This Corporate Sustainability and ESG Report (or Report), will focus on those environmental, social and governance (or ESG) factors that are relevant to 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 customers, investors, employees, and a range of other stakeholders.

Going forward, we plan to issue an updated Report annually, further detailing how we are committed to disclosure transparency and the ways in which we continue to help empower the financial independence of our customers through sustainable homeownership. This Report 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 help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors. We also considered elements of the Global Reporting Initiative (GRI) Standards: Core Option. The SASB disclosures included in this Report are highlighted in the SASB Index Disclosures. The highlights and metrics shared in this Report represent the 2020 fiscal year, and when possible, we have provided data for additional years. To view this Report online, please visit our Investor Relations website at http://www.pennymacmortgageinvestmenttrust.com.
Message from Our Chairman and CEO

As Chairman and CEO of PennyMac Mortgage Investment Trust, it is my honor and privilege to guide our company through these unprecedented times and to have an opportunity to build long-term, trusting relationships with all of our stakeholders. As a company, we are driven by our core values of being Accountable, Reliable and Ethical and are committed to creating long-term value for our stakeholders while recognizing the importance of the environmental, social and governance (or ESG) impacts of our business operations.

At PennyMac Mortgage, we are committed to being the leading producer of conventional conforming mortgage loans and maximizing attractive risk-adjusted returns on our investments. In doing so, our goal is to achieve and maintain the highest level of trust and quality in the industry, while helping customers realize the dream of homeownership and improving the wellbeing of the communities where we live and serve.

While last year we published a baseline corporate sustainability report, this is our inaugural Corporate Sustainability and ESG Report (referred to herein as the Report). This Report is intended to be a companion to the PennyMac Mortgage Investment Trust 2020 Annual Report to Shareholders and the 2021 PennyMac Mortgage Investment Trust Definitive Proxy Statement.

Our commitment to voluntarily reporting the information in this Report supports the evolving information needs of all of our stakeholders and provides a lens into those certain ESG impacts that could have an effect on our long-term operational and financial performance, as well as the ability to execute on our strategic priorities.

In 2020, we continued taking important steps to meaningfully integrate our corporate sustainability and ESG agenda into every aspect of our business, including our business operations and our governance practices. And in light of the challenges faced during 2020 with the COVID-19 pandemic, our company and all of our stakeholders are acutely aware of the fact that sustainability matters and will continue to play an important role in establishing a sustainable way ahead and supporting our long-term growth as a leader in this industry. As challenging as 2020 was for us as an organization, the pandemic allowed us to demonstrate to our stakeholders that we could respond quickly in a crisis situation and continue to execute on our strategic priorities. As we actively managed our business activities during this time, we were required to pivot from traditional business and operational strategies with a prioritized focus on our customers, employee safety and our long-term sustainability as an organization.

Environmental stewardship is a key aspect of how we operate and we recognize the opportunity and importance of managing the environmental impact of our operations, while minimizing our exposure of risks associated with weather-related natural catastrophes. Our commitment is evidenced in numerous aspects of our business, including our actions around waste reduction and management, energy efficiency improvements, and water conservation.
We are intentional in our efforts to manage the social impact of our operations in a sustainable manner that ensures our ability to meet the needs of our stakeholders and society as a whole. As part of those efforts, we continue to implement a number of enterprise wide programs and initiatives that are designed to support our goals and those of PNMAC Capital Management, LLC (our Manager), a wholly-owned subsidiary of PennyMac Financial Services, Inc. (NYSE: PFSI), related to attracting, developing and engaging the best talent and becoming an employer of choice. Our Manager’s activities around fostering a culture of inclusion and empowering employees from diverse backgrounds and experiences critical in providing them with an opportunity to connect, contribute, and realize their full potential. In advancing the long-term success of all employees, we and our Manager also consistently prioritize employee health, safety and wellbeing, the importance of which was underscored during 2020 by the manner in which employees were supported and protected during the COVID-19 pandemic.

In managing our governance impact, our priority has always been to fully integrate sound governance principles and the highest ethical standards into all aspects of our business starting with our Board and executive leadership. Our Board’s oversight of our corporate sustainability and ESG practices, our enterprise risk management framework, and the establishment of sound policies and procedures to drive business conduct in alignment with our core values of being Accountable, Reliable and Ethical are all central to our efforts to drive our sustainable growth and success as an organization.

Even with the extraordinary challenges faced in 2020 by our customers, our employees, our company and society as a whole, we at PennyMac Mortgage remain committed to executing on our strategic priorities in order to create long-term sustainable value for all of our stakeholders. I encourage you to learn more about how we do that in this Report.

Sincerely,

David A. Spector
Chairman and Chief Executive Officer
We are a specialty finance company and mortgage real estate investment trust (REIT) that invests primarily in residential mortgage loans and 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. (our “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. (PFSI or PennyMac Financial), 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, distressed loans, real estate, and non-Agency subordinated bonds.

• The interest rate sensitive strategies segment represents our investments in mortgage servicing rights (or MSRs), excess servicing spread, Agency and senior non-Agency MBS and the 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 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 fee 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.

Photo of executive leadership team taken on November 25, 2019 at the New York Stock Exchange.
As a leader in the U.S. residential mortgage real estate investment trust business, our competitive advantage is defined by our management expertise, our focus on investing in unique residential mortgage strategies, and a superior culture based on Accountable, Reliable and Ethical action to earn and maintain the trust and respect of customers, regulators, business partners and shareholders.

**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. We, through our Manager, are committed to fostering a strong company culture and building a work environment that can support our strategic mission and sustain our growth and success as an organization. Our Manager’s values are reflected in the phrase “We A.R.E. PennyMac,” and establish our and our Manager’s commitment to conducting our businesses in an Accountable, Reliable and Ethical (A.R.E.) manner.

**Accountable** — Doing the right thing in an accountable way means we continuously seek to drive performance excellence through innovation, risk management and active measurement.

**Reliable** — Doing the right thing reliably means we work together and commit ourselves fully to exceed customer expectations by operating with urgency and demonstrating our technical expertise.

**Ethical** — Doing the right thing ethically means we behave with honesty, fairness and integrity to build the utmost trust among each other and with everyone our business serves.

Our A.R.E. core values are reinforced by behavioral standards that help influence the conduct that PennyMac’ers exhibit everyday with customers, colleagues and other stakeholders and that ultimately support the achievement of our long-term business goals.

Our behavioral standards ensure that our and our Manager’s employees are constantly focused on identifying ways to drive new growth, making sound business decisions, monitoring our performance, treating our customers with dignity and respect, focusing on responsiveness without compromising quality and having a positive attitude.

When we consistently demonstrate behaviors that are aligned with our A.R.E. core values and behavioral standards, great things happen. Our and our Manager’s employees are able to use their skills and talents to
experience a fulfilling and successful career. And, ultimately, we are better able to drive long-term sustainable and profitable growth.

**Our Growth Strategy**

Our growth strategy is focused on unique investment strategies in three segments: correspondent production, interest rate sensitive strategies and credit sensitive strategies.

**Correspondent Production**

We expect to remain one of the leading producers of conventional conforming mortgage loans. We entered the correspondent production business in 2011 after large banks, which had historically dominated the channel, reduced their participation. We believe there is significant growth opportunity in the current environment.

**Interest Rate Sensitive Strategies**

We expect to grow our interest rate sensitive strategies through our focus on MSR investments created through the securitization of conventional correspondent loan production. We hedge with Agency mortgage backed securities (or MBS) and other interest rate hedges and have a strong track record and discipline in hedging interest rate risk.

**Credit Sensitive Strategies**

We expect to grow our credit sensitive strategies business by focusing on investments in credit risk on our high-quality loan production. In 2015, we began organically investing in innovative front-end GSE credit risk transfer (or CRT) investments and ceased new investments in the fourth quarter of 2020. As of December 31, 2020, there were approximately $59 billion in unpaid principal balance (or UPB) of loans underlying our CRT investments.

**COVID-19 Pandemic Response**

As the COVID-19 pandemic began to take an unprecedented toll on our nation and the world in early 2020, our Manager’s collaborative and swift COVID-19 response was consistently guided by its key priorities – assisting borrowers, supporting our and our Manager’s employees, and engaging with local communities.

**Assisting Borrowers**

During the COVID-19 crisis in 2020, mortgage forbearance plans played an important role in helping our and our Manager’s customers manage their finances by providing short-term liquidity. In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed, among other things, to allow borrowers with federally-backed loans to request temporary payment forbearance in response to the increased borrower hardships resulting from the COVID-19 pandemic. For customers who were experiencing financial difficulty and couldn’t afford to make monthly payments as a result of COVID-19, they were provided with various types of forbearance options, including those available under the CARES Act, and were allowed to pause or reduce mortgage payments for a limited period of time. For those customers who were not able to resume making monthly payments at the end of their forbearance plans due to hardship from the pandemic, they were allowed to request an extension of the forbearance plan, up to 180 days. In certain circumstances of continued hardship, our Manager provided additional extensions upon request after the 180-day period.

During the forbearance period, our Manager’s borrowers were protected from late fee charges and calls from collectors. Many of their loans moved into forbearance at rates higher than typical during normal
operations. As a result of innovative technology capabilities, however, our Manager was able to leverage technology to ensure their customers received the same high levels of service they expect. Customers needing to request forbearance were able to do so quickly and easily, most often using our automated systems.

To accommodate borrowers, our Manager also implemented extended hours for their Customer Experience team to be able to connect with customers to discuss any questions or concerns they might have, provide them with the most up-to-date information, and assist them in understanding the all available relief options that may be applicable.

Finally, resources were provided to assist customers in finding HUD-certified approved housing counseling agencies and to ensure that homeowners and renters had the most up to date and accurate housing assistance information.

**Supporting our Employees**

During 2020, we did not experience any growth in our workforce; however, our Manager’s workforce grew from over 4,000 domestic employees as of the fiscal year ended December 31, 2019 to over 6,000 domestic employees as of the fiscal year ended December 31, 2020. Ensuring the safety of our and our Manager’s employees while continuing to best serve customers was our and our Manager’s first priority, and we took all the necessary steps to do so. Our Manager’s Business Continuity Team met on a frequent and recurring basis with executive management and division leaders to implement business continuity plans and measures to safeguard employees and ensure compliance with all national, state and local mandates.

We and our Manager shifted the overwhelming majority of our operations to a remote work environment strategy and enabled our employees to safely work from the comfort of their homes. For the limited population of employees whose jobs would not allow for working remotely, significant precautionary measures were taken to help maintain a safe and clean work environment, including the implementation of social distancing measures, requirements for all employees to wear facial coverings, and enhanced cleaning and sanitizing protocols in accordance with the guidelines of the Centers for Disease Control and Prevention. Our Manager also developed a process for tracking and reporting possible COVID-19 exposure and quarantine cases, mitigating the potential spread of COVID-19 through the enactment of office site visitation protocols, and communicating the temporary closure or reopening of an office site.

Our Manager also developed a comprehensive COVID-19 resource center intranet website for employees with COVID-19 Guidelines, including a PennyMac Staying Healthy Playbook, information regarding our Compensation and Sick Leave Policy and expanded paid time off benefits to care for themselves and family members, and to manage the closures of schools and childcare facilities. In addition, resources were provided regarding policies around working from home, face coverings, social distancing and more.

Our and our Manager’s employees were provided with access to a number of COVID-19 health resources. Our Manager expanded its wellness program by providing registered nurses on-site for team members at several locations to serve as a personal resource for confidential, consultative health questions and services, regardless of health care coverage. These nurses also provided basic health diagnostic services like temperature and blood pressure checks. Our and our Manager’s employees received other helpful resources to support their mental and physical well-being, regardless of medical coverage, and to help them identify child care and other types of caregiver resources.

To support workforce safety throughout the pandemic, our Manager provided a number of care packages with items such as credit card-style hand sanitizers, no-touch brass keys, face masks, and individually-packaged treats. For certain office sites where our Manager maintains the Penny Pantry Café as an in-house corporate dining facility, meals were offered as a safe and affordable choice for restaurant-quality food and established a no-contact curbside pickup process to maintain social distancing guidelines.
Engaging with our Local Communities

Another important component of our Manager’s COVID-19 response was supporting the resilience of local communities. In many of our Manager’s office sites, Penny Pantry Café is offered as an in-house corporate dining facility. Several Penny Pantry team members suddenly became idle with significantly reduced demand due to our Manager’s shift of a significant portion of employees to a remote work environment. This was recognized as an opportunity to make a positive impact in our Manager’s local communities and support front-line and essential workers. To that end, our Manager committed its Penny Pantry resources and delivered approximately 425 meals per week to local medical centers, including UCLA Medical Center, UCLA Dialysis, and Tarzana Hospital, to ensure that staff members were served fresh, healthy, and nutritious meals. As part of its COVID relief efforts, our Manager also provided thousands of disposable gloves to protect the health and safety of front line workers such as the deputies of the Malibu Lost Hills Sheriff’s Station as they assisted citizens in our local communities.

Our Manager also provided funding to several charitable organizations located near several office sites that support missions such as sustainable homeownership, mortgage and rental assistance, food insecurity, disaster recovery, family and child advocacy, and community empowerment. As a mortgage lender with a significant presence in several local markets, our Manager wanted to do its part to help counter the distressing personal and economic effects of COVID-19 and help local communities with regaining stability.
Our Corporate Sustainability and ESG Approach

Corporate Sustainability and ESG as a Foundational Discipline

Our and our Manager’s Corporate Sustainability and ESG Program was established as a core foundational discipline with the appointment of a Senior Managing Director of Strategic Planning and Corporate Sustainability and an Executive Vice President of Corporate Sustainability. A Corporate Sustainability Subcommittee was also formed and a formal Corporate Sustainability and ESG Policy was adopted to define 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 Sustainability Reporting.

Our Board and management oversight program component establishes who is responsible for providing oversight and making critical decisions. During 2020, this was a primary responsibility of the Corporate Sustainability Subcommittee of the Executive Committee.

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

Through ongoing monitoring, 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 are decision-useful, transparent, accurate and complete.
Corporate Sustainability and ESG Governance

We established the following governance structure for our Corporate Sustainability and ESG Program during 2020:

- Board of Trustees
- Nominating and Corporate Governance Committee
- Executive Committee
- Corporate Sustainability Subcommittee
- EVP, Corporate Sustainability
- Division Management and Working Groups

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 in active discussions with our shareholders on a variety of topics throughout the year to ensure that we are addressing their concerns with transparency and accountability.
- We and our Manager regularly interact with our employees on strategic priorities and financial performance. We conduct periodic pulse surveys and host an anonymous reporting hotline.
- Community engagement is fostered through philanthropy and ongoing discussions with national and local charitable organizations in the communities where we live and serve.
- We engage with and seek to build trust with regulators on regulatory matters that impact our business operations through regular meetings, audits and site visits.
- We engage in regular discussions with government sponsored enterprises such as Fannie Mae, Freddie Mac, and Ginnie Mae as our product offerings are highly dependent on the programs that they administer.

- Shareholders
- Customers
- Employees
- Regulators
- Communities and Nonprofit Organizations
- Government Sponsored Enterprises
SASB Materiality Mapping

Based upon the SASB Materiality Map, the table below shows those environmental, human capital, social capital, business model and innovation, and leadership and governance sustainability issues that are likely to affect the financial or operating performance of a company within the Mortgage Finance industry of the Financials sector compared to several other broad sector or industry categories.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>General Issue Category</th>
<th>Financials: Mortgage Finance</th>
<th>Extractives &amp; Minerals Processing</th>
<th>Food &amp; Beverage</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>GHG Emissions</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Air Quality</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Energy Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water and Wastewater Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste &amp; Hazardous Materials Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ecological Impacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Environmental sustainability issues were not identified as a material for any industries in the Financials sector; therefore, the table above provides a comparison against other broad sectors. An “X” indicates those issues likely to be material for more than 50% of the companies in the sector or industry. See Sustainability Accounting Standards Board (SASB) 2018. “SASB Materiality Map”. Website: https://materiality.sasb.org/

<table>
<thead>
<tr>
<th>Dimension</th>
<th>General Issue Category</th>
<th>Mortgage Finance</th>
<th>Asset Mgmt &amp; Custody Activities</th>
<th>Commercial Banks</th>
<th>Consumer Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>Employee Engagement, Diversity &amp; Inclusion</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Capital</td>
<td>Human Rights &amp; Community Relations</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer Privacy</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Data Security</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Access &amp; Affordability</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Selling Practices &amp; Product Labeling</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Model &amp; Innovation</td>
<td>Physical Impacts of Climate Change</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Leadership &amp; Governance</td>
<td>Business Ethics</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Management of the Legal &amp; Regulatory Environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Systemic Risk Management</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Note: PMT is classified in the Mortgage Finance sector. The Asset Management & Custody Activities industry is comprised of companies that manage investment portfolios on a commission or fee basis for institutional, retail, and high net-worth investors. An “X” indicates those issues likely to be material for companies in the represented industries of the Financials sector.
Our Environmental Impact

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, we recognize that these issues are important to our customers, our and our Manager’s employees, our communities, and our stakeholders, as a whole. We are committed to doing our part and helping to minimize our environmental footprint and have adopted a Corporate Sustainability and ESG Policy.

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 environmental risks generally are not financially material for companies within the Mortgage Finance sector of the Financial Services industry.

Minimizing 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 our business activities to online platforms to support the digital delivery of documents and statements. Approximately 40% of our Manager’s customers use electronic statements, resulting in over 30 million sheets and 21 million envelopes saved annually from electronic communications and combined documents in...
In 2020, for our Manager’s consumer direct lending channel, approximately 95% of customers provide eConsent and electronically sign their upfront disclosures.

During 2020, 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 reducing our paper use is not an option, we strive to divert waste from landfills through recycling. Our Manager’s confidential waste program is our most widespread recycling program, resulting in more than 440,000 pounds of paper and other confidential materials being recycled in 2020. A summary is provided below:

<table>
<thead>
<tr>
<th>2020 Recycling Summary</th>
<th>Recycling Volumes in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight Recycled (Pounds)</td>
<td>Q1</td>
</tr>
<tr>
<td>Short Tonnage Recycled</td>
<td>170,249</td>
</tr>
<tr>
<td>Trees Saved</td>
<td>Q2</td>
</tr>
<tr>
<td>Oil Saved (Gallons)</td>
<td>85,882</td>
</tr>
<tr>
<td>Energy Saved (kW)</td>
<td>Q3</td>
</tr>
<tr>
<td>Landfill Space Saved (Cubic Yards)</td>
<td>86,826</td>
</tr>
<tr>
<td>Water Saved (Gallons)</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>97,174</td>
</tr>
</tbody>
</table>

For every two consoles shredded and recycled, one tree is saved.

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. Our Manager’s Facilities Team is working to further expand recycling capabilities and engagement with employees on the proper methods of recycling to reduce its environmental footprint.

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, but when that’s not possible, market these materials for reuse through approved vendors or recycle them. To address the growing challenges associated with electronic waste (“e-waste”), several of our office sites coordinate with third parties for e-waste recycling. This helps divert hazardous waste from landfills, where toxic substances can leach the soil. In 2020, our Manager recycled approximately 10,000 pounds of e-waste across the enterprise. Further expansion of e-waste reduction initiatives are being considered to ensure that electronics are responsibly collected, reused or recycled.

During 2020, our Manager also significantly increased the number of video meetings for employees and telephonic meetings for our Board. Our Manager held approximately 410,000 video meetings during the
year, resulting in a substantial reduction of hard copy meeting materials, as well as a meaningful reduction in travel to meetings thereby reducing our carbon footprint.

**Energy Efficiency**

Reducing energy consumption in its various office site 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 and lighting to curb energy use when it is least required. And there are opportunities to further improve performance in this regard. In 2021, our Manager will be upgrading some of its existing energy management systems to benefit from the latest technologies to even more effectively control, and ultimately lower, our energy consumption.

Our Manager has prioritized the use of energy-efficient LED lighting inside most of its office buildings and is gradually retrofitting existing office buildings with LED lighting, which is expected to continue over the next several years. Our Manager also 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, Moorpark, CA, and Summerlin, NV.

**Water Conservation**

As compared to certain companies in other industries, our Manager’s office sites are not water intensive. Even so, we and our Manager recognize the environmental benefits of proactively managing water consumption. For our Manager’s offices in certain markets, property managers utilize landscaping that doesn’t require high volumes of water. Many of the buildings are equipped with water-saving features, such as low-flow water fixtures and faucets. The property managers are encouraged to explore sustainable technologies, including a water-saving technology that improves the efficiency of water systems across office sites. We do not have any business operations outside of the United States and therefore do not use water outside of our primary domicile.

**Managing Our Environmental Risks**

To manage our environmental risks, we are committed to pursuing a path of continuous improvement – identifying, understanding, and managing our environmental impacts as it relates to paper reduction and recycling, waste reduction and management, energy efficiency and water conservation. Our Manager is continually seeking ways to reduce energy consumption and minimize the associated greenhouse gas emissions.

In connection with our investment activities, we are exposed to certain 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 collateralize loans we own or service or on which we bear credit risk, as well as properties where we conduct business. Future adverse weather conditions and man-made or natural disasters could also adversely impact the demand for, and value of, our assets, as well as the cost to service or manage such assets, 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.
Potentially adverse consequences of global warming and climate change, including rising sea levels and increased intensity of extreme weather events, could similarly have an impact on our properties 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 MSRs and credit risk transfer (or CRT) assets are appropriately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain such coverage at a reasonable cost in the future. There also is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to claims payments due to a deterioration in its financial condition or may even cancel policies due to the increasing costs of providing insurance coverage in certain geographic areas.

All of these factors are taken into consideration and actively managed in order to minimize our exposure to risk of loss and disruptions in our operations.
As of December 31, 2020, we had one employee. Our Manager had just over 6,000 domestic employees as of the 2020 year end. All of our officers are employees of our Manager or its affiliates (collectively referred to herein as our Manager). Our long-term sustainability as an organization is highly dependent upon our Manager and its ability to execute on a number of human capital management strategies related to leadership development and training, diversity & inclusion, employee engagement and culture management, employee wellbeing and safety, and community involvement.

Leadership Development and Training

Talent Development

Talent development is core to the continued growth and success of our and our Manager’s organizations. Our Manager is committed to ensuring that all employees have access to career growth opportunities. As part of that commitment, there is 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, our Manager invests significant resources in training programs to help employees further develop their knowledge, skills and experience. 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 2020, approximately 150 mentor/mentee pairs participated in the Enterprise Mentor Program.

In December 2020, our Manager also launched a customized mentor program, specifically designed for women in the Production Sales division. This program provides women in sales who are early in their careers with mentoring, training, coaching and access to senior leadership, all of which will support their continued growth and development.

Succession Planning

Succession planning is a strategic priority for our Manager, as well, 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 talented pool of employees who are poised to take over leadership roles to support the continued growth, development and evolution of the organization. On an annual basis, our Manager develops a succession plan for certain key roles which is reviewed and approved by executive leadership and human resources. These plans are also reviewed by our Board of Trustees. Our Manager also conducts annual talent reviews to ensure the identification, assessment and development of key talent across the enterprise.

During 2020, our Manager created succession plans for approximately 75 roles. In addition, through succession readiness assessments, over 500 successors were identified, approximately 54% of which were diverse employees.
**Mandatory Training**

All of our Manager’s full-time equivalent employees are required to complete certain compliance training courses, including Safety, Security, and Business Continuity; Fair Lending Compliance; Privacy in the Mortgage Industry; Regulatory Compliance for Mortgage Lenders; Avoiding Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) Violations; Introduction to Vendor Management; Data Security; Ethical Practices in Mortgage Lending; Anti-Money Laundering (AML) Rules of the Bank Secrecy Act and Mitigating Potential Fraud; Preventing Discrimination and Harassment; Active Shooter Preparedness; Insider Trading and Customer Complaints. These courses are organized and aligned with key organizational priorities and support employees generally, as well as in their specific areas of responsibility. During 2020, our Manager also required that employees complete a CARES Act training course. The average completion rate during 2020 for mandatory compliance courses was 94% 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 SMD and Chief Enterprise Operations 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 & Inclusion**

Our and our Manager’s continued growth and success is a direct reflection of the talent and diversity of our people. Our people are one of our greatest assets. To that end, we and our Manager are committed to fostering a culture of inclusion and belonging through customized programs and initiatives designed to attract, develop and engage a diverse and performance-focused workforce. We recognize the value of having a workforce that leverages diversity of experience, ethnicity, age, gender, sexual orientation, personality, style, and thought. We strongly believe that when there is a diverse workforce that is reflective of the communities where we live and serve, that further supports our ability to deliver the best solutions for and serve the needs of our customers.

During 2020, our Manager established leadership and key performance indicator (or KPI) goals to increase the representation of women and underrepresented minorities in management positions. These leadership and KPI goals were a critical component of our Manager’s strategy in attracting, developing and engaging an increasingly diverse workforce. Not only is this important for purposes of executing on our and our Manager’s strategic priorities, but it also help build an increasingly diverse pipeline for executive leadership. See below for additional diversity data for our Manager:

**2020 Workforce Demographics - Racial, Ethnic and Gender Diversity, Company Wide**

<table>
<thead>
<tr>
<th>EEO-1 as of December 31, 2020</th>
<th>White</th>
<th>Black or African American</th>
<th>Hispanic or Latino</th>
<th>Asian</th>
<th>American Indian/Alaskan Native</th>
<th>Native Hawaiian or Other Pacific Islander</th>
<th>Two or more races</th>
<th>Not Specified</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive/Senior-Level Officials and Managers (1)</td>
<td>79.1%</td>
<td>4.7%</td>
<td>4.7%</td>
<td>11.6%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>18.6%</td>
<td>43</td>
</tr>
<tr>
<td>First/Mid-Level Officials and Managers (2)</td>
<td>58.1%</td>
<td>10.0%</td>
<td>16.5%</td>
<td>11.8%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>2.6%</td>
<td>0.3%</td>
<td>45.0%</td>
<td>1,336</td>
</tr>
<tr>
<td>Professionals</td>
<td>48.2%</td>
<td>3.8%</td>
<td>15.0%</td>
<td>26.2%</td>
<td>0.3%</td>
<td>0.8%</td>
<td>4.9%</td>
<td>0.8%</td>
<td>38.7%</td>
<td>367</td>
</tr>
<tr>
<td>All Other (3)</td>
<td>38.5%</td>
<td>20.1%</td>
<td>26.5%</td>
<td>8.4%</td>
<td>0.3%</td>
<td>0.5%</td>
<td>4.7%</td>
<td>1.0%</td>
<td>57.5%</td>
<td>4,317</td>
</tr>
<tr>
<td>Total</td>
<td>43.7%</td>
<td>16.8%</td>
<td>23.4%</td>
<td>10.3%</td>
<td>0.3%</td>
<td>0.5%</td>
<td>4.2%</td>
<td>0.8%</td>
<td>53.3%</td>
<td>6,063</td>
</tr>
</tbody>
</table>
Includes Executive Managing Director, Senior Managing Director and Managing Director roles
Includes Supervisor through Executive Vice President roles
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

### Racial, Ethnic and Gender Diversity - Management Level

- **52%** Diverse
- **30.8%** Racially and Ethnically Diverse
- **33.9%** Women
- 3% increase in diversity since 2019

### Gender Diversity

- **Company-Wide**
  - **53%** Women
  - 1% increase since 2019
- **Management Level**
  - **34%** Women
  - 4% increase since 2019

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

To support our efforts to build a diverse and more inclusive workplace for all, our internal policies prohibit all forms of discrimination or harassment against applicants and employees on the basis of race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age, disability or genetic information or any other lawfully protected classifications. We and our Manager advance diversity and inclusion objectives across all aspects of the employee lifecycle and experience, whether it’s recruitment, selection and retention, compensation and benefits, professional development and training, promotions, transfers, employee engagement programs, layoffs or terminations.

### Employee Engagement and Culture Management

#### Employee Engagement

Beyond day-to-day efforts to attract an increasingly diverse talent that represents the communities where we live and serve, our Manager also actively promote initiatives to develop and engage employees and create an inclusive environment where everyone feels valued, respected and a sense of belonging. Throughout the year, our Manager recognized and celebrated the rich diversity and culture of its workforce through hosting a number of inclusion month activities and programs to drive employee engagement and collaboration.
In January, our Manager closes its offices in honor of Martin Luther King, Jr. Day and encourages employees to use the company-paid holiday as “a day on, not a day off” and participate in volunteer activities in an effort to further strengthen our communities and move our society closer to realizing Dr. King’s dream.

During Black History Month, our Manager celebrated the achievements that Black people and African Americans have made and continue to make in U.S. history. A number of activities were hosted to highlight the many ways that employees could help amplify, celebrate and recognize Black voices all month long.

As part of our Manager’s commitment to initiatives that help to build teams, and improve communication and collaborative efforts, support is provided for the semi-annual Toastmasters Officers Training event that was held in February 2020.
During Women’s History Month, our Manager honored the social, economic, cultural, and political achievements of women in American history and the achievements of female leadership within the organization. To kick off Women’s History Month and in celebration of International Women’s Day, our Manager hosted two Wear Purple Days. For its women employees, our Manager also hosted a seminar that focused on building a commanding presence and strong personal brand.

As part of Celebrate Diversity Month activities in April, our Manager sponsored a virtual art exhibition entitled “At Home in the World,” where employees were encouraged to share their favorite works of art.

Employees were also encouraged to participate in a Virtual Coffee Break event. Employees across our several office sites met colleagues outside of their divisions and locations and made connections that they otherwise would not have but for the virtual work environment.

During 2020, our Manager also recognized Juneteenth, the oldest nationally celebrated commemoration of the ending of slavery in the United States. This day held increased significance, especially for our Black and African American employees. The social unrest that took place following the fatal arrests and shootings of Black Americans across the United States underscored the need for collective, transformative action to advance social justice and racial equality.
PennyMac also celebrated LGBTQ Pride Month and hosted its first-ever virtual runPennyMac: Pride 5K Challenge, which was a great way for our Manager’s employees to virtually bond and continue to show company spirit in a safe and socially distant manner. Several employees also participated in this event as a family activity with members of their households. Through this 5K Challenge, participants raised funds for The Trevor Project and The Human Rights Campaign Foundation, both of which charitable organizations are making a positive impact in the LGBTQ community.

During National Veterans and Military Families Month, our Manager celebrated by sponsoring a Virtual Veterans Day Celebration and hosting a runPennyMac: Veterans 5K Challenge. Employees who participated in the 5K Challenge raised funds for three veteran- and military family member-focused charities – Gold Coast Veterans Foundation, Homes for Our Troops and the American Red Cross. This was a great opportunity to celebrate with veterans and military families while staying active with team members all across the United States. Our Manager also hosted a virtual Veteran’s Day Celebration, including a moment of silence, a Presentation of the Colors ceremony, a National Anthem performance and a special Thank You Veterans video.

Other inclusion months that were celebrated during the year included Asian American and Pacific Islander Heritage Month, Jewish American Heritage Month, Military Appreciation Month, National Hispanic Heritage Month, National Disability Employment Awareness Month and National Native American Heritage Month.

**Culture Management**

Culture management is one of many ways our Manager demonstrates its commitment to its employees. A number of initiatives are sponsored year round to foster a community that exemplifies our Manager’s A.R.E. core values. For example, My Two Cents is a program designed to promote innovative suggestions and thoughtful ideas of employees up to the vice president level. Submitted ideas are evaluated based on merit and, if implemented, the employee receives a financial reward!

Our Manager also hosts a company-wide platform to facilitate peer-to-peer and manager-to-employee recognition and awards. Recognition can be given by anyone to anyone companywide. Some employees can even award non-financial awards known as perks to reinforce exemplary behavior. Furthermore, certain leaders are provided with a budget for recognition with financial rewards, which may be redeemed for a choice of gift cards or banked for later use.
During 2020, our Manager launched its VIP (Very Inspiring PennyMac’er) Program that drives peer-to-peer recognition of team members who go above and beyond to understand their customer’s needs, treat others with dignity and respect, and are advocates and allies. VIPs embody what it means to focus on the internal customer. At several office sites, Associate Culture Teams have been established to drive increased employee engagement across the enterprise.

Our Manager’s Culture Management team led a number of activities during 2020 to support employees, including Employee Appreciation Day in March 2020, which consisted of workforce communications, company-sponsored meals, and distribution of PennyMac-branded apparel. They also coordinated a number of virtual activities during the pandemic, including talent shows, a costume contest, and a holiday recipe contest to drive employee engagement and promote a sense of togetherness.

To further reinforce an appreciation for employee commitment during the pandemic, our Manager also provided home delivery of routine care packages (e.g., granola, ice cream, cookies, etc.) to employees. In addition, first-aid kits were distributed to all employees as part of an annual holiday gift distribution.

**Employee Networking Groups**

PennyMac promotes a culture of inclusion that empowers individuals from diverse backgrounds and experiences to connect, contribute, engage and realize their full potential in a workplace where they feel a greater sense of belonging. During 2020, our Manager had two employee networking groups.

**wEMRG**

The **Women Empowering Mentorships, Relationships, and Growth (or wEMRG)** networking group was established to emphasize career growth, networking, and learning for women at the Assistant Vice President level and above. wEMRG provides an informal professional forum for women at PennyMac by offering access and interactions with senior leaders, providing participants with opportunities to learn and grow their careers through shared experiences, knowledge and skills, relationship building and connections.

**vEMRG**

The **Veterans Engaging Mentorships, Relationships, and Growth (or vEMRG)** networking group was created to further our efforts to attract, support, and create a community of veterans and military family members. Throughout the year, vEMRG sponsors employee engagement and foster a sense of belonging for veterans and military family members at PennyMac.

**Employee Health and Wellbeing**

**Financial Wellbeing**

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

Our and our Manager’s compensation programs are designed and actively administered to ensure that all full-time employees receive compensation meeting or exceeding the amount for basic living needs, above the legal minimum and living wages in the states where we have operations.
Physical Wellbeing

The overall health of our and our Manager’s employees is a top priority. Our Manager offers a quality and comprehensive selection of health and welfare benefits to eligible employees. These include two medical plan offerings, two dental plans, vision, HSA, FSA-Health, FSA-Limited Purpose, FSA-Dependent Care, Basic Life Insurance, Long Term Disability, Supplemental Life (employee, spouse, and child) and voluntary STD for states that do not offer a state disability plan.

Wellness is a way of life at PennyMac. In addition to the health and welfare benefits, our Manager also offers an enhanced wellness plan to create opportunities and incentives to promote a culture of happy, healthy, and engaged employees. The goal is to encourage and to commit to long-term healthy change in how employees live, work, exercise, and eat. The wellness program is designed to offer employees activities and incentives that will have a long-term effect and improve their overall well-being. Through this wellness initiative, we believe we can create a culture and work environment where everyone enjoys improved health.

Emotional Wellbeing

For emotional support and well-being, our Manager also offers an Employee Assistance Program with a work life benefits feature, where licensed counselors can provide employees with access to legal advice, financial consultation, parenting and family services, and identity theft victim recovery services, advice on coping with difficult life events such as the loss of a loved one and tips on dealing with emotions, including a depression screening tool. Counselors are available 24 hours a day, 7 days a week, for confidential assistance.

Workplace Safety

With the significant level of growth in our Manager’s employee count that we experienced during 2020, safety was, and continues to be, one of the highest priorities. Our Manager follows set procedures to ensure compliance with all applicable Occupational Safety and Health Administration (OSHA) requirements. A dedicated team of employees manage and support programs and initiatives that address a number of common workplace safety, health and security concerns across the organization. To guarantee the continuing effectiveness of workplace safety programs, our Manager’s 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 2020, as it relates to our Manager, approximately 11 workplace accident cases were reported, 78 employees completed ergonomic training, and eight employees filed workers compensation claims. There were no reports of work-related fatalities or occupational diseases.

Philanthropy and Community Engagement

Our Manager’s Corporate Philanthropy Program is governed by a philosophy of giving that prioritizes the support of causes and issues that are important in local communities, and drives a culture of employee engagement and collaboration throughout the organization. The Corporate Philanthropy Program prioritizes four philanthropic focus areas: Mortgage Industry and Housing Market, Financial Literacy and Education, Diversity & Inclusion and Local Community Involvement. Within these focus areas, there is consistent focus on driving progress to support a number of issues that have impacted underserved and underresourced communities, including housing insecurity and homelessness, food insecurity and hunger, disaster recovery and child and family services.

As leaders in the mortgage industry, we and our Manager recognize the importance of local community engagement. During 2020, our Manager sponsored two virtual 5K challenges – one 5K challenge took place during LGBTQ Pride Month where funds were raised to support The Trevor Project and the Human Rights Campaign Foundation. The second 5K challenge took place during National Veterans and Military Families Month, where funds were raised to support The American Red Cross, The Gold Coast Foundation and Homes For Our Troops.
As part of our Manager’s Giving Tuesday campaign, and in light of the continuing volatility of the pandemic coupled with our inability to gather safely with coworkers for the holidays, all of their 2020 holiday event funding was repurposed and donated to local charities that had significant meaning to the employees across several office sites. A few of the identified charitable organizations that were supported are represented below:

Our Manager 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.

Many of our Manager’s employees have board and leadership positions with local charitable organizations, including the Children’s Auxiliary Services of Ventura County, Westside Food Bank and Big Brothers Big Sisters of Ventura County, and we are proud of them for going above and beyond to support the communities where we live and serve. Kevin Gamboa, Underwriter, Modifications in our Moorpark office, was recognized as the Big Brothers Big Sisters of Ventura County’s “Big of the Year” for 2020. This award recognized Kevin as a mentor who demonstrated exemplary commitment in supporting his “Little” (youth mentee).

Supporting Sustainable Homeownership

We and our Manager are committed to helping our customers realize the dream of homeownership and, even more importantly, we want them to experience sustainable homeownership. We provide a number of resources and loan products for first-time homebuyers, homebuyers with compromised credit, and
low-income buyers, including FHA Home Loans (which offers flexibility with below-average interest rates, easier credit requirements, and low down payments), Fannie Mae’s HomeReady® Mortgage (which helps to improve housing affordability by reducing borrower costs), Freddie Mac’s Home Possible® Mortgage (which offers more options and credit flexibility for low income borrowers, and USDA Rural Development Loans (which aims to help improve the economy and quality of life in rural America).

A well-educated borrower is much more likely to succeed with a mortgage loan, which is exactly what we want for our customers. To ensure that our borrowers have clarity and understanding of the responsibilities that come with owning a home, some of the loan products that we offer, such as the Fannie Mae HomeReady® Mortgage, may require *homeownership education and housing counseling*. These requirements equip our borrowers with the necessary skills to manage their responsibilities, which promotes sustainable homeownership, which ultimately is beneficial for the borrower, PennyMac and our industry as a whole.

We are also a partner with Freddie Mac to provide loans that meet the eligibility requirements of their GreenCHOICE Mortgages® program, which is committed to facilitating the financing of energy efficient home improvements and energy efficient homes, helping more families attain and maintain home affordability.

For our veterans and military family members, we and our Manager support sustainable homeownership through our VA Home Loan Program. Through this program, eligible service members and veterans are able to take advantage of several benefits such as lower interest rates, and no requirements for down payments or monthly mortgage insurance premiums, depending on the mortgage type. In 2020, our Manager provided over $42.4 billion in financing to veterans. As the servicer for over 368,000 loans for veterans, service members and their family members, our Manager ranked nationally as the #5 VA lender as of December 31, 2020 according to an Inside FHA/VA Lending - Top 50 Lenders report. Our Manager also extends its veteran 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 Specially Adapted Housing Grants.

In addition, we and our Manager provide our borrowers with information regarding other resources such as 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.

A First-Time Homebuyer Guide to Mortgages was curated to help clarify the home buying process and help buyers gauge if they are financially ready to take on the responsibility of homeownership. We also provide resources to help first-time borrowers understand their credit standing and the related impact on the ability to obtain favorable mortgage loan terms. Additionally, our customers are provided 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.

**Company Recognition**

At PennyMac, we recognize the importance of acting with honesty, integrity and the highest ethical standards. We value the external recognition received, as it further demonstrates that our and our Manager’s employees are critical to our growth and success.
Our Manager and/or one of its affiliates has received the following mortgage lender recognition:

Our Servicer, PLS, was honored among nine servicers nationwide as a “Gold” recipient of the Freddie Mac 2020 Servicer Honors and Rewards Program (SHARP™), which annually recognizes mortgage loan servicers for superior servicing portfolio performance based on a Servicer’s Servicer Success Scorecard ranking. SHARP is aligned with Freddie Mac’s Reimagine Servicing® effort to transform the servicing landscape while focusing on outstanding customer service and positive efforts to prevent and alleviate loan delinquencies. This SHARP award represents our Manager’s commitment to sustainable homeownership, quality servicing and robust risk management, which were especially important during the pandemic.

Our Manager also was a recipient of Confirmit’s ACE (Achievement in Customer Excellence) Award and was recognized as a company that is not only committed to delivering great customer experiences but that also uses it to keep its businesses one step ahead. Our Manager was recognized in two categories: Voice of the Customer and Innovation. A VoC program was expanded across our Manager’s business to cover multiple touchpoints, including website, customer communications, and the customer service call center. Response rates increased by 42% compared to the previous year. This award is a testament to our Manager’s commitment to listening to and understanding its customers in order to deliver the best customer experience in the industry.

Our Manager was also voted one of Bankrate’s Best Mortgage Lenders of 2020. Bankrate evaluated lenders across the mortgage industry and scored them based on three areas: Expediency, Affordability and Customer Experience. Based on their scores, this top ranking was received, which is a testament to efforts to go above and beyond every day to provide customers with the absolute best experiences, products, and value in the industry.

A few other awards and designations for our Manager are provided below:

- **2020 Women on Boards “V” (very close) Designation** (recognizing Board gender balance and diversity)
- **Military Friendly® Employer Designation** (since 2015)
- **American Mortgage Diversity Council** (Advisory Board since 2018)
Internally, we also recognize and celebrate company milestones. The distribution of commemorative coins have become a proud tradition in our company and is just a small token of our appreciation to our and our Manager’s employees for their dedication and strong work ethic, which have made these milestones possible. These coins serve as a constant reminder to us of significant events and milestones, and they are proudly displayed in employee workspaces.

**Employee Recognition**

Throughout the year, we and our Manager recognize employees who are celebrating milestone anniversaries. To show appreciation, employees are provided 5- and 10-year anniversary milestone gifts.

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

- **2020 HousingWire Tech Trendsetter Award**
  - Tracie Hunter
  - MD, Production Business Technology

- **2020 HousingWire Women of Influence Award**
  - Kimberly Nichols
  - MD, Broker Direct Lending

- **Advisory Board of the American Mortgage Diversity Council**
  - Kisha Parker
  - EVP, Corporate Sustainability
Our Governance Impact

Good governance is at the core of how PennyMac operates 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, rules and regulations.

Board Governance

We believe our Board possesses deep and broad skill sets and specific experience and expertise that facilitate strong oversight and strategic direction for us as a leading residential mortgage real estate investment trust, or REIT.

<table>
<thead>
<tr>
<th>AGE</th>
<th>TENURE</th>
<th>DIVERSITY</th>
<th>INDEPENDENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>62.7</td>
<td>8.4</td>
<td>57%</td>
<td>86%</td>
</tr>
</tbody>
</table>

- **AGE**: 2 Under 60 years, 3 60-65 years, 1 Over 65 years
- **TENURE**: 4 Under 5 years, 1 5-10 years, 2 Over 10 years
- **DIVERSITY**: 3 Diversity, 3 Female Trustees, 2 African-American Trustees
- **INDEPENDENCE**: 6 Independent Trustees, 6 Non-Independent Trustees

**Board Skills**

- Financial Expertise: 6
- Financial Industry Knowledge: 7
- Mortgage Banking/Agency Expertise: 4
- Risk Management Experience: 3
- Operating Experience: 4
- Accounting Experience: 4
- Corporate Sustainability Experience: 4

out of 7 trustees
We continuously monitor developments, trends and best practices in corporate governance and consider feedback from shareholders and proxy advisory firms, as appropriate, when enhancing our governance, policies and structure.

<table>
<thead>
<tr>
<th>✔ Shareholder Right to Amend the Bylaws. 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.</th>
<th>✔ Shareholder Engagement. We value the perspectives of our shareholders. In addition to our regular outreach to investors, our Investor Relations department engages in outreach activities and discussions with a significant portion of our shareholders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Majority Voting Standard in the Election of Trustees. 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.</td>
<td>✔ Independent Lead Trustee. The independent trustees of our Board elected Preston DuFauchard as our independent lead trustee for an additional three-year term that expires in February 2024.</td>
</tr>
<tr>
<td>✔ Trustee Resignation Policy. Any trustee nominee who fails to receive a majority vote in an uncontested election is required to promptly tender his or her resignation to the Board.</td>
<td>✔ Board Refresh. 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.</td>
</tr>
<tr>
<td>✔ Trustee Limitations on Number of Boards. 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.</td>
<td>✔ Regular Executive Sessions. Our independent trustees meet privately on a regular basis. Our independent lead trustee presides at such meetings.</td>
</tr>
<tr>
<td>✔ Robust Share Ownership Guidelines. 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).</td>
<td>✔ Regular Board Evaluation. The Nominating and Corporate Governance Committee sponsors an annual self-assessment of the Board’s performance as well as the performance of each committee of the Board.</td>
</tr>
</tbody>
</table>

### Board of Trustees Leadership

Our Board leadership structure currently is 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 Mr. Spector brings company-specific experience and expertise and the ability to utilize the in-depth focus and perspective gained in running our Company to effectively and efficiently lead our Board. As the trustee most familiar with our business and industry, our Chief Executive Officer is most 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 key 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**

Currently, three women serve on our Board, representing 43% of our total Board members. In addition, we have a number of trustees who represent other diverse backgrounds and experiences including two Black or African American trustees, which represents a combined diversity representation of 57%. Our Board believes that these sorts of diversity factors are essential 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:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Primary Risk Oversight Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>Our Audit Committee focuses on risks associated with internal controls and securities, financial and accounting compliance, and receives an annual risk assessment report from our internal auditors.</td>
</tr>
<tr>
<td>Compensation</td>
<td>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.</td>
</tr>
<tr>
<td>Finance</td>
<td>Our Finance Committee focuses on risks relating to our Company’s liquidity and capital resources and our investment policies and strategies.</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>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 member and Board Committee, as well as risks associated with corporate sustainability, including our ESG impacts.</td>
</tr>
<tr>
<td>Related Party Matters</td>
<td>The Related Party Matters Committee focuses on risks arising out of potential conflicts of interest between us, on the one hand, and PNMAC Capital Management, LLC, or our Manager, PennyMac Loan Services, LLC, or our Servicer, their affiliates or any other identified related party, on the other hand.</td>
</tr>
<tr>
<td>Risk</td>
<td>The Risk Committee oversees our Manager’s enterprise risk management function in relation to our Company and focuses on credit risk, mortgage compliance risk and operational risk, including cybersecurity and climate change related risk.</td>
</tr>
</tbody>
</table>
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 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 pursuant to a management agreement and other related party agreements. Our executive officers are employed by Private National Mortgage Acceptance Company, LLC (PNMAC), a wholly owned subsidiary of PennyMac Financial, and, therefore, receive compensation from PNMAC. While PNMAC may use a portion of our management fee 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 PNMAC’s compensation arrangements with our named executive officers.

PNMAC, through its executive compensation program, seeks to:

• Create a pay-for-performance culture where a majority of total compensation for each named executive officer is performance based;
• Align the interests of its executives with those of its stockholders with long term equity awards and performance based compensation;
• Assess named executive officer compensation against market compensation benchmarks prepared by our independent board consultant;
• Facilitate the attraction, motivation and retention of highly talented executive leaders who will be crucial to its long-term success and ultimate sustainability; and
• Encourage executives to focus on achieving our annual and long-term business goals.

We tailor our executive compensation program each year to provide what we consider to be a proper balance of these basic elements and are committed to ensuring that our executive compensation program remains generally consistent with market practices and focused on long-term performance.

Human Rights and Our Code of Business Conduct and Ethics

Our commitment to upholding human rights is a core value in our company. 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 a living wage, respecting labor rights, treating all people regardless of gender, race or ethnicity with dignity and respect, enabling healthy and safe work environments, 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 and inclusion, and workplace safety, we and our Manager are committed to protecting the human rights of our employees. These policies seek to provide employees and applicants equal treatment regardless of certain identified characteristics that can lead to bias in employment decisions. We also observe Universal Human Rights Month and Human Rights Day in observance and support of those inalienable rights that are inherent to all human beings.
We have adopted a Code of Business Conduct and Ethics, which 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 officers, trustees and employees and we expect the same level of ethical conduct from our suppliers. Our Chief Legal Officer, and where applicable, specified members or committees of our Board of Directors, are responsible for overseeing and monitoring compliance with the code.

In addition, we have adopted a Code of Ethics for the Chairman, 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 Chairman, Chief Executive Officer and Senior Financial Officers are available on our website at www.pennymac-reit.com.

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, report 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 Chairman, 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 hour, 7 days a week.

Regulatory Compliance

We have a comprehensive compliance management system (or CMS) that is designed to ensure compliance with applicable mortgage origination and servicing laws and regulations. The components of our CMS include: (a) oversight by senior management and our Board of Trustees to ensure that our compliance culture, guidance, and resources are appropriate; (b) a compliance program to ensure that our policies, training and monitoring activities are complete and comprehensive; (c) a complaint management program to ensure that consumer complaints are appropriately addressed and that any required actions are implemented on a timely basis; and (d) independent oversight to ensure that our 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 who oversee specific areas of compliance. MRCC is comprised of members of our Manager’s senior management from all areas of the company impacted by mortgage compliance laws and regulations. The MRCC meets on a regular basis throughout the year.
Enterprise Risk Management

Risk identification, assessment and monitoring are important processes for our Board and our leadership teams. Through an Enterprise Risk Management (or ERM) framework, our Manager is able to identify, 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 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.

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.

Our current governance structure is provided below:

Business Continuity and Crisis Management

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

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

Strong governance is at the core of our business continuity practices. Our Business Continuity Subcommittee, which consists of members of our Manager’s senior leadership team from Enterprise Operations, Executive Management, Information Technology, and representatives from each our business divisions, provides guidance for our 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**

Protecting the personal and financial information of borrowers is a top priority at PennyMac and we have not experienced any cybersecurity breaches over the last three years. Robust policies and procedures are established to maintain the safety of such information, and we hold our suppliers and vendors to those same high standards. Our customers expect that we will protect their personal and financial information and we go to great lengths to make sure that we meet those expectations.

The mission of our Manager’s Information Security Team is to protect, defend and innovate across our enterprise — always safeguarding our customer’s information and rising to the level of trust and confidence of our borrowers and business partners. Cyber threats are continuously changing; therefore, it is important that the Information Security Team quickly adapts in the same manner.

**Technology Advancements**

An Information Security Program has been designed to empower our and our Manager’s employees with sophisticated detection and analytic capabilities and the ability to identify and respond to a wide range of potential cyber threats across the PennyMac footprint. In real time, the Information Security Team is able to observe anomalous activity, investigate and collaborate with business and technology partners to ensure that cyber threats are met with efficiency, speed and focus.

Our Manager is a leader in digital technology transformation, setting the pace for the mortgage industry with innovation and cloud adoption. Through trailblazing security solutions, our Manager is able to capitalize on new advancements in identity, analytics and cloud protections reinforces the innovative mindset of our organization. With added focus on technological innovation comes the obligation to rigorously and continuously test the environment to identify potential pathways for cyber intrusion and exposure, and taking a preemptive approach in managing all cybersecurity risks is a top priority.

**Privacy and Data Security**

Strong governance protocols are at the foundation of our and our Manager’s information security efforts and are based on a precise alignment with all applicable regulatory requirements and industry standards, such as the National Institute of Standards and Technology (NIST) and the International Organization for Standardization (ISO). The year 2020 marked a transformative year for information security. As a result of the pandemic, the technology needs of our customers changed considerably, and our adaptability enabled new secure channels of work and online interaction, further enhancing our organization’s security posture. While many companies around the world struggled to adapt to new realities, we were able to capitalize on our Manager’s innovative technology investments to deliver on our commitments to customers with speed and agility.
Our commitment to protecting our customers is evidenced through a Corporate Privacy Program, which establishes company-wide and divisional policies and procedures that are necessary to protect consumer and employee privacy. Ongoing training for our and our Manager’s employees is required to drive awareness and knowledge of our privacy program requirements.

**Leadership and Governance**
As part of our information security strategy, our executive and Board leadership is kept abreast of all efforts to prevent, detect and respond to risks. Members of our Manager’s senior management team regularly report to the Risk Committee of our Board, and our Manager’s Technology Committee, comprised of Executive Committee members with cross-functional business, technology and risk leadership roles, assists the Board in its oversight of cybersecurity and data privacy risk management.

**Privacy and Data Security Training and Development**
Our and our Manager’s employees are the first line of defense. Keeping employees informed and educated on privacy and data security helps them to make the right decisions when it comes to protecting the information that is accessible in connection with their job functions. PennyMac has a mature security awareness and education program that includes required annual training on topics such as information security and privacy. Additional training requirements apply to employees, such as IT administrators and software developers, who have specific roles or access rights. Finally, to ensure that the Information Security Team is comprised of individuals with the skills required to advance our business goals, we invest heavily in ongoing employee training and development through a number of means, including virtual and in-person courses, certifications, conferences, and technology bootcamp sessions.
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 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 and ESG Report was developed to align with the SASB standards.

The index below includes SASB standards that are relevant for our Mortgage Finance business activities. Unless otherwise noted, all data and descriptions are as of or for the fiscal year ended December 31, 2020. 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 material or is privileged or confidential; (ii) could cause a competitive disadvantage to our business if publicly disseminated; or (iii) is not currently collected in a manner wholly correlative with the related SASB metric.

**Mortgage Finance Standard**

**Activity Metrics**

| (1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial | ORIGINATED MORTGAGES | December 31, 2020 |
| (Dollars in thousands) | Number | Value ($) |
| Residential | 25,407 | 5,967,131 |
| Commercial | – | – |
| Total | 25,407 | 5,967,131 |

| (1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial | PURCHASED MORTGAGES | December 31, 2020 |
| (Dollars in thousands) | Number | Value ($) |
| Residential | 639,940 | 168,294,797 |
| Commercial | – | – |
| Total | 639,940 | 168,294,797 |
# Lending Practices

(1) Number and (2) value of residential mortgages of the following types: Hybrid or Option Adjustable-rate Mortgages (ARM), Prepayment Penalty, Higher Rate, Total, by FICO scores above or below 660

## RESIDENTIAL LOANS BY FEATURES AND FICO SCORE

| (Dollars in thousands) | December 31, 2020 | | | | |
|------------------------|------------------|---|---|---|
|                        | FICO =< 660 | FICO > 660 | | | |
|                        | Number | Value ($) | Number | Value ($) | | | | | |
| Hybrid or option ARM | 18 | 12,491 | – | – | | | | | |
| Higher rate | 10 | 3,375 | 6 | 1,586 | | | | | |
| Prepayment penalty | – | – | – | – | | | | | |
| Total residential mortgages | 121 | 10,490 | 103 | 24,885 | | | | | |
| Total | 145 | 23,445 | 109 | 26,471 | | | | | |

(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660

## RESIDENTIAL MORTGAGE MODIFICATIONS

| (Dollars in thousands) | December 31, 2020 | | | | |
|------------------------|------------------|---|---|---|
|                        | FICO =< 660 | FICO > 660 | | | |
|                        | Number | Value ($) | Number | Value ($) | | | | | |
| Modifications (1) | 1,200 | 251,009 | 10,105 | 2,136,051 | | | | | |
| Foreclosures | 25 | 2,677 | 831 | 29,307 | | | | | |
| Short sales or deeds in lieu | 6 | 915 | 86 | 15,606 | | | | | |
| Total | 1,231 | 254,601 | 10,438 | 2,180,964 | | | | | |

(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

Refer to Note 15 (pgs. F-60 to F-61) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for disclosure of material legal proceedings.
The incentive programs for our mortgage loan officers focus on payment for the origination of mortgage loans. To ensure that small balance customers have equal treatment as large balance customers and to provide all of our mortgage loan officers with an equal incentive for their efforts, compensation is based on unit volume as opposed to dollar volume. We establish a base payout compensation level, which may be adjusted based on a number of behavioral modifier factors such as timely submission of loan applications, compliance with all service and regulatory requirements, and completeness of the loan document file.

**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

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**

Refer to Note 19 (p. F-58) of the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for disclosure of material legal proceedings.

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

Our Manager makes its credit decisions based on the creditworthiness of the applicants pursuant to an Equal Credit Opportunity Act (ECOA) Policy approved by our Board of Trustees. Both the ECOA Policy and our Corporate Fair Lending and Servicing Policy, also approved by our Board of Trustees, prohibit 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, neither we nor our Manager discriminates based on a person’s race, color, ethnicity, national origin/ancestry/genetic information, religion, 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, applicant’s status as a victim of domestic violence or any other impermissible factor.

These requirements are integrated in our operational procedures and subject to review and/or audit by our Manager’s Mortgage Regulatory Compliance Committee, Internal Audit, and our federal and local regulators.
Environmental Risk to Mortgaged Properties

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

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

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 our losses in recent years have not been material in relation to our overall earnings and financial performance.

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

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

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

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HomeReady® is a registered trademark of Fannie Mae.

Servicer Honors and Rewards Program (SHARP)℠ is a registered service mark of Freddie Mac.

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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 (NYSE: PMT). 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.

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

Forward-Looking Statement

This Report contains forward-looking statements relating to the manner in which we intend to conduct our activities based on our current plans and expectations. These statements are not promises of our future conduct or policy and are subject to a variety of uncertainties and other factors, many of which are beyond our control. Therefore, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed in this Report, may differ materially in the future. The statements of intention in this Report speak only as of the date of this Report and we do not undertake to publicly update any statements in this Report. As used in this Report, the term “PennyMac” and such terms 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. 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.