



2019 Corporate Sustainability Report

The purpose of this corporate sustainability report is to establish a baseline against which the Company will measure its ongoing efforts around corporate sustainability, including environmental, social and governance disclosures. As the Company further develops its corporate sustainability program, a more comprehensive corporate sustainability report drafted in accordance with the Sustainability Accounting Standards Board (SASB) disclosure guidelines will be produced and will contain significantly more sustainability information for the benefit of our investors and the public. The statements made in this corporate sustainability report are current as of the date of this report only.

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A Message from our Chairman of the Board and our President and Chief Executive Officer

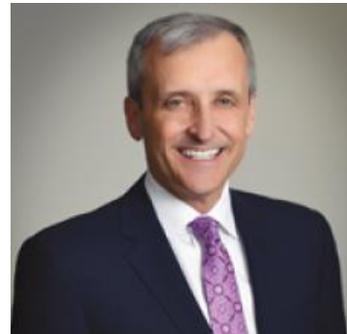
At PennyMac Financial Services, Inc. (“PFSI,” “PennyMac” or “Company”), we strive not only to drive high operational and financial performance but also to serve a greater social purpose through our core businesses, which are centered around homeownership. Mortgage banking allows us to serve our customers throughout the country by facilitating home purchases, refinancings that make homes more affordable, and, when necessary, loss mitigation alternatives designed to avoid foreclosure and keep our customers and their families in their homes.

We also encourage and support principles of corporate sustainability through governance best practices for our Board of Directors (the “Board”), in our operations and throughout our communities. We believe these principles promote the sustainable, long-term growth of our organization for the benefit of our stockholders, our customers, and the housing industry as a whole, improving the environment in which we live. We hold ourselves accountable for managing our social, environmental and economic impact through a number of initiatives, and we believe that every small step we take to focus on corporate sustainability is a step in the right direction.



A handwritten signature in black ink, appearing to read "Stanford L. Kurland".

Stanford L. Kurland
Chairman of the Board



A handwritten signature in black ink, appearing to read "David A. Spector".

David A. Spector
President and Chief Executive Officer

Environmental – Carbon and Climate | Waste and Toxicity | Risks and Opportunities

#	Metric	Results	Additional Details
1	Major environmental controversies - #	0	As of December 31, 2019
2	Incidents of non-compliance with water quality, permits, standards or regulations - #	0	As of December 31, 2019
3	Paper Recycling Program: <ul style="list-style-type: none"> • Pounds recycled • Trees saved • Gallons of oil saved • Kilowatts of energy saved • Cubic yards of landfill space saved • Gallons of water saved 	<ul style="list-style-type: none"> • 516,741 • 4,400 • 98,181 • 1,033,483 • 774 • 1,808,597 	As of December 31, 2019

Other Environmental Sustainability Information:

- PennyMac's Enterprise Risk Management Framework outlines the processes for identifying, assessing, and managing risks (including, but not limited to, environmental, social, governance, cybersecurity, and natural disaster related risks) for the Company. Our Board and each of its committees (including the underlying management committees) are responsible for overseeing the Company's most significant risks.
- Our Board's Nominating and Corporate Governance Committee has oversight responsibility regarding PennyMac's corporate sustainability practices (including, but not limited to, environmental, social and governance matters). This committee meets on a quarterly basis. A copy of the charter for this committee is located on our Investor Relations website.
- During 2019, we significantly increased the number of face-to-face Zoom video meetings for employees and telephonic meetings for our Board, 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. During 2019, we held 123,322 Zoom meetings, and 10 of our 27 Board and Board committee meetings were telephonic.
- Energy Management System is used in several facilities, including our corporate office, which also contains a solar system that provides energy credits for the facility. The use of LED lighting is also used in several facilities.
- Vehicle charging stations are available in our Westlake Village, CA, Moorpark, CA, and Summerlin, NV locations. PennyMac does not use water outside of its primary domicile.

Social – Labor, Health and Safety | Diversity and Inclusion | Stakeholders and Society | Quality and Brand | Human Rights

#	Category	Metric	Results
1	Labor Health and Safety	Reported workplace accidents - #	23
2	Labor Health and Safety	Workforce completing ergonomic training - #	242
3	Labor Health and Safety	Workers Compensation claims filed - #	15
4	Labor Health and Safety	Work-related fatalities or occupational diseases	0
5	Labor Health and Safety	Mandatory Corporate Training Complete - %	95%
6	Labor Health and Safety	Issues related to living wages and labor standards - #	0

Labor, Health and Safety:

- As of December 31, 2019, we, through a subsidiary, had approximately 4,200 employees.
- We conduct surveys to improve employee engagement, assess employee satisfaction and gather feedback after programs and events.
- Dedicated staff and programs are in place to support diversity and inclusion and workplace safety initiatives.
- Mandatory corporate training is required for all employees and/or management, including Safety and Business Continuity, Fair Lending, Privacy in the Mortgage Industry, Regulatory Compliance for Mortgage Lenders, Avoiding UDAP Violations, Vendor Management, Data Security, Ethical Practices in Mortgage Lending, Anti-Money Laundering, Preventing Discrimination and Harassment, Active Shooter Preparedness, Insider Trading and Customer Complaints. 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 Corporate Compensation Policy, Corporate Employee Handbook, and Equal Employment Opportunity statement address policies related to fair living wages, labor rights, discrimination, workforce equality, fair employment, variable pay plans, and workplace safety.

Diversity and Inclusion:

- We launched the Women Empowering Mentorships, Relationships, and Growth (wEMRG) corporate program which emphasizes career growth, networking, and learning for women at the Assistant Vice President level and above.
- We launched the Veterans Engaging Mentorships, Relationships, and Growth (vEMRG) corporate program to further our efforts to hire, support, and create a community of veterans and veteran families.

Social – Labor, Health and Safety | Diversity and Inclusion | Stakeholders and Society | Quality and Brand | Human Rights

#	Category	Metric	Results
7	Stakeholders and Society	Fines or settlements related to bribery, corruption, or anti-competitive standards - \$	\$0
8	Quality and Brand	Fines, settlements, or enforcement actions related to false, deceptive, or unfair marketing - \$	\$0
9	Quality and Brand	Material Information Security Breaches - #	0
10	Quality and Brand	Losses/Expenses Related to Information Security Incidents - \$	\$0
11	Human Rights	Remedies to parties in connection with alleged human rights violation - \$	\$0

Stakeholders and Society:

- Certain corporate sustainability goals are included in our annual Corporate Strategic Plan and are linked to compensation, including variable pay, where applicable.

Other Social Responsibility Information:

- PennyMac has not been linked to any human rights violations or corruption issues in its business operations.
- During Fiscal 2019, we serviced approximately \$368.7 billion in UPB of loans for approximately 1.8 million homeowners.
- During 2019, we funded approximately \$118 billion in new home loans, helping over 450,000 households across the country purchase or refinance their homes, including approximately \$26 billion for 93,000 households under the VA Home Loan program.
- Loan servicer for approximately 350,000 service members, veterans and their families, ranking #2 nationally. Loan financing for approximately 310,000 veterans and their families through the first six months of 2019. Collected approximately 860 HeroBoxes for deployed service members.
- PennyMac's Enterprise Risk Management Framework outlines the processes for identifying, assessing, and managing risks (including, but not limited to, environmental, social, governance, cybersecurity, and natural disaster related risks) for the Company. The Board and each of its committees (including the underlying management committees) are responsible for overseeing the Company's most significant risks.
- Dedicated staff is in place to support the Company's Anti-Money Laundering and Know Your Customer programs. Our Anti-Money Laundering Subcommittee meets regularly with reporting to the Mortgage Regulatory Compliance Committee and then to the Risk Committee of the Board.
- Vendors and Suppliers are required to abide by our Corporate Business Ethics Policy through our Vendor Master Services Agreements.
- As outlined in our Code of Business Conduct and Ethics, no Company Associate may accept any gifts, entertainment or gratuities that could influence or be perceived to influence decisions about PennyMac's best interests. Company policy also prohibits discrimination or retaliation of any kind as a result of good faith reporting through the PennyMac Ethics Hotline of a suspected violation of laws, regulations, or the Code of Business Conduct and Ethics.

PennyMac U.S. Workforce Demographics

EEO Category	White	Black or African American	Hispanic or Latino	Asian	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Two or More Races	Female
Exec/Sr. Level Officials & Mgrs.	82.9%	5.7%	0.0%	11.4%	0.0%	0.0%	0.8%	17.1%
1st/Mid Level Officials & Mgrs.	59.8%	9.2%	16.0%	12.6%	0.3%	0.5%	1.6%	43.7%
Professionals	51.5%	3.0%	15.5%	27.0%	0.4%	0.4%	2.1%	41.6%
All Other	36.1%	21.8%	28.7%	9.3%	0.5%	0.8%	2.8%	56.6%
Total	43.3%	17.4%	24.5%	11.2%	0.4%	0.7%	2.5%	52.1%

Sources: Employees of PennyMac Financial Services, Inc. and its subsidiaries as of December 31, 2019. "All Other" is a combination of the following EEO-1 job categories: technicians, sales workers, administrative support, craft workers (skilled), operatives (semi-skilled), laborers and helpers and service workers.

Note: PennyMac is an equal opportunity employer. PennyMac values diversity and is committed to creating an inclusive environment for all employees. Pursuant to PennyMac's Equal Employment Opportunity (EEO) Policy, all qualified applicants will be considered without regard to any protected characteristic under state, federal, or local law, including, but not limited to race, color, creed, religion (including religious dress and grooming practices), age, sex (including pregnancy, childbirth, breastfeeding or related medical conditions), gender (including gender identity and gender expression), national origin (including language use or possession of a driver's license issued under Vehicle Code § 12801.9), citizenship, ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, sexual orientation, status as a victim of domestic violence, assault or stalking, military or veteran status, and/or political affiliation or activity. We encourage applications from all qualified candidates and will reasonably accommodate applicants' needs in accordance with applicable law throughout all stages of the recruitment and selection process.

Governance – Audit | Board Structure | Management Committees | Compensation | Shareholder Rights

#	Metric	Results	Additional Details
1	Board Committees - #	6	Audit, Compensation, Finance, Nominating and Corporate Governance, Related Party Matters, and Risk
2	Directors that Serve on the Board - #	11	82% independent
3	Female Directors on the Board - # (%)	2/11 (18%)	Anne McCallion and Emily Youssouf
4	Female Board Committee Chairs - %	1/6 (17%)	Finance
5	Average Age - #	59	Based on 2019 Proxy Statement
6	Youngest (Age) / Oldest (Age) - #	40/67	Based on 2019 Proxy Statement
7	Management Committees - #	9	See slide 8 Management Committee and Subcommittee Alignment with the Board
8	Female Management Committee Chairs - %	3/9 (33%)	Capital, Mortgage Regulatory Compliance, and Strategic Planning

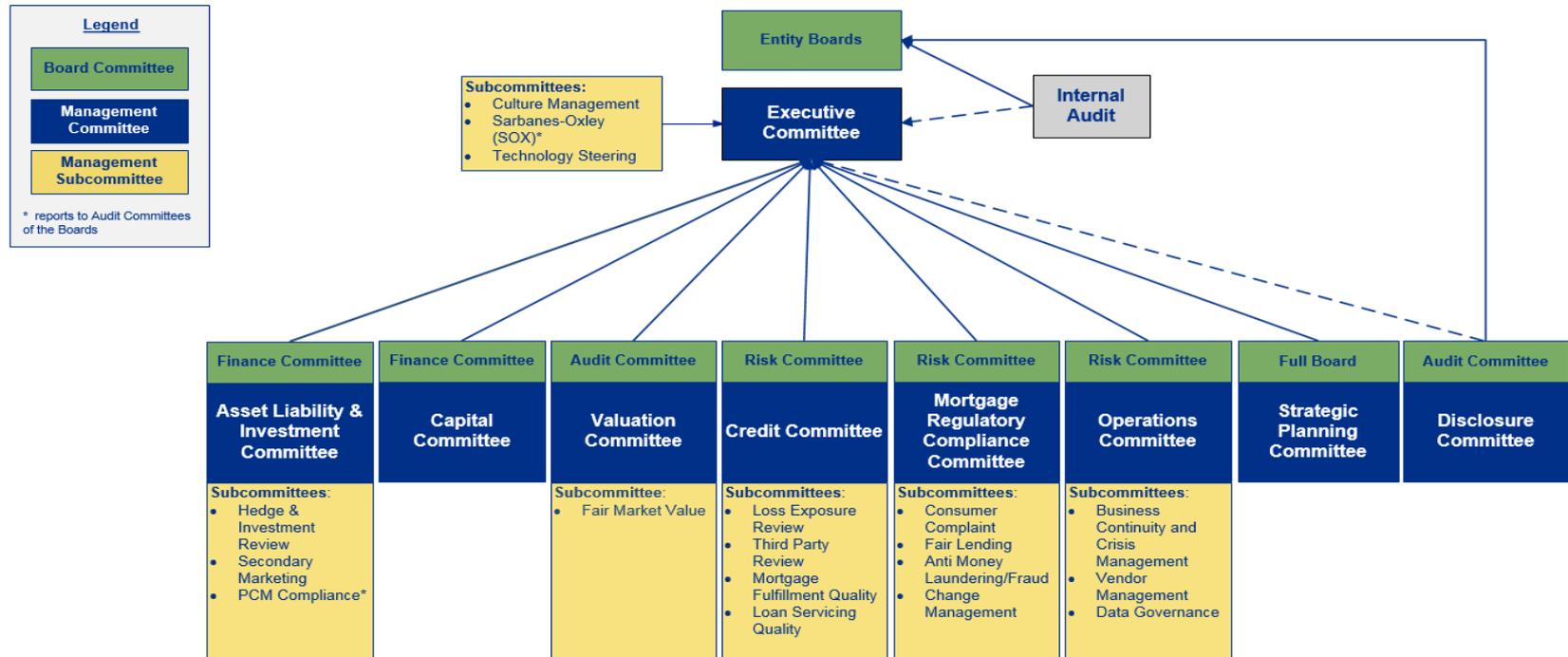
Other Governance Information:

- California law mandated that public companies have at least one female board member by the end of 2019. Our Board is in compliance with this mandate. The law also mandates that public companies with six-member boards have at least three female board members by the end of 2021. Our Board is actively managing its composition and expects to meet this mandate by the end of 2021.
- Our Board's Nominating and Corporate Governance Committee has oversight responsibility regarding PennyMac's corporate sustainability practices (including, but not limited to, environmental, social and governance matters). This committee meets on a quarterly basis. A copy of the charter for this committee is located on our Investor Relations website.
- We have not suffered any major controversies related to compensation practices for our directors.
- Our Code of Business Conduct and Ethics prohibits discrimination or retaliation of any kind as a result of good faith reporting of a suspected violation of the Code. Suspected violations of applicable law or regulations, our Code of Business Conduct and Ethics, or other related policies must be immediately reported to the Chief Legal Officer or to the PennyMac Ethics Hotline.

Governance – Audit | Board Structure | Management Committees | Compensation | Shareholder Rights

Other Governance Information:

- Board Committees, Management Committees, and Management Subcommittees alignment is represented below.
- Management Committees and Subcommittees are generally comprised of senior managers from our “three lines of defense” with risk management oversight and decision-making responsibilities. The first line generally includes the lines of business. The second line includes enterprise risk management, mortgage regulatory compliance and credit risk management. The third line includes internal audit and our Board.



Awards and Recognition

Mortgage Lender Awards:

- Top Rated Lender Social Survey
- Zillow 4-Star Lender
- LendingTree 4-Star Lender
- NerdWallet 2018 Best Mortgage Lender

Military Friendly® Employer Designation:

- Designated as a military friendly employer since 2015

PennyMac supports American Mortgage Diversity Council:

- Representation on the advisory council of AMDC since 2018

2020 Women on Boards:

- Designated as a Very Close “V” company: 11-19% women on the Board. The purpose of 2020 Women on Boards is to increase the percentage of women on U.S. company boards to 20% or greater by 2020.