



# CORPORATE POLICY

**Subject:** Investigations Policy for Complaints

**Policy Number:** 1-152

**Control Point:** SVP, Chief Compliance Officer

**Approval Authority:** Audit Committee of the Board of Directors

**Signature:** Alicia A. Prather [Approval kept by Legal]

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## Summary and Purpose of this Policy

This Policy is designed:

- In accordance with the Sarbanes-Oxley Act of 2002 and the corporate governance rules of the New York Stock Exchange, to establish processes and define responsibilities for the receipt, retention and prompt resolution of complaints pertaining to accounting, internal accounting controls and auditing matters (Accounting Matters), including the confidential and/or anonymous submission by employees of concerns regarding questionable Accounting Matters;
- To provide a framework for Freddie Mac's Investigation of Accounting Matters and other complaints that allege violations of corporate policies or applicable law (Complaints);<sup>1</sup> and
- To promote the timely, appropriate and consistent Investigation of Complaints in a manner consistent with Freddie Mac's values and standards of behavior as set forth in the Company's [Code of Conduct](#).

## I. Roles and Responsibilities

### Investigative Groups

Three areas of the Company conduct internal Investigations of Complaints: (1) Compliance, (2) Internal Audit, and (3) Legal (the Investigative Groups). In the absence of an actual or apparent conflict of interest, Complaints will generally be assigned to Investigative Groups according to their subject matter expertise. Any investigation may be conducted under the direction of Legal as determined by the General Counsel.

### Investigators

Complaints will be handled by qualified investigators objectively and fairly, without bias or prejudice, in a timely manner and with respect for all parties to the investigative process. Investigators will not presume that a Complaint has merit, but rather will conduct an Investigation of the facts.

**Audit Committee Chair** will oversee the Investigation of any Complaint that involves a Board member or the CEO unless the Audit Committee Chair is implicated or conflicted, in which case the Investigation shall be overseen by the Chair of the Board.

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<sup>1</sup> "Corporate policies" includes the Code of Conduct, and "applicable law" includes statutes, regulations and other forms of legal authority.

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**Third Party Investigators** investigate Complaints that cannot otherwise be conducted by an Investigative Group because of actual or apparent conflicts of interest, resource constraints, lack of specialized subject matter expertise, or other appropriate reasons.

**Employees** and others who become aware of or suspect wrongdoing are strongly encouraged to report the matter immediately and should report such Complaint to any of the resources provided by the [Code of Conduct](#).<sup>2</sup> Employees and other individuals and companies who provide services to Freddie Mac are obligated to cooperate fully, truthfully, and promptly in all internal Investigations. Such cooperation includes, but is not limited to: responding to requests for information, participating in interviews, disclosing all information relevant to the subject matter being reviewed, and if required, preserving the confidentiality of the Investigation.

## **Managers**

After becoming aware of a potential violation of corporate policies or applicable law, whether by receipt of a Complaint or otherwise, Managers must timely report the matter to the [Compliance & Ethics Helpline](#) or the [Compliance Department](#). Managers are prohibited from retaliating and must ensure that employees diligently comply with Freddie Mac policy against Retaliation; lack of diligence in ensuring compliance with non-retaliation obligations may subject the Manager to corrective action. In consultation with the HR business partner, management in the Subject's management chain will determine and administer any corrective actions as a result of the outcome of an Investigation in accordance with Corporate Policy 3-214, Corrective Action.

## **Compliance Department**

In addition to its role as Investigator in areas within its subject matter expertise, the Compliance Department will:

- Establish, maintain, and monitor appropriate mechanisms to allow the reporting of Complaints, including anonymously;
- Establish, in consultation with the other Investigative Groups, procedures for consistent investigatory practices and reporting;
- Track and maintain a database for all Complaints; and
- Collaborate with the other Investigative Groups when receiving a Complaint to ensure that the Complaint is handled by the appropriate Investigative Group with subject matter expertise.

## **II. Governing Principles**

### **Confidentiality and Anonymity**

Management and investigators shall maintain the confidentiality of investigations consistent with a business Need to Know. If required, other participants in an internal investigation shall maintain the confidentiality of the investigation, which includes the fact of the investigation itself as well as any information relating thereto. Nothing in this Policy precludes employees from reporting information about alleged wrongdoing (such as accounting irregularities) to government agencies such as the Securities & Exchange Commission or the Equal Employment Opportunity Commission. Employees may report information to government agencies without notifying Freddie Mac or obtaining its consent.

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<sup>2</sup> Resources include a manager, the Compliance Department, the Compliance & Ethics Helpline at (877) 301-CODE (2633) or [www.FreddieMacEthicsHelpline.com](http://www.FreddieMacEthicsHelpline.com), an HR Business Partner or Employee Relations, Internal Audit (for financial, accounting or controls issues), any officer, or the Chair of the Audit Committee of the Board of Directors.

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Freddie Mac's reporting mechanisms allow for anonymous reports of wrongdoing. Any individual who contacts the [Compliance & Ethics Helpline](#) will be connected to a third-party vendor. Individuals who speak to the third-party vendor may choose to remain anonymous.

## **Non-Retaliation**

Retaliation will not be tolerated against any individual who, based on his or her reasonable good faith belief, reports a concern about potential illegal or unethical conduct or a violation of Freddie Mac policies. Similarly, retaliation will not be tolerated against an employee or an individual or company providing services to Freddie Mac who assists or otherwise participates in an Investigation honestly and in good faith.

## **Communications**

Investigators will ensure that Complainants, Subjects of Complaints and other relevant parties are informed as to the status of Investigations as appropriate, including providing the Subject with an opportunity to respond to the Complaint at an appropriate time.

## **Fact-Finding**

Investigators shall reasonably and in good faith interview individuals with relevant knowledge and develop and/or review relevant documents necessary to support findings of fact and conclusions, including credibility determinations, that appropriately resolve the matter. All parties will allow the Investigation of Complaints to occur without interference. It is a violation of this policy and the [Freddie Mac Code of Conduct](#) knowingly to make a false Complaint or a false statement in an Investigation.

## **Actual or Apparent Conflicts of Interest**

If the Investigation of a Complaint may create an actual or apparent conflict of interest for the Investigative Group that would normally be responsible for the Investigation, the heads of the other two Investigative Groups will consult with the head of that Investigative Group, determine whether there is in fact an actual or apparent conflict, and if so, assign the matter to be investigated by one of the other Investigative Groups or a third party investigator.

Complaints involving an Executive Officer or Board member may create a sufficient appearance of a conflict of interest to warrant referral to a third party investigator. The responsible Investigative Group shall consult with the heads of the other Investigative Groups regarding that decision. In the event of a disagreement between the Investigative Groups regarding the decision not to make a referral to a third party investigator, the matter will be reported to the Audit Committee Chair for discussion and resolution.

To the extent that a Complaint relates to a conflict of interest (including actual or potential conflicts of interest) or business courtesy issue involving a Senior Executive Officer, such Complaints will be addressed, documented and reported in a manner consistent with the requirements of the Federal Housing Finance Agency's "Enterprise Conflict of Interest and Business Courtesy Policies for Senior Executive Officers."

## **III. Matters Requiring Escalation and Notification**

The Chief Compliance Officer will consult with the General Counsel and the General Auditor regarding the designation of a Complaint as a Matter Requiring Escalation. If a Complaint is so designated, the Chief Compliance Officer, or the General Counsel in instances where it is deemed necessary to invoke the attorney-client privilege, will notify the Chair of the Board, the Audit Committee Chair, Risk Committee Chair, FHFA, CEO, CFO, CERO and the SVP HRDI of the

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Complaint. The head of the Investigative Group responsible for the Investigation will also notify the above parties of the conclusion of the Investigation and, as appropriate, of any contemplated corrective action arising from the Matter Requiring Escalation.

## IV. Periodic Reports to the Audit Committee

In connection with the Audit Committee's review of the Company's quarterly reports on Form 10-Q and annual reports on Form 10-K, the Chief Compliance Officer, General Auditor and General Counsel shall report jointly in writing to the Audit Committee concerning the existence and current status of any Major Accounting Matters and any Complaints alleging any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting. A copy of this report will be provided to the Chief Executive Officer, Chief Financial Officer and Corporate Controller and Principal Accounting Officer.

## V. Definitions

**Accounting Matter** – An allegation or concern pertaining to accounting and internal accounting controls related to the preparation, evaluation, or review of any financial statements of the Company, the recording or maintenance of the financial records of the Company, reporting of the Company's financial condition, reporting on audit findings concerning such matters, and maintaining external auditor independence.

**Complainant** – A person filing a Complaint.

**Complaint** – An Accounting Matter or allegation of a violation of corporate policy or law that is raised to Freddie Mac for internal Investigation by an employee, consultant, or external party.

**Conflict of Interest (Actual or Apparent)** – A set of circumstances that creates or could appear to create a risk that professional judgment or actions will be unduly influenced by personal or organizational interests.

**Employee** – Any individual employed by Freddie Mac, including any Regular Full Time, Regular Part Time, or Temporary worker, or any Intern, as defined by Policy 3-231, Hours of Work, Worker Classifications, Pay and Overtime Compensation.

**Executive Officer** – An officer designated under Section 16 of the Securities Exchange Act of 1934 by Compensation Committee resolution, or an officer who reports directly to the CEO.

**Investigation** – The process of reviewing a Complaint or other information that suggests a potential violation of law or corporate policy. Such review shall be: (i) tailored and responsive to the allegations or other information developed; (ii) designed to identify and consider all relevant information; and (iii) provide reasonable assurance that the matter has been correctly and fairly resolved. The review necessary to provide reasonable assurance that the matter has been correctly and fairly resolved will vary depending on the nature and scope of the allegations and other information developed.

**Major Accounting Matters** -- Accounting Matters that present a reasonable likelihood of noncompliance with (1) applicable legal or regulatory requirements, (2) generally accepted accounting principles (GAAP) or (3) corporate policies pertaining to such requirements or to GAAP.

**Manager** – Any employee who has supervisory responsibilities (i.e., the authority to undertake a tangible employment action affecting an employee, such as hiring, firing, promoting, demoting or reassigning).



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**Matters Requiring Escalation**– (1) Major Accounting Matters or (2) Complaints presenting a reasonable likelihood of a violation by (a) an Executive Officer or a member of the Board of Directors or (b) any employee other than an Executive Officer if a violation alleged in the Complaint presents a reasonable likelihood of significant fraud, significant legal risk to the Company, or a substantial or material effect on the reputation or operation of the Company.

**Need to Know** – Describes the principle that sensitive information will only be given to those individuals who require it to participate meaningfully in an investigation.

**Senior Executive Officer** – The Chief Executive Officer; those additional officers who are “executive officers” as defined by Rule 3b-7 under the Securities Exchange Act of 1934 appointed by the Compensation Committee; the General Auditor; and the Chief Compliance Officer (“CCO”).

**Subject** – A person who is the focus of a Complaint or allegation therein.

**Effective Date:** September 2, 2020

- New**
- Replaces** Policy 1-152 dated January 25, 2019
- Reviewed by Legal or Determined that No Legal Review Necessary