

▼ **2022 Corporate  
Sustainability Report**



# ABOUT THIS REPORT

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

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

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# MESSAGE FROM OUR CHAIRMAN AND CEO



As Chairman and CEO of PennyMac Mortgage Investment Trust (NYSE: PMT), it gives me great pride to share with our stakeholders this 2022 Corporate Sustainability Report (referred to herein as the Report). Since the beginning, our vision has been to create a mortgage real estate investment trust that would become one of the most respected and trusted in the industry. In support of that vision, we are guided by an unwavering commitment to advancing our core values of being Accountable, Reliable and Ethical (or A.R.E.) and conducting our business operations responsibly to create positive environmental, social and governance (or ESG) impacts and long-term, sustainable growth.

This Report is intended to be a companion to the PennyMac Mortgage Investment Trust 2022 Annual Report to Shareholders and 2023 Notice of Annual Meeting and Proxy Statement. This Report evidences our commitment to voluntarily reporting on our ESG investments and impacts, taking into account the information needs of our stakeholders, and approaching sustainability with the goal of minimizing our risk profile and maximizing our operational and financial performance. 2022 was a year of transition for the mortgage industry with the tightening of monetary policy to address inflationary concerns, which drove a rapid and significant increase in mortgage rates. Nonetheless, the fundamentals underlying PMT's diversified investment portfolio remain strong and we are confident in the earnings potential of the platform over the longer term. The challenges of 2022 serve as a critical reminder of why it is important to meaningfully integrate our corporate sustainability practices into every aspect of our business in order to support business resiliency and long-term value creation. Corporate sustainability informs our governance practices, drives our business and

operational decisions, and influences our human capital strategy. Quite frankly, corporate sustainability is shaping our corporate resiliency and will continue to play a pivotal role in driving our performance and sustainability as a leader in the mortgage industry.

At PMT, we are committed to maintaining the highest ethical standards of conduct and integrating effective governance practices into every aspect of our business. Our Board's oversight of our corporate sustainability practices, our enterprise risk management framework, and the establishment of robust policies and procedures to drive business conduct that aligns with our A.R.E. core values are all key components of our efforts to ensure our long-term success as an organization.

We are also deliberate about creating and sustaining positive social impact in our business practices, in our workplace, and in the communities where we serve. To further those actions, we continue to implement a number of enterprise-wide strategies that support our ability to cultivate a diverse, equitable and inclusive workplace and foster meaningful engagement with local and national community organizations.

We have a deep understanding of our shared responsibility in advancing environmental sustainability and we recognize the importance of managing the environmental impact of our operations while minimizing our exposure to weather and climate-related events. Our commitment is evidenced in numerous aspects of our business, including efforts around waste reduction and management, energy efficiency improvements, water conservation priorities, and climate-related risk analysis.

Notwithstanding the unprecedented challenges that PMT faced in 2022, we remain committed to executing on our strategic priorities and creating long-term, sustainable value for all of our stakeholders. Our deep and highly-experienced management team remains committed to thoughtfully and deliberately ensuring that we do the right thing every day for our stakeholders. Thank you for taking the time to learn more about how we do that in this Report.

Sincerely,

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

David A. Spector  
Chairman and Chief Executive Officer

# ABOUT THE COMPANY



PennyMac Mortgage Investment Trust (or PMT) is a specialty finance company and mortgage real estate investment trust (REIT) that invests primarily in mortgage-related assets. We were organized in Maryland and began operations in 2009. We conduct substantially all of our operations, and make substantially all of our investments, through PennyMac Operating Partnership, L.P. (Operating Partnership) and its subsidiaries. A wholly-owned subsidiary of ours is the sole general partner, and we are the sole limited partner, of our Operating Partnership. Certain of the activities conducted or investments made by us that are described below are conducted or made through a wholly-owned subsidiary that is a taxable REIT subsidiary of our Operating Partnership.

The management of our business and execution of our operations is performed on our behalf by subsidiaries of PennyMac Financial Services, Inc. (NYSE: PFSI, and collectively with PMT and their affiliates, Pennymac), which is a specialty financial services firm focused on the production and servicing of loans and the management of investments related to the U.S. mortgage market. Specifically:

- We are managed by PNMAC Capital Management, LLC (PCM or our Manager), a wholly-owned subsidiary of PFSI and an investment adviser registered with the United States Securities and Exchange Commission that specializes in, and focuses on, U.S. mortgage assets.
- Our loan production and servicing activities are performed on our behalf by another wholly-owned PFSI subsidiary, PennyMac Loan Services, LLC (PLS or our Servicer).

Our business includes four segments: credit sensitive strategies, interest rate sensitive strategies, correspondent production, and corporate.

- The credit sensitive strategies segment represents our investments in CRT arrangements, non-Agency subordinated bonds, distressed loans and real estate.
- The interest rate sensitive strategies segment represents our investments in MSRs, Agency and senior non-Agency MBS and related interest rate hedging activities.

- The correspondent production segment represents our operations aimed at serving as an intermediary between lenders and the capital markets by purchasing, pooling and reselling newly originated prime credit quality loans either directly or in the form of MBS, using the services of PCM and PLS.

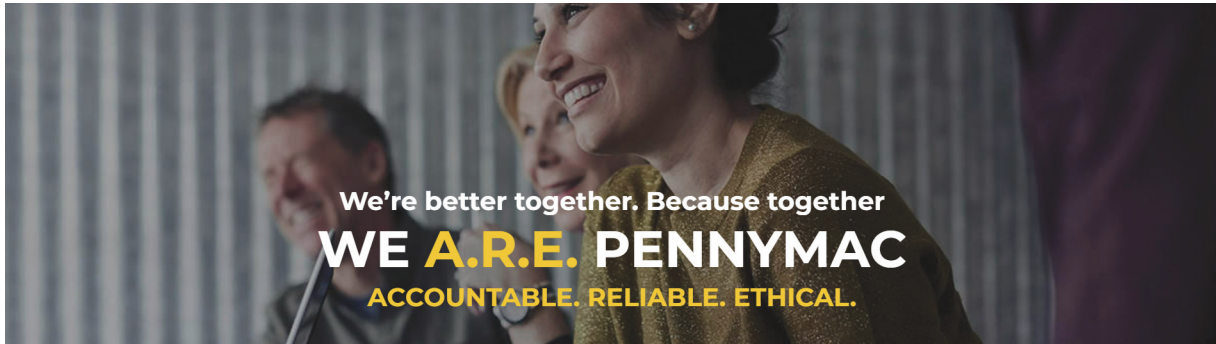
We primarily sell the loans we acquire through our correspondent production activities to government- sponsored entities such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) or to PLS for sale to Fannie Mae or Freddie Mac or into securitizations guaranteed by the Government National Mortgage Association (Ginnie Mae). Fannie Mae, Freddie Mac and Ginnie Mae are each referred to as an Agency and, collectively, as the Agencies.

- The corporate segment includes management fees and corporate expense amounts and certain interest income.



On August 4, 2009, our common stock was listed on the New York Stock Exchange under the ticker symbol "PMT." Our corporate headquarters are located at 3043 Townsgate Road, Westlake Village, CA 91361.

# OUR VISION, MISSION AND CORE VALUES



As a leader in the U.S. residential mortgage REIT business, our competitive advantage is defined by our management expertise, our focus on investing in unique residential mortgage strategies, and a performance-driven culture based on Accountable, Reliable and Ethical (or A.R.E.) action to earn and maintain the trust and respect of customers, regulators, business partners and shareholders.

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

## Core Values

We utilize an external management structure and have limited employees of our own; therefore, the management of our business and execution of our operations is performed on our behalf by our Manager, our Servicer and their affiliates. Our strong organizational culture has been one of the key drivers of our long-term success. We recognize the importance of creating an environment that can support our Manager’s vision and mission, sustain our and our Manager’s successes and embed a common DNA around core values. Our Manager’s values are reflected in the phrase “We A.R.E. Pennymac” and establish our commitment to conducting our businesses in an Accountable, Reliable and Ethical manner.

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

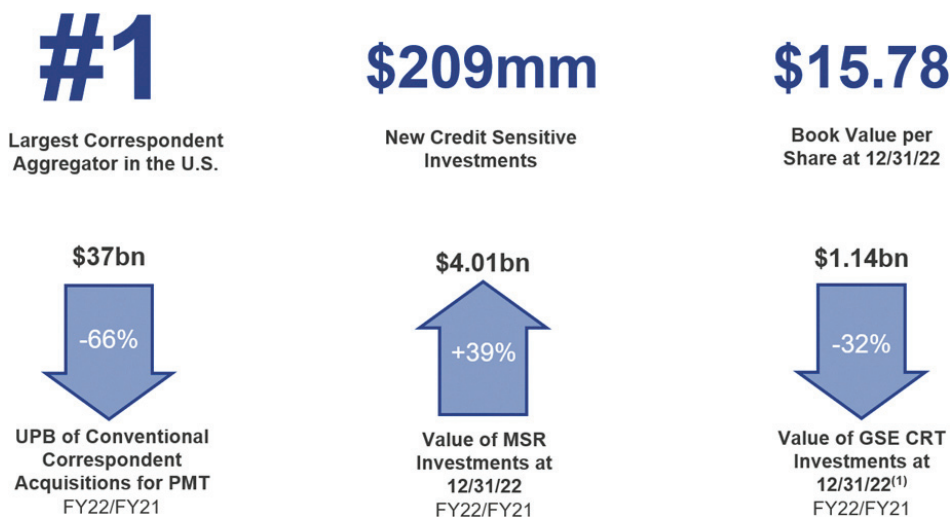
These A.R.E. core values are reinforced by behavioral standards that help define the conduct that is exhibited daily with customers, colleagues and other stakeholders and that ultimately support the achievement of our long-term business goals.



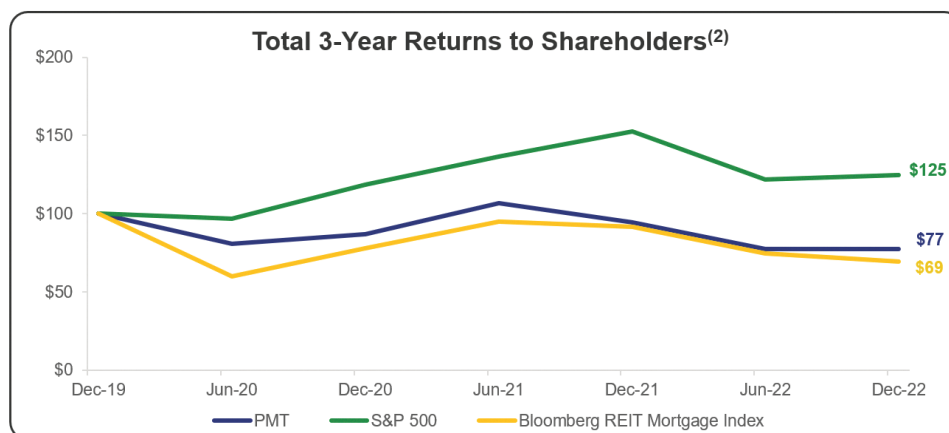
# OUR 2022 CORPORATE HIGHLIGHTS

## Corporate Highlights<sup>(a)</sup>

PMT's organic investment creation driven by conventional correspondent production volumes.



Strong returns to shareholders compared to the broader mortgage REIT industry



(1) The fair value of PMT's organically created GSE CRT investments is reflected on PMT's balance sheet as deposits securing CRT arrangements, and derivative and credit risk transfer strip assets or liabilities, net of the interest-only security payable.

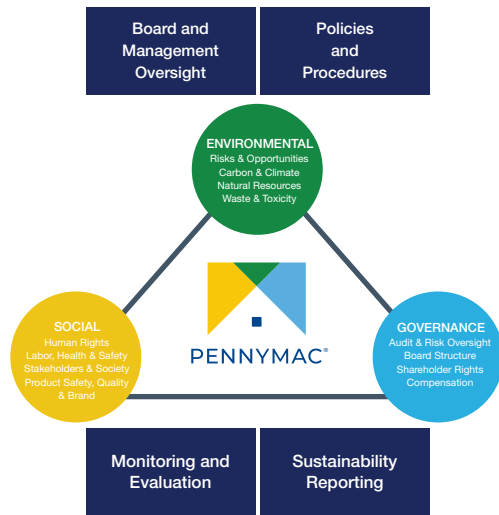
(2) Assumes \$100 invested in PennyMac Mortgage Investment Trust, common shares and other stock market indices. The graph above displays certain information comparing the cumulative total return on our common shares to the cumulative total return of the S&P 500 Index and the Bloomberg REIT Mortgage Index. The comparison period is from December 31, 2019, to December 31, 2022, and the calculation assumes reinvestment of any dividends.

(a) For complete information regarding our 2022 financial performance, shareholders should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and accompanying notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on February 24, 2023 and is being made available to shareholders with the Proxy Statement as a part of our 2022 Annual Report to Shareholders.

# OUR CORPORATE SUSTAINABILITY AND ESG APPROACH

## Corporate Sustainability and ESG as a Foundational Discipline

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



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

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

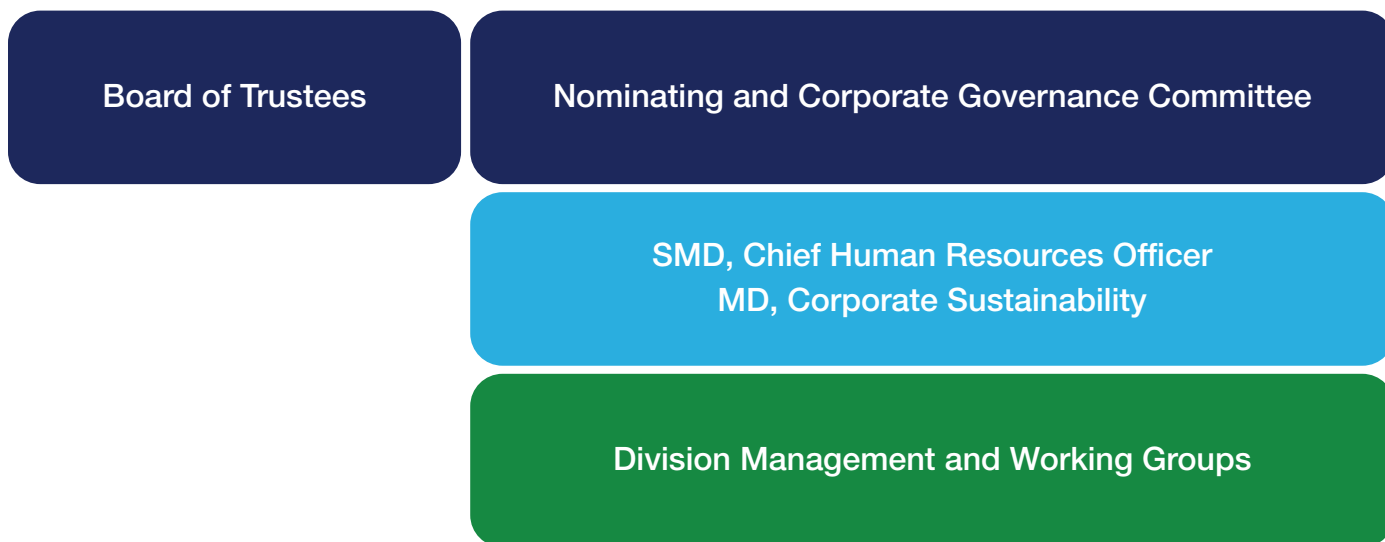
We also establish **policies and procedures** that support and define the controls necessary to manage identified ESG risks and opportunities.

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

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

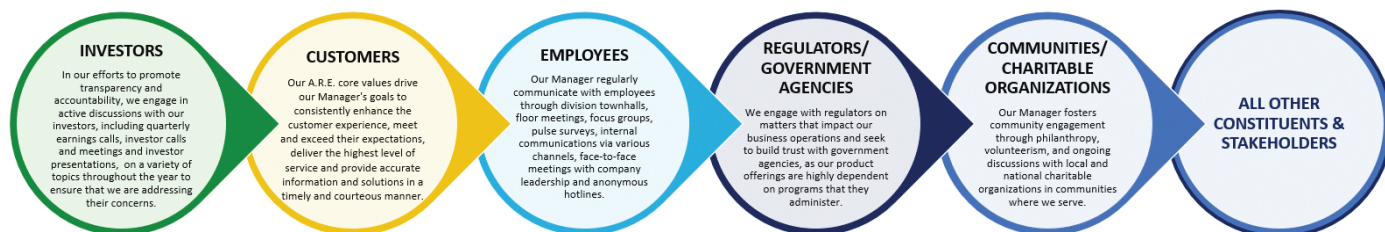
# Corporate Sustainability and ESG Governance

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



## Stakeholder Engagement

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



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

# SASB Materiality Mapping

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

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

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

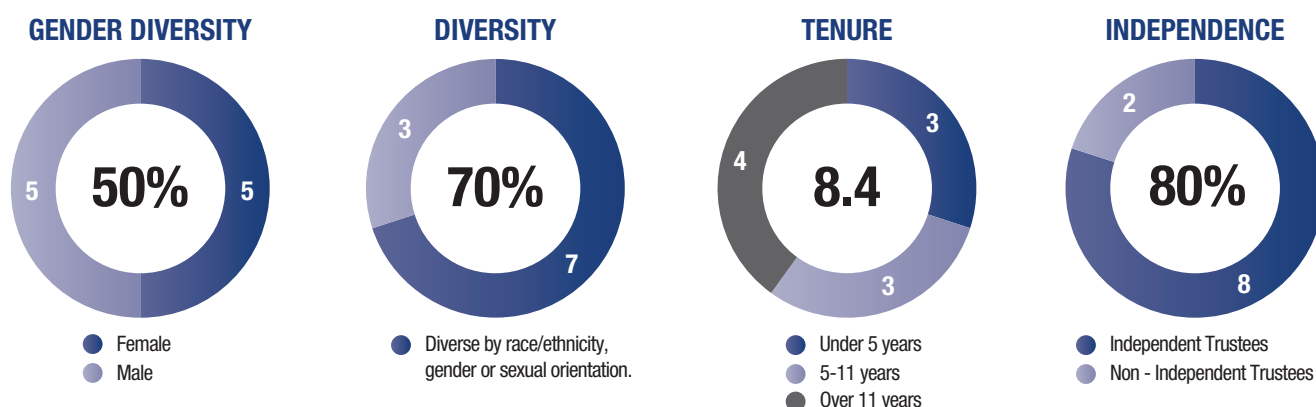
Note: The SASB Standards vary by industry based on the different sustainability issues, risks and opportunities within an industry. An “X” indicates those sustainability issues most likely to impact enterprise value; however, individual companies may choose to report on different sustainability issues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

# OPERATING ETHICALLY, RESPONSIBLY AND SUSTAINABLY

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

## Board Governance<sup>(a)</sup>

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 residential mortgage REIT.



### Board Skills



(a) As of December 31, 2022

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

<ul style="list-style-type: none"> <li>✓ <b>Shareholder Right to Amend the Bylaws.</b> Our Second Amended and Restated Bylaws provide shareholders with the concurrent right to amend our Bylaws by the affirmative vote of a majority of all votes entitled to be cast on a matter pursuant to a proposal submitted by a group of up to five shareholders holding at least 1% of our outstanding common shares continuously for at least one year.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Shareholder Engagement.</b> We value the perspectives of our shareholders. Our Investor Relations department regularly engages in outreach activities and discussions with a significant portion of our shareholders.</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Majority Voting Standard in the Election of Trustees.</b> Our Second Amended and Restated Bylaws provide for a majority voting standard for uncontested trustee elections and a plurality voting standard for contested trustee elections.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Board Refreshment.</b> We have robust processes to identify, evaluate and select qualified director candidates and we regularly assess the size and composition of the Board. We added three board members since 2019.</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Trustee Limitations on Number of Boards.</b> A trustee 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 trustee is permitted to serve on more than five outside public company boards.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Independent Lead Trustee.</b> On February 24, 2021, the independent trustees of our Board elected Preston DuFauchard as our independent lead trustee for a three-year term.</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Trustee Resignation Policy.</b> Our Corporate Governance Guidelines include a requirement that any trustee nominee who fails to receive a majority vote in an uncontested election will promptly tender his or her resignation to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Board Refreshment.</b> We have robust processes to identify, evaluate and select qualified trustee candidates to become trustees and we regularly assess the size and composition of the Board. We have added three trustees since 2021.</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Trustee Limitations on Number of Boards.</b> A trustee 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 trustee is permitted to serve on more than five outside public company boards.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Regular Executive Sessions.</b> Our independent trustees meet privately on a regular basis. Our independent lead trustee presides at such meetings.</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Robust Share Ownership Guidelines.</b> We have robust share ownership guidelines for our non-management trustees (five times base annual retainer) and executive officers (\$2 million for our Chief Executive Officer; \$500,000 for all other executive officers).</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Regular Board Evaluation.</b> 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.</li> </ul>

## Board of Trustees Leadership

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

We believe that independent trustees and management have different perspectives and roles in strategy development. Our independent trustees bring experience, oversight and expertise from outside our Company and industry, while the Chief Executive Officer brings company-specific experience and expertise. We believe our Chief Executive Officer is thus better situated to serve as Chairman of the Board because he is able to utilize the in-depth focus and perspective gained in running our Company to effectively and efficiently lead our Board. As the trustee 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 leadership structure is further strengthened through the appointment of an influential independent lead trustee with a strong voice. Our independent lead trustee works with our Chairman of the Board and other trustees to provide informed, independent oversight of our management and affairs.

## Board Diversity

Five women serve as trustees representing 50% of our total Board members. In addition, we have four trustees who self-identify as representing underrepresented communities, including two trustees of African-American heritage and two trustees 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 trustee candidates which states that the Board in its selection of trustee candidates will consider the overall Board balance of diversity of viewpoints, backgrounds and experiences. Our Board has also established trustee selection criteria which provides that the Board in its selection of trustee candidates will consider factors that contribute to Board diversity in the broadest sense, including gender, ethnicity, geography, education, and personal and professional experiences.

## Our Board’s Role in Risk Oversight

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

Committee	Primary Risk Oversight Responsibility
Audit	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. The Audit Committee also discusses with management the Company’s major risk exposures and the framework management has established to monitor and control such exposures, including the Company’s 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 that is in alignment with shareholder interests and does not encourage excessive risk taking.
Finance	Our Finance Committee focuses on risks relating to our Company’s liquidity and capital resources and our investment policies and strategies.



Committee	Primary Risk Oversight Responsibility
Nominating and Corporate Governance	Our Nominating and Corporate Governance Committee focuses on risks associated with proper board governance, including the independence of our trustees and the assessment of the performance and effectiveness of each trustee and Board Committee. Our Nominating and Corporate Governance Committee also has specific oversight responsibility for risks relating to our corporate sustainability and ESG policies and practices, including human capital management, community involvement, corporate governance and stakeholder reports.
Related Party Matters	Our Related Party Matters Committee focuses on risks arising out of potential conflicts of interest between us, on the one hand, and PFSI, on the other hand.
Risk	Our Risk Committee oversees our enterprise risk management function in relation to our business activities and focuses on credit risk, mortgage compliance risk, environmental and climate risk and operational risk, including cybersecurity and data privacy risk. The Risk Committee, as well as other members of the Board, receive updates from our Chief Information Officer on the overall cybersecurity and data privacy risk environment including our enterprise-wide cybersecurity risk assessment results and key initiatives.

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

## Executive Compensation

We utilize an external management structure and we currently have [no employees of our own]; therefore, the management of our business and execution of our operations is performed on our behalf by our Manager, our Servicer and other PFSI affiliates pursuant to a management agreement and other related party agreements. Our executive officers are employed by our Manager and, therefore, receive compensation from our Manager. While our Manager may use a portion of our management fees to compensate its executive officers, we do not specifically allocate any portion of the management fee to such compensation and the management agreement does not require any such allocation related to our Manager’s compensation arrangements with our named executive officers.

Although our named executive officers are generally compensated by their employer, our Manager and its affiliates, our Compensation Committee has granted, and may continue to grant, from time to time, equity-based awards designed to align the interests of employees of our Manager and its affiliates who provide services to us with those of our shareholders, by allowing such employees, including our named executive officers, an opportunity to share in the creation of value for our shareholders through capital appreciation and dividends. Currently, these equity-based awards are in the form of performance-based restricted share units, or PSUs, and restricted share units, or RSUs, and are granted by our Compensation Committee in its discretion under our 2019 Plan.

In order to ensure that our executive compensation program aligns with the interests of our shareholders and focuses on long-term performance, we grant PSUs that vest upon our Company’s satisfaction of performance measures tied to return on equity, or ROE, and a relative total shareholder return, or TSR. PSU and RSU awards granted to our named executive officers are designed to align their interests with those of our shareholders by providing each named executive officer providing services to us through our Manager and its affiliates with an ownership or ownership-based interest in our Company and a stake in our long-term success.

Our Manager, through its executive compensation program, seeks to:

- Pay For Performance—Maintain a pay-for-performance culture where total compensation for our executives is performance based;

- Shareholder 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 executive compensation against market compensation benchmarks prepared by our independent board consultant;
- Employee Retention—Facilitate the attraction, motivation and retention of highly talented executives who will be crucial to our long-term success and sustainability;
- Support Strategy—Encourage our executives to focus on achieving our annual and long-term business goals; and
- External Manager—Appropriately compensate its executives who also provide support of our Company in its role as our external Manager, loan servicer and other service provider.

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

## Human Rights and Our Code of Business Conduct and Ethics

### Human Rights

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

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

### Code of Business Conduct and Ethics

In alignment with our commitment to being accountable, reliable and ethical in everything that we do, our Code of Business Conduct and Ethics sets forth the basic principles and guidelines for resolving various legal and ethical questions that may arise in the workplace and in the conduct of our business. Specifically, this code provides that we treat all persons with dignity and respect; we deal fairly and honestly with every person and entity we come in contact with in the course of our business activities; and we do not pursue any business opportunity that would require any violation of the law. This code is applicable to all trustees, 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 Trustees, 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 [pmt.pennymac.com](http://pmt.pennymac.com).

## Statement of Vendor Ethics

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

## Whistleblower and Ethics Hotline Reporting

Section 301 of the Sarbanes-Oxley Act of 2002 requires the Audit Committee of our Board to establish procedures for: (i) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by our employees, members, partners, officers, and trustees 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

Our Servicer has 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 Servicer's CMS include: (i) oversight by senior management and our Board of Trustees 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 Servicer's CMS is functioning as designed.

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

# Anti-Money Laundering and Fraud Prevention

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

The AML Program provides for:

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

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

## Political Contributions and Advocacy

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

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

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

# Enterprise Risk Management

## Enterprise Risk Management Framework

Risk identification, assessment and monitoring are important processes for our Board and our leadership teams. Through our Enterprise Risk Management (or ERM) framework, our Manager is able to identify, quantify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as operational and legal risks, including cybersecurity, related to our business, assets, and liabilities.

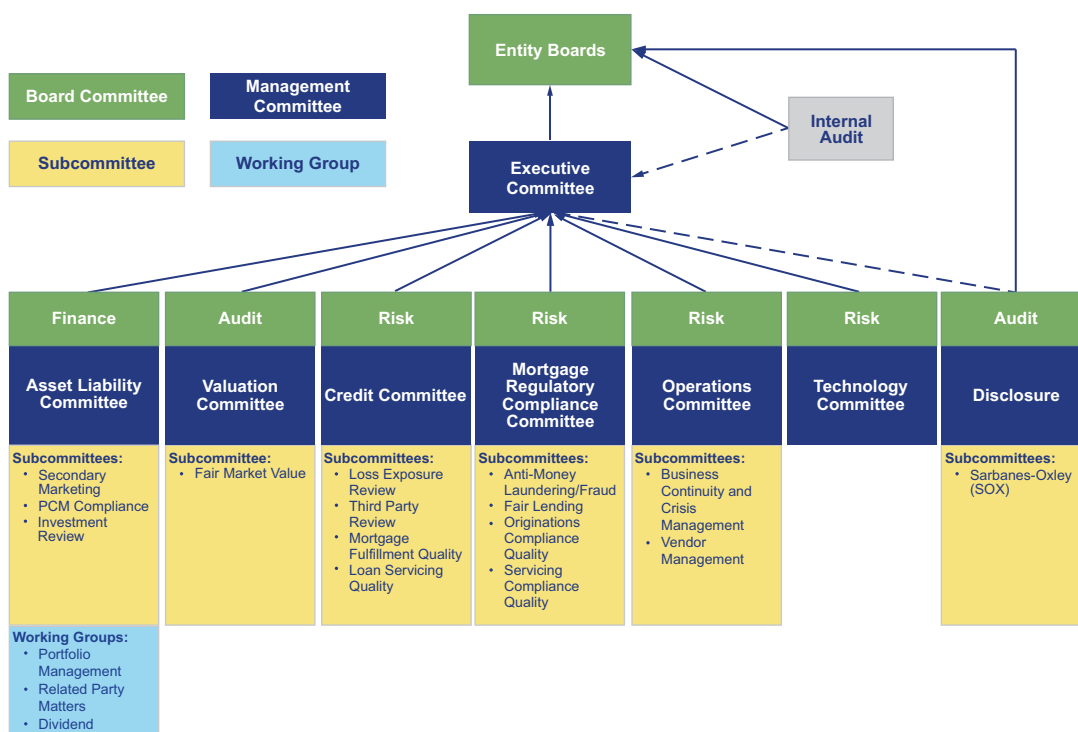


Important objectives of risk management are to ensure oversight, risk assessment, policy and procedure, and monitoring activities are functioning as designed and to ensure there is a culture that supports risk awareness and the documentation of controls and that minimizes reputational exposure.

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

## Board and Management Committee Governance

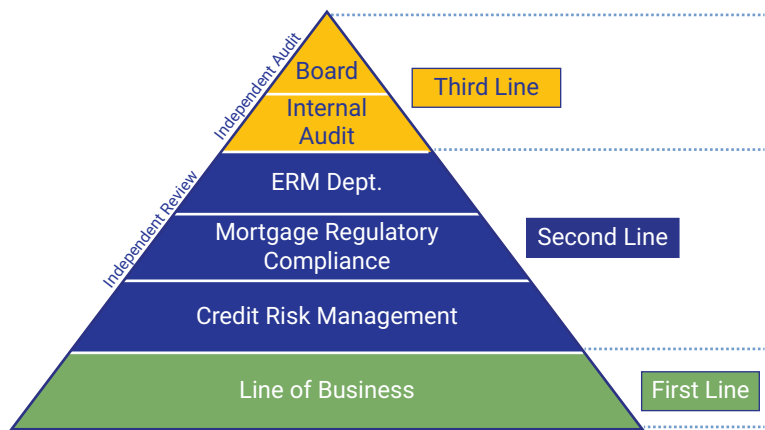
Our current governance structure is provided below:



## Three Lines of Defense

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

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



## Business Continuity and Crisis Management

Our Manager’s Business Continuity Management Program was established to ensure that we are able to recover and resume business processes when business operations are disrupted unexpectedly, and to support the continued maintenance of systems and controls for the resilience of operations. Disruptions can be caused by natural or man-made events or actions (e.g., earthquakes, fires, pandemic, terrorist attacks) and are sometimes unexpected. As part of the Business Continuity Management Program, our Manager maintains 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 Manager’s 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 their and 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 Manager's business continuity practices. Our Manager's Business Continuity Subcommittee, which consists of members of our Manager's senior leadership from Executive Management, Human Resources, Internal Communications, Enterprise Risk, Finance, Legal, Information Technology, and representatives from each of our Manager's business divisions, provides guidance for the Business Continuity Management Program and reports into our Manager's Operations Committee, which, ultimately, reports to the Risk Committee of our Board of Trustees. Our Manager has procedures in place to ensure that all appropriate employees receive training and development in the use of the business continuity management system and other relevant topics.

## Cybersecurity and Data Privacy

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

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

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

### Leadership and Governance

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

### Technology Advancements

We constantly advance our technology and maintain physical, electronic and procedural safeguards to protect against unauthorized access to customer and employee information. Our Information Security Program is continuously monitored and well positioned to keep pace with emerging threats. We dedicate significant resources to help ensure privacy and data protection. Access to our networks is protected by advanced phishing defenses and robust access

controls. Our attack surface management solution employs data-driven service levels that include application and supply chain assessment. Comprehensive penetration testing is also executed across our assets to regularly test our defenses. All of these efforts are buttressed by a modern detection and response capability coupled with advanced big data analytics to ensure our 24/7 security operations center personnel are focusing on the most important security events with access to the right forensics.

## Privacy and Data Security

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

## Privacy and Data Security Training and Development

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



# IMPROVING THE LIVES OF CUSTOMERS, EMPLOYEES AND COMMUNITIES



## Promoting Responsible Lending

### Transparency in Loan Products

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

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

## Customer Complaints

As one of the leading mortgage service providers in the country, our Servicer places great emphasis on customer service to ensure that homeowners have the best possible experience throughout their home buying journey. Their 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 Servicer’s 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 a steadfast commitment to resolving consumer complaints, our Servicer also engages with customers through an assortment of surveys soliciting feedback to offer insight into ways to further improve a dedication to the highest customer satisfaction.

## Supporting Sustainable Homeownership

Homeownership is a critical driver of wealth creation and economic mobility for families and entire communities. And we are committed to building a 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. Our Manager is committed to building trust and quality in the home loan experience from beginning to end.

### Affordable Lending for Low-Income and First-Time Homebuyers

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

<b>Fannie Mae’s HomeReady®</b>	<b>Freddie Mac’s HomeOne®</b>	<b>VA Home Loans</b>
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
<b>Fannie Mae’s RefiNow™</b>	<b>Freddie Mac’s Home Possible®</b>	<b>FHA Home Loans</b>
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
<b>Community Seconds® / Affordable Seconds®</b>	<b>Affordable Products /Manufactured Housing</b>	<b>USDA Rural Development Loans</b>
GSE-offered products that provide down payment assistance and allows up to 105% combined loan-to-value	Offers loans for manufactured housing, which promotes affordable homeownership and equity building	Provides low- and moderate-income households the opportunity to purchase a home in eligible rural areas

During 2022, they also 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. They 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, they 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.

Our Servicer also provides borrowers with information regarding other programs and resources such as grants, tax deductions, closing assistance can help make home ownership a reality. They share with customers information regarding federal programs and nonprofit programs that provide an avenue to homeownership. Information is also promoted 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 veterans and military family members, sustainable homeownership is supported through a VA Home Loan Program. Through this program, eligible service members and veterans are able to take advantage of several benefits such as lower interest rates, and no requirements for down payments or monthly mortgage insurance premiums, depending on the mortgage type. In 2022, our Manager provided over \$28 billion in financing to veterans. As the servicer for nearly 425,000 loans for veterans, service members and their family members, our Servicer ranked nationally as the #7 VA lender as of December 31, 2022 according to an Inside FHA/VA Lending – Top 50 Lenders by dollar amount for full year 2022 report. Our Servicer also extends support beyond the VA loan program and supports the recruitment of active, reserve, veteran and retired military employees. Resources are also provided to inform buyers of resources such as the Military Housing Assistance Fund and the Specially Adapted Housing Grant Program.



## Green Mortgages

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

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

## Financial Literacy and Borrower Education

A well-educated borrower is much more likely to succeed with a mortgage loan, which is exactly what we want for our customers. To ensure that borrowers have clarity and understanding of the responsibilities that come with owning a home, some of the loan products that are offered, such as the Fannie Mae HomeReady® Mortgage, may require homeownership education and housing counseling. These requirements equip 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 through our Servicer. 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. Our Servicer provides the state with requested information and works with the state to ensure that assistance is timely and appropriately applied to the homeowner’s loan.

## External Partnerships to Promote Equitable Homeownership

Our Manager is a proud member company of the Mortgage Bankers Association (MBA). During 2021, our Manager joined the Home for All Pledge, an MBA member company action pledge, as part of a commitment to promoting and ensuring fair, equitable and responsible lending, and inclusion in housing. As a member company, they 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. Our Manager also champions diversity, equity and inclusion in the workplace and in the mortgage industry.

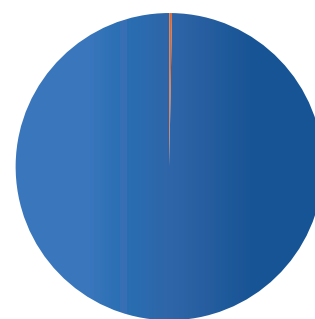


## Human Capital Management

Our long-term growth and success is highly dependent upon our Manager’s employees and their ability to maintain a diverse, equitable and inclusive workplace representing a broad spectrum of backgrounds, ideas and perspectives. Our Manager strives to position employees in roles that best suit them, while building their skills for optimal performance and customer satisfaction. That enables our Manager to deliver the unparalleled expertise, best-in-class service, and innovative solutions that customers expect.

We do not have any employees. All of our officers are employees of our Manager or its affiliates (collectively referred to herein as our Manager). As of December 31, 2022, our Manager’s workforce was just over 4,000 employees. In 2022, 99.6% of our Manager’s workforce were employed in full-time positions. Our Manager’s long-term sustainability as an organization is highly dependent upon their ability to execute on a number of human capital management strategies related to talent acquisition and development, diversity, equity, and inclusion, culture and engagement, employee wellbeing and safety, and community involvement.

### 2022 Workforce Analytics



■ Full Time ■ Part Time

## Talent Acquisition

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

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



## Talent Development

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

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

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

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

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

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

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

## Succession Planning

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

## Mandatory Training

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

The average completion rate during 2022 for mandatory compliance courses was 98% company-wide. Employees also have access to various training platforms, including new hire training, management training, and free access to LinkedIn Learning to help further develop their careers. Our Manager's 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 Manager's continued growth and success is a direct reflection of the talent and diversity of its people. To that end, our Manager are committed to fostering a diverse, equitable and inclusive culture through customized programs and initiatives designed to attract, develop and engage a highly talented and performance-focused workforce. We recognize the value of leveraging 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 individuals unique and valuable. We strongly believe that when there is a diverse workforce that is reflective of the communities where we live and serve, it further supports the ability to deliver the best solutions for and serve the needs of customers.

## Diversity, Equity, and Inclusion Policy

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

Our internal policies prohibit all forms of discrimination or harassment against applicants and employees on the basis of race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age, disability or genetic information or any other lawfully protected classifications. Our Manager embeds diversity, equity, and inclusion objectives across all aspects of the employee lifecycle and experience, whether it is the attraction, recruitment, onboarding, retention, development or separation of employees.

## Diversity, Equity, and Inclusion Council

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

## Business Resource Groups (BRGs)

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

Our Manager currently maintains the following BRGs:



## 2022 Diversity, Equity, and Inclusion and Workforce Demographics Strategy

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

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

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

(2) Includes Supervisor through Executive Vice President roles

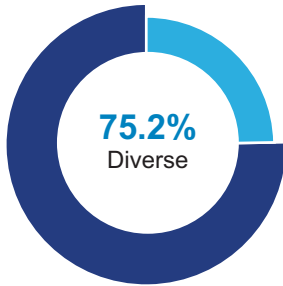
(3) Includes a combination of the following EEO-1 job categories: technicians, sales workers, administrative support, craft workers (skilled), operatives (semi-skilled), laborers & helpers and service workers

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

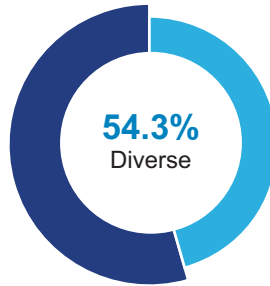


## Race, Ethnicity and Gender Diversity

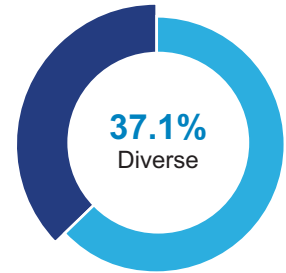
Company Wide



Management Level <sup>(1)</sup>

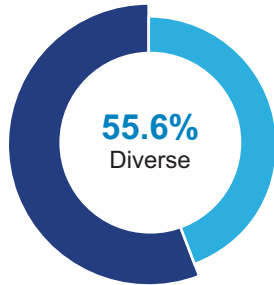


Senior Management Level <sup>(2)</sup>

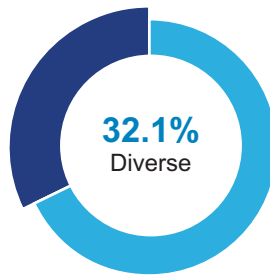


## Race and Ethnicity Diversity

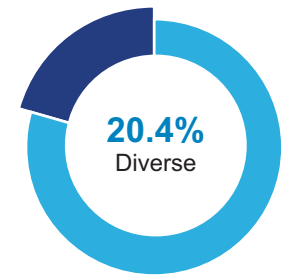
Company Wide



Management Level <sup>(1)</sup>

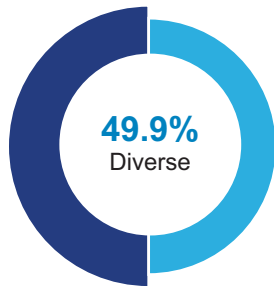


Senior Management Level <sup>(2)</sup>

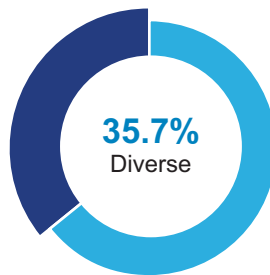


## Gender Diversity

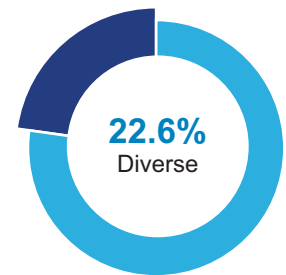
Company Wide



Management Level <sup>(1)</sup>



Senior Management Level <sup>(2)</sup>



(1) Includes Vice President to Senior Managing Director roles

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

## Brave & Inclusive Conversations

At PMT, 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. The Brave & Inclusive Conversations (BIC) series was launched to advance and enable a more inclusive culture at Pennymac and to promote allyship in the workplace. These sessions create space for awareness, understanding, and empathy through intentional dialogue as well as

provide tools and techniques to engage in meaningful action. Our Manager’s DEI Team hosts BIC sessions on a quarterly basis. During 2022, our sessions included topics such as “The Power of Allyship,” “Leveraging Social Identities to Drive an Inclusive Culture,” and “Prioritizing Mental Health Awareness in an Inclusive Workplace.”

## Heritage and Inclusion Months

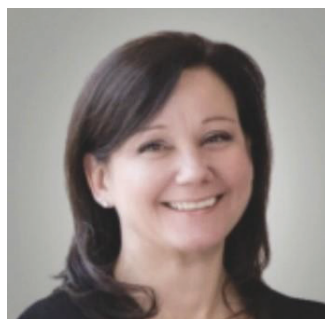
Beyond day-to-day efforts to attract increasingly diverse talent that represents the communities where we live and serve, our Manager also actively promotes initiatives to develop and engage employees and create an inclusive environment where everyone feels empowered to participate, valued, respected, supported, and a sense of belonging. Throughout the year, they recognized and celebrated the rich diversity and culture of their 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. Our Manager encourages 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, our Manager takes time to celebrate, along with the members of the BOLD BRG, the innumerable contributions and achievements that Black Americans have made in the United States. Through a number of activities, they also drive awareness and education of the experiences of Black Americans. During 2022, the BOLD BRG hosted its signature event “Tackling Racial Inequity in Housing: A Conversation with Preston DuFauchard” where participants engaged in thought-provoking dialogue on this important topic and received a solutions-oriented keynote address from Preston DuFauchard, who has been an esteemed member of our Board of Trustees since 2012 and currently serves as our independent lead trustee.

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



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



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

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



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

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

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



## Economic Inclusion with Vendors

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

## Company Culture

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

### Workplace Culture Initiatives

During 2022, our Manager implemented a number of workplace culture initiatives to recognize, support and engage employees across the enterprise. A number of remote and in-person activities were coordinated, including virtual contests to drive employee engagement and promote a culture of inclusion. These activities, for example, included an Earth Day contest and an office costume contest. In addition, we partner with local and national vendors to offer employee discounts throughout the year. At several office sites, there are also local and divisional culture representatives, including Associate Culture Teams within our Manager’s 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, our Manager also recognizes employees who celebrate their milestone anniversaries. To show appreciation, our Manager provides employees reaching their 5- and 10-year service anniversaries with milestone gifts.

### Rewarding Innovation



Through our Manager’s My Two Cents program, employees are encouraged 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

Our Manager also hosts Pennymac Perks, a company-wide, points-based platform that facilitates peer-to-peer and manager-to-employee recognition and awards. Certain leaders are provided with a budget to recognize eligible employees with financial rewards, which may be redeemed for gift cards, hotel stays, or Pennymac-branded merchandise. Some employees can also award non-financial awards, known as perks, to reinforce exemplary behavior. Furthermore, in partnership with the Pennymac Perks platform, our Manager launched a Pennymac Store in 2021, enabling all employees and contractors to purchase Pennymac-branded merchandise and apparel using Pennymac Perks and/or personal funds.



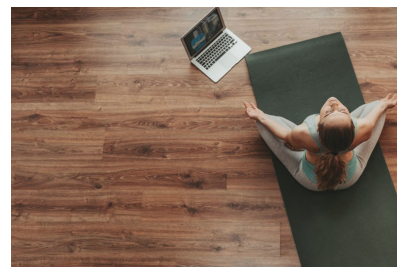
Our Manager also maintains its VIP (Very Inspiring Pennymac'er) Program that drives peer-to-peer recognition of employees who go above and beyond in understanding their internal customers' needs. In addition to recognizing individuals who embody what it means to focus on the internal customer, the program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

## Employee Health and Wellbeing

The health and wellbeing of our Manager's employees has always been a key priority. Employees are encouraged to make informed decisions about their physical, emotional and financial wellbeing. Our Manager firmly believes 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 customers and drive business impact.

### Physical Wellbeing

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



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

## Emotional Wellbeing

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

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

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

## Financial Wellbeing

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

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

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

## Workplace Safety

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

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

We and our Manager follow set procedures to ensure compliance with all applicable OSHA requirements. There is a dedicated team of employees who manage and support these programs and initiatives, addressing a number of common workplace safety, health and security concerns across the organization. To guarantee the continuing effectiveness of the workplace safety program, all employees are required 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, our Manager 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. They 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 Manager's due diligence, all workplace accidents and occupational diseases are investigated. During 2022, no workplace accident cases were reported, 15 of our Manager's employees completed ergonomic training, and no employees filed workers compensation claims. There were no reports of work-related fatalities or occupational diseases.

## Philanthropy and Community Engagement

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

### Strategic Approach to Philanthropy

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

## Our Community Impact



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

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

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

Through The MBA Opens Doors Foundation home grant program, they provide mortgage and rental payment assistance grants to parents and guardians, allowing them to stay with their children without fear of losing their homes. We also committed to a company match 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 \$1.8 million in additional funds to 45 charitable organizations that align with our philanthropic focus areas. A few of those charitable organizations are highlighted below:



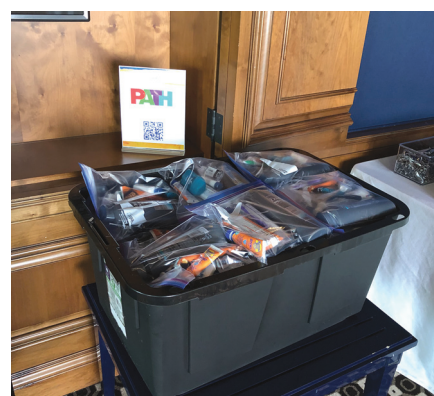
## Employee Giving and Matching Gifts Program

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

## Volunteerism and Volunteer Grants Program

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

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



In May 2022, members of Tampa’s Associate Culture Team spent their Saturday hard at work volunteering with Habitat for Humanity. They prepared the windows for painting, worked on interior insulation, and applied primer to the exterior of the two-story house expected to be finished and delivered to the homeowner by June.

This project was part of a community effort to lower the cost of homeownership for low-income families, and together with these volunteer efforts, Habitat for Humanity expected to deliver 38 new homes in the region of Tampa by the end of the year.



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



In December 2022, members of our Manager’s Information Technology Division in Agoura Hills, CA participated as volunteers for the Girls Who Code signature event, Computer Science Education Week, which is an annual call to inspire K-12 students to learn computer science, advocate for equity, and celebrate the contributions of students, teachers, and partners to the field. Through the virtual workshops, students had the opportunity to learn from GWC staff and interact with employee volunteers from corporate leaders in the tech industry and beyond. Partner volunteers also had the opportunity to get to know students in smaller breakout sessions, join them in a cybersecurity activity, and share their career journey.



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

## Sponsorships and Affiliations

We and our Manager 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.



**American Mortgage Diversity Council**

*Where Diverse Groups Share Common Goals.*

**American Mortgage Diversity Council**

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



**CATALYST**  
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.



**National Urban League**

**National Urban League**

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

# Company Recognition

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



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

Our Servicer was one of 9 nationwide mortgage servicers named as a recipient of the 2022 Servicer Honors and Rewards Program (SHARP)<sup>SM</sup>, 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. Our Servicer was also one of 22 nationwide mortgage servicers named as a recipient of the 2022 Servicer Total Achievement and Rewards<sup>SM</sup> (STAR)<sup>SM</sup> Program, which annually recognizes mortgage servicers for competency, capacity, and overall performance. As a 2022 STAR Program recipient, we were recognized by Fannie Mae for our dedicated efforts to supporting and enabling greater access to affordable, equitable and sustainable homeownership. By providing mortgage assistance and long-term solutions for struggling homeowners, the 2022 STAR Program servicers all serve as essential partners in Fannie Mae's journey to knock down housing barriers for people across the country. We are grateful to our Servicer's outstanding Servicing team for their hard work and dedication to the customer.



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



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

## Employee Recognition

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



# ADVANCING ENVIRONMENTAL SUSTAINABILITY IN OUR OPERATIONS



## Our Environmental Responsibility

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

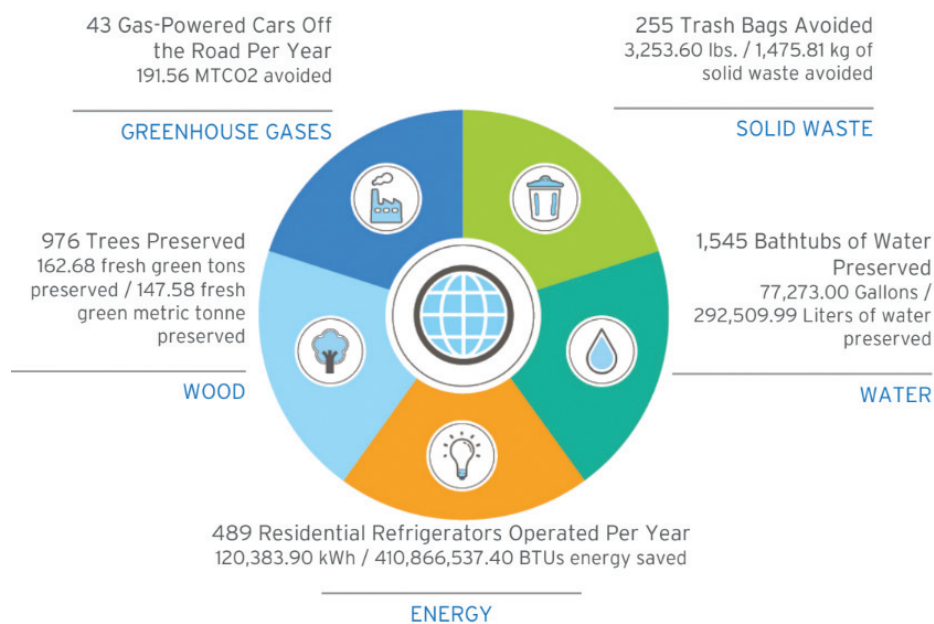
Minimizing our environmental impact while growing profitably is important as we strive to build a strong, sustainable business for our stakeholders. As a leader in the mortgage industry, business optimization is a priority in our efforts to be as efficient and cost-effective as possible. As a residential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

# Waste Reduction and Management

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

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

When elimination of our paper use is not an option, our Manager strives to divert waste from landfills through recycling. A secure shredding program is the most widespread recycling program, resulting in approximately 36.90 metric tonnes of paper being shredded and recycled in 2022. A summary of these recycling and landfill diversion statistics is provided below to provide an understanding of the positive environmental impact of this 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 Manager’s goal is to divert as many electronics as possible from landfills by reusing or recycling them. Their priority is to reuse electronics internally. When that’s not possible, they market these materials for reuse through approved vendors or recycle them. To address the growing challenges associated with electronic waste (e-waste), several office sites coordinate with third parties for e-waste recycling. This helps divert hazardous waste from landfills, where toxic substances can leach the soil. In 2022, our Manager recycled just under 19,000 pounds of e-waste across the enterprise, as compared to approximately 21,000 in 2021. Continuous evaluation and assessment of e-waste reduction initiatives is conducted to ensure that used electronics are properly collected, reused or recycled in an environmentally responsible manner.

In 2022, our Manager 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 sustainability and electronic waste (e-waste) reduction goals. Recipients receive either a desktop computer or a laptop computer along with at least one monitor. The computers are refurbished, wiped clean, and delivered to each recipient.

During 2022, we continued to host a significant number of paperless meetings through video conferencing for our Board of Trustees. 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 nor our Manager do not have operations or projects that significantly impact critical habitats or any other areas with high recognized biodiversity value. We prioritize and recognize sustainable initiatives that have positive impacts on our environment. We provide solutions that champion the efficient use of resources and we are committed to protecting our planet. Through our Manager’s partnership with One Tree Planted, they recognize the reduction of carbon dioxide (CO2) emissions achieved by planting trees. Through the partnership, 50,000 trees are being planted in critical habitats throughout North America. Trees are critical to the health of our environment as they help to purify the air, filter the water, prevent natural disasters and provide habitat for biodiversity. Reforestation is identified by scientists as one of the best solutions to the climate crisis and the trees planted as part of this program will support all 17 of the United Nations Sustainable Development Goals.



## Energy Efficiency

Reducing energy consumption in our office locations is a priority for our Manager. An energy management system is utilized in several office sites, including corporate headquarters, to control and manage heating, ventilation, air conditioning (HVAC) and lighting to curb energy use when it is least required. Opportunities are explored to further



improve performance in this regard, including our Manager’s installation of new energy-efficient HVAC units. In 2022, our Manager upgraded some of its existing energy management systems to benefit from the latest technologies, which allow us to more effectively manage energy consumption.

Our Manager has prioritized the use of energy-efficient LED lighting inside most of office buildings. They are gradually retrofitting existing office buildings with LED lighting and expect to continue with this conversion over the next few years. Many 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, our Manager also supports energy efficiency and the reduction of carbon emissions by proactively ensuring that electronic vehicle charging stations are made available for a number of office sites in locations such as Westlake Village, CA, Lakeview, CA, Moorpark, CA, Ft. Worth, TX, and Summerlin, NV.

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

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

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

## Water Recycling and Conservation

Our Manager’s office sites are not water intensive compared to certain companies in other industries such as food and beverage and infrastructure. Even so, we and our Manager understand that we may encounter water risks in the areas in which we operate and recognize the environmental benefits of proactively managing water consumption. Our Manager’s facilities team strives to achieve sustainable water management within our operations. In furtherance of this objective, property managers in certain markets, such as California, prioritize landscaping that doesn’t require high volumes of water. Many of our Manager’s 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. Property managers are also encouraged to explore sustainable technologies, including a water-saving technology that improves the efficiency of water systems in office sites. Wherever possible, our Manager chooses buildings with sound wastewater management practices to ensure that wastewater discharges comply with local and national standards. Business operations outside of the United States are not maintained and therefore we 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.

Our Manager is working with its distributed facilities teams to gather data from property managers and/or local municipalities which will enable a more comprehensive monitoring and management of total water usage across our Manager’s national footprint, where such information is available. For example, in our Summerlin, NV location, we have been tracking our water usage which was 3.5 million gallons in 2022, as compared to 3.6 million gallons in 2021.

# Climate and Environmental Risks

The Risk Committee of our Board of Trustees 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 Trustees on information regarding enterprise risk, including, but not limited to, climate and environmental risk.

Our primary business activities relate to mortgage banking. Our loan production and servicing activities are performed on our behalf by affiliates of our Manager and its affiliates. Our correspondent production activities involve the purchase, pooling and reselling of newly originated prime credit quality loans either directly or in the form of mortgage-backed securities. The growth and success of our mortgage banking activities is dependent on our Manager’s ability to properly price its 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 steps are taken to mitigate such risks. In light of the increased focus on climate-related risks and the evolving regulatory environment in support of climate-related financial disclosures, we are committed to being responsive to the informational needs of our various stakeholders.

During 2022, our Manager 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 for our company. This engagement will serve as the foundation in the development of our climate risk strategy and the incorporation of climate and natural hazard risk into our Manager’s enterprise risk management framework.

As part of this engagement, the first phase of our climate risk assessment was conducted to quantify exposure to certain acute physical risks, using a combination of climate catastrophe modeling and analytics and mortgage asset valuations. A scenario analysis of 10,000 historical and simulated climate event years was conducted to generate a probability distribution of property damage on portfolios 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 held with each mortgage asset (e.g., MSR, CRT, whole loans, etc.). Based on this scenario analysis, potential strategies were identified to mitigate certain acute physical risks.

The next phase of this engagement will focus on the quantification of exposure to chronic physical risks and transition risks, as well as the impacts of rising temperatures on acute physical risks. Continued actions will be taken to integrate these climate and environmental risks into our enterprise risk management framework and there will be further refinement of assumptions used in the above-mentioned climate risk assessment to quantify 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 and tornados, and these events could impact our owned real estate and the properties collateralizing our loan assets or underlying our MSR assets and the local economies of certain areas in which we operate. Although we believe our owned real estate and the properties collateralizing our loan assets or underlying our MSR assets are appropriately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain appropriate coverage at a reasonable cost in the future, or if we will be able to continue to pass along all of the costs of insurance. There also is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to payment claims due to a deterioration in its financial condition or may even cancel policies due to increasing costs of providing insurance coverage in certain geographic areas. Further, numerous treaties, laws and regulations have been enacted or proposed in an effort to regulate climate change, including regulations aimed at

limiting greenhouse gas emissions and the implementation of "green" building codes. These laws and regulations may impact the rates at which we obtain property insurance and result in increased operating costs, or impose substantial costs on our borrowers or affect their ability to obtain appropriate coverage at reasonable costs. We may also incur costs associated with increased regulations or investor requirements for increased environmental and social disclosures and reporting. Additionally, climate change concerns could result in transition risk. Changes in consumer preferences and additional legislation and regulatory requirements, including those associated with a transition to a low-carbon economy, could increase expenses or otherwise adversely impact our operations and business.

## Environmental Impact on Our Properties

Climate change, adverse weather conditions, man-made or natural disasters, pandemics, terrorist attacks and other long-term physical and environmental changes and conditions could adversely impact properties that we own or that collateralize loans we own or service, as well as geographic areas where we conduct business. In addition, such adverse conditions and long-term physical and environmental changes could impact the demand for, and value of, our assets, as well as the cost to service or manage such assets, or directly impact the value of our assets through damage, destruction or loss, and thereafter materially impact the availability or cost of insurance to protect against these events. Real estate value declines could also decrease the value supporting certain of our assets, such as CRTs and subordinate bonds, where we may provide a credit guaranty or otherwise be responsible for all or a portion of any credit losses.

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

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

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

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

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

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX DISCLOSURE

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

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

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

## Mortgage Finance Standard

### Activity Metrics

(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial		FN-MF-000.A	
ORIGINATED MORTGAGES		December 31, 2022	
(Dollars in thousands)		Number <sup>(1)</sup>	Value (\$)
Residential		12,256	2,596,926
Commercial		–	–
Total		12,256	2,596,926

(1) Represents the number of residential mortgages originated by PennyMac Loan Services, LLC (our Servicer) and purchased by PMT and held as assets as of December 31, 2022.

(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial		FN-MF-000.B	
PURCHASED MORTGAGES		December 31, 2022	
(Dollars in thousands)		Number	Value (\$)
Residential		834,368	230,920,286
Commercial		–	–
Total		834,368	230,920,286

## 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	FN-MF-270a.1			
	RESIDENTIAL LOANS BY FEATURES AND FICO SCORE			
	December 31, 2022			
	FICO ≤ 660		FICO > 660	
(Dollars in thousands)	Number <sup>(1)</sup>	Value (\$)	Number <sup>(1)</sup>	Value (\$)
Hybrid or option ARM	5	1,193	40	20,535
Higher rate	17	4,563	47	16,246
Prepayment penalty	–	–	–	–
Other residential mortgages	221	46,604	4,746	1,738,859
Total <sup>(2)</sup>	243	52,360	4,833	1,775,640

(1) Represents residential mortgage loans serviced by our Servicer.

(2) The total number and value amounts have been adjusted downwards to avoid double counting for certain mortgage loans that fall into more than one category.

(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, 2022			
	FICO ≤ 660		FICO > 660	
(Dollars in thousands)	Number <sup>(1)</sup>	Value (\$)	Number <sup>(1)</sup>	Value (\$)
Modifications <sup>(1)</sup>	1,256	332,278	6,882	1,958,977
Foreclosures	1	96	8	1,572
Short sales or deeds in lieu	–	–	4	1,219

(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 17 – *Commitments and Contingencies* (pgs. F-55) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for disclosure of material legal proceedings.

The incentive programs for our Servicer's 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. Our Servicer establishes 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 FN-MF-270b.1

The management of our business and execution of our operations is performed on our behalf by subsidiaries of PennyMac Financial Services, Inc. ("PFSI" or "PennyMac"). PFSI is a specialty financial services firm focused on the production and servicing of loans and the management of investments related to the U.S. mortgage market.

Specifically:

- We are managed by PNMAC Capital Management, LLC ("PCM" or our "Manager"), a wholly-owned subsidiary of PennyMac and an investment adviser registered with the United States Securities and Exchange Commission ("SEC") that specializes in, and focuses on, U.S. mortgage assets.
- Our loan production and servicing activities (as described below) are performed on our behalf by another wholly owned PennyMac subsidiary, PennyMac Loan Services, LLC ("PLS" or our "Servicer").

We are not a lender and we do not originate loans; however, our correspondent production segment involves purchases of loans from approved mortgage originators that meet specific criteria related to management experience, financial strength, risk management controls and loan quality.

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

FN-MF-270b.2

Refer to Note 17 – Commitments and Contingencies (pgs. F-55) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for disclosure of material legal proceedings.

### Description of policies and procedures for ensuring nondiscriminatory mortgage origination

FN-MF-270b.3

Our Manager and/or its affiliates make its credit decisions based on the creditworthiness of the applicants pursuant to a Corporate Fair Lending, Fair Servicing, and Fair Marketing Policy, a culmination of fair lending related laws such as the Equal Credit Opportunity Act; the Fair Housing Act; the Home Mortgage Disclosure Act; the Americans with Disabilities Act of 1990; and Unfair, Deceptive or Abusive Acts or Practices (known as UDAAP), which is also approved by our Manager's Mortgage Regulatory Compliance Committee, and which prohibits discrimination against an applicant on a prohibited basis regarding any aspect of a credit transaction, as well as any other aspect of our lending operations.

As such, our Manager and/or its affiliates 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 Manager’s operational procedures and subject to review and/or audit by the Mortgage Regulatory Compliance Committee, Internal Audit, and federal and local regulators.

## Environmental Risk to Mortgaged Properties

**(1) Number and (2) value of mortgage loans in 100-year flood zones** **FN-MF-450a.1**

Our primary business activities relate to mortgage banking. Our loan production and servicing activities are performed on our behalf by our Servicer. Our correspondent production segment involves the purchase, pooling and reselling of newly originated prime credit quality loans either directly or in the form of mortgage-backed securities, using the services of PCM and PLS. Accordingly, we do not have a significant investment in mortgage loans. The loans we purchase or originate for subsequent sale are underwritten and serviced in compliance with applicable federal and state laws and regulations and in compliance with the standards of the government or government-sponsored agencies guaranteeing or insuring the loans or securities the loans are sold into. Such agencies include the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, each of which is a government-sponsored entity; and U.S. Government Agencies, including the Government National Mortgage Association, the Federal Housing Administration, the Veterans Administration and the U.S. Department of Agriculture.

**(1) Total expected loss (EL) and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather related natural catastrophes, by geographic region** **FN-MF-450a.2**

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

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

**Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting** **FN-MF-450a.3**

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

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



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

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

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## Trademark Attribution

**Servicer Total Achievement and Rewards<sup>™</sup>** and **STAR<sup>™</sup>** are registered trademarks of Fannie Mae.

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## Legal Disclaimer

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

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

## Forward-Looking Statement

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