

Sustainalytics Second Party Opinion

Freddie Mac Single-Family Social MBS and Corporate Social Debt Bonds Framework

29 August 2025	Overall Assessment	
Framework owner and location: Freddie Mac Tysons Corner, Virginia, US	Sustainability Contribution ▲ Significant NeutralModerateSignificantStrong	Principles Alignment
Sector: Financial Institution		✓ Aligned Social Bond Principles 2025

Contribution to SDGs	Assessment Summary
Sustainable Cities and Economies 11	Freddie Mac has developed the Freddie Mac Single-Family Social MBS and Corporate Social Debt Bonds Framework dated August 2025, under which the Organization intends to issue Social Mortgage-Backed Securities (MBS) and Social Debt Bonds to fund eligible mortgages under one social category. We have assessed the overall Sustainability Contribution of the Framework as Significant, based on the Sustainability Contribution of the Framework's single use of proceeds category. Freddie Mac intends to use the proceeds from the Social Debt Bonds to finance or refinance the purchase of existing and future mortgages that meet the criteria defined in the Framework. These mortgages will be eligible for securitization into Freddie Mac's Single-Family Social MBS, allowing them to be pooled and sold as securities to investors. Expenditures supporting affordable rental housing properties offer clear targeting and affordability, though such measures are ensured for as little as 25% of the single-family units in a financed property. Home ownership mortgages also have clearly defined targeting. However, there is lack of certainty around the extent to which certain target borrowers, such as borrowers residing in underserved, high-poverty rate areas; borrowers mortgaging properties in designated high-needs rural areas; and first-time home buyers or manufactured housing buyers with an income cap of 100% AMI, face barriers to accessing mortgage financing. Additionally, Freddie Mac supports home retention through loan modifications for cost-burdened home ownership mortgage borrowers facing financial distress. While the provision of such mechanisms may result in reduced monthly payments for certain borrowers, they are not designed to materially reduce borrowing costs for all borrowers over the life of the mortgage loan. Overall, the expenditures under the Framework are expected to contribute significantly to improving access to affordable rental and mortgage financing among the target populations in the US. We have assessed the Framework as Aligned with the Social Bond Principles 2025.
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This Second Party Opinion provides our point-in-time independent opinion of the Framework as at the Evaluation Date above and serves as an update to our previous Second Party Opinion dated 16 January 2024. Our assessments of Sustainability Contribution and Principles Alignment are based on our Assessment Framework for Use of Proceeds Instruments (also see Annex 1: Assessment Framework Overview). Our opinion also considers additional information that the Framework owner provided up to the Evaluation Date, as well as public and non-public information.

Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Significant**, based on the Sustainability Contribution of the Framework's single use of proceeds category.

Category	Sustainability Contribution Level	Weight
Socioeconomic Advancement and Empowerment and Affordable Housing	 Neutral Moderate Significant Strong	100%

Issuer Overview & Sustainability Strategy

The Federal Home Loan Mortgage Corporation is a government-sponsored enterprise chartered by the US Congress to support the US housing finance system. Freddie Mac operates in the secondary mortgage market through the purchase of mortgages originated by its approved lenders, which are securitized and sold to investors. Since 1970, Freddie Mac has provided more than USD 13.3 trillion in single-family loan funding.¹

Through its mission that is centred on affordable and sustainable housing finance and community investment, Freddie Mac enables very low- to moderate-income borrowers to obtain homeownership.² In 2024, Freddie Mac financed approximately 820,000 total mortgages and enabled 390,000 first-time home buyers to purchase a home.³ In the same year, Freddie Mac issued over USD 65 billion in multifamily financing and USD 1 billion in Low-Income Housing Tax Credit (LIHTC) equity investments, supporting 507,191 affordable rental units across the United States.⁴ Additionally, in June 2024, Freddie Mac issued a USD 186 million social bond to finance multifamily housing for individuals with intellectual and developmental disabilities in 26 states.⁵ Freddie Mac is mandated by the Federal Housing Finance Agency (FHFA) to promote access to affordable housing amongst low- and moderate-income families, minority communities and underserved populations through housing targets set for single-family and multifamily housing segments. For the most recent period of 2025–2027, the FHFA has established benchmark targets for its total single-family loan purchases. These targets include allocating 25% of purchases to support low-income home buyers and 12% to support home purchases in minority census tracts. Further, the FHFA targets 61% of total multifamily units to be affordable to low-income tenants, with 14% also affordable to very low-income tenants. These benchmarks were formalized in the 2025–2027 Enterprise Housing Goals Final Rule issued by the FHFA in December 2024.^{6,7} In 2019, the Organization's Single-Family Division created the GreenCHOICE Mortgages® product, and purchased over USD 1 billion in GreenCHOICE Mortgages between 2019 and 2023, to provide financing for energy efficiency improvements.⁸

Freddie Mac's corporate and business governance framework includes a board of directors and various board committees that oversee the Organization's strategic direction and compliance with regulatory requirements. In terms of reporting, Freddie Mac provides regular disclosures to investors and regulatory bodies to maintain transparency.

¹ Freddie Mac, "Fifty Years of Home", at: <https://www.freddie-mac.com/about/50yearsofhome>.

² Freddie Mac, "Home Possible", at: <https://sf.freddie-mac.com/working-with-us/origination-underwriting/mortgage-products/home-possible>.

³ Freddie Mac, "2024 Annual Housing Activities Report", at: <https://www.freddie-mac.com/about/pdf/2024-annual-housing-activities-report.pdf>.

⁴ Freddie Mac, "2024 Freddie Mac Multifamily Volume Reaches \$66 Billion, Up 34% Year Over Year", (2025), at: https://freddie-mac-gcs-web.com/news-releases/news-release-details/2024-freddie-mac-multifamily-volume-reaches-66-billion-34-year? gl=1*1dz4or5* gcl au*NzM2OTE0NzU1LjE3NTMzMzI0NzU.

⁵ Freddie Mac, "Freddie Mac Multifamily to Offer Social Bonds Issuance Supporting Housing for Individuals with Intellectual and Developmental Disabilities", (2024), at: <https://freddie-mac-gcs-web.com/news-releases/news-release-details/freddie-mac-multifamily-offer-social-bonds-issuance-supporting>.

⁶ U.S. Federal Housing, "FHFA Finalizes 2025–2027 Housing Goals for Fannie Mae and Freddie Mac", (2024), at: <https://www.fhfa.gov/news/news-release/fhfa-finalizes-2025-2027-housing-goals-for-fannie-mae-and-freddie-mac>.

⁷ U.S. Federal Housing, "2025–2027 Enterprise Housing Goals Final Rule", (2025), at: <https://www.fhfa.gov/regulation/federal-register/final-rule/2025-2027-enterprise-housing-goals-final-rule>.

⁸ Freddie Mac, "GreenCHOICE Mortgages", at: <https://sf.freddie-mac.com/working-with-us/origination-underwriting/mortgage-products/greenchoice-mortgages>.

Principles Alignment

We have assessed the Freddie Mac Single-Family Social MBS and Corporate Social Debt Bonds Framework as follows:

Social Bond Principles 2025 – **Aligned**

Freddie Mac intends to issue Social Mortgage-Backed Securities and Social Debt Bonds under the Framework.

With regard to the Social MBS, such securities will be structured as secured social collateral bonds which will be disclosed clearly in the respective offering documents, as defined by ICMA in the Social Bond Principles 2025. The underlying collateral for the Social MBS will align with the eligibility criteria outlined in the Framework. In addition, Freddie Mac has confirmed that there will be no double counting of eligible mortgages collateralizing the Social MBS issuances with any other outstanding social or sustainable financing instruments.

Principles Alignment Detailed Evaluation

Use of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes eligibility criteria appropriately.
- ▶ The Framework identifies relevant target populations for social projects.
- ▶ All expenditures are expected to provide clear social benefits.

Additional considerations

- ▶ Freddie Mac has committed to the following practices, which go beyond the core requirements:
 - ▶ The Organization has established a look-back period of 24 months for refinancing the purchase of eligible mortgages using proceeds from the Social Debt Bonds.

Project Evaluation and Selection

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance process for the evaluation and selection of eligible projects.
- ▶ The Framework communicates the social sustainability objectives of eligible projects.
- ▶ The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

Additional considerations

- ▶ Freddie Mac has committed to the following practices, which go beyond the core requirements:
 - ▶ The Organization describes how eligible projects support its overarching sustainability objectives and strategy.
 - ▶ The Organization indicates the SDGs to which it expects to contribute through eligible projects.

Management of Proceeds

Aligned*Alignment with core requirements*

- ▶ The net proceeds of the Social MBS will be allocated immediately upon issuance using an automated system.
- ▶ For the Social Debt Bonds, the Framework describes a governance structure for the management of proceeds.
- ▶ The Framework describes the processes and systems that will be used to track the proceeds of the Social Debt Bonds.
- ▶ For the Social Debt Bonds, the Framework describes the intended temporary placement for the balance of unallocated proceeds.

Additional considerations

- ▶ Freddie Mac will manage the proceeds from the Social Debt Bonds using a portfolio approach.
- ▶ Freddie Mac has committed to the following practices for the Social Debt Bonds which go beyond the core requirements:
 - ▶ Freddie Mac intends to achieve full allocation of net proceeds within 24 months of the issuance.
 - ▶ Pending allocation, net proceeds will be invested temporarily in accordance with Freddie Mac's liquidity management policies in instruments such as cash and cash equivalents or other liquid marketable instruments.

Reporting

Aligned*Alignment with core requirements*

- ▶ For the Social Debt Bonds, the Organization will provide an annual allocation report until full allocation of proceeds and renew it in case of material changes until maturity.
- ▶ For the Social MBS issuances, the proceeds will be fully allocated upon issuance, and the Organization will provide upfront allocation reporting.

Additional considerations

- ▶ Freddie Mac has committed to the following practices which go beyond the core requirements:
 - ▶ The Organization will disclose loan-level allocation for Social MBS and category-level allocation for Social Debt Bonds, in their allocation reports.
 - ▶ The Organization will publish allocation reports for both the Social Debt Bonds and Social MBS issuances on its website.
 - ▶ The Organization will report on the impacts of eligible mortgages exclusively under the Social MBS-related annual disclosures, to avoid double-counting of impacts between the Social MBS and the Social Debt Bonds, using relevant metrics, as feasible, on its website.
 - ▶ The Framework indicates at least one impact metric for the use of proceeds category.

Sustainability Contribution

Freddie Mac intends to use the proceeds from instruments issued under the Framework to finance and refinance the purchase of mortgages that are aimed at supporting access to affordable housing among target populations, including low- and moderate-income borrowers and borrowers with homes located in designated underserved or high-needs rural areas, in the US.

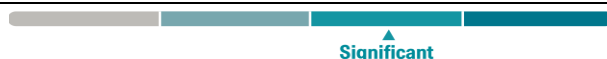
We have assessed the overall Sustainability Contribution of the Framework as **Significant** based on the Sustainability Contribution of the Framework's single use of proceeds category.

Sustainability Contribution



Sustainability Contribution per Use of Proceeds Category

Socio-Economic
Advancement and
Empowerment and
Affordable Housing



We have assessed the Sustainability Contribution of the Socioeconomic Advancement and Empowerment and Affordable Housing category as **Significant**.

The expenditures under the category focus on affordable rental housing properties and homeownership mortgages, as part of Freddie Mac's Single-Family business segment.⁹ While affordable rental housing emphasizes clear targeting and affordability, such requirements are ensured for as little as 25% of the units in a financed property. Homeownership mortgages also have clear targeting, though there is lack of certainty around the extent to which certain target borrowers face barriers to accessing mortgage financing. Additionally, Freddie Mac offers home retention tools, including those to assist mortgage borrowers during financial hardships. Although the provision of such mechanisms may result in reduced monthly payments for certain borrowers, they are not designed to materially reduce borrowing costs for all borrowers over the life of the mortgage loan. Nonetheless, the expenditures under the category are expected to contribute meaningfully to enhancing access to affordable rental and mortgage financing among the target populations in the US.

Category Expenditures¹⁰

Expenditure	Description
Affordable rental housing: <i>Enabling affordable rental housing by providing access to financing to support single-family rental units affordable to low- to moderate-income individuals and families</i>	
Purchase of loans for affordable rental housing	► Enabling the financing of properties containing at least 1 of 4 rental units that are affordable to renters earning less than or

⁹ Freddie Mac, "Our Business", at: <https://www.freddiemac.com/about/business>

¹⁰ Freddie Mac seeks to focus on single-family affordable housing and mortgages belonging to various target groups and living in various target regions via its Single-Family Mission Index. This index consolidates Freddie Mac's mission-oriented lending activities that underly its mortgage-backed securities. Mortgages meeting the Mission Index's Special Purpose Credit Program Borrower criteria will not be eligible for financing, refinancing or securitization under the Framework.

Freddie Mac, "Mission Index: Gain insight into Freddie Mac's mission-oriented lending activity", at: https://capitalmarkets.freddiemac.com/mbs/mission_index

	equal to 80% of the Area Median Income (AMI). Rent is deemed affordable based on a cap of 30% of 80% of the AMI. ▶ Mortgaged properties will meet this criterion if at least one of the units in the property meets the affordable rental thresholds for AMI and rental capping.
<i>Homeownership mortgages: Enabling the financing of single-family housing in underserved communities and providing access to capital to traditionally underserved and underrepresented groups</i>	
Purchase of mortgage loans to low-income borrowers	▶ Single-family homes for borrowers earning less than or equal to 80% AMI.
Purchase of mortgage loans to first-time home buyers	▶ Single-family homes for first-time home buyers earning less than or equal to 100% AMI.
Purchase of mortgage loans to borrowers residing in underserved markets ¹¹	▶ Single-family homes for borrowers residing in underserved markets where the poverty rate is 20% or higher.
Purchase of individual loans for mortgaged properties located in designated low-income areas ¹²	▶ Single-family homes located in designated low-income areas, defined as census tracts or block numbering areas in which the median income is less than or equal to 80% AMI. ▶ Borrower incomes are capped at 100% AMI.
Purchase of individual loans for mortgaged properties located in designated minority tracts ¹³	▶ Single-family homes located in designated minority tracts, defined as census tracts that have a minority population of at least 30% and a median income of less than or equal to 100% of the AMI. ▶ Borrower incomes are capped at 100% AMI.
Purchase of individual loans for mortgaged properties located in designated disaster areas ¹⁴	▶ Single-family homes located in designated disaster areas, defined as areas identified by the FHFA based on the three most recent years' declarations by the Federal Emergency Management Agency (FEMA), where individual assistance payments were authorized by FEMA. ▶ Borrower incomes are capped at 100% AMI.

¹¹ Defined as any census tract with a poverty rate of at least 20% as measured by the five-year data series available from the Census Bureau's American Community Survey, available at: <https://www.census.gov/programs-surveys/acs>.

¹² Low-income census tracts are defined as census tracts or block numbering areas in which the median income does not exceed 80% AMI. Definitions are based on the prior year's metropolitan area definitions as determined by the Office of Management and Budget. More details at: <https://www.fhfa.gov/DataTools/Downloads/Pages/Underserved-Areas-Data.aspx#:~:text=Designated%20disaster%20areas%20are%20identified,payments%20were%20authorized%20by%20FEMA>.

¹³ For minority census tracts, the definitions are based on the prior year's metropolitan area definitions as determined by the Office of Management and Budget. More details at: <https://www.fhfa.gov/DataTools/Downloads/Pages/Underserved-Areas-Data.aspx#:~:text=Designated%20disaster%20areas%20are%20identified,payments%20were%20authorized%20by%20FEMA>.

¹⁴ US Federal Housing, "Underserved Areas", at: <https://www.fhfa.gov/DataTools/Downloads/Pages/Underserved-Areas-Data.aspx#:~:text=Designated%20disaster%20areas%20are%20identified,payments%20were%20authorized%20by%20FEMA>.

Purchase of individual loans for mortgaged manufactured homes	► Borrower incomes are capped at 100% AMI.
Purchase of individual loans for mortgaged properties located in designated high-needs rural areas ¹⁵	► Single-family homes located in designated high-needs rural areas, defined as any of the following regions provided the region is located in a rural area: i) Middle Appalachia; ii) the Lower Mississippi Delta; iii) a colonia; or iv) a tract located in a persistent poverty county and not included in Middle Appalachia, the Lower Mississippi Delta, or a colonia.
Additional information	
► For all expenditures related to eligible mortgages, borrowers will have access to a suite of home retention tools that offer a range of services, including financial education and loan modification tools, designed to support the prevention of foreseeable financial hardships and address mortgage affordability if borrowers encounter an eligible hardship resulting in financial burden. This toolkit includes free homeownership education tools that teach financial literacy, and loan modification tools available in the form of monthly payment reductions of up to 20%, adjusted loan maturity dates, adjusted interest rates, forbearance of a portion of the principal balance or change in the product type.^{16,17} ► For all such expenditures, borrowers must reside in the mortgaged home as the primary residence.	

Analytical Commentary

Access to affordable housing and home ownership remains a persistent issue in the US, driven by rising costs and unequal access to credit. According to the US Department of Housing and Urban Development (HUD) nearly half of all renters were cost-burdened in 2023. These are defined as renters spending more than 30% of gross income on housing and utilities. Individuals with incomes below USD 30,000 regularly spend over 50% of their income in cases of both rental and home ownership.^{18,19} A lack of access to credit can also be an obstacle for home ownership, with disparities appearing between racial groups and regional boundaries. For instance, in 2023, mortgage loans to Black, Hispanic and Asian applicants in the US were denied at rates significantly higher than white applicants, and rejections in small rural communities were two to three times higher than in urban areas, even when controlling for income and credit score.^{20,21}

¹⁵ Middle Appalachia refers to the central Appalachian subregion under the Appalachian Regional Commission's subregional classification of Appalachia; the Lower Mississippi Delta is defined as the Lower Mississippi Delta counties designated by Public Laws 100-460, 106-554 and 107-171, along with any future updates made by Congress; a colonia is an identifiable community that meets the definition of a colonia under a federal, state, tribal or local programme; and persistent poverty county is a county in a rural area that has had 20% or more of its population living in poverty over the past 30 years, as measured by the most recent successive decennial censuses. FHFA, "Duty to Serve High-Needs Counties Map Instructions", at: <https://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/DTS-High-Needs-Counties-Map-Instructions.aspx>.

¹⁶ An example of an applicable financial literacy tool can be found at: <https://creditsmart.freddie.mac.com/>.

¹⁷ Freddie Mac, "Freddie Mac loss mitigation evaluation hierarchy", at: <https://guide.freddie.mac.com/app/guide/section/9201.2>.

¹⁸ Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing", (2025), at: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2025.pdf.

¹⁹ US Congress, Congressional Research Service report, at: https://www.congress.gov/crs_external_products/R/HTML/R48450.web.html.

²⁰ Consumer Financial Protection Bureau, "2023 Mortgage Market Activity and Trends", (2024), at: https://files.consumerfinance.gov/f/documents/cfpb_2023-mortgage-market-activity-and-trends_2024-12.pdf.

²¹ Pew, "Small Mortgages Offer Opportunity to Invest in Rural Communities", (2024), at: <https://www.pew.org/en/research-and-analysis/articles/2024/12/17/small-mortgages-offer-opportunity-to-invest-in-rural-communities>.

The expenditure related to affordable rental housing targets mortgages on single-family housing containing rental units that are affordable to households with incomes less than or equal to 80% of the AMI. The rents will be made affordable via a cap of 30% of a unit's designated AMI threshold. However, the noted targeting and affordability are ensured for as little as 25% of the units in a financed property. Nonetheless, the expenditure will significantly contribute to enhancing access to affordable housing among the low-to-moderate income households in the US.

Regarding the remaining eight expenditures that focus on homeownership mortgages, the targeting of borrowers with household income less than or equal to 80% of the AMI; and those mortgaging properties in designated low-income areas, designated minority census tracts and designated disaster areas with household income less than or equal to a 100% AMI cap demonstrates a strong connection to populations with limited access to affordable mortgage financing. The targeting of borrowers residing in underserved, high-poverty rate areas; borrowers mortgaging properties in designated high-needs rural areas; and first-time home buyers or manufactured housing buyers with an income cap of 100% AMI is meaningful, although there is a lack of certainty around the extent to which such borrowers face barriers to accessing mortgage financing.

With respect to the affordability for such eligible mortgages, Freddie Mac provides a suite of home retention tools to assist borrowers. Although certain tools are accessible to all borrowers, those that modify the terms of the loans, including both principal and interest rate adjustments, are only accessible to those that can establish financial hardship, which includes those caused by income reduction, unemployment, natural disaster or disability, among many others.²² Such mechanisms may result in reduced monthly payments for certain borrowers, however, they are not designed to materially reduce borrowing costs for all borrowers over the life of the mortgage loan, as net principal and interest obligations are generally maintained or extended. Nonetheless, the home retention tools offer moderate affordability benefits to the mortgage borrowers. Moreover, manufactured homes in the US provide an additional layer of affordability for mortgage borrowers, as the median monthly all-in cost to own a manufactured home is approximately 40% lower compared to a standard site-built home.²³

Considering the overall affordability and targeting aspects, the expenditures under the category are expected to significantly improve access to affordable rental and mortgage financing among the target populations in the US.

²² Freddie Mac, "The Single-Family Seller Servicer Guide – Verifying a Borrower's hardship - 9202.2", at: <https://guide.freddiemac.com/app/guide/section/9202.2>.

²³ Fannie Mae, "Underserved Markets Plan", at: <https://www.fanniemae.com/media/43411/display>.

Environmental and Social Risk Management

We have identified the following areas of social risks associated with the eligible mortgages under the Framework: predatory lending and the exacerbation of social inequities within the communities in which financing is provided. Potential environmental and social risks applicable to the affordable rental housing expenditure include land use and loss of biodiversity; waste management, effluent and emissions; occupational health and safety; and community relations. Freddie Mac has the following policies and processes in place to identify and mitigate such risks.

E&S risk identified	Applicable policies, procedures and measures
Predatory lending	▶ Aspects related to credit or housing-related business practices of Freddie Mac may be subject to federal anti-discrimination laws, as well as state and local fair housing and fair lending statutes.²⁴ HUD, which has regulatory authority over Freddie Mac with regards to fair lending matters, periodically reviews its underwriting and appraisal guidelines to check for consistency with the Fair Housing Act and anti-discrimination provisions of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended.²⁵ ▶ Freddie Mac requires all sellers and servicers, from whom it purchases mortgage loans, to comply with applicable local, state and federal laws, including the truth-in-lending, usury and anti-predatory lending laws. This compliance also includes meeting the requirements of Regulation Z's Ability to Repay rule, which relates to a borrower's ability to repay the mortgage loan.²⁶
Exacerbation of social inequities within the communities in which financing is provided	▶ Freddie Mac has established underwriting standards and quality control practices designed to ensure loans are validated and perform at expected levels. This process also includes standards and practices that the sellers must adhere to for maintaining quality of mortgage loans and managing credit risk and exposure, while supporting affordable housing in a responsible manner.²⁷ ▶ The Risk Committee of Freddie Mac's Board of Directors is responsible for overseeing the Enterprise Risk Management Program that establishes its risk policies, risk appetite, and addresses exposure to credit risk, market risk, liquidity risk, operational risk, strategic, reputational and legal risks. The Audit Committee, which consists entirely of independent directors, is responsible for overseeing compliance with legal and regulatory requirements.²⁸ ▶ The regulatory oversight by the FHFA and the statutory requirements it enforces, such as the Affordable Housing Goals²⁹ and Duty to Serve,³⁰ promote access to affordable housing, including for low- and moderate-income families and persons in underserved markets. The Duty to Serve policies also incorporate stakeholder feedback to better address housing inequities and community needs.
Land use and biodiversity; waste management, effluent and emissions; and	▶ The laws and regulations of the US provide stringent oversight of construction activities, including the US Occupational Health and Safety Act³¹ and the Resource Conservation and Recovery Act.³²

²⁴ Freddie Mac, "Form 10-K: ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934", (2024), at: https://www.freddie-mac.com/investors/financials/pdf/10k_021325.pdf.

²⁵ Ibid.

²⁶ Freddie Mac, "Compliance with Law: Chapter 4202 - Responsible Lending", at: <https://guide.freddie-mac.com/app/guide/section/4202.1>.

²⁷ Freddie Mac, "Form 10-K: ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934", (2024), at: https://www.freddie-mac.com/investors/financials/pdf/10k_021325.pdf.

²⁸ Ibid.

²⁹ FHFA, "Affordable Housing Goals", at: <https://www.fhfa.gov/programs/affordable-housing/enterprise-housing-goals>.

³⁰ FHFA, "Duty to Serve Program", at: <https://www.fhfa.gov/programs/duty-to-serve>.

³¹ US Department of Labor, "OSH Act of 1970", at: <https://www.osha.gov/laws-regs/oshact/completeoshact>.

³² US Environmental Protection Agency, "Resource Conservation and Recovery Act (RCRA) Overview", at: <https://www.epa.gov/rcra>.

occupational health and safety	► All risks, including those driven by natural disasters, are managed in accordance with Freddie Mac's enterprise risk management framework. ³³
Community relations	► The underlying properties are based in the US, which is recognized as a Designated Country by the Equator Principles and are subject to robust environmental and social governance systems, legislation and institutional capacity for protecting the environment and communities, including conducting stakeholder engagement for projects with potentially adverse environmental impacts. ³⁴

³³ Freddie Mac, "Form 10-K: ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934", (2024), at: https://www.freddiemac.com/investors/financials/pdf/10k_021325.pdf.

³⁴ Equator Principles, "About the Equator Principles", (2022), at: <https://equator-principles.com/about-the-equator-principles>.

Annex 1: Assessment Framework Overview

The following is a brief overview of the Assessment Framework that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.

Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.³⁵ This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

- **Aligned:** Meets all requirements across the four components.
- **Partially Aligned:** Meets requirements on two or three of the four components.
- **Not Aligned:** Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure's contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
	The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.
	The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.
	The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.
	The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

³⁵ These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

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