

# Freddie Mac Sustainability Disclosure – Report under the Sustainability Accounting Standards Board ("SASB") Standards and Management Criteria

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Freddie Mac is issuing this report in accordance with Industry Standards Version 2018-10 issued by the Sustainability Accounting Standards Board (SASB) and additional criteria defined by management for presenting the disclosures. Our disclosures with respect to those standards are based on the industry within the Financials sector that is most closely aligned with our business: Mortgage Finance. Additionally, within the Financials sector, we have responded to relevant metrics within the Commercial Banks and Investment Banking & Brokerage industries standards. All data is as of and for the year ended December 31, 2020, unless otherwise noted. PricewaterhouseCoopers LLP (PwC) performed limited assurance on certain metrics denoted with a \* symbol that are included in this report (see [PwC's Report of Independent Accountants on page 17](#)). For additional information on our business and financial performance, please refer to our corporate financials, including our [2020 Annual Report on Form 10-K](#) and [Quarterly Reports](#) on Form 10-Q.

OVERVIEW OF METRIC MODIFICATIONS			
	SASB Criteria	Management-Defined/Specified Metric	
SASB Code	SASB Metric	Modified or N/A	Freddie Mac Modified Metric
FN-MF-270a.1*	(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660	Modified to define "Higher Rate" to conform with the Truth in Lending Act. Consistent with SASB definitions, "residential mortgages" is defined as 1-4 family homes.	(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660, including as a percentage.
FN-MF-270a.2*	(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	Modified to address data availability. Consistent with SASB definitions, "residential mortgages" is defined as 1-4 family homes.	(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 greater than or equal to, and below, 660
FN-MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Not applicable. We omitted this row from the SASB table. Freddie Mac does not originate mortgage loans.	
FN-MF-270a.4	Description of remuneration structure of loan originators	Freddie Mac does not originate mortgage loans.  Although we do not originate mortgage loans, we include context regarding requirements for our sellers and servicers that may affect remuneration practices for loan originators.	
FN-MF-270b.1*	(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	Modified to increase transparency and map to Home Mortgage Disclosure Act (HMDA) minority status designations.	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages purchased by (a) all borrowers, (b) White Non-Latino borrowers, (c) Latino borrowers, (d) Black borrowers, (e) Asian borrowers, (f) American Indian borrowers, and (g) Pacific Islander borrowers, by FICO scores above and below 660
FN-MF-270b.2	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Modified to direct readers to annual report for material legal and regulatory proceedings. Separately, we provide settlements or judgments exceeding \$100,000 as a result of legal proceedings for discriminatory mortgage lending.	Settlements or judgments exceeding \$100,000 as a result of legal proceedings for discriminatory mortgage lending

\*PwC performed an attest review engagement on this metric. See their report on page 17.

## OVERVIEW OF METRIC MODIFICATIONS

	SASB Criteria	Management-Defined/Specified Metric	
SASB Code	SASB Metric	Modified or N/A	Freddie Mac Modified Metric
FN-MF270b.3	Description of policies and procedures for ensuring nondiscriminatory mortgage origination	We do not originate mortgage loans.  Although we do not originate mortgage loans, we include context regarding our policies and procedures to promote nondiscriminatory mortgage origination practices.	
FN-MF-450a.1*	(1) Number and (2) value of mortgage loans in 100-year flood zones	Modified to contextualize data and increase transparency by including multifamily information. We define "100-year flood zones" as areas designated by the Federal Emergency Management Agency (FEMA) as Special Flood Hazard Areas (SFHAs), as of the mortgage loan origination date. We also include mortgages held for sale.	(1) Number and (2) value of single-family and multifamily mortgage loans in 100-year flood zones, including as a percentage of the population
FN-MF-450a.2	(1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region	Modified to address data availability.	Description of how weather-related natural catastrophes are considered in determining total expected loss and loss given default
FN-MF-450a.3	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	We do not originate or underwrite mortgage loans.  Although we do not originate or underwrite mortgage loans, we include context regarding our requirements for sellers and servicers with respect to homes located in areas with higher environmental risk.	
FN-MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	Not applicable. We omitted this row from the SASB table. Freddie Mac does not originate mortgage loans.	
FN-MF-000.B*	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	Modified to increase transparency by including multifamily mortgage purchase information.  The portion of the metric related to commercial mortgages is not applicable. We do not purchase commercial mortgages.	(1) Number and (2) value of mortgages purchased by category: (a) single-family and (b) multifamily
FN-IB-330a.1*	Percentage of gender and racial/ ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Modified to map categories to EEO-1 job classifications. We omitted "all other employees" from the table as there are no Freddie Mac employees in this category; all Freddie Mac employees are included in the other three categories.	Percentage of gender and racial/ ethnic group representation for (1) executive management, (2) non-executive management, and (3) professionals
FN-CB-230a.2	Description of approach to identifying and addressing data security risks		
FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities		
FN-IB-510a.2	Description of whistleblower policies and procedures		
FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care		

\*PwC performed an attest review engagement on this metric. See their report on page 17.

## **About Freddie Mac**

Freddie Mac is a government-sponsored enterprise chartered by Congress in 1970. Our public mission is to provide liquidity, stability and affordability to the U.S. housing market. We do this primarily by purchasing residential mortgage loans originated by lenders. In most instances, we package these loans into guaranteed mortgage-related securities, which are sold in the global capital markets, and transfer interest rate and liquidity risks to third-party investors. In addition, we transfer mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgage loans and mortgage-related securities.

We support the U.S. housing market and the overall economy by enabling America's families to access mortgage loan funding with better terms and by providing consistent liquidity to the multifamily mortgage market. Freddie Mac has also helped many distressed borrowers keep their homes or avoid foreclosure and have helped many distressed renters avoid eviction.

## **Environmental, Social and Governance (ESG) Strategy and Related Activities**

Freddie Mac is focused on managing the risks and opportunities that arise from ESG issues along with executing our mission. Freddie Mac has developed a corporate ESG strategy comprised of four pillars:

- **Purpose**

Mission: Deliver solutions to meet the country's housing needs in good times and bad. Promote greater access to affordable and sustainable homes and rental properties.

- **Planet**

Climate: Promote environmentally sustainable single-family and multifamily housing to help reduce climate-related risks and increase affordability.

- **People**

DEIA & Talent: Develop our future workforce and build strength in the housing market through diversity, equity, inclusion and accessibility (DEIA).

- **Practices**

Sustainable Operation: Provide stability to the housing industry through outstanding risk management.

See our [2020 Annual Housing Activities Report](#) for information on how Freddie Mac supported affordable single-family and multifamily housing, served minority and lower-income borrowers, expanded access to credit for first-time homebuyers and underserved communities, and promoted sustainable homeownership in 2020.

Freddie Mac introduced multifamily impact bonds to target specific areas that relate to environmental or social challenges. In 2020, our Multifamily [Impact Bond](#) issuance included \$1.3 billion in Green Bonds, \$877 million in Social Bonds and \$971 million in Sustainability Bonds. Our [2020 Multifamily Impact Bonds Report](#) provides more information. Additionally, our single-family business further developed its Green offering and purchased \$462 million in [GreenCHOICE Mortgages](#), providing financing to support energy efficiency improvements for approximately 1,685 families.

### **Supporting Borrowers, Lenders, and the Market**

In accordance with our **Charter**, we participate in the secondary mortgage market. We do not originate loans or lend money directly to mortgage borrowers.

- We support the U.S. housing market by executing our Charter Mission to provide liquidity and help maintain credit availability for new and refinanced single-family mortgages as well as for rental housing. In 2020, we provided \$1.2 trillion in liquidity to the mortgage market, which enabled the financing of a total of 4.6 million home purchases, refinancings and rental units. This included funding for nearly 3.8 million single-family homes, 2.7 million of which were refinance loans. First-time homebuyers represented 46% of our new single-family home purchase loans.
- We also provided financing for nearly 803,000 multifamily rental units. 96% of the eligible multifamily rental units financed were affordable to families earning at or below 120% of area median income.

To serve our mission and help borrowers with Freddie Mac-backed mortgages stay in their homes, we offer a variety of borrower assistance programs, including refinance programs for certain eligible loans and loan workout activities for struggling borrowers. Our loan workouts include both home retention options and foreclosure alternatives (short sales and deeds in lieu of foreclosure).

Since early 2020, we have offered a variety of **mortgage relief** options for borrowers affected by the COVID-19 pandemic. Among other measures, we have offered forbearance of up to 18 months to single-family borrowers experiencing financial hardship, either directly or indirectly, related to the COVID-19 pandemic, and a payment deferral option that allows borrowers to defer up to 18 months of payments for eligible homeowners who have the financial capacity to resume making their monthly payments but who are unable to afford the additional monthly contributions required by a repayment plan.

In 2020, we completed nearly 426,000 single-family workouts, including forbearance agreements and payment deferrals. In addition, over 94% of borrowers who had fallen more than 60 days behind on their Freddie Mac-backed mortgages during the pandemic enrolled in our forbearance program. This percentage is even higher across minority populations (96%). We also offer borrowers several options to help them sustain ownership after their forbearance period ends.

We have also offered multifamily borrowers mortgage forbearance with the condition that they suspend all evictions during the forbearance period for renters unable to pay rent, as well as several supplemental forbearance relief options that servicers may use to assist borrowers who have a forbearance plan in place and continue to be materially affected by the COVID-19 pandemic. These supplemental relief options provide increased flexibility for affected tenants, including allowing the repayment of past due rent over time and not in a lump sum.

**Code/Metric** | **Response/Reference**

**Lending Practices**  
 FN-MF-270a.1, (1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660\*

	NUMBER				LOAN UPB (in \$ millions)			
	(FICO <sup>(d)</sup> ≤ 660)	(FICO <sup>(d)</sup> > 660)	Total	%	(FICO <sup>(d)</sup> ≤ 660)	(FICO <sup>(d)</sup> > 660)	Total	%
Hybrid or Option ARM <sup>(a)</sup>	16,470	163,140	179,610	1.53%	2,038	29,543	31,581	1.38%
Higher Rate (Higher Priced) <sup>(b)</sup>	36,958	151,201	188,159	1.60%	5,290	21,587	26,877	1.18%
Prepayment Penalty <sup>(c)</sup>	1,874	5,918	7,792	0.07%	293	872	1,164	0.05%
<b>Total Residential Mortgages</b>	<b>722,798</b>	<b>11,004,294</b>	<b>11,727,092</b>		<b>100,238</b>	<b>2,181,998</b>	<b>2,282,237</b>	

Footnotes  
 - Table represents Single-Family mortgage loans on our consolidated balance sheet.  
 - A single mortgage loan may be represented in multiple categories, e.g., both Hybrid and Higher Rate.  
 a) "Hybrid or Option ARM" means mortgage loans with interest rate resets of less than five years, negative amortization, and/or interest-only payment schedules as determined by us based on information provided at purchase. For these purposes, negative amortization loans are considered Option ARMs. Therefore, the population includes interest-only Option ARMs and ARM loans with resets of less than five years (For instance, 5/1, 7/1, and 10/1 ARM loans are included in this category, whereas 5/5 ARMs are excluded). We entirely discontinued purchases of loans with these features in 2010.  
 b) "Higher Rate" has the same meaning as Higher-Priced mortgages under the Truth in Lending Act. Accordingly, the population includes mortgage loans with an annual percentage rate of 150 basis points or higher than the Average Prime Offer Rate at origination.  
 c) We entirely discontinued purchases of Prepayment Penalty loans in 2014.  
 d) FICO score is as of loan origination.

FN-MF-270a.2, (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\*

	NUMBER		LOAN VALUE (in \$ millions)	
	(FICO <sup>(d)</sup> < 660)	(FICO <sup>(d)</sup> ≥ 660)	(FICO <sup>(d)</sup> < 660)	(FICO <sup>(d)</sup> ≥ 660)
Modification <sup>(a)</sup>	29,700	157,392	5,206	35,400
Foreclosure <sup>(b)</sup>	3,570	6,279	476	840
Short Sale/Deed in Lieu <sup>(c)</sup>	342	832	73	168

Management Note: Due to data limitations, the column headings have been slightly modified from the SASB suggested table; ≤ has been changed to <, and > has been changed to ≥.

Footnotes  
 - Table represents Single-Family mortgage loans on our consolidated balance sheet.  
 a) "Modification" includes approved and/or settled home retention workouts, i.e., loan modifications and payment deferrals.  
 b) "Foreclosure" includes (i) mortgages that were referred to foreclosure; and (ii) mortgages for which foreclosure sale settled.  
 c) "Short Sale/Deed in Lieu" includes settled liquidation workouts, i.e., short sales and deeds in lieu of foreclosure.  
 d) FICO score is as of loan origination.

FN-MF-270a.4, Description of remuneration structure of loan originators

Under Section 305(a) of our Charter, Freddie Mac is not permitted to originate mortgage loans. Accordingly, we do not originate mortgage loans, do not lend money directly to mortgage borrowers, and do not provide compensation to loan originators.

We require our sellers and servicers to comply with all applicable federal, state and local laws and regulations that apply to origination, selling and servicing practices, including, without limitation, compensation provisions in the Truth in Lending Act. For more information on our single-family selling and servicing requirements, see the resources available on our [website](#). We also require our multifamily sellers to charge a minimum origination fee based on the size of the loan being delivered to Freddie Mac. For more information on our multifamily selling and servicing requirements, see our [Multifamily Seller/Servicer Guide](#).

\*PwC performed an attest review engagement on this metric. See their report on page 17.

## Equity in Housing Issues

Equity in housing is a critical issue, and one Freddie Mac takes seriously. We seek to provide leadership through innovation and collaboration to enhance liquidity, stability and affordability. We also seek to help the housing industry better serve the needs of homebuyers and renters, particularly in the context of the current affordability challenges, including those stemming from fundamental problems relating to the housing supply. We intend to do so by identifying and implementing new ways to expand fair and responsible access to credit, including through our single-family and multifamily housing goals and implementing our **Duty to Serve** plan. We are also focused on removing other barriers minority borrowers face in accessing housing. For example, in addition to the aforementioned progress the company has made in expanding homeownership since 1970, we are committed to helping underserved communities attain affordable and sustainable housing through areas such as access to credit, financial education and identifying causes of housing disparities in minority communities.

- **Access to Credit.** Many Black and minority borrowers are less likely to meet the traditional credit standards necessary to qualify for a mortgage. As a result, Freddie Mac is working on innovations in credit standards to help increase minority homeownership by actively evaluating alternative credit score models and technology and machine learning tools that can expand homeownership opportunities responsibly.
- **Financial Education.** Financial education is essential to making homeownership available to more families. Our community engagement team holds over 400 education and outreach events each year to inform lenders, banking institutions, real estate professionals and other industry stakeholders on how to best help underserved communities overcome barriers to homeownership. We also are helping consumers learn about the importance of building, maintaining and using credit through **CreditSmart**. We celebrated 20 years of this program by launching a new, comprehensive curriculum.
- **Causes of Appraisal Disparities in Minority Communities.** Freddie Mac research reflects ongoing house price appraisal gaps, where homes in diverse communities are more likely to be valued lower than the contract price. As a result, we are working with the appraisal community and other stakeholders as a core partner of the Appraiser Diversity Initiative, which provides resources and support to attract diverse new entrants into the residential appraisal field, overcoming barriers to entry and providing support to position aspiring appraisers for professional success.

Our work to promote equity in housing complements and enhances the work we have been doing to help create and preserve affordable housing and provide relief for borrowers, renters and lenders affected by the COVID-19 pandemic.

Code/Metric	Response/Reference		
<b>Discriminatory Lending</b> FN-MF-270b.1, (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*	<b>AGGREGATE AND WHITE NON-LATINO</b>		
	<b>Aggregate<sup>(c)</sup></b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
	Number	722,798	11,004,294
	Value <sup>(b)</sup>	\$120,516,214,631	\$ 2,490,752,900,000
	Weighted Average LTV <sup>(b)</sup>	77.0%	73.1%
	<b>White Non-Latino</b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
	Number	411,289	7,312,803
	Value <sup>(b)</sup>	\$66,726,525,888	\$ 1,579,837,500,000
	Weighted Average LTV <sup>(b)</sup>	76.5%	73.2%
	<b>MINORITY BORROWER</b>		
	<b>Latino</b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
	Number	77,786	433,131
	Value <sup>(b)</sup>	\$12,283,382,386	\$ 88,931,752,455
	Weighted Average LTV <sup>(b)</sup>	82.3%	79.8%
	<b>Black</b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
	Number	99,633	952,875
	Value <sup>(b)</sup>	\$ 16,984,773,454	\$ 217,202,665,885
	Weighted Average LTV <sup>(b)</sup>	77.9%	76.0%
	<b>Asian</b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
	Number	26,999	831,433
	Value <sup>(b)</sup>	\$ 6,285,044,596	\$ 246,574,405,250
	Weighted Average LTV <sup>(b)</sup>	74.6%	69.9%
	<b>American Indian</b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
	Number	6,854	65,686
	Value <sup>(b)</sup>	\$ 1,141,220,851	\$ 14,262,185,343
	Weighted Average LTV <sup>(b)</sup>	76.7%	75.1%
	<b>Pacific Islander</b>	(FICO <sup>(a)</sup> ≤ 660)	(FICO <sup>(a)</sup> > 660)
Number	4,424	47,345	
Value <sup>(b)</sup>	\$ 904,895,337	\$ 12,156,288,766	
Weighted Average LTV <sup>(b)</sup>	77.6%	73.7%	
Management note: We have modified this metric to increase transparency and map to Home Mortgage Disclosure Act Minority Status Designations.			
Footnotes: - Table represents Single-Family mortgage loans on our consolidated balance sheet. - For all protected class groups, in cases where there are more than two borrowers, only the first two borrowers are considered. A loan is considered Latino if either borrower is Latino. Similarly, a loan is considered Black, Asian, American Indian or Pacific Islander if either borrower lists one of those races on the loan application. As such, the individual race/ethnicity categories do not form a partition so that the same loan can be counted in two different protected class groups. However, a loan is considered White non-Latino only when the borrower(s) list both race as White and ethnicity as non-Latino. A loan cannot be considered White non-Latino and another race/ethnicity category at the same time. a) FICO refers to the FICO score used for loan application decisioning. b) Value (UPB) and LTV refers to information at origination. c) Records without borrower race or ethnicity information are only included in the “Aggregate” row.			

\*PwC performed an attest review engagement on this metric. See their report on page 17.

Code/Metric	Response/Reference
FN-MF-270b.2, Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Freddie Mac discloses material legal and regulatory proceedings in its Annual Report. Please see our <a href="#">2020 Annual Report</a> . Separately, Freddie Mac has not identified any settlements or judgments exceeding \$100,000 as a result of legal proceedings for discriminatory mortgage lending.
FN-MF-270b.3, Description of policies and procedures for ensuring nondiscriminatory mortgage origination	<p>Under Section 305(a) of our Charter, Freddie Mac is not permitted to originate mortgage loans. Accordingly, we do not originate mortgage loans or lend money directly to mortgage borrowers.</p> <p>Although Freddie Mac does not originate loans, we require all Seller/Service providers with whom we do business to abide by the law and practice the principles of equal opportunity and non-discrimination in all business activities. Our <a href="#">Single-Family Seller/Service Guides</a> require that seller/service providers must not discriminate on the basis of race, color, religion, sex, age, marital status, disability, veteran status, genetic information (including family medical history), pregnancy, parental status, familial status, national origin, ethnicity, sexual orientation, gender identity or other characteristics protected by law. Our <a href="#">Single-Family Seller/Service Guides</a> also require seller/service providers to comply with all applicable federal, state and local laws and regulations, including non-discrimination and fair lending laws, and to employ business practices that promote fair lending. For more information on our selling and servicing requirements, see our <a href="#">Single-Family Seller/Service Guides</a>. In addition, Freddie Mac has fair lending staff and management professionals in all three lines of defense (i.e., our business, risk management and internal audit divisions) as well as the legal division. These professionals conduct quantitative and qualitative reviews concerning our credit policies, Seller/Service Guide requirements, underwriting and valuation, and otherwise support Freddie Mac’s commitment to fair lending and compliance with its fair lending policy and all federal antidiscrimination laws and regulations. Additionally, see our <a href="#">Multifamily Seller/Service Guide</a>.</p>

**Natural Disaster and Climate Risk**

Through our natural disaster risk management practices, Freddie Mac has minimized economic losses to the company by managing the associated risk while supporting borrowers affected by natural disasters. Historically, our economic losses from natural disasters, such as floods, hurricanes and earthquakes, have not been significant.

We do this by conducting periodic quality control reviews of compliance with flood insurance coverage requirements in the applicable areas. These reviews reveal a very low percentage of noncompliance, allow us to determine the effectiveness of Seller/Service provider controls and assist with identifying any flood map changes.

To assess and manage our natural disaster risk related to flooding, we require our Sellers to obtain a FEMA Flood Zone Determination to identify any homes or multifamily properties located in Special Flood Hazard Area (SFHA) for which the federal mandatory flood insurance purchase requirements would apply. If applicable, they are required to ensure that flood insurance coverage exists for these homes or properties at the time the loans are sold to Freddie Mac. We require flood insurance coverage to be maintained on these homes or properties throughout the life of the loan and in amounts needed to comply with federal government and Freddie Mac requirements.

Freddie Mac continues to require flood insurance for homes located in a SFHA, even if the community does not participate in the National Flood Insurance Program (a “nonparticipating community”). In addition, our Single-Family division reviews flood models from other third-party sources to help us assess potential or emerging flood risk exposure. Our Multifamily division also uses property surveys, virtual maps and environmental and property condition reports to identify properties that are potentially at higher risk for natural disasters related to flooding. This helps focus more attention on the review of relevant risk, property conditions and the insurance coverage we require our borrowers to maintain.

Freddie Mac’s loss exposure from natural disasters is further limited by:

- Insurance coverage that borrowers are required to maintain throughout the life of the mortgage loan, including catastrophic risk coverage. Seller/Servicers are required to review borrower insurance compliance annually as policies renew, and we require servicers to directly place required coverage should borrowers fail to obtain and maintain compliant insurance.
- The geographic diversity of Freddie Mac’s mortgage portfolio.
- Borrower equity in the properties’ underlying mortgage loans across the portfolio.
- Relief options for borrowers affected by natural disasters.
- Multifamily’s credit risk transfer model via K-Deal and other securitizations.
- Community support provided by FEMA and local and federal governments affected by natural disasters.

As climate change poses broader risks than natural disasters, in 2020 Freddie Mac established a Climate Advisory Group, and we are developing a comprehensive framework to identify, measure, manage, mitigate and report on the risks that climate change poses to our business and mission, as well as the housing market and mortgage industry.

SASB — SUSTAINABILITY ACCOUNTING STANDARDS BOARD	
Code/Metric	Response/Reference
<p><b>Environmental Risk</b></p> <p>FN-MF-450a.1, (1) Number and (2) value of mortgage loans in 100-year flood zones*</p>	<p>Single-Family (1) 361,000 loans and (2) \$69 billion, based on UPB of loans in our Single-Family mortgage portfolio, which represented 3.02% of our total \$2,282 billion Single-Family mortgage portfolio.</p> <p>Multifamily (1) 120 loans and (2) \$2.41 billion, based on UPB of unsecuritized mortgage loans, securitized mortgage loans held by consolidated trusts and other mortgage-related guarantees in our Multifamily mortgage portfolio, as this represented where Multifamily had exposure to first loss on properties located in these 100-year flood zones. This represented 4.3% of that population of \$56.5 billion.</p> <p>Management Note: We define “100-year flood zones” as areas designated by FEMA as SFHAs, as of the loan origination date. We also include mortgages held for sale.</p>
<p>FN-MF-450a.2, (1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region</p>	<p>Because weather-related natural catastrophes are one of many factors that could lead to mortgage loan default and/or delinquency, Freddie Mac has not generally attributed mortgage loan default and delinquency to weather-related natural catastrophes in determining total expected loss and LGD. We apply assumptions to estimate losses that could be attributable to weather-related natural catastrophes, and historically, such estimated economic losses have not been significant. Freddie Mac is working to more fully understand, measure and mitigate the impacts of climate change.</p>

\*PwC performed an attest review engagement on this metric. See their report on page 17.

Code/Metric	Response/Reference
<p>FN-MF-450a.3, Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting</p>	<p>Under Section 305(a) of our Charter, Freddie Mac is not permitted to originate mortgage loans. Accordingly, we do not originate mortgage loans or lend money directly to mortgage borrowers.</p> <p>Our Single-Family business also does not underwrite or re-underwrite loans. We require all homes collateralizing single-family mortgages in our portfolio to have homeowner insurance coverage throughout the life of the loan. In addition, for homes located in SFHAs designated by FEMA, borrowers must have flood insurance coverage. Sellers are required to determine whether homes collateralizing single-family mortgages are located in an SFHA and, if so, to ensure that flood insurance coverage exists at the time the loan is sold to Freddie Mac. Servicers are required to ensure that flood insurance on these homes is maintained throughout the life of the loan and is in amounts needed to comply with federal government and Freddie Mac requirements. If a borrower fails to obtain and maintain required flood insurance coverage, servicers must directly place such coverage. For more information on our selling and servicing requirements, see our <a href="#">Single-Family Seller/Service Guide</a>.</p> <p>The Multifamily division does re-underwrite the mortgages we purchase. Our <a href="#">Multifamily Seller/Service Guide</a> dictates underwriting parameters for loans that are candidates for purchase, including insurance requirements to address catastrophic risks relevant to property characteristics and location.</p>
<p><b>ACTIVITY METRIC</b>                      FN-MF-000.B, (1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial*</p>	<p>Single-Family mortgage loans purchased: (1) 3,798,171 loans and (2) \$1,090 billion, based on UPB (Note: New Long Term Standby transactions are included.)</p> <p>Multifamily mortgage loans purchased: (1) 5,335 loans and (2) \$83 billion, based on UPB</p> <p>(Note: Our Single-Family purchases include mortgages collateralized by residences with one to four units. Our Multifamily purchases include mortgages collateralized by residences with five or more units or by a manufactured housing community. We do not purchase commercial mortgages.)</p>

\*PwC performed an attest review engagement on this metric. See their report on page 17.

## ***Inclusion and Diversity at Freddie Mac***

Freddie Mac's people are integral to our company's success, and we are committed to inclusion and diversity. Freddie Mac has a Board-approved inclusion and diversity strategic plan that organizes our inclusion and diversity efforts into three areas: employee diversity, supplier diversity, and financial transactions.

### ***Employee Diversity***

We place a priority on attracting and recruiting a pipeline of diverse candidates while advancing a culture of inclusion. We work with third-party partners to attract diverse candidates for open positions. To promote pay equity, we no longer ask for salary history as part of the recruiting process. We also have 10 business resource groups and division-specific teams that support employee engagement by providing learning and networking opportunities that foster an inclusive and diverse workforce.

Freddie Mac's diversity efforts are reflected in the composition of our workforce, leadership and Board. For example, Freddie Mac is a majority-minority company — meaning more than half of the company's workforce are minorities. Our Single-Family business, as well as our human resources and internal audit functions, are led by women. In addition, our directors have a variety of backgrounds and overall experience. Nearly half of our Board are women, minorities or both. Our Non-Executive Board Chair is a minority woman, and women and minorities serve in leadership positions as the Chairs of the Audit, Compensation & Human Capital, Executive, Nominating and Governance, and Risk Committees.

### ***Supplier Diversity***

Freddie Mac has a Supplier Diversity Program to help maximize the inclusion of diverse-owned businesses in the procurement of goods and services, while fostering sustainable relationships between diverse suppliers and Freddie Mac decision makers. This program has three principles designed to identify and develop new or current diverse suppliers:

- **Supplier Pipeline:** This function focuses on the external outreach, solicitation, sourcing and identification of qualified diverse-owned businesses aligning with our sourcing needs, as well as increasing the exposure of existing diverse-owned businesses to additional opportunities across the Freddie Mac supply chain.
- **Supplier Development:** This function focuses on better positioning diverse-owned businesses to compete for contracts by building their capabilities through Freddie Mac-specific training, as well as increasing networking opportunities and visibility. Supplier Academy is Freddie Mac's diverse supplier development program. The 5-month curriculum is designed to provide participants with insight to effectively do business with Freddie Mac, provide an opportunity to meet and ask questions and present their capabilities.
- **Supplier Engagement:** This function focuses on continuous monitoring, evaluation and engagement of existing diverse owned businesses and Freddie Mac.

Freddie Mac also has taken steps to support our suppliers during the COVID-19 pandemic, including by **accelerating payments** so that our more than 200 small and diverse business suppliers received payment on invoices 20 days earlier than the standard payment terms. For more information on our supplier diversity program, see **Our Suppliers**.

### ***Promoting Diverse Firms in Financial Transactions and the Capital Markets***

Freddie Mac promotes the utilization of diverse firms in our capital markets transactions through a broad-based program which provides training, access and opportunities to win business. We execute this across three core areas of focus: 1) market presence; 2) new opportunities; and 3) education and outreach.

Among other examples, in 2020, we conducted 50 "teach-ins," and educational sessions with diverse firms to allow them to become more familiar with our capital markets programs and build relationships with investors. We engaged diverse firms to serve as underwriters on new types of Multifamily transactions (e.g., social impact offering and Tax-Exempt Loan PCs). In addition, we on-boarded a woman-owned firm to serve as an underwriter on both reperforming loan deals and debt issuances. For more information on our inclusion and diversity efforts, human capital management and Board of Directors, see our **2020 Annual Report**.

Code/Metric

Response/Reference

**Employee Diversity and Inclusion**

FN-IB-330a.1, Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees\*

Gender Representation of Employees (%)

	Executive Management <sup>(a)</sup>	Non-Executive Management <sup>(b)</sup>	Professionals <sup>(c)</sup>
Female	30%	42%	47%
Male	70%	58%	53%

Footnotes

- Gender information is obtained during the hiring process and maintained in our HR systems.
- This table does not include a column for "All Other Employees" because Freddie Mac does not have any employees in this category; all Freddie Mac employees are included in the executive management, non-executive management, or professionals categories.
- In accordance with the EEO-1 job classifications, Freddie Mac mapped the above SASB groups to the job categories in our HR system as follows:
  - a) Executive Management includes employees at the Executive/ Senior Level Officials and Managers level, which refers to VP-level employees and above.
  - b) Non-Executive Management includes employees at the First/ Mid-Level Officials and Managers level, which refers to Manager and Director level employees.
  - c) Professionals includes employees at the Sales Workers, Office and Clerical, and Professionals levels, which refers to Senior-level employees and below.

Racial/Ethnic Group Representation of Employees (%)

	Executive Management <sup>(a)</sup>	Non-Executive Management <sup>(b)</sup>	Professionals <sup>(c)</sup>
Asian	21%	37%	35%
Black or African American	5%	9%	15%
Hispanic or Latino	4%	4%	6%
White	66%	46%	36%
Other <sup>(d)</sup>	3%	5%	8%

Racial/Ethnic Group Representation of Employees, by Gender (%)

	Executive Management <sup>(a)</sup>		Non-Executive Management <sup>(b)</sup>		Professionals <sup>(c)</sup>	
	Female	Male	Female	Male	Female	Male
Asian	20%	22%	38%	37%	37%	34%
Black or African American	9%	4%	11%	7%	18%	13%
Hispanic or Latino	4%	5%	4%	4%	6%	6%
White	68%	66%	44%	47%	32%	39%
Other <sup>(d)</sup>	0%	4%	4%	6%	7%	8%

Footnotes

- Race and ethnicity data is voluntarily self-reported by employees.
- Percentages do not add up to 100% for the Executive Management and Non-Executive Management columns due to rounding. In accordance with the EEO-1 job classifications, Freddie Mac mapped the above SASB groups to the job categories in our HR system as follows:
  - This table does not include a column for "All Other Employees" because Freddie Mac does not have any employees in this category; all Freddie Mac employees are included in the executive management, non-executive management or professionals categories.
  - a) Executive Management includes employees at the Executive/Senior Level Officials and Managers level, which refers to VP-level employees and above.
  - b) Non-Executive Management includes employees at the First/Mid-Level Officials and Managers level, which refers to Manager and Director level employees.
  - c) Professionals includes employees at the Sales Workers, Office and Clerical, and Professionals levels, which refers to Senior-level employees and below.
  - d) Other includes Native American or Alaska Native, Native Hawaiian or Pacific Islander, "Two or More Races" and "Not Specified."

\*PwC performed an attest review engagement on this metric. See their report on page 17.

Code/Metric	Response/Reference
<p><b>Data Security</b> FN-CB-230a.2, Description of approach to identifying and addressing data security risks</p>	<p>See our <a href="#">2020 Annual Report</a>, pp. 73 (Enterprise Risk Framework), 118 (Operational Risk Management and Risk Profile), 119 (Cybersecurity Risk, Third-Party Risk) and 295 (Additional Board Oversight) for information on our approach to enterprise risk management, including management of information security risk.</p>
<p><b>Systemic Risk Management</b> FN-CB-550a.2, Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities</p>	<p>See our <a href="#">2020 Annual Report</a>, pp. 73 (Enterprise Risk Framework), 127 (Liquidity and Capital Resources), 138-139 (Capital Resources) and 146 (Capital Standards) for information on our enterprise risk framework, capital frameworks and use of stress tests.</p>
<p><b>Business Ethics</b> FN-IB-510a.2, Description of whistleblower policies and procedures</p>	<p>See our <a href="#">Employee Code of Conduct</a>, pp.15-16 (Section 7), for information on how employees can report concerns. See <a href="#">Audit Committee Complaint Procedures</a> for information on our policy for reporting accounting, internal accounting controls and auditing matters pertaining to our business.</p>
<p><b>Professional Integrity</b> FN-IB-510b.4, Description of approach to ensuring professional integrity, including duty of care</p>	<p>See our <a href="#">2020 Annual Report</a>, pp. 296 (Codes of Conduct) and 292 (Authority of the Board and Board Committees) for information on our codes of conduct and fiduciary duties of our directors, including the duty of care, during conservatorship. See also our <a href="#">Employee Code of Conduct</a> and <a href="#">Board Code of Conduct</a>.</p>

**Freddie Mac's Management Assertion**

**As of or for the Year Ended December 31, 2020**

Management of the Federal Home Loan Mortgage Corporation ("Freddie Mac") is responsible for the completeness, accuracy, and validity of the Freddie Mac Modified Metrics, as identified by the \* symbol, included in this *Freddie Mac Sustainability Disclosure - Report under the Sustainability Accounting Standards Board ("SASB") Standards and Management Criteria* report as of or for the year ended December 31, 2020. Management asserts that the specified metrics are presented in accordance with the assessment criteria set forth on pages 3-4 and the footnotes to the metrics presented on pages 7-15. Management is responsible for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the specified metrics.



## Report of Independent Accountants

To the Board of Directors of Federal Home Loan Mortgage Corporation

We have reviewed the accompanying Federal Home Loan Mortgage Corporation's ("Freddie Mac") management assertion, that the Freddie Mac Modified Metrics specified below, as of or for the year ended December 31, 2020, are presented in accordance with the assessment criteria set forth in management's assertion.

- (1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660, including as a percentage
- (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 greater than or equal to, and below, 660
- (1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages purchased by (a) all borrowers, (b) White Non-Latino borrowers, (c) Latino borrowers, (d) Black borrowers, (e) Asian borrowers, (f) American Indian borrowers, and (g) Pacific Islander borrowers, by FICO scores above and below 660
- (1) Number and (2) value of single-family and multifamily mortgage loans in 100-year flood zones, including as a percentage of the population
- (1) Number and (2) value of mortgages purchased by category: (a) single-family and (b) multifamily
- Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, and (3) professionals

Freddie Mac's management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the specified metrics. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

PricewaterhouseCoopers LLP, 655 New York Ave NW, Washington, DC 20001  
T: (202) 414 1000, [www.pwc.com/us](http://www.pwc.com/us)



We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

We applied the Statements on Quality Control Standards established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we performed inquiries to discuss the underlying disclosure data and reviewed supporting documentation in regard to the completeness and accuracy of the data in the specified metrics.

Based on our review, we are not aware of any material modifications that should be made to Freddie Mac's management assertion in order for it to be fairly stated.

*PricewaterhouseCoopers LLP*

Washington, DC

December 22, 2021