



 PENNYMAC[®]
FINANCIAL SERVICES

2023

Corporate
Sustainability Report



ABOUT THIS REPORT

This 2023 Corporate Sustainability Report (or Report) will focus on sustainability 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.

This Report has been prepared in accordance with the principles and disclosures of the Global Reporting Initiative (GRI) Standards: Core Option and the Sustainability Accounting Standards Board (SASB) Mortgage Finance Standard. The GRI Standards aim to enable companies to understand and report on their impacts on the economy, environment and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development. SASB's mission is to develop and disseminate sustainability accounting standards that help public companies 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 2023 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.

We are committed to transparency in sustainability reporting, and we are working to continually improve our reporting as industry best practices evolve. We have redesigned and streamlined our Corporate Sustainability Report this year to help stakeholders identify the most decision-useful information, while maintaining consistency and transparency in our year-over-year data.

To view additional information online about PFSI, as well as this Report, please visit our Investor Relations website at pfsi.pennymac.com.

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MESSAGE FROM OUR CHAIRMAN AND CEO



As Chairman and CEO of PennyMac Financial Services, Inc., I am pleased to share with all stakeholders our 2023 Corporate Sustainability Report (referred to 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 (A.R.E.) and operating our business in a way that creates positive governance, social and environmental impacts and long-term, sustainable growth.

This Report is intended to be a companion to the PennyMac Financial Services, Inc. 2023 Annual Report to Stockholders and 2024 Notice of Annual Meeting and Proxy Statement. This Report evidences our commitment to voluntarily reporting on our sustainability 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.

2023 was one of the more challenging origination markets in recent history, with industry volumes down approximately 40 percent from 2022 and unit originations at their lowest levels since 1990. However, Pennymac, through its multi-channel production platform, demonstrated both our strong access to the purchase market and our ability to profitably support our customers and business partners. Our scaled and growing servicing business was key to the success we have achieved, driving earnings in higher interest rate environments and future opportunities as our customer base continues to expand.

The challenges encountered by our company and the broader industry in 2023 underscored the crucial need to continue integrating sustainability into all facets of our operations to bolster business resilience and foster long-term value creation. Corporate sustainability shapes our governance practices, guides our strategic business decisions, and informs our approach to human capital management. In addition, our Board of Directors and executive leadership team are aligned on the significance of effectively managing our long-term sustainability and mitigating sustainability-related risks. It stands as a cornerstone discipline that will remain instrumental in our capacity to drive sustainable business growth and maintain our leadership position within the mortgage industry.

At PFSI, we are dedicated to upholding a comprehensive framework of governance policies and practices that prioritize the highest levels of oversight, ethics, and integrity. Central to this commitment is our Board's vigilant oversight of our corporate sustainability initiatives, our robust enterprise risk management framework, and the implementation of policies and procedures aimed at fostering business conduct aligned with our GREAT (Grow. Respect. Energize. Achieve. Together.) leadership standards and core values of being Accountable, Reliable and Ethical. These components collectively reinforce our unwavering pursuit of long-term success as an organization.

We are purposeful in our endeavors to foster positive social impact through our business practices, within our workplace, and across the communities we serve. To advance these aims, we implement a range of enterprise-wide strategies aimed at positioning ourselves as an employer of choice, ensuring the attraction, development, engagement, and retention of top-tier talent. At PFSI, we are deeply committed to nurturing an inclusive workforce, empowering individuals from diverse

backgrounds and experiences to connect, contribute, thrive, and realize their fullest potential. Furthermore, we consistently prioritize the health and wellness of our employees and actively support meaningful and impactful engagement with both local and national community organizations.

We understand that environmental stewardship is a shared responsibility and recognize the opportunity and importance of managing our environmental impact while minimizing our exposure to weather and climate-related events. Several facets of our business exemplify this dedication, such as our initiatives to reduce and manage waste, enhance energy efficiency, prioritize water conservation, and conduct thorough analyses of climate-related risks.

Given the unprecedented challenges encountered in 2023, our commitment to executing our strategic priorities and fostering long-term, sustainable value for all stakeholders remains resolute. I am continually inspired by the opportunity to collaborate with PFSI's seasoned and dedicated management team, who diligently ensure that we consistently prioritize the best interests of our customers, employees, investors, and other stakeholders. I encourage you to explore further insights into our approach 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 (or PMT, and collectively with PennyMac Financial and their affiliates, referred to herein as Pennymac), which is a mortgage real estate investment trust separately listed on the New York Stock Exchange (NYSE: PMT) that invests in mortgage-related assets (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 3,800 people across the country. In 2023, PennyMac Financial's production of newly originated loans totaled \$99 billion in unpaid principal balance, making it the second largest mortgage lender in the nation. As of December 31, 2023, PennyMac Financial serviced loans totaling \$607 billion in unpaid principal balance, making it a top five 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 an SEC 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.



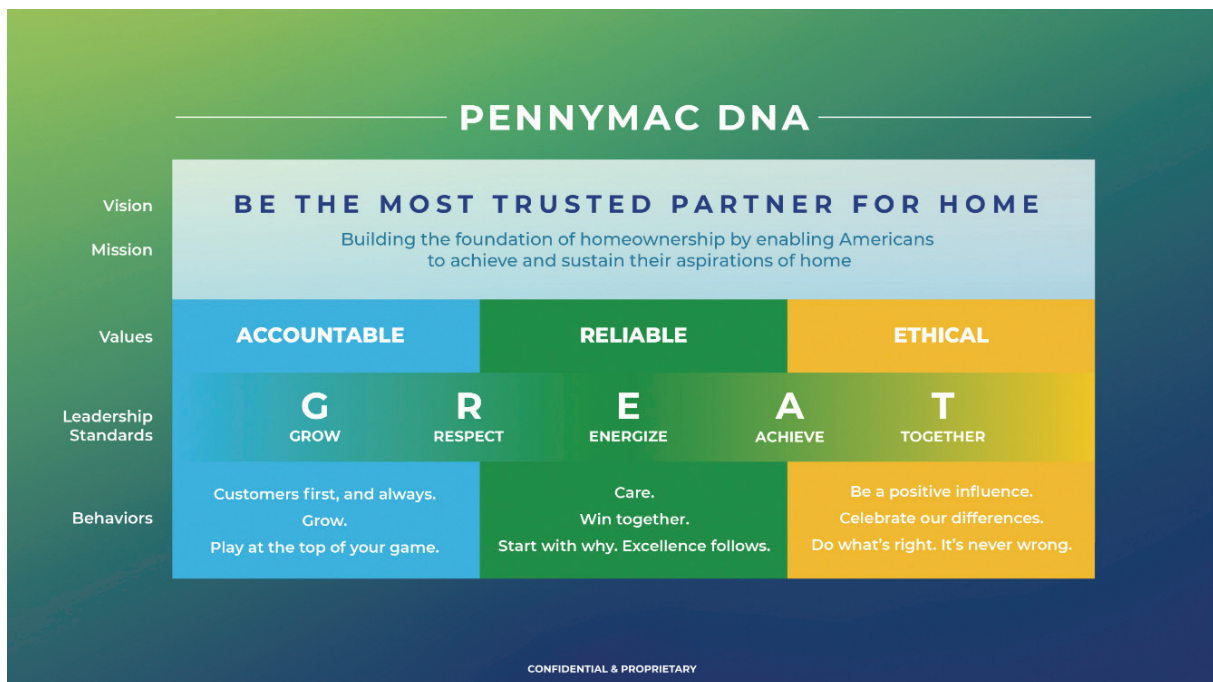
OUR VISION, MISSION, CORE VALUES AND LEADERSHIP STANDARDS



Our Pennymac DNA

Our **VISION** is to be the most trusted partner for home, and our **MISSION** is to build the foundation of homeownership by enabling Americans to achieve and sustain their aspirations of home. One of the key drivers of our long-term success has been our strong organizational culture. We recognize the significance of creating an environment that can align with 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.

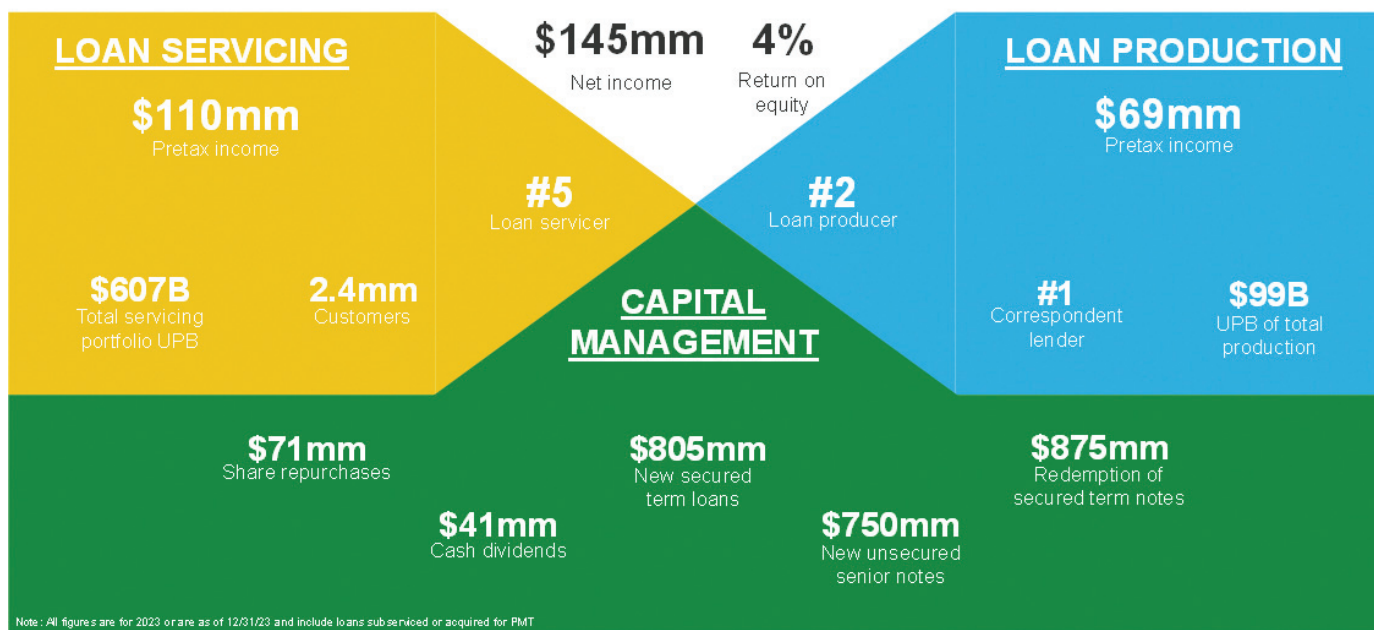
Our core values are reinforced by our G.R.E.A.T. leadership standards, which embody a steadfast commitment to GROW, RESPECT, ENERGIZE, and ACHIEVE TOGETHER. Our foundational behavioral standards help define the conduct we demonstrate daily with customers, team members and other stakeholders, which ultimately supports the achievement of our long-term business goals.



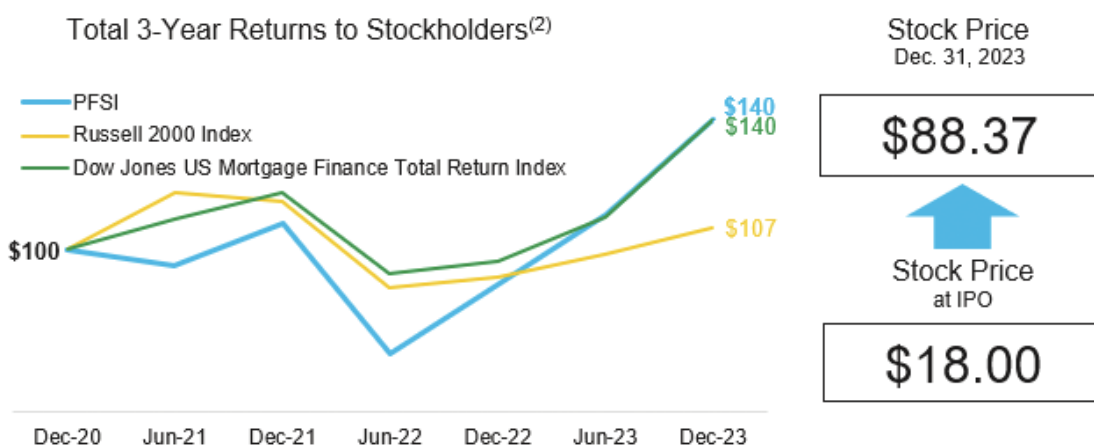
OUR 2023 CORPORATE HIGHLIGHTS AND BUSINESS STRATEGIES

Corporate Highlights⁽¹⁾

PennyMac Financial's operating discipline continues to drive strong financial performance notwithstanding a challenging mortgage environment.



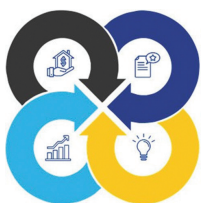
Substantial stock price appreciation and return to stockholders



(1) For complete information regarding our Fiscal 2023 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, 2023, which was filed with the Securities and Exchange Commission, or the SEC, on February 21, 2024 and is being made available to stockholders with this Proxy Statement as a part of our 2023 Annual Report to Stockholders.

(2) Assumes \$100 invested in PennyMac Financial Services, Inc. common stock and other stock market indices. The graph above displays certain information comparing the cumulative total return on our common stock to the cumulative total return of the Russell 2000 Index and the Dow Jones US Mortgage Finance Total Return Index. The comparison period is from December 31, 2020 to December 31, 2023, and the calculation assumes reinvestment of any dividends.

Business Strategies



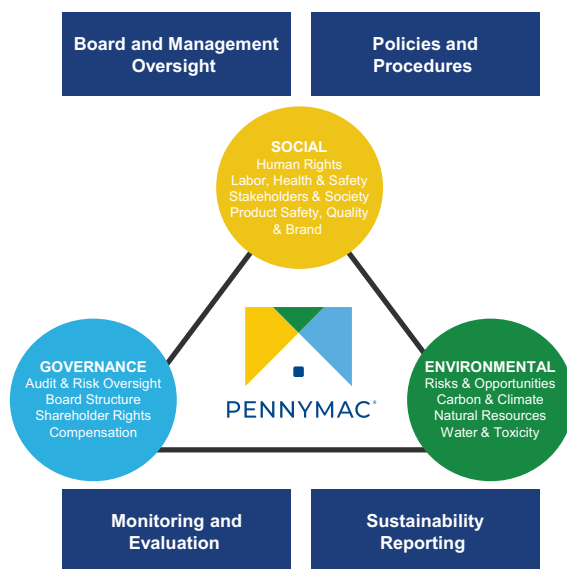
Our business strategies are based on five key focus areas: consumer direct lending, broker direct lending (also known as third-party origination), correspondent lending, mortgage loan servicing, and new markets and products.

<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, 2023, we serviced 2.4 million loans. In 2023, 2022 and 2021, we funded \$4.8 billion, \$15.4 billion and \$43.1 billion of mortgage loans, respectively, through our consumer direct lending channel as market interest rates increased and refinance volumes decreased. 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 lending channel represented approximately 16% of U.S. residential mortgage originations in 2023. In 2023, 2022 and 2021, we funded \$8.1 billion, \$6.9 billion and \$16.8 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. We also expect to increase the proportion of our sellers' production volumes that we purchase as we continue to expand to the loan products and services we offer. We believe that we are well positioned to continue generating significant business in this channel based on our management expertise in the correspondent production business, our relationships with correspondent sellers, and our supporting systems and processes. In 2023, 2022 and 2021, we purchased \$71.6 billion, \$49.7 billion and \$64.8 billion of mortgage loans, respectively, through our correspondent lending channel. In 2023, 2022, and 2021, we also fulfilled \$14.9 billion, \$37.1 billion and \$110.0 billion of mortgage loans subject to fulfillment fees, respectively, for PMT.</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 mortgage servicing rights (MSRs), and correspondent conventional production for PMT's account adds new subservicing. We may also grow our servicing portfolio through acquisitions. In 2023, our loan production totaled \$99.4 billion in UPB. Our MSRs were backed by loans with UPBs totaling \$370.2 billion as of December 31, 2023.</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 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. For example, our closed-end second lien mortgage loan is offered to certain borrowers and is secured by a second lien on the mortgaged property subordinate to the rights of the first lien mortgage holder as well as other potential senior liens.</p>

OUR CORPORATE SUSTAINABILITY APPROACH

Corporate Sustainability as a Foundational Discipline

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



The primary components of the Corporate Sustainability 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 sustainability risks and opportunities.

Through ongoing **monitoring and evaluation**, we are able to measure those sustainability 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 Governance

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



Stakeholder Engagement

Our Corporate Sustainability 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 process helps to 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.

Our Key Sustainability Topics

During 2023, Pennymac embarked on a comprehensive process for identifying key sustainability topics that we believe align with our organizational priorities. Through ongoing environmental scans and benchmarking routines, we stay abreast of key trends and drivers that are shaping sustainability strategies, goals, and reporting priorities. As part of our latest assessment of key sustainability topics, several areas have been influenced by recent shifts in our industry and feedback from stakeholders concerning current and emerging governance, social, and environmental trends. This assessment included an evaluation of various reporting frameworks and standards, including, but not limited to, Institutional Shareholder Services (ISS), the Global Reporting Initiative (GRI), and the Sustainable Accounting Standards Board (SASB). Following a thorough peer benchmarking analysis and dialogue with key internal stakeholders, we have identified the following key sustainability topics. By prioritizing these identified areas, our aim is not only to meet industry benchmarks but also to drive positive change, realize sustainable growth, and contribute meaningfully to the well-being of our organization and the communities that we serve.

The following topics have been identified by us as being the most important to our internal and external stakeholders as part of our recent key sustainability topics assessment:

PENNYMAC'S KEY SUSTAINABILITY TOPICS	
<ul style="list-style-type: none"> • Business Ethics and Corporate Governance • Climate and Environmental Risk Management • Customer Satisfaction and Loan Transparency • Cybersecurity and Data Privacy • Employee Health and Wellbeing • Enterprise Risk Management and Compliance • Environmental Impact of Operations • Environmentally Responsible Products and Services • Executive Compensation and Benefits 	<ul style="list-style-type: none"> • Fair and Responsible Lending • Human Rights • Socially Responsible Products and Services • Stakeholder Engagement • Supply Chain Management • Talent Retention, Development and Attraction • Transparency and Accountability in Financial and Non-Financial Reporting • Workforce Diversity, Equity, and Inclusion

SASB Materiality Mapping

SASB categorizes PennyMac Financial Services, Inc. as part of the Mortgage Finance industry. 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 most likely to be useful to investors within the Mortgage Finance, Asset Management and Custody Activities, Commercial Banks and Consumer Finance industries within the Financials sector.

For the Mortgage Finance industry, Selling Practices & Product Labeling includes factors related to Lending Practices and Discriminatory Lending, and Physical Impacts of Climate Change, includes factors related to Environmental Risk to Mortgaged Properties.

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	P			X
	Data Security	P		X	X
	Access & Affordability	P		X	
	Product Quality & Safety				
	Customer Welfare				
	Selling Practices & Product Labeling	X, P	X		X
Human Capital	Labor Practices				
	Employee Health & Safety				
	Employee Engagement, Diversity & Inclusion	P	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, P			

Dimension	General Issue Category	Mortgage Finance	Asset Mgmt & Custody Activities	Commercial Banks	Consumer Finance
Leadership & Governance	Business Ethics	P	X	X	
	Competitive Behavior				
	Management of the Legal & Regulatory Environment	P			
	Critical Incident Risk Management	P			
	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 deemed by SASB as most likely to be useful to an investor; 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/>. A “P” indicates those additional sustainability issues deemed by management as most likely to be useful to an investor.

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 of Directors Leadership

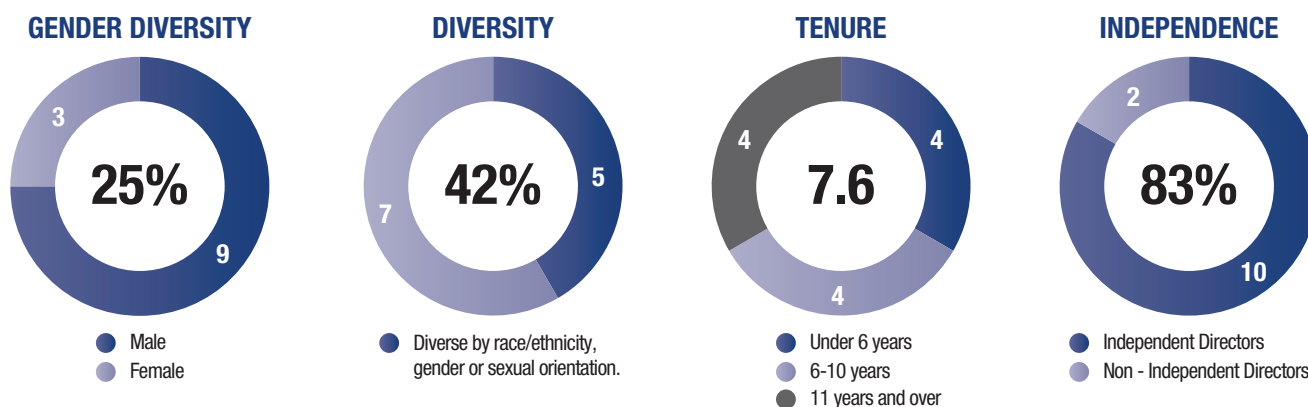
Our Board leadership structure is currently comprised of our Chairman and Chief Executive Officer, David Spector, our independent lead director, Jeffrey Perlowitz, and our independent Board committees and committee chairs. Our Chairman and the independent lead director provide leadership to and work 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, he is capable of identifying 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 believes that the combined role of Chairman of the Board and Chief Executive Officer promotes strategy development and execution, and facilitates information flow between management and our Board, all of which are essential to effective governance.

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 Governance

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.



Director Skills and Qualifications

	Accounting	Investment Banking / Finance	Industry Knowledge	Mortgage Banking	Business Operations	Corporate Sustainability	C-Suite Leadership/ Strategic Planning	Government/ Regulatory Relations	Risk Management	Technology
Board Member										
David A. Spector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Doug Jones	✓		✓	✓	✓	✓	✓	✓	✓	✓
James K. Hunt	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Patrick Kinsella	✓		✓	✓					✓	
Jonathon S. Jacobson	✓	✓	✓	✓	✓		✓	✓	✓	✓
Anne D. McCallion	✓	✓	✓	✓	✓		✓		✓	✓
Joseph Mazzella							✓	✓	✓	
Farhad Nanji	✓	✓	✓	✓	✓		✓	✓	✓	✓
Jeffrey A. Perlowitz	✓	✓	✓	✓	✓		✓		✓	✓
Lisa M. Shalett		✓	✓		✓	✓	✓		✓	✓
Theodore W. Tozer	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Emily Youssouf		✓	✓	✓	✓	✓	✓	✓	✓	
TOTAL	9	9	11	10	10	6	11	8	12	7
	Understanding and/or experience with accounting, auditing, financial reporting and the evaluation of financial statements	Understanding and/or experience with investment banking, investments and asset management	Understanding and/or experience in the financial services, real estate and housing industry	Understanding and/or experience with managing a mortgage lender or servicing business	Understanding and/or experience with managing human capital and business operations	Understanding and/or experience with environmental, corporate social responsibility, sustainability, corporate culture and diversity and inclusion initiatives	Understanding and/or experience leading and managing an organization	Understanding and/or experience with regulatory requirements, managing governmental and regulatory affairs and interacting with the government	Understanding and/or experience with risk evaluation, risk mitigation and risk management policies and procedures	Understanding and/or experience with managing information technology business processes.

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, race/ethnicity, geography, education, and personal and professional experiences.

Governance Best Practices

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"> ✓ 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 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"> ✓ 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.

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 Audit and Risk Committees, have an active role in overseeing our enterprise 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 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. Our Nominating and Corporate Governance Committee also has specific oversight responsibility for risks relating to our corporate sustainability policies, practices and initiatives, 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. Our Risk Committee, as well as other members of the Board, receive updates from our Chief Information Officer and Chief Information Security Officer on the overall data privacy and cybersecurity 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
- Support Strategy – Encourage executives to focus on achieving our annual and long-term business goals

Our executive compensation program consists of three primary pay elements:

- Base Salary,
- Annual Performance-Based 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 is 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.

Our Code of Business Conduct and Ethics and Human Rights

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.

During 2023, our Code of Business Conduct and Ethics included the following topics:

- Bribery / U.S. Foreign Corrupt Practices Act
- Discrimination and Retaliation
- Communications with Press and Others
- Fair Dealing
- Company Assets / Communication Resources
- Gifts, Entertainment and Gratuities
- Company Books and Accounting Records
- Insider Training
- Company Opportunities
- Lobbying Activities
- Competitive Information
- Political Contributions and Activities
- Confidential Information
- Prohibited Interactions with the Government
- Conflicts of Interest
- Trademarks, Copyright and Other Intellectual Property

Vendor Management and Statement of Vendor Ethics

Every vendor in our network, ranging from brokers and correspondent lenders to those providing goods and services supporting our employees and overall company operations, plays an important role in advancing our mission and achieving our company objectives. To this end, we maintain a Statement of Vendor Ethics outlining legal, environmental, and social responsibility expectations for all vendors. These expectations and requirements are reiterated in our contract templates. Vendors must operate in full compliance with applicable laws, rules, and regulations of the jurisdictions in which they operate.

We acknowledge our responsibility to stakeholders and have established strict ethical business standards to guide our activities. We expect all vendors to adhere to these standards, encompassing 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, fair treatment policies, and environmental and social sustainability.

We monitor compliance using a reasonable, risk-based approach and framework suitable for our vendors, conducting site visits and regular due diligence. Additionally, we continually assess and strive to improve vendor performance in areas such as compliance and financial health, employing scorecards and corrective action processes to facilitate continuous enhancement.

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 of our customers, employees, suppliers and indigenous communities where we operate.

We are committed to providing 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, ensuring

safe and accessible water where we operate, promoting high ethical behavior and respecting privacy. We believe respect for human rights is essential for 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.

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: 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 our Mortgage Regulatory Compliance Committee. This committee oversees the CMS and supports our cultural initiatives that reinforce the importance of regulatory compliance. The Mortgage Regulatory Compliance Committee 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 Mortgage Regulatory Compliance Committee has identified individuals throughout the organization to oversee specific areas of compliance. Mortgage Regulatory Compliance Committee membership includes senior management from all areas of our Company impacted by mortgage compliance laws and regulations. The Mortgage Regulatory Compliance Committee meets on a regular basis throughout the year and provides reports to the Risk Committee of our Board of Directors.

Anti-Money Laundering, Anti-Corruption and Fraud Prevention

AML Program and Know Your Customer Due Diligence. We are firmly committed to compliance with all applicable Anti-Money Laundering (AML) and Office of Foreign Asset Control (OFAC) laws and regulations, as well as the detection, prevention and reporting of mortgage fraud and other suspicious or criminal activities. We have established an enterprise-wide 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 reasonably designed to comply with all applicable laws and regulations relating to the prevention of money laundering and terrorist financing, including the USA Patriot Act of 2001.

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.

OFAC Program. As part of our AML Program, we have also implemented policies and procedures designed to comply with the prohibitions and restrictions mandated by OFAC and all other sanctions laws and regulations applicable in the jurisdictions in which we operate. Our OFAC Program provides for appropriate internal controls for identifying suspect accounts and transactions, as well as the reporting of blocked and rejected transactions to OFAC. Our OFAC Program includes the screening of borrower, vendor, and correspondent lender and broker names against Specially Designated Nationals and Blocked Persons lists which is designed to prevent us from entering into a contractual relationship with sanctioned individuals.

AML Training. AML training is conducted on an annual basis as directed by our Chief Compliance Officer. All employees are required to complete the AML Training on an annual basis. In addition, newly hired employees receive AML Training and are required to acknowledge completion of the training within 60 days of hire. Any exemption from completing the annual AML Training must be approved by the Chief Compliance Officer. Reasonable steps are also undertaken to determine if the corporate training program is designed to ensure that employees receive adequate training commensurate with their individual duties and responsibilities to ensure the effectiveness of Pennymac’s processes to detect, investigate, and report fraud or other suspicious activity.

Political Contributions and Advocacy

We do not: (i) contribute to or make expenditures on behalf of any federal, state or local candidates for election, referenda, or initiatives; (ii) contribute to or make expenditures on behalf of political parties; (iii) 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; (iv) 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; (v) donate Company time, resources, products or services to any of the foregoing; or (vi) 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.

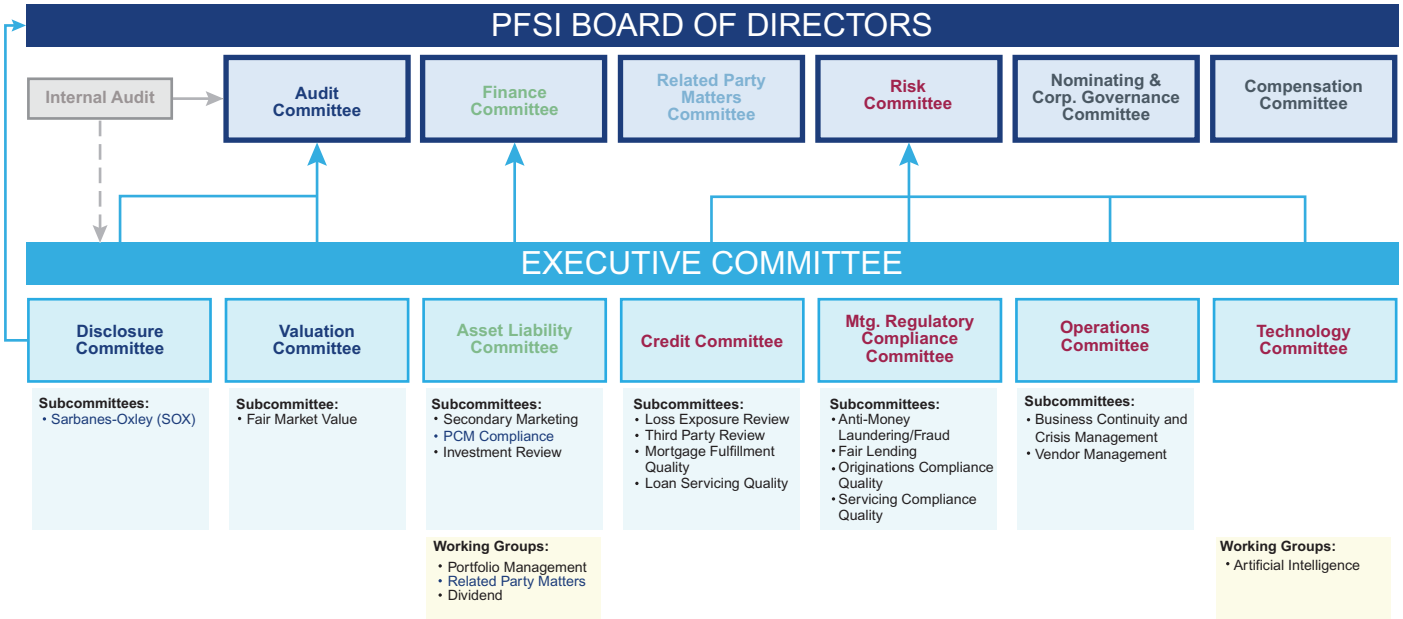
Important objectives of risk management are to ensure oversight, risk assessment, policy and procedure, and monitoring activities are functioning as designed and to ensure there is a culture that supports risk awareness and the documentation of controls and that minimizes reputational exposure.

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 Executive Committee Governance

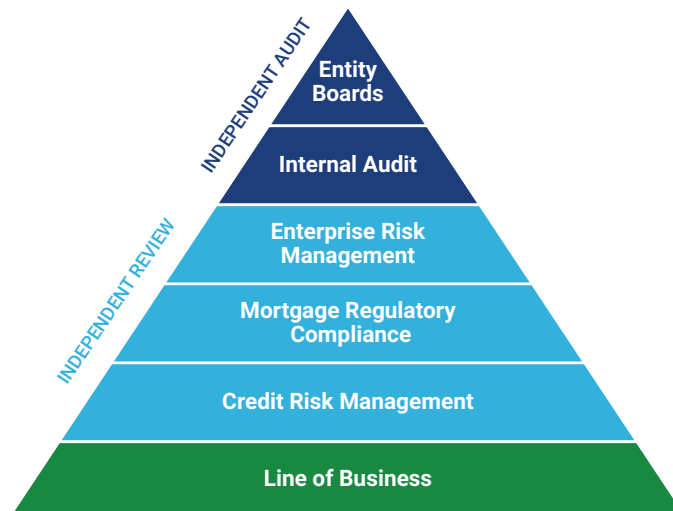
Our current governance structure is provided below:



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 Lines of Business.
- The Second Line, which includes Credit Risk Management, Mortgage Regulatory Compliance, Enterprise Risk Management, and the Management Committees.
- The Third Line, which includes Internal Audit and our Board of Directors.



At Pennymac, Risk Management is a core component in ensuring long-term success as an organization. Pennymac uses “Three Lines of Defense” to support its ERM Framework.

Tax Strategy

Our tax strategy focuses on income deferral at both the federal and state levels based on unique rules for mortgage servicing rights as well as the reduction of state taxes by managing our state footprint. We continue to explore opportunities to position jobs in locations where we can realize new hire credits. Our tax planning is undertaken with a commitment to compliance and an emphasis on protecting our reputation. The Tax Department works closely with the Chief Financial Officer in developing and implementing our tax strategy.

Business Continuity and Crisis Management

Our Business Continuity Management Program is governed by our Business Continuity, Disaster Recovery, and Incident Management Policy. This 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 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.

Data Privacy and Cybersecurity

Our cybersecurity and related controls, policies and procedures (Cybersecurity Program) are critical business functions protecting our enterprise information systems, data and business operations from external and internal threats. The Cybersecurity Program prioritizes detection, analysis, response and prevention to known, anticipated or unexpected cybersecurity threats, with regular internal and third-party assessments and enterprise risk management governance reviews. The Cybersecurity Program is informed by the National Institute of Standards and Technology’s (NIST) cybersecurity framework standard and is integrated into our overall enterprise risk management framework,

along with our compliance requirements under federal and state cybersecurity and related regulations. We have not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected, or are reasonably likely to materially affect, us, including our business strategy, results of operations or financial condition. Our Risk Factors include further detail about our material cybersecurity risks.

Our Chief Information Officer (CIO) and Chief Information Security Officer (CISO) each have over 24 years of information system experience and are primarily responsible for implementing the Cybersecurity Program and managing our information security personnel and consultants. The CIO has served in a variety of information technology leadership positions in the finance industry and the CISO served in a variety of cybersecurity operations, cybersecurity architecture, and critical infrastructure cybersecurity enhancement programs in the finance industry, the utility industry and in government.

The Cybersecurity Program, which is integrated into our enterprise risk management framework, assesses, identifies and protects our enterprise information systems, data and business operations from various security threats and contains the following elements:

- Information Security Risk Assessment – Conducting internal and external risk and control assessment, quality control and assurance testing.
- Identity and Access Management – Managing enterprise identity and access control systems.
- Security Architecture – Managing security architecture, including secure code deployment standards, architecture security reviews, and cybersecurity advisory support.
- Security Engineering – Designing, implementing and operating security technologies, including but not limited to malware protections, security event and incident management, data loss prevention, and phishing defenses.
- Security Operations – Ensuring continuous operational coverage of security events and alerts, maintaining and executing processes for triage, containment, investigation and escalation/communication and threat intelligence.
- Attack Surface Management – Managing vulnerability and patch management, network penetration testing, application security testing and exercises, including cyber-attack simulations and tabletop exercises with senior management to detect control gaps.
- Third-Party Assessments – Coordinating, reviewing and analyzing third-party providers' assessments of the Cybersecurity Program. Internal Audit may also perform a periodic cybersecurity program audit that may be supported by external consulting firms.

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. During 2023, we also did not receive any material substantiated complaints concerning incidents of customer privacy and losses of customer data.

Cybersecurity Monitoring and Incident Reporting

We continuously monitor our enterprise information systems and user activity to detect anomalous activity and identify potential security related incidents. Our cybersecurity monitoring and incident reporting program is informed by NIST guidelines and is internally and externally monitored. When a potential cybersecurity incident is detected, we gather the necessary information to classify the incident by type and severity and activate containment plans and response teams depending on the nature of the incident. Cybersecurity incidents that may impact enterprise business operations, compromise critical systems or result in unauthorized access to critical data will be escalated to the CISO and an internal incident response team comprised of senior IT, business operations and compliance personnel to coordinate any internal and external responses. The CISO and the internal incident team will also elevate any material cybersecurity incidents or unauthorized occurrences that jeopardize the confidentiality, integrity or availability of enterprise information to senior management and the board of directors.

Enterprise Risk Management Framework and Governance

The Cybersecurity Program is integrated with our enterprise risk management framework and is primarily managed by the CIO, the CISO, and other information security personnel and consultants, and is overseen by risk management, internal audit, senior management and the board of directors to ensure the confidentiality, integrity and availability of the Company's enterprise information systems, data and business operations. The Cybersecurity Program utilizes specialized third-party cybersecurity service providers to periodically perform penetration testing across certain internet-facing and business critical applications as well as external and internal network penetration tests. Our Enterprise Risk Management unit separately provides independent oversight and monitoring of the Cybersecurity Program through periodic quality control testing and regulatory compliance verification of the Cybersecurity Program's controls. Our Internal Audit unit is an independent corporate function reporting to the board of directors' Audit Committee that also reviews the effectiveness of the Cybersecurity Program and whether it is effectively integrated into our overall enterprise risk management framework. Additionally, our Enterprise Risk Management and Internal Audit units may from time to time separately engage consulting services to perform independent cybersecurity controls audits and provide expert guidance.

Leadership and Governance

The board of directors oversees our cybersecurity risks by periodically evaluating cybersecurity reports from senior management, including the CIO and CISO, as well as reports from the board committees and third-party consultants. The Risk Committee oversees our enterprise risk management framework including risks associated with data security, cybersecurity, IT infrastructure, and data privacy. The Audit Committee oversees the internal and external auditors' review of our cybersecurity risks.

Senior management's Technology Committee, includes the CIO, the CISO and other senior executives who oversee the Company's enterprise IT infrastructure and ensures that our enterprise information systems are protected from internal and external cybersecurity threats by monitoring cybersecurity controls, risk assessments and information system reports. The Technology Committee, the CIO and the CISO periodically provide cybersecurity reports about our Cybersecurity Program to senior management's Executive Committee and the board of directors and its Risk Committee.

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 Cybersecurity 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



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.

Through Pennymac Home Connect, borrowers are provided with specific steps to guide them through the homebuyer journey, including considerations for determining the best time to purchase a home, understanding how the credit score impacts mortgage rates, pre-screening for a new mortgage and making an offer on a home.

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 concerns, 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.

For example, we leverage Customer Satisfaction Surveys, which gives our customers an opportunity to provide feedback regarding their experience when speaking with a customer service representative, or to seek assistance with a member of our customer service satisfaction transfer action team. Upon the completion of an inbound call, customers are presented with a satisfaction survey. Our servicing operations are conducted out of five office sites. For December 2023, Customer Satisfaction Surveys were conducted and customer satisfaction percentages exceeded 94%.

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

For a portion of 2023, we also participated in the Freddie Mac BorrowSmart® program, which provides assistance for income-qualified borrowers to be used towards the down payment or closing costs required to finance a home. 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, and closing assistance, which 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 Veterans Affairs (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 2023, we provided over \$28 billion in financing to veterans. As the servicer for nearly \$122 billion in unpaid principal balance covering 445,000 loans for veterans, service members and their family members, we ranked nationally as the #2 VA issuer/servicer as of December 31, 2023 according to Inside FHA/VA Lending Top 50 Lenders by dollar amount for full year 2023 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 Federal Home Loan Mortgage Corporation (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 the Federal National Mortgage Association (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

The logo for the Mortgage Bankers Association (MBA) features the letters 'MBA' in a large, bold, black serif font. Below the letters is a horizontal line with a slight curve, and underneath that, the words 'MORTGAGE BANKERS ASSOCIATION' are written in a smaller, black, sans-serif font.

MORTGAGE BANKERS ASSOCIATION

We are a proud member company of the Mortgage Bankers Association (MBA). Since 2021, we have been part of 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, 2023, our workforce was approximately 3,900 employees. In 2023, 99.7% 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.

Employee Engagement and Satisfaction



Our people are, and have always been, the heart of our great company. To that end, we continue to prioritize and monitor the engagement and satisfaction of our employees through a number of methods. Newsweek partners with the Best Practice Institute to determine which companies truly set themselves apart when it comes to employee experience, a positive work environment, and culture; and in March 2023, Newsweek sent all Pennymac employees an employee satisfaction pulse survey to learn more about what makes us such a great place to work. Our employees' confidential responses are important in helping us understand what makes us great and how we can be greater. Based on the feedback received in the employee satisfaction pulse survey, Pennymac was officially designated as a "Most Loved

Workplace" and as a "Top 100 Company". Employees highlighted a number of areas that contribute to Pennymac being a Most Loved Workplace, including: CEO role model and reinforcement of core values, systemic collaboration, positive vision of the future, company respect, company support, alignment of company values, company programs and practices, and benefits.

Divisional Employee Sentiment Surveys. As part of our commitment to understanding the pulse of Pennymac, we also engage directly with division leaders. These individuals serve as conduits between the senior and executive management and operational staff, possessing invaluable insights into our day-to-day operations. By fostering open dialogue with division leaders, we are able to gain a stronger understanding of employee experience, engagement, and satisfaction levels. Through employee experience surveys, we are able to gain firsthand knowledge of team dynamics, challenges, and successes. Ultimately, our goals are to better understand key areas of strength, identify opportunities for improvement and implement targeted strategies for enhancing employee satisfaction and fostering a stronger culture of engagement.

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. Launched in 2021, the PCU Rotational Program includes full-time Financial/Business Analyst roles, in which participants from diverse backgrounds have the opportunity to learn and develop in different areas of the business. Approximately 66.7% of the



27 analysts hired into the 2023 PCU Rotational Program were women and/or underrepresented minorities. They graduated from 22 unique universities and came from 10 different states across the country. We have retained 76% of the participants as of the first quarter of 2024 (since inception). Participants are provided an extensive onboarding experience, an executive mentor, and a blended career development path.

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 skill development and 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 fostering continued growth and learning that lead to promotion opportunities. Throughout the course of the year, we invest significant resources in training programs to help our employees further develop their knowledge, skills and experience.

G.R.E.A.T. Leadership Standards. At Pennymac, our employees are leaders in our industry, and each of us are leaders in our own unique ways. In that regard, we believe that it is important for our employees to understand how “leadership” is defined within our company. A clear understanding and shared language helps us know what to expect, recognize, and model as we all continue to develop as leaders. During 2023, we introduced our Pennymac G.R.E.A.T. Leadership Standards: Grow, Respect, Energize, Achieve, Together. These G.R.E.A.T. Leadership Standards capture who we are today, and lay out a clear path for us to aspire to be in the future. They challenge each of us to Be Great every day.



Career Development. At Pennymac, career development is employee driven, manager supported and company enabled. A number of resources are available via our intranet, including access to a career desk, job descriptions, PennyCareers, career plan tools, tuition reimbursement and mentorship programs.

Mentorship Programs. One of our key development priorities 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 2023, we further enhanced the Enterprise Mentor Program and maintained two new mentor programs: one for the analysts in the PCU Rotational 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. Approximately 150 mentees were paired with a mentor during 2023.

Instructor Led Development Programs. During 2023, Pennymac's Corporate Learning Team expanded its new catalog of Instructor-led virtual classes, organized them into a set of four series, and promoted them to team members interested in personal and professional growth. Those sessions were focused on four foundational areas:

- **Learning Council:** In support of our focus on employee and culture development, our Corporate Learning Team created the Pennymac Learning Council, which brings together, on a recurring basis, a group of learning experts and advocates from across the company who have the opportunity to collectively accelerate learning initiatives across the organization. This structure helps facilitate dialogue and deliverables that foster collaboration and drive meaningful initiatives.
- **Monthly Learning Offerings and Employee Development Series:** Classes are available to all employees and feature various topics for personal and professional development. A number of virtual and instructor-led courses are offered in furtherance of our commitment to helping employees continue to learn, grow and advance their careers.
- **Division Showcase Series:** Classes are available to all employees and provide information to help them gain a better understanding of the complexities of the mortgage industry and how the different teams across the enterprise work together to deliver for our customers and stakeholders. Participants learn from our best-in-the-industry leaders about various divisions. Each session, facilitated by a senior division leader, provides an overview of their group's role and function, how they serve our customers, and how they connect with, contribute to, and support other areas within our company.
- **Manager Effectiveness Series and Manager Development Program:** Classes in this series cover topics designed for people managers to help them navigate through the responsibilities and expectations of a manager. We offer a four-month Manager Development Program that helps to increase leadership skills of cohorts of first-time managers by focusing on our G.R.E.A.T. leadership standards.

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

Annual Performance Review. 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 distributed from executive leadership to each business unit across the enterprise. Business unit leadership assigns applicable performance goals to employees which 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. Additionally, managers are assessed based on how they embody certain core competencies, including our A.R.E. core values and G.R.E.A.T. leadership standards.

In 2023, at least 90% of our employees received mid-year and annual performance reviews. In 2023, Pennymac also rolled out a voluntary individual development plan process to encourage more formal, documented development plans. Approximately 30% of the target population completed development plans.

New Hires and Employee Turnover. We have an active Talent Acquisition team that partners with external organizations, including college and university campuses, to identify strong new hires and experienced professionals with various backgrounds and perspectives. During 2023, we hired 562 employees (54.1% women, 45.9% men). Notwithstanding the measures we have in place to attract, develop and retain our employees, attrition is a normal part of any workplace. During 2023, our voluntary employee turnover rate was 12.6% (48.1% women, 51.9% men) and our involuntary employee turnover rate was 5.7% (34.7% women, 65.3% men). With limited public disclosure available for comparison, we believe these turnover rates are in line with, or better than, industry norms.

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, 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.

Our Board of Directors oversees management's succession plan for the Chairman and Chief Executive Officer and key positions at the executive officer level. Our Board of Directors annually reviews succession plans for the Chairman and Chief Executive Officer and executive management. In addition, the Chairman and Chief Executive Officer annually provides his assessment to our Board of Directors of executive leaders and their potential to succeed at key executive management positions.

On an annual basis, a succession plan also is developed for certain other roles identified as key positions and is reviewed and approved by the Chief Executive Officer, the Senior Managing Directors and the SMD, Chief Human Resources Officer. The succession plan includes: a list of individuals identified as successor candidates by role, the associated readiness of each successor, and details regarding positions at risk where the successor bench lacks ready successors. 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 Diversity in the Workplace; Fair Lending Compliance Overview; Privacy; Regulatory Compliance for Mortgage Lenders; Avoiding Unfair, Deceptive, or Abusive Acts or Practices Violations; Preventing Discrimination & Harassment; Data Security; Ethical Practices; Mortgage Fraud & Anti-Money Laundering (AML); Safety; Security & Workplace Incident Training; Wage & Hour (Supervisor and above only); Insider Trading & Code of Conduct acknowledgement which equates to 5-10 annual hours of required compliance training.

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.

As of December 2023, the annual completion rate for our compliance courses was 99.8% 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, retain and develop 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 supports our ability to deliver the most innovative solutions for our customers and other stakeholders.

Diversity, Equity, and Inclusion Policy

Our Diversity, Equity, and Inclusion Policy serves as a cornerstone in our commitment to fostering a workplace culture that values and embraces diversity in all forms. 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, retain and develop top talent.

To support our efforts to build a 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, gender (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 across all aspects of the employee lifecycle and experience, whether it is the attraction, recruitment, onboarding, retention, development or separation of employees.

Anti-Discrimination Policy, Investigation and Response

Pennymac maintains an Unlawful Discrimination and Harassment Policy to (i) define and forbid discriminatory and/or harassing conduct, (ii) prohibit the condoning or perpetuating of such conduct; and (iii) provide an efficient means for reporting and resolving complaints of discrimination and/or harassment on the basis of race, religion, creed, color, national origin, ancestry, physical or mental disability, medical condition, pregnancy, veteran status, sexual orientation, marital status, sex, gender identity, gender expression, age or any other category protected by federal, state or local law. If we receive a complaint of a violation of the Unlawful Discrimination and Harassment Policy, we will undertake a fair and impartial investigation and respond to any such complaint in a timely manner. Such an investigation will provide all parties with appropriate due process and reach a reasonable conclusion based on the evidence collected. If the investigation reveals that a policy violation or other inappropriate conduct has occurred, we will take disciplinary and/or other corrective action, up to and including termination of employment, as deemed appropriate under the circumstances.

Diversity, Equity, and Inclusion Council

Our Diversity, Equity, and Inclusion 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 serves as the executive sponsor and is charged with driving accountability, 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 Diversity, Equity, and Inclusion Council expands and elevates the level of direct accountability for diversity initiatives among our executive leaders, allowing us to efficiently connect and embrace our vision, strategies, and priorities across the enterprise.

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 vision, mission, core values, leadership standards, and company culture. Through our BRGs, employees are empowered to build connections, broaden their view on diversity, equity, and inclusion, discuss common topics of interest, and engage in networking, mentorship, and career development opportunities.

The following BRGs are currently maintained:



2023 Workforce Demographics Strategy

During 2023, we actively monitored a leadership key performance indicator (or KPI) to assess our workforce demographics in management roles. This leadership KPI is an integral component of our enterprise and divisional workforce strategies. The following information is as of December 31, 2023:

	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⁾	78.9%	5.3%	5.3%	10.5%	0.0%	0.0%	0.0%	0.0%	21.1%	31.6%
First/Mid-Level Officials and Managers ⁽²⁾	54.5%	8.9%	18.4%	15.3%	0.2%	0.6%	2.0%	0.1%	46.3%	68.4%
Professionals	40.8%	3.9%	11.0%	39.9%	0.0%	0.0%	3.1%	1.3%	28.5%	66.7%
All Other ⁽³⁾	38.7%	17.7%	27.4%	11.3%	0.3%	0.5%	3.5%	0.5%	57.6%	81.3%
Total	44.3%	14.0%	23.4%	14.2%	0.3%	0.5%	3.0%	0.4%	51.8%	75.7%

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

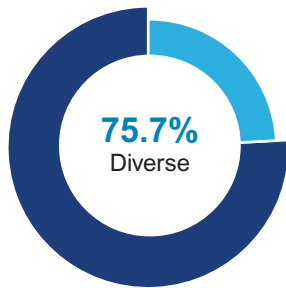
(2) Includes Supervisor through Executive Vice President roles

(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

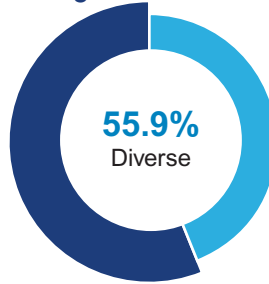
(4) URM includes Black or African American, Hispanic or Latino, Asian, American Indian/Alaskan Native, Native Hawaiian or Other Pacific Islander, and Two or More Races

Race, Ethnicity and Gender Diversity

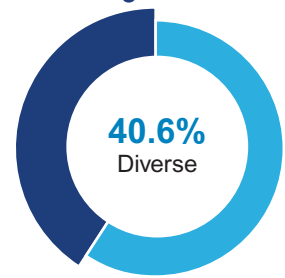
Company Wide



Management Level (1)

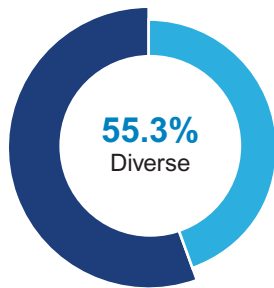


Senior Management Level (2)

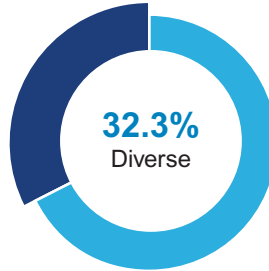


Race and Ethnicity Diversity

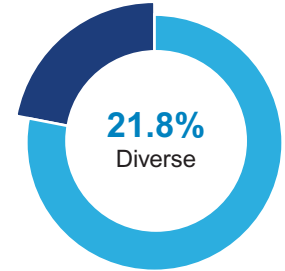
Company Wide



Management Level (1)

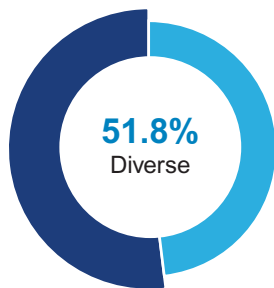


Senior Management Level (2)

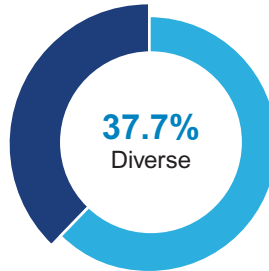


Gender Diversity

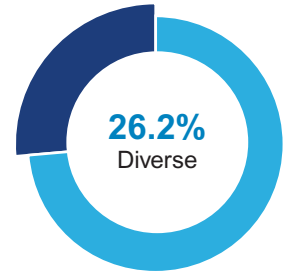
Company Wide



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. During 2023, we conducted two Brave & Inclusive Conversations sessions to cultivate a more inclusive culture and foster allyship in the workplace. These sessions create space to identify and understand the underlying dynamics of difficult discussions and provide tools and guidance on navigating them effectively.

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

2023, Pennymac’s BOLD BRG presented a three-part series on building generational wealth. Members participated in a deep dive into defining generational wealth and the three foundational pillars that support it, and providing relevant data to underscore the significance of generational wealth. All employees were extended an invitation to participate in this session.



During Women’s History Month, we honor the remarkable accomplishments and contributions of women in the United States and around the world. Beyond commemoration, wEMRG takes time to drive discussions around economic inclusion and equity for all women with prioritized efforts around talent acquisition, the gender pay gap, and women in leadership. Our wEMRG BRG partnered a career coach, to host the “Understanding Your Leadership Style”, an interactive discussion with the goal of deepening understanding of the many leadership styles employees will encounter in both their personal and professional life. In celebration of International Women’s Day, we also joined our wEMRG BRG in hosting a Wear Purple Day.



During 2023, we proudly recognized Juneteenth as a company holiday. Our BOLD BRG hosted an event to honor the historical importance of Juneteenth. Our employees observed Juneteenth not only as a day of remembrance, but also as a day of celebration.

We also celebrate Pride Month and, in 2023, hosted a virtual *runPennymac: Pride 5K Challenge*, which enabled employees across our national footprint to show their pride, stay active and support charitable organizations. In addition, our PRIDE BRG hosted a “We Have Always Been Here: Won’t Hide My Pride” workshop event that offered

practical tools for its members and allies to create a more inclusive and gender-affirming work environment. PRIDE also hosted an “Express Your Pride” challenge which drove engagement and connections for Pennymac team members all across the nation.



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 2023, we partnered with our SERVE BRG to sponsor a Virtual Veterans Day Celebration, which included a moment of silence, a virtual color guard, and a special message from Operation Gratitude, one of the local charities that supports our military and first responder communities. We also hosted a *runPennymac: Veterans 5K Challenge*. This year, we announced to our employees that Veterans Day will be honored as an official company holiday, with our offices closed in observance.



In 2023 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, InspirASIAN hosted a special event “Stay Humble, Stay Silent”, that shed light on ways to embrace achievements and navigate challenges on their career journeys. Members heard perspectives on developing interpersonal communication skills to network, build camaraderie, and create a strong community.

Our HOLA BRG also hosted a number of activities in connection with National Hispanic Heritage Month and kicked off Hispanic Heritage Month with a special virtual event, “Empower Your Success: Strategies for Latinx Employees to Thrive Authentically in the Workplace and Beyond.” In this workshop, BRG members explored cultural factors and unique experiences that contribute to personal and professional growth within the Latinx community.



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 assess vendor participation that is reflective of the diverse communities where we live and operate. Our outreach efforts were launched to help us identify current vendors that are at least 51% owned, operated and managed by individuals who are disabled; lesbian, gay, bisexual, transgender or queer; 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

Consistent with our commitment to creating a culture and workplace where our employees thrive, we sponsor a number of initiatives year round to cultivate a community that exemplifies our GREAT leadership standards and our A.R.E. core values.

GREAT Days

During 2023, we launched our GREAT Days initiative where our executive leaders travel to Pennymac sites across the country to celebrate and recognize our employees for their commitments to our Company success. Throughout the day, our leadership teams host meetings where they talk about the state of Pennymac, and share insights into our industry and how well positioned we are for continuing success. At the end of the day, our team members come together for their site's GREAT Day after-hours event, which is a time of connecting while enjoying food, beverages, and entertainment.

In addition to being able to connect with executive and senior leaders on a personal level in a relaxed setting, team members have an opportunity to socialize with people from other departments whom they may otherwise never would have the opportunity to meet. Our GREAT Days initiative will continue during 2024.



Workplace Culture Initiatives

During 2023, 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 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

Additionally, we offer Pennymac Perks, a company-wide, points-based platform designed to facilitate peer-to-peer and manager-to-employee recognition and rewards for full-time and part-time employees only. Selected leaders are allocated a budget to acknowledge 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 Wellness

The health and wellness of our employees has always been a key priority. 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. We are committed to inspiring our employees to make informed decisions about their physical, financial and mental wellness.

Physical Wellness

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, Health Savings Accounts, Flexible Spending Accounts (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.

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 wellness. Our goal is to encourage employees to commit to improving long-term outcomes based on how to eat, work, move and live. Through this wellness initiative, we believe we can create a culture and work environment where everyone enjoys improved health.



Throughout the year, we identify opportunities to raise of the importance of prioritizing health and wellness, for example during American Heart Month. During this time, we raise awareness for heart disease and focus on cardiovascular health and encourage our employees to keep their blood pressure, cholesterol, and blood sugar levels in a normal range to help lower the risk for heart disease and heart attack. Employees wore red to show support and awareness of heart disease.

Financial Wellness

We are committed to the financial wellness 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. 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, Long-Term Disability, Short-Term Disability, vision care, paramedical services, etc.)
- Retirement and savings plans to help employees prepare for their financial future, including our 401(k) plan (full-time and part-time employees only)
- 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

Living Wage. 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.

Pay Equity. Pennymac is focused on providing employees a fair, equitable and market competitive compensation package. Considerations around pay equity are managed throughout an employees' life cycle. Pennymac reviews employee compensation to evaluate any noticeable disparities amongst employees performing the same or substantially similar jobs. Pennymac conducts a compensation evaluation for all new hires, bi-annual compensation cycles and monthly off cycles compensation changes to ensure incumbents are compensated according to the objective, job-related factors.

Mental Wellness

As part of our focus on employee mental wellness, we offer a number of resources designed to support emotional wellbeing, stress management, and mental health education. We offer an Employee Assistance Program 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. In addition to our Employee Assistance Program, we also offer mental fitness tools and resources through our wellness program, telehealth mental health services, a mental health toolkit and other benefits.

Workplace Safety

We are committed to the highest standards of health and safety conditions for our employees, customers, investors, vendors and general public. Within our Injury and Illness Prevention Program Plan and Policy is embedded our commitment to reducing work related injuries and illnesses and ensuring a safe and healthy environment for our employees. Pennymac is dedicated to providing best-in-class service to our customers and minimizing business disruptions including those caused by preventable occupational injuries and illnesses. We believe all work-related injuries and illnesses are preventable, and we recognize health and safety responsibilities as key indicators of operational excellence. Our Safety & Security Team strives to equip our employees with the resources necessary to ensure a safe, healthy, secure and happy working environment. We implement a variety of OSHA (occupational safety and health and administration) policies and procedures to safeguard the wellbeing of our employees and mitigate any significant negative impacts on occupational health and safety associated with our operations. These measures include:

- Emergency Action Plan
- Injury and Illness Prevention Program Plan
- Emergency Maps and Assembly Points
- Physical Access Control Policy and Procedures
- Workplace Violence Prevention and 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 2023, 5 workplace accident cases were reported, 89 employees completed ergonomic training, and 5 employees filed workers compensation claims. There were no reports of work-related fatalities or occupational diseases. Our OSHA total recordable incident rate (TRIR; rate per 200,000 hours worked) was 0.02 for 2023.

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, 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

Community impact is at the core of our sustainability strategy, embodying our commitment to fostering positive social impact and driving meaningful engagement with the communities where we operate. During 2023, we distributed approximately \$1.4 million to local and national charities.



In June 2023, we had the honor of partnering with the Kurland Family Foundation and serving as the Title Sponsor for the 2nd Annual Stanford L. Kurland Memorial Golf Classic. Created in memory of our late founder, mentor and friend, Stan Kurland, this event has raised over \$4.6 million since its inception 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 Kurland. Dr. Timothy Cloughesy, Director of the UCLA Neuro-Oncology Program and Professor of Clinical Neurology, and Co-Director of the UCLA Brain Tumor Center and Dr. David Nathanson, Associate Professor of Molecular and Medical Pharmacology UCLA, also spoke at the event about developing new treatments for brain tumors and making Stan’s goal of finding a cure into a reality.



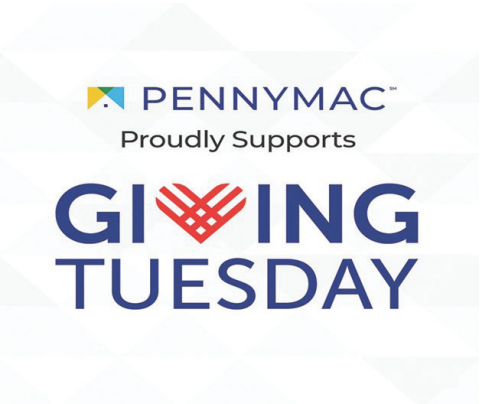
During 2023, we also donated \$100,000 to the MBA Opens Doors Foundation, which was established by the Mortgage Bankers Association to help vulnerable families with critically ill or injured children stay in their homes while in treatment.

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 their homes. We also committed to a

company match of employee of employee donations to the MBA Opens Doors Foundation.

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 \$800,000 in additional funds to approximately 1,100 unique 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 full-time and part-time employees to become personally involved in the wellbeing of the communities where we live and operate. Our Matching Gifts Program offers a company match to eligible charitable organizations that aligned with our A.R.E. core values, vision, mission and/or 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 January 2023, we launched the Pennymac Volunteer Grants Program to cultivate a culture of volunteerism and maximize the impact of our employees' volunteer time. With the Volunteer Grants Program, every 10 hours of volunteer service that an employee completes for an eligible charity can be logged in order to earn a volunteer grant to that organization in the amount of \$100. Pennymac will contribute up to \$2,000 per employee per year as between the Matching Gifts and Volunteer Grants Programs.

Throughout the month of April, we hosted an enterprise-wide volunteer challenge as part of Global Volunteer Month to help make a difference in our communities. We asked team members to volunteer for their favorite charities and log their hours. Employees across 10 different office sites participated in the volunteer challenge and supported over 30 charitable organizations. A few of those charities that were supported are listed below:



During 2023, team members in our Tampa office site spent their Saturdays hard at work volunteering with Habitat for Humanity. They prepared flooring, cleaned up around the neighborhood, and completed several other tasks at surrounding homes all in support of Habitat for Humanity's mission of bringing people together to build homes, communities and hope.



Team members across our Agoura, Moorpark, Pasadena and Westlake Village office sites participated in the 2023 Heart and Stroke Walk, raising over \$11,000 to raise awareness, promote cardiovascular health, and support the mission of the American Heart Association. We had four incredible Heart to Home Teams and over 60 registered walkers.



In December 2023, Pennymac volunteers supported the BumbleBee Foundation and its Holiday BEE Program where volunteers brought joy to local pediatric cancer families by shopping, wrapping and delivering personalized wish-list gifts to kids with cancer and their siblings.



During 2023, Pennymac team members from our Westlake Village, Moorpark, and Pasadena sites came together to serve as volunteers for the Junior Achievement JA Finance Park where they helped students create personal financial plans. From goal-setting to saving, budgeting, shopping and bill paying, students were able to experience what it really takes to successfully navigate today's complex economy.



Junior Achievement
of Southern California

INSPIRING THE NEXT GENERATION

WHAT WE DO
We use the world of business and personal finance to teach young people how to make smart financial decisions, plan for the future, and inspire them to believe in themselves.

AVERAGE ANNUAL REACH:
58,000 K-12 STUDENTS | 350 SCHOOLS | 4,000 VOLUNTEERS

JAS BIG IMPACT
REDUCE POVERTY
CREATE ENTREPRENEURS
DEVELOP THE WORKFORCE
DECREASE INEQUITY

HOW YOU CAN HELP
When you invest in Junior Achievement, you are investing in the future of children. Your gift will provide programs that inspire hope, encourage success, and make a lasting difference in the future of your community.

90% of the students in our community don't learn about personal finance

40% of Americans can't cover a \$400 expense

78% of Americans are living paycheck-to-paycheck.

WHY JAS IS IMPORTANT
FINANCIAL LITERACY | ENTREPRENEURSHIP | WORK READINESS

JUNIOR ACHIEVEMENT WORKS
JA programs work because students are engaged, hands-on experiences and software tools build strong standards-based expertise to life. JA programs bridge academic content with real-world experiences, building a core foundation of skills while inspiring students to dream about their futures.

ENRICH OUR COMMUNITY
JA plays an important role in local economic development and changes start at its surrounding high school completion, changes in program completion, personal risk, career, money and cultural poverty.

75% More than 75% of the students we reach in LA County are classified as low-to-moderate income, and more than 90% are from ethnically diverse backgrounds.

jasocal.org
@ja_socal @JASoCalLA @JASoCal

During April, our Servicing Division kicked off a volunteer challenge to inspire team members to engage in driving positive impact in the community. Over 15 volunteers contributed nearly 200 hours, serving 15 local charities. Benefitting organizations included Austin Street Center, Arlington Life Shelter, Junior Achievement of Southern California, and Operation Gratitude, among others.



Sponsorships and Affiliations

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



The National Association of Minority Mortgage Bankers of America

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.



CATALYST
WORKPLACES THAT WORK FOR WOMEN
Catalyst

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.



Chief Executives for Corporate Purpose

CECP is a CEO-led coalition, which believes that a company's social strategy (i.e., how it engages with key stakeholders including employees, communities, investors, and customers) empowers it to drive long-term business success through positive social impact.



Structured Finance Foundation

The Structured Finance Foundation is an affiliate of the Structured Finance Association, Inc. (SFA), which focuses on improving and strengthening the broader structured finance and securitization market. The Structured Finance Foundation works to ensure that students are afforded the opportunity to seek higher education and partners with Mentor Foundation USA and Scholarship America to develop and award scholarships to students attending the University of the District of Columbia, a historically black college and university (HBCU).

Company Recognition

Pennymac was recognized in Newsweek’s annual Top 100 Most Loved Workplaces® list, a result of a collaboration with the Best Practice Institute (BPI), a leadership development and benchmark research company. Pennymac was ranked #38 out of the 100 companies that received this award. The rankings were established after surveying more than 2 million employees from businesses with workforces varying in size from 50 to more than 100,000 employees. The honored organizations, including Pennymac, were recognized for creating a workplace where employees feel respected and inspired. We believe that this award demonstrates our team’s dedication to building an inclusive culture where everyone can thrive. This recognition is especially meaningful because it was based on the direct feedback from our team members, who highlighted a commitment to our core values, a strong track record of supporting career growth and providing internal advancement opportunities.



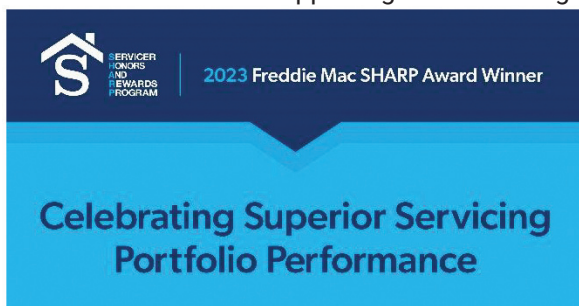
We recognize the importance of acting with honesty, integrity and the highest ethical standards of business conduct. We value the external recognition received, as it further demonstrates that our employees are critical to our company’s growth and success.

Mortgage Women Magazine recently named our Company as a 2023 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 championing every woman’s success at Pennymac. 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 2023 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 32 nationwide mortgage servicers named as a recipient of the 2023 Servicer Total Achievement and Rewards™ (STAR™) Program, which annually recognizes mortgage servicers for competency, capacity, and overall performance. As a 2023 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 2023 STAR Program servicers all serve as essential partners in Fannie Mae’s journey to knock down housing barriers for people across the country.





We were recognized by HousingWire as one of the top 100 most innovative and impactful technology companies serving the mortgage and real estate industries. More than just an acknowledgement, this Tech100 award highlights the transformative impact that companies like Pennymac continue to make in propelling the real estate and housing sectors into new realms by increasing efficiency, improving the borrower experience, and providing accessibility. The coveted Tech100 Real Estate program provides housing professionals with a comprehensive list of the most innovative and impactful organizations in the industry. The list is often leveraged to identify partners and solutions to the challenges that real estate professionals face every day.

Pennymac was also named the #1 on the Top VA Lenders and Top FHA Lenders lists published by Scotsman Guide. Pennymac swept these government lending categories, closing at least 83,000 loans with aggregate volumes exceeding \$23 billion. These achievements are a testament to our team's hard work in providing the best service and products to our homeowners. Since 2013, Scotsman Guide has ranked the nation's top-producing residential mortgage companies. The longevity, verification process and comprehensive scope of this list have positioned it as a benchmark for the mortgage industry. Scotsman Guide's Top Mortgage Lenders is the industry's most-comprehensive, verified rankings of the nation's top-producing mortgage companies. All submitted data undergoes an extensive verification process prior to being published in Scotsman Guide magazines and online.



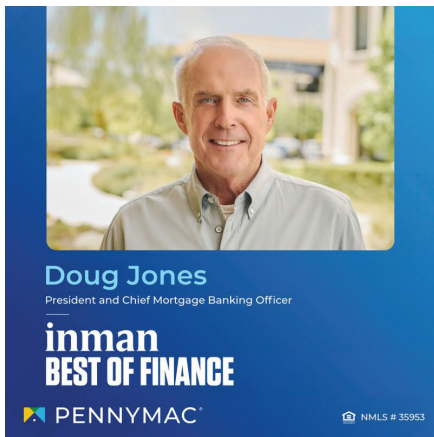
During 2023, Pennymac was also selected by National Mortgage Professional Magazine as a 2023 Best Military Lender, in recognition of our efforts to go above and beyond to serve military members and veterans. Pennymac is honored to extend our support beyond our VA loan program by promoting the recruitment of active, reserve, veteran and retired military employees and driving impact in our community through volunteerism initiatives that support the veteran and military family communities.



For the second year in a row, Pennymac was selected as NerdWallet's 2023 winner for Best Mortgage Lender for FHA Loans. As a top mortgage lender, we understand the importance in building a foundation for home with our customers and finding a loan that fits their needs. NerdWallet recognized Pennymac for excelling in government-backed mortgages, including FHA loans, and making it easier for borrowers to shop for customized mortgage rates online. We are grateful to our team members for their dedication and hopeful that our borrowers continue to trust us to meet their aspirations of homeownership and wealth building. The NerdWallet Best-Of Awards winners are chosen through a rigorous evaluation process involving NerdWallet writers and editors, using comprehensive scoring methodologies that assess each financial product's key features, while weighting them according to their importance to 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:



Doug Jones
President and Chief Mortgage Banking Officer

inman
BEST OF FINANCE

PENNYMAC® NMLS # 35953



HW VANGUARDS 2023

Abbie Tidmore
Senior Managing Director and Chief Revenue Officer

PENNYMAC® NMLS # 35953



Mortgage Women Magazine Honors
Tracie Hunter
▶ **2023 Women of Tech**

"The best innovations and solutions are created by diverse ideas that come together, sometimes in surprising ways and from unexpected sources."

Tracie Hunter
Senior Managing Director of Production Business Technology

PENNYMAC® NMLS # 35953



HW 2023 RISING STARS

Alex Board
Managing Director of Correspondent Sales

PENNYMAC® NMLS # 35953



▶ **AS FEATURED IN AUTHORITY MAGAZINE —**

"At Pennymac, we specialize in nurturing talents and shaping careers, all while empowering individuals to continuously thrive, and derive enjoyment from their journey. What truly defines us is our strong and inclusive culture that embraces diverse backgrounds, perspectives, and ideas."

Jenny Rhodes
Senior Managing Director, Chief Human Resources Officer

PENNYMAC® NMLS # 35953



NMP Magazine Honors
Pam Marsh
▶ **2023 Women of Inspiration**

"Being transparent and setting expectations on an individual basis with the people you work with extracts the best performance out of others and earns their confidence."

Pam Marsh
Senior Managing Director and Treasurer

PENNYMAC® NMLS # 35953



NMP MAGAZINE
DIVERSITY LEADERS
2023

Kisha Parker Croom
MD, Corporate Sustainability

Lillian Tang
VP, Diversity, Equity and Inclusion

PENNYMAC® NMLS # 35953



▶ Values rise and fall over time, so while your home may not be worth what you initially paid at this specific moment, it could be worth twice as much ten years down the road."

Scott Bridges
Senior Managing Director, Consumer Direct Lending

PENNYMAC® NMLS # 35953



HousingWire Recognition
▶ **2023 Finance Leader**

Tom Rettinger
Senior Managing Director and Head of Secondary Marketing

PENNYMAC® NMLS # 35953

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 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

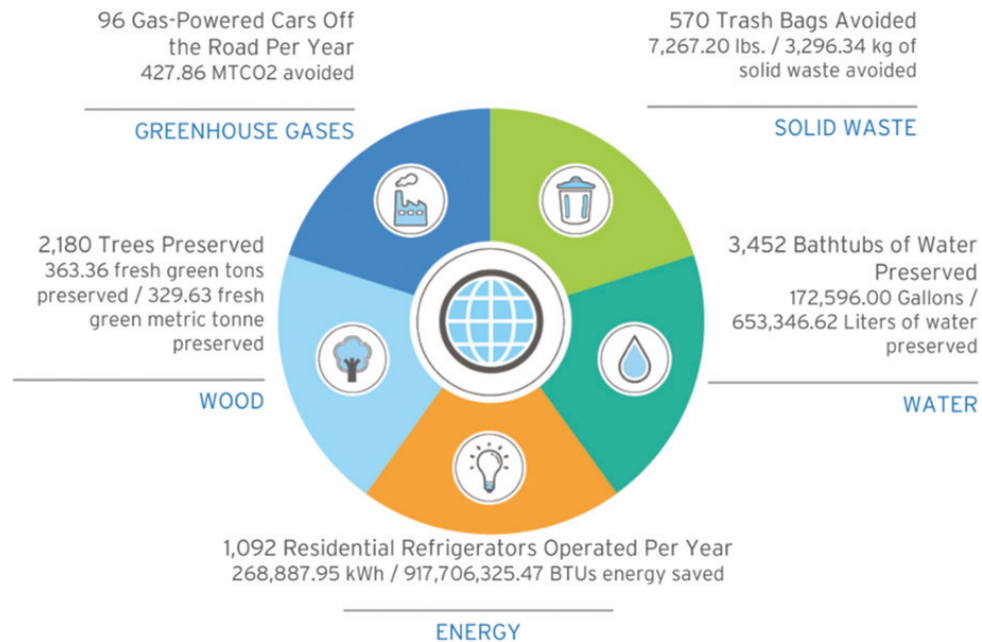
Minimizing our environmental impact while growing profitably is important as we strive to build a strong, sustainable business for our stakeholders. As a leader in the mortgage industry, business optimization is a priority in our efforts to be as efficient and cost-effective as possible. As a mortgage lender, our operations are not energy-intensive relative to many other industries and, as a result, our carbon footprint is relatively limited. We work with our facilities teams to improve performance by promoting awareness of sustainability issues and environmental management best practices. As part of our environmental management system, our core practices for our office sites is to reduce our environmental footprint. Accordingly, we focus on a number of initiatives around waste reduction and management, energy efficiency improvement in 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 encourage printing from centralized locations in office buildings and reduce waste, we do not provide personal printers in workstations and in most individual offices. We have also focused on transitioning customers to online platforms to support the digital delivery of documents and statements. During 2023, approximately 55% of our customers used electronic statements, and approximately 87% elected to receive other communications electronically, which resulted in a reduction in the use of approximately 51 million sheets of paper and 37 million envelopes. For our consumer direct lending channel, approximately 74% 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. Approximately 54% of the disclosure packages were electronically executed.

USPS BlueEarth™  During 2023, we also participated in the USPS BlueEarth Secure Destruction program, a service offered to reduce 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.

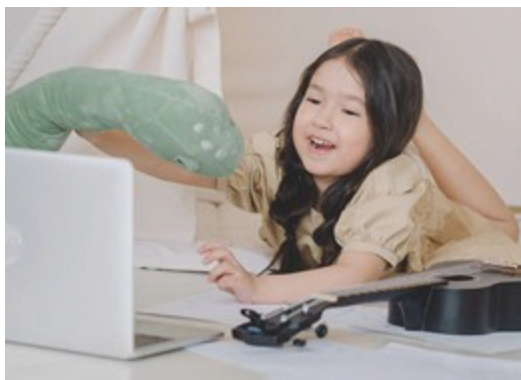
When elimination of our paper use is not an option, we strive to divert waste from landfills through recycling. Our secure shredding program is our most widespread recycling program, resulting in approximately 82.41 metric tonnes of paper being shredded and recycled in 2023. A summary of our recycling and landfill diversion statistics is provided below to provide a comparative representation of the positive environmental impacts 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 is 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 2023, we recycled just under 16,100 pounds of e-waste across the enterprise. 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. Through the Mini-Pennymac'er Computer Program, we recycled approximately 2,200 pounds of electronic equipment during 2023, which prevented approximately 7,200 pounds of carbon emissions from entering into the atmosphere (Source: Carbon Footprint Calculator provided by ERI, the largest fully integrated electronics and information technology asset disposition provider and cybersecurity-focused hardware destruction company in the United States).

During 2023, 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. 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. Through our partnership with One Tree Planted, we recognize the reduction of carbon dioxide (CO₂) emissions achieved by planting trees. To support planting of trees in areas across the nation affected by fires, droughts and similar events, our Corporate Sustainability and Talent Acquisition teams partnered with OneTree Planted, as part of a special career fair initiative, which resulted in the planting of 1,050 trees. This initiative will have the impact of removing approximately 525 metric tons of carbon dioxide equivalent and 4,515 pounds of pollution from the atmosphere.



ONETREEPLANTED

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 our Phoenix and Summerlin office sites. In 2023, we continued to upgrade some of our existing energy management systems to benefit from the latest technologies, which allows us to more effectively manage energy consumption and realize annual savings.

We have prioritized the use of energy-efficient LED lighting inside office buildings, with continued LED lighting retrofitting for existing office buildings in our Westlake Village, CA, Moorpark, CA, and Phoenix, AZ office sites. We 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, Moorpark, CA, Pasadena, CA, Roseville, CA, Cary, NC, and Summerlin, NV locations.

The table below details our aggregated energy usage and consumption for select sites for the 2023 fiscal year.*

Energy Usage (in kWh)	Moorpark, CA	Fort Worth, TX	Summerlin, NV
Electricity	2,051,916	2,459,500	926,041
Natural Gas	618,146	2,985	279,355
Total Energy Consumption	2,670,062	2,462,485	1,205,396

* 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 may encounter water risks in the areas where we operate and recognize the environmental benefits of proactively managing our water consumption. In order to realize sustainable water management within our operations, 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 2.4 million gallons in 2023, a 1.2 million gallon reduction from 3.5 million gallons of water usage in 2022.

During 2023, we did not experience any major environmental controversies and there were no incidents of non-compliance with water quality, permits, standards or regulations.

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.

We have 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. The engagement assists 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 second phase of this engagement focused 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 more precisely 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. 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 that could impact our overarching risk management approach:

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
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.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

The Global Reporting Initiative (GRI) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. PFSI supports GRI because it provides guidance frameworks for how businesses can collect, analyze, and report information related to various sustainability topics. Accordingly, our Corporate Sustainability Report this year includes a GRI Content Index that has been developed to align with the GRI standards.

The index below includes GRI standards that are relevant for our business activities. Unless otherwise noted, all data and descriptions are as of or for the fiscal year ended December 31, 2023. 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) could cause a competitive disadvantage to our business if publicly disseminated; or (ii) is not currently collected in a manner wholly correlative with the related GRI metric.

GRI Content Index	
Statement of use	PennyMac Financial Services, Inc. has reported the information cited in this GRI content index for the period ended December 31, 2023 with reference to the GRI Standards.
DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	
2-1 Organizational details	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K (Cover, Business, and Exhibit 21.1)
2-2 Entities included in the organization's sustainability reporting	<p>We do not disclose the full list of legal entities. Consistent with financial reporting, all of our consolidated entities are covered in this report.</p> <ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K (Exhibit 21.1)
2-3 Reporting period, frequency and contact point	<p>We publish our Corporate Sustainability Report annually.</p> <ul style="list-style-type: none"> • About This Report
2-4 Restatements of information	There have been no restatements of information from prior periods.
2-5 External assurance	Our sustainability reporting has not been externally assured.
2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> • Diversity, Equity, and Inclusion • Economic Inclusion with Vendors • Vendor Management and Statement of Vendor Ethics • 2023 Annual Report on Form 10-K
2-7 Employees	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K
2-8 Workers who are not employees	<p>We may engage external service providers who may be responsible for performing noncore business activities or engage nonemployee resources who are employed by an external third party but support Company processes. These nonemployee resources work under the supervision of an external third party in the third party's facility. We may engage external service providers or nonemployees for a variety of different business purposes, including project-based work for a defined period of time, specialized/ niche skill sets that are not readily available or professional and outsourced services.</p>
2-9 Governance structure and composition	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Corporate Governance • Our Board's Role in Risk Oversight • 2024 Proxy Statement – Corporate Governance
2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> • Nominating and Corporate Governance Committee Charter • 2024 Proxy Statement – Corporate Governance

2-11 Chair of the highest governance body	<p>The Chair of the Board of Directors is our Chief Executive Officer; there is also a non-executive Independent Lead Director of the Board</p> <ul style="list-style-type: none"> • 2024 Proxy Statement – Corporate Governance
2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Our Board’s Role in Risk Oversight • Our Code of Business Conduct and Ethics and Human Rights • Whistleblower and Ethics Hotline Reporting • Audit Committee Charter • Nominating and Corporate Governance Committee Charter • Risk Committee Charter • Compensation Committee Charter • 2023 Annual Report on Form 10-K • 2024 Proxy Statement – Corporate Governance
2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Our Board’s Role in Risk Oversight • Corporate Governance Guidelines • Board of Director’s Committee Charters • 2023 Annual Report on Form 10-K • 2024 Proxy Statement – Corporate Governance
2-14 Role of the highest governance body in sustainability reporting	<p>Our Board-level Audit Committee and Executive-level Disclosure Committee have oversight of controls and procedures related to our sustainability reporting, including both voluntary disclosures and regulatory filings. Our Senior Managing Director, Chief Human Resources Officer, and Managing Director, Corporate Sustainability provides senior management oversight and report directly to the Executive Committee and the Nominating and Corporate Governance Committee.</p> <ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics
2-15 Conflicts of interest	<ul style="list-style-type: none"> • Related Party Matters Committee
2-16 Communication of critical concerns	<ul style="list-style-type: none"> • Our Code of Business Conduct and Ethics and Human Rights • Whistleblower and Ethics Hotline Reporting • 2024 Proxy Statement – Code of Business Conduct and Ethics
2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Our Board’s Role in Risk Oversight • 2024 Proxy Statement – Director Skills and Qualifications
2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> • 2024 Proxy Statement – Board Evaluations
2-19 Remuneration policies	<ul style="list-style-type: none"> • 2024 Proxy Statement – Compensation Discussion and Analysis
2-20 Process to determine remuneration	<ul style="list-style-type: none"> • 2024 Proxy Statement – Compensation Discussion and Analysis
2-21 Annual total compensation ratio	<ul style="list-style-type: none"> • 2024 Proxy Statement – CEO Pay Ratio
2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> • Letter from our CEO – Annual Report • Letter from our CEO – Corporate Sustainability Report
2-23 Policy commitments	<ul style="list-style-type: none"> • Our Code of Business Conduct and Ethics and Human Rights • Pennymac Statement on Human Rights • Pennymac Statement of Vendor Ethics • Code of Business Conduct and Ethics • Code of Ethics for CEO and Senior Financial Officers • Related Party Transactions Policy • Corporate Governance Guidelines • Corporate Sustainability Framework Policy

2-24 Embedding policy commitments	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board’s Role in Risk Oversight • Our Code of Business Conduct and Ethics and Human Rights • Whistleblower and Ethics Hotline Reporting • Enterprise Risk Management • Business Continuity • Cybersecurity and Data Privacy
2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> • Stakeholder Engagement • Governance Best Practices • Whistleblower and Ethics Reporting Hotline • Enterprise Risk Management • Advancing Environmental Sustainability in Our Operations
2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> • Our Code of Business Conduct and Ethics and Human Rights • Whistleblower and Ethics Hotline Reporting
2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K – Legal and Regulatory Compliance
2-28 Membership associations	<ul style="list-style-type: none"> • Political Contributions and Advocacy • Sponsorships and Affiliations
2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> • Stakeholder Engagement • 2024 Proxy Statement – Stakeholder Engagement
2-30 Collective bargaining agreements	<ul style="list-style-type: none"> • Our Code of Business Conduct and Ethics and Human Rights
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	<ul style="list-style-type: none"> • Key Sustainability Topics
3-2 List of material topics	<ul style="list-style-type: none"> • Key Sustainability Topics
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K – Management’s Discussion and Analysis of Financial Condition and Results of Operation
201-2 Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K – Risk Factors
201-3 Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> • Financial Wellness • 2024 Proxy Statement
201-4 Financial assistance received from government	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K – Risk Factors – Dependence on GSEs and Government Agencies
GRI 202: Market Presence 2016	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<p>We are committed to the financial wellness 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. We seek to provide compensation programs that are market competitive and meet the needs of our workforce.</p> <ul style="list-style-type: none"> • Financial Wellness – Pay Equity, Living Wages
202-2 Proportion of senior management hired from the local community	During 2023, all of our employees were hired locally within the United States.
GRI 203: Indirect Economic Impacts 2016	
203-1 Infrastructure investments and services supported	<ul style="list-style-type: none"> • Philanthropy and Community Engagement

GRI 205: Anti-corruption 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
205-1 Operations assessed for risks related to corruption	None of our operations have been assessed for risks related to corruption
205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> • Our Code of Ethics and Business Conduct and Human Rights • Enterprise Risk Management • Anti-Money Laundering, Anti-Corruption and Fraud Prevention • Code of Business Conduct and Ethics • Code of Ethics for CEO and Senior Financial Officers
205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> • Anti-Money Laundering, Anti-Corruption and Fraud Prevention
GRI 206: Anti-competitive Behavior 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> • 2023 Annual Report on Form 10-K – Legal Proceedings – Commitments and Contingencies
GRI 207: Tax 2019	
207-1 Approach to tax	<ul style="list-style-type: none"> • Tax Strategy
207-2 Tax governance, control, and risk management	<ul style="list-style-type: none"> • Tax Strategy
207-4 Country-by-country reporting	We do not file taxes outside of the United States.
GRI 302: Energy 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
302-1 Energy consumption within the organization	<ul style="list-style-type: none"> • Energy Efficiency
302-4 Reduction of energy consumption	<ul style="list-style-type: none"> • Energy Efficiency
GRI 303: Water and Effluents 2018	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
303-1 Interactions with water as a shared resource	<ul style="list-style-type: none"> • Water Recycling and Conservation
303-2 Management of water discharge-related impacts	<ul style="list-style-type: none"> • Water Recycling and Conservation
303-3 Water withdrawal	<ul style="list-style-type: none"> • Water Recycling and Conservation
303-4 Water discharge	<ul style="list-style-type: none"> • Water Recycling and Conservation
303-5 Water consumption	<ul style="list-style-type: none"> • Water Recycling and Conservation

GRI 306: Waste 2020	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> • Waste Reduction and Management
306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> • Waste Reduction and Management
306-3 Waste generated	<ul style="list-style-type: none"> • Waste Reduction and Management
306-4 Waste diverted from disposal	<ul style="list-style-type: none"> • Waste Reduction and Management
306-5 Waste directed to disposal	<ul style="list-style-type: none"> • Waste Reduction and Management
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover	<ul style="list-style-type: none"> • New Hires and Employee Turnover
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> • Peer-to-Peer Recognition • Financial Wellness • Philanthropy and Community Engagement
401-3 Parental leave	<ul style="list-style-type: none"> • Financial Wellness
GRI 402: Labor/Management Relations 2016	
402-1 Minimum notice periods regarding operational changes	<p>Pennymac is headquartered in the State of California. Worker Adjustment and Retraining Notification (WARN) protects employees, their families, and communities by requiring employers to give a 60-day notice to the affected employees and both state and local representatives before a plant closing or mass layoff. Advance notice provides employees and their families time to transition and adjust to the potential loss of employment, time to seek alternative jobs and, if necessary, time to obtain skills training or retraining to successfully compete in the job market.</p>
GRI 403: Occupational Health and Safety 2018	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
403-1 Occupational health and safety management system	<ul style="list-style-type: none"> • Workplace Safety
403-2 Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"> • Workplace Safety
403-3 Occupational health services	<ul style="list-style-type: none"> • Workplace Safety
403-4 Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> • Workplace Safety
403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"> • Workplace Safety
403-6 Promotion of worker health	<ul style="list-style-type: none"> • Workplace Safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> • Workplace Safety
403-8 Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> • Workplace Safety

403-9 Work-related injuries	<ul style="list-style-type: none"> • Workplace Safety
403-10 Work-related ill health	<ul style="list-style-type: none"> • Workplace Safety
GRI 404: Training and Education 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
404-1 Average hours of training per year per employee	<ul style="list-style-type: none"> • Mandatory Training
404-2 Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> • Talent Development
404-3 Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> • Talent Development
GRI 405: Diversity and Equal Opportunity 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
405-1 Diversity of governance bodies and employees	<ul style="list-style-type: none"> • 2023 Workforce Demographics Strategy
GRI 406: Non-discrimination 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
406-1 Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> • Anti-Discrimination Policy, Investigation and Response
GRI 407: Freedom of Association and Collective Bargaining 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> • Our Code of Ethics and Business Conduct and Human Rights
GRI 2: General Disclosures 2021	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
408-1 Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> • Our Code of Ethics and Business Conduct and Human Rights
GRI 409: Forced or Compulsory Labor 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> • Our Code of Ethics and Business Conduct and Human Rights
GRI 410: Security Practices 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
410-1 Security personnel trained in human rights policies or procedures	<ul style="list-style-type: none"> • Our Code of Ethics and Business Conduct and Human Rights
GRI 411: Rights of Indigenous Peoples 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
411-1 Incidents of violations involving rights of indigenous peoples	<ul style="list-style-type: none"> • Our Code of Ethics and Business Conduct and Human Rights
GRI 413: Local Communities 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
413-1 Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> • Philanthropy and Community Engagement
413-2 Operations with significant actual and potential negative impacts on local communities	We have not been informed that any of our operations have significant actual and potential negative impacts on local communities.
GRI 415: Public Policy 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
415-1 Political contributions	<ul style="list-style-type: none"> • Political Contributions and Advocacy
GRI 417: Marketing and Labeling 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
417-1 Requirements for product and service information and labeling	<ul style="list-style-type: none"> • Responsible Lending
GRI 418: Customer Privacy 2016	
3-3 Management of material topics	<ul style="list-style-type: none"> • Our Corporate Sustainability Approach • Key Sustainability Topics • Operating Ethically, Responsibly and Sustainably • Our Board's Role in Risk Oversight
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> • Cybersecurity and Data Privacy

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 governance, social and environmental 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, 2023. 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 ORIGINATED MORTGAGES (Dollars in thousands)	FN-MF-000.A	
	December 31, 2023	
	Number	Value (\$)
Residential	358,774	94,178,946
Commercial	-	-
Total	358,774	94,178,946

(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial PURCHASED MORTGAGES (Dollars in thousands)	FN-MF-000.B	
	December 31, 2023	
	Number	Value (\$)
Residential	1,045,344	258,162,768
Commercial	-	-
Total	1,045,344	258,162,768

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, 2023			
	FICO ≤ 660		FICO > 660	
	Number ⁽¹⁾	Value (\$)	Number ⁽¹⁾	Value (\$)
Hybrid or option ARM	9	3,881	-	-
Higher rate	195	33,047	2,959	203,481
Prepayment penalty	-	-	-	-
Other residential mortgages	2,078	500,074	11,980	3,782,211
Total	2,282	537,001	15,054	4,034,350

(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

FN-MF-270a.2

RESIDENTIAL MORTGAGE MODIFICATIONS

December 31, 2023

(Dollars in thousands)	FICO ≤ 660		FICO > 660	
	Number ⁽¹⁾	Value (\$)	Number ⁽¹⁾	Value (\$)
	Modifications ⁽¹⁾	30,969	6,461,298	17,634
Foreclosures	1,670	243,160	1,528	237,517
Short sales or deeds in lieu	77	158,867	89	24,705

(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 18 – Commitments and Contingencies (pgs. F-57 to F-58) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 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, 2023		
	Number ⁽¹⁾	Value (\$)	LTV
Minority			
Credit score ≤ 660	2,777	\$840,265	82.61%
Credit score > 660	12,889	\$3,892,660	79.09%
Non-Minority			
Credit score ≤ 660	3,632	\$912,597	78.77%
Credit score > 660	21,878	\$5,849,483	75.83%
Not Provided			
Credit score ≤ 660	651	\$190,081	81.61%
Credit score > 660	5,054	\$1,696,113	78.59%

(1) Represents residential mortgage loans originated through our consumer direct lending and third-party originations 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 18 – Commitments and Contingencies (pgs. F-57 to F-58) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 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 Fair Lending and Servicing Policy, 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. Our Fair Lending and Servicing Policy is approved by our Mortgage Regulatory Compliance Committee. To support our commitment to fair lending and servicing, we have a number of corporate policies that identify specific requirements drawn from applicable fair lending laws and regulations, including our Equal Credit Opportunity Act (ECOA) Policy, Fair Housing Act (FHA) Policy, Home Mortgage Disclosure Act (HMDA) Policy, Americans with Disabilities Act (ADA) Policy, and Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) Policy.

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 (Dollars in thousands)	FN-MF-450a.1 December 31, 2023	
	Number	Value (\$)
Residential	46,082	11,224,017
Commercial	–	–
Total	46,082	11,224,017

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 only able to tie the effects of specific weather-related natural catastrophes to specific impacts on earnings as calculated in accordance with generally accepted accounting principles earnings or asset valuations, as most of our exposure to these events are held in mortgage servicing rights which are valued in aggregate and not allocated at the loan level. No specific weather-related event has significantly impacted our business during the most recent fiscal year.

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 regular 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 damaged by a covered peril. 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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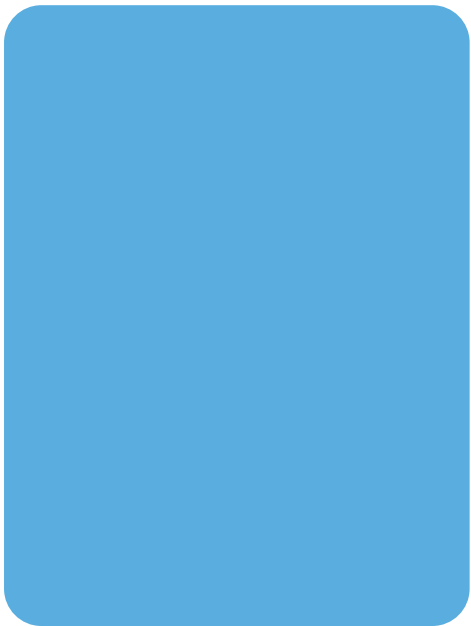
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In addition, the information in this Report is summarized and is not a complete description of all of our activities; therefore, we have made qualitative judgments as to certain information to include that could be determined to be inaccurate or incomplete. 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" generally 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.



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