million gallons in 2021.

Climate and Environmental Risk Management

The Risk Committee of our Board of Directors receives quarterly reports regarding our Enterprise Risk Management Program, including information regarding climate and environmental-related risk and opportunities. The Risk Committee regularly reports to the full Board of Directors on information regarding enterprise risk, including, but not limited to, climate and environmental risks.

We originate, acquire and/or service mortgage loans across the United States. Our growth and success as a mortgage lender and servicer is dependent on our ability to properly price our portfolio of mortgage loans so that they reflect the long-term expected value of those assets including any expected losses related to climate and environmental risks, and that we take steps to mitigate such risks. In light of the increased focus on climate-related risks and the evolving regulatory environment in support of climate-related financial disclosures, we are committed to being responsive to the informational needs of our various stakeholders.

During 2022, we engaged a mortgage and climate risk analytics firm to provide consulting services as part of our efforts to identify, assess and manage certain climate and environmental risks to our mortgage loan and servicing portfolio. This engagement will serve as the foundation in the development of our climate risk strategy and the incorporation of climate and natural hazard risk into our enterprise risk management framework while taking into consideration our commitment to fair lending compliance.

As part of this engagement, we conducted the first phase of our climate risk assessment to quantify exposure to certain acute physical risks, using a combination of climate catastrophe modeling and analytics and mortgage asset valuations. We performed a scenario analysis of 10,000 historical and simulated climate event years to generate a probability distribution of property damage on our portfolio both with and without hazard insurance. The modeled property damage was translated into borrower behavior, which was used to calculate the resulting mortgage asset losses based upon the types of risk we hold with each mortgage asset (e.g., MSR, CRT, whole loans, etc.). Based on this scenario analysis, we identified potential strategies to mitigate certain acute physical risks.

The next phase of this engagement will focus on the quantification of exposure to chronic physical risks and transition risks, as well as the impacts of rising temperatures on acute physical risks. We will also continue in our actions to integrate these climate and environmental risks into our enterprise risk management framework and will further refine assumptions used in the above-mentioned climate risk assessment to quantify our exposure to certain acute physical risks.

Climate-Related Physical and Transition Risks

There is an increasing global concern over the risks of climate change and related environmental sustainability matters. The physical risks of climate change may include rising average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters, including floods, wildfires, hurricanes, earthquakes and tornados, and these events could impact our owned real estate and the properties collateralizing our loan assets or underlying our MSR assets and the local economies of certain areas in which we operate. Although we believe our owned real estate and the properties collateralizing our loan assets or underlying our MSR assets are appropriately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain appropriate coverage at a reasonable cost in the future, or if we will be able to continue to pass along all of the costs of insurance. There also is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to payment claims due to a deterioration in its financial condition or may even cancel policies due to increasing costs of providing insurance coverage in certain geographic areas. Further, numerous treaties, laws and regulations have been enacted or proposed in an effort to regulate climate change, including regulations aimed at limiting greenhouse gas emissions and the implementation of “green” building codes. These laws and regulations may impact the rates at which we obtain property insurance and result in increased operating costs, or impose substantial

costs on our borrowers or affect their ability to obtain appropriate coverage at reasonable costs. We may also incur costs associated with increased regulations or investor requirements for increased environmental and social disclosures and reporting. Additionally, climate change concerns could result in transition risk. Changes in consumer preferences and additional legislation and regulatory requirements, including those associated with a transition to a low-carbon economy, could increase expenses or otherwise adversely impact our operations and business.

Environmental Impact on Our Properties

Climate change, adverse weather conditions, man-made or natural disasters, pandemics, terrorist attacks and other long-term physical and environmental changes and conditions could adversely impact properties that we own or that collateralize loans we own or service, as well as geographic areas where we conduct business. In addition, such adverse conditions and long-term physical and environmental changes could impact the demand for, and value of, our assets, as well as the cost to service or manage such assets, or directly impact the value of our assets through damage, destruction or loss, and thereafter materially impact the availability or cost of insurance to protect against these events.

Upon the occurrence of a catastrophic event, we may be unable to continue our operations and may endure significant business interruptions, reputational harm, delays in servicing our customers and working with our partners, interruptions in the availability of our technology and systems, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. Catastrophic events may also be uninsurable or not economically insurable and might make the insurance proceeds insufficient to repair or replace a property if it is damaged or destroyed.

The table below provides a description of the range of key climate-related risk considerations:

Risk	Description	Potential Impacts to the Company
Credit	Climate risk drivers could lead to a reduction in the borrowers' ability to repay loans or our ability to fully recover the value of properties we own or that collateralize loans we own or service in the event of default.	<ul style="list-style-type: none"> Borrower not insured for the loss, or underinsured Property values decline due to increased perceived risk or higher hazard insurance costs
Market	Physical and transition risk could have an adverse impact on the valuation of mortgage related assets, including the potential to trigger valuation adjustments where climate risk is not yet taken into consideration, the correlation between certain assets, or the liquidity of certain assets.	<ul style="list-style-type: none"> Write downs on mortgage assets as investors incorporate climate risk into their investment decisions. Shock to prepayment speeds for insured losses or increase in turnover driven by homeowners fleeing communities. Price correlations change resulting in less effective hedge.
Liquidity	Climate-related disruptions could have an adverse impact on the accessibility of the capital markets and costs of capital.	<ul style="list-style-type: none"> Increase in warehouse banks rates or added exposure limits to certain geographies Increase in term financing rates as lender factor climate-related exposures embedded in mortgage assets Increase in need for liquidity to fund borrower advances

Risk	Description	Potential Impacts to the Company
Operational / Compliance	Increased severity of climate-related events could potentially increase our legal and regulatory compliance risk exposure associated with an increasing number of customers impacted by disasters, or government policy changes.	<ul style="list-style-type: none"> • Increase in volume of new federal, state, and local regulations to provide assistance to impacted borrowers • Increase in legal exposure for inadequate risk disclosure
Reputation	Changing market or consumer sentiment regarding actions to mitigate climate-related risks could result in increased reputational risk.	<ul style="list-style-type: none"> • Change of public sentiment towards lenders who lend in high risk geographies or are viewed as doing too little to assist impacted borrowers
Policy and Legal	Widespread adoption of policy change and regulations around climate-related disclosures may lead to an increase in climate-related litigation.	<ul style="list-style-type: none"> • Increase in climate-related litigation as a result of new policy and legal regulatory framework

We are committed to quantifying and understanding these risks, and if appropriate, developing strategies to mitigate them.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX DISCLOSURE

The Sustainability Accounting Standards Board (SASB) is an independent organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. PennyMac Financial Services, Inc. (NYSE: PFSI) supports SASB because it provides a framework for the generation of comparable and reliable information, which is consistent with our commitment to provide transparent, decision-useful, and relevant environmental, social and governance data as it relates to our business activities. Accordingly, our Corporate Sustainability Report was developed to align with the SASB standards.

The index below includes SASB standards that are relevant for our Mortgage Finance activities. Unless otherwise noted, all data and descriptions are as of or for the fiscal year ended December 31, 2022. For additional information about our financial performance, please refer to our quarterly earnings materials, as well as quarterly and annual reports on Form 10-Q and Form 10-K, respectively.

Certain information may not be disclosed herein because that information (i) is not considered by SASB as likely to affect our enterprise value as a Company in the Mortgage Finance industry or is privileged or confidential; (ii) could cause a competitive disadvantage to our business if publicly disseminated; or (iii) is not currently collected in a manner wholly correlative with the related SASB metric.

Mortgage Finance Standard

Activity Metrics

(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial		FN-MF-000.A	
		December 31, 2022	
ORIGINATED MORTGAGES		Number	Value (\$)
(Dollars in thousands)			
Residential		338,133	90,428,122
Commercial		–	–
Total		338,133	90,428,122

(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial		FN-MF-000.B	
		December 31, 2022	
PURCHASED MORTGAGES		Number	Value (\$)
(Dollars in thousands)			
Residential		886,945	202,834,447
Commercial		–	–
Total		886,945	202,834,447

Lending Practices

(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660 RESIDENTIAL LOANS BY FEATURES AND FICO SCORE (Dollars in thousands)	FN-MF-270a.1			
	December 31, 2022			
	FICO ≤ 660		FICO > 660	
	Number ⁽¹⁾	Value (\$)	Number ⁽¹⁾	Value (\$)
Hybrid or option ARM	6	2,488	196	76,862
Higher rate	622	114,465	827	101,846
Prepayment penalty	–	–	–	–
Other residential mortgages	3,004	683,393	8,218	2,477,803
Total	3,632	800,346	9,241	2,656,512

(1) Represents residential mortgage loans serviced by PennyMac Loan Services, LLC (our Servicer).

(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660 RESIDENTIAL MORTGAGE MODIFICATIONS (Dollars in thousands)	FN-MF-270a.2			
	December 31, 2022			
	FICO ≤ 660		FICO > 660	
	Number	Value (\$)	Number	Value (\$)
Modifications ⁽¹⁾	36,141	6,728,568	25,115	4,998,103
Foreclosures	1,301	135,863	1,155	125,904
Short sales or deeds in lieu	86	9,718	57	10,172

(1) Includes COVID-19 related loan modifications, payment deferrals and partial claims.

Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators

FN-MF-270a.3

Refer to Note 16 – *Commitments and Contingencies* (pgs. F-58 to F-59) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for disclosure of material legal proceedings.

Description of remuneration structure of loan originators

FN-MF-270a.4

The incentive programs for our mortgage loan officers focus on payment for the origination of mortgage loans. To ensure that small balance customers have equal treatment as large balance customers and to provide all of our mortgage loan officers with an equal incentive for their efforts, compensation is based on unit volume as opposed to dollar volume. We establish a base payout compensation level, which may be adjusted based on a number of productivity and behavioral modifier factors such as timely submission of loan applications, and compliance with service and regulatory requirements.

Discriminatory Lending

(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660 TOTAL ORIGINATED RESIDENTIAL LOANS AND HOME EQUITY LINES OF CREDIT BY MINORITY AND CREDIT SCORE (Dollars in thousands)	FN-MF-270b.1		
	December 31, 2022		
	Number ⁽¹⁾	Value (\$)	LTV
Minority			
Credit score ≤ 660	12,798	\$3,307,798	75.39%
Credit score > 660	52,360	\$15,628,079	74.10%
Non-Minority			
Credit score ≤ 660	14,660	\$3,321,199	75.09%
Credit score > 660	66,448	\$18,376,186	72.53%
Not Provided			
Credit score ≤ 660	2,319	\$602,024	75.96%
Credit score > 660	17,126	\$5,301,761	73.32%

(1) Represents residential mortgage loans originated through our consumer direct lending and broker direct lending channels only.

Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending

FN-MF-270b.2

Refer to Note 16 – *Commitments and Contingencies* (pgs. F-58 to F-59) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for disclosure of material legal proceedings.

Description of policies and procedures for ensuring nondiscriminatory mortgage origination

FN-MF-270b.3

We make our credit decisions based on the creditworthiness of our applicants pursuant to our Corporate Fair Lending, Fair Servicing, and Fair Marketing Policy, a culmination of fair lending related laws such as the Equal Credit Opportunity Act; the Fair Housing Act; the Home Mortgage Disclosure Act; the Americans with Disabilities Act of 1990; and Unfair, Deceptive or Abusive Acts or Practices (known as UDAAP), which is also approved by our Mortgage

Regulatory Compliance Committee and which prohibits discrimination against an applicant on a prohibited basis regarding any aspect of a credit transaction, as well as any other aspect of our lending operations.

As such, we do not discriminate based on a person's race, color, ethnicity, national origin/ancestry/genetic information, religion, gender (including gender identity or expression), sexual orientation, marital status, familial status, age, receipt of income from public assistance programs, military status, applicant's good faith exercise of any rights under the Consumer Protection Act, handicap/disability/medical condition, or an applicant's status as a victim of domestic violence or any other impermissible factor.

These requirements are integrated into our operational procedures and subject to review and/or audit by our Mortgage Regulatory Compliance Committee, Internal Audit, and our federal and local regulators.

Environmental Risk to Mortgaged Properties

(1) Number and (2) value of mortgage loans in 100-year flood zones

FN-MF-450a.1

Our primary business activities relate to mortgage banking. Our mortgage banking activities involve the purchase or origination of mortgage loans for subsequent sale and the servicing for the investor of such loans or loans for which we have acquired the rights to service. Accordingly, we do not have a significant investment in mortgage loans. The loans we purchase or originate for subsequent sale are underwritten and serviced in compliance with applicable federal and state laws and regulations and in compliance with the standards of the government or government-sponsored agencies guaranteeing or insuring the loans or securities the loans are sold into. Such agencies include the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, each of which is a government-sponsored entity; and U.S. Government Agencies, including the Government National Mortgage Association, the Federal Housing Administration, the Veterans Administration and the U.S. Department of Agriculture.

(1) Total expected loss (EL) and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather related natural catastrophes, by geographic region

FN-MF-450a.2

We are currently unable to tie the impacts of specific weather related natural catastrophes to specific impacts on earnings as calculated in accordance with generally accepted accounting principles (or GAAP) earnings or asset valuations, as most of our exposure to these events are held in mortgage servicing rights (or MSRs) which are valued in aggregate and not allocated at the loan level.

We monitor individual weather-related events and such events have not significantly impacted our business.

Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting

FN-MF-450a.3

In connection with our business activities, we are exposed to risks associated with adverse weather conditions, man-made or natural disasters such as hurricanes, tornadoes, earthquakes, pandemics, such as COVID-19, floods, droughts, fires and other environmental conditions that can adversely impact properties that we own or that serve as collateral for loans we own or service, as well as properties where we conduct business.

We continuously monitor environmental risks and have developed policies and procedures for mitigating such risks, to the extent possible. Monitoring includes daily scans for states of emergency, Presidentially Declared Disaster areas and mandatory evacuation zones for both pre-emptive and responsive actions.

We follow all industry and regulatory requirements related to hazard and flood insurance within our originations and servicing functions. This protects us and homeowners by ensuring there will always be adequate coverage for the balance of a mortgage obligation should a property become a total loss. Coverage must be provided by a licensed insurance company that meets certain financial strength ratings.

As part of our originations activities, property inspections are required on loans in Presidentially Declared Disaster areas that have been originated, but not yet delivered to end investors and, if applicable, delivery to end investors is delayed until properties have been deemed undamaged or the damage has been repaired. In certain cases (generally a mandatory evacuation triggered by an impending event), originations transactions may be delayed until the event has passed and the impact is known with certainty.

As part of our servicing activities, we are able to quickly implement disaster protocols to assist impacted borrowers with a full range of forbearance, modification and other borrower assistance options. We work closely with borrowers and insurance carriers to assure that repairs are made to impacted properties.

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Legal Disclaimer

This Report is for informational purposes only. It is not intended to be relied on to make any investment decisions, and is neither an offer to sell nor a solicitation of an offer to buy any securities or financial instruments from PennyMac Financial Services, Inc. This Report covers our owned or operated businesses and does not address the performance of our suppliers, contractors or partners unless otherwise noted. We have prepared the information contained herein solely to provide a general overview of our sustainability activities.

In addition, the information in this Report is summarized and is not a complete description of all of our activities; therefore, we have made qualitative judgments as to certain information to include that could be determined to be inaccurate or incomplete. We did not employ any third-party firm to audit this Report.

Forward-Looking Statement

This Report contains forward-looking statements relating to the manner in which we intend to conduct our activities based on our current plans and expectations. These statements are not promises of our future conduct or policy and are subject to a variety of uncertainties and other factors, many of which are beyond our control. Therefore, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed in this Report, may differ materially in the future. The statements of intention in this Report speak only as of the date of this Report and we do not undertake to publicly update any statements in this Report. As used in this Report, the term “PennyMac Financial” and terms such as “the Company,” “our,” “its,” “we,” and “us” may refer to one or more of our consolidated subsidiaries or affiliates or to all of them taken as a whole. In addition, the term “Pennymac” collectively refers to PennyMac Financial and PMT and their affiliates. All these terms are used for convenience only and are not intended as a precise description of any of the separate entities, each of which manages its own affairs.

