

ENVIRONMENTAL,
SOCIAL &
GOVERNANCE
STATEMENT
2021

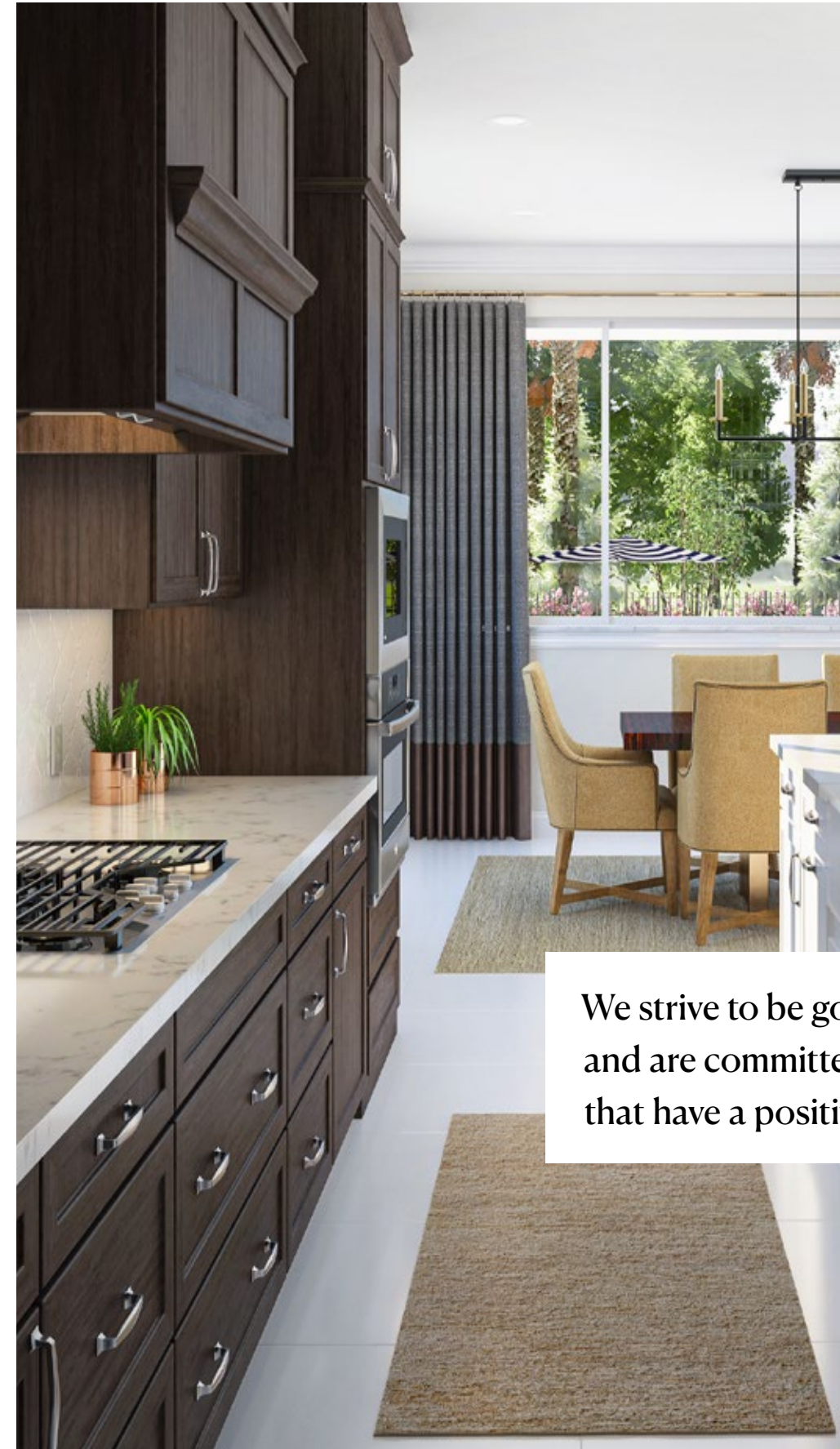
Last updated in January 2022

HOVNANIAN ENTERPRISES, INC.

90 Matawan Road, Fifth Floor, Matawan, N.J. 07747
Tel: (732) 747-7800



ESG
STATEMENT



We strive to be good neighbors and are committed to practices that have a positive impact.

OUR VALUES

Hovnanian has a long history of corporate responsibility, which is deeply rooted in our heritage. We are a Company that is built on dedication and purpose.

At our communities and offices, this means attracting the best talent and creating the best experience for our homebuyers. Throughout the 14 states where we operate, we strive to be good neighbors and are committed to practices that have a positive impact. We believe that value creation and a commitment to environmental, social and governance (ESG) practices are complementary goals.



Having succeeded as a company for more than 60 years, we understand that a clear vision of what you stand for is crucial for lasting success. In 1959, our founder, Kevork S. Hovnanian (Mr. Hovnanian) established our Company on a strong value system, long before the term “corporate responsibility” was part of the conversation within board rooms.



Our commitment to ESG and corporate responsibility more broadly is evidenced by our Board’s oversight of ESG matters. In particular, our Board has tasked our Corporate Governance and Nominating Committee with primary responsibility for our ESG oversight. In this capacity, the Corporate Governance and Nominating Committee reviews and considers the Company’s policies and practices relating to environmental stewardship, corporate social responsibility and other public policy issues significant to the Company.

OUR HISTORY

Prior to emigrating to the United States from Iraq with his family, including his son Ara, our current CEO, Mr. Hovnanian founded and ran a successful road construction company. Due to a bloody coup that overthrew the Iraqi monarchy, Mr. Hovnanian, along with his family, was forced to flee an unstable country. Upon his arrival in the United States, Mr. Hovnanian and his wife and children initially lived with family. Given an opportunity to buy a parcel of land, he started the Company with one plot of land in Toms River, New Jersey and a small construction trailer using a loan and investments from family. Mr. Hovnanian could have chosen a catchy or simple Americanized name but intentionally used the family name to demonstrate how proud he was of his work.

This foundation created by Mr. Hovnanian continues to be reflected in our day-to-day operations, as well as our vision for the future of the Company.



2021 HIGHLIGHTS

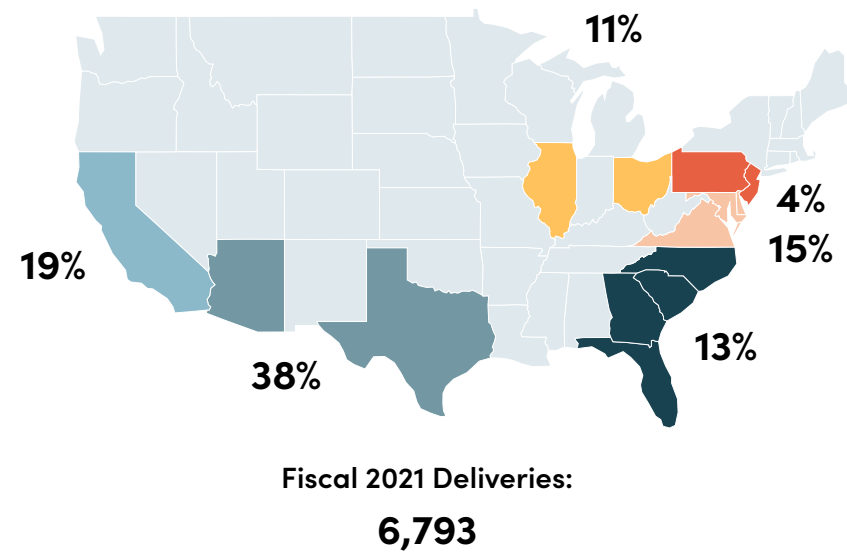
HOVNIANIAN ENTERPRISES AT A GLANCE

Among the top 15 homebuilders in the United States in both homebuilding revenues and home deliveries. ⁽¹⁾

Markets and builds homes across the product and buyer spectrum, with a first-time and move-up focus.

As of October 31, 2021, 140 communities in 14 states. ⁽²⁾

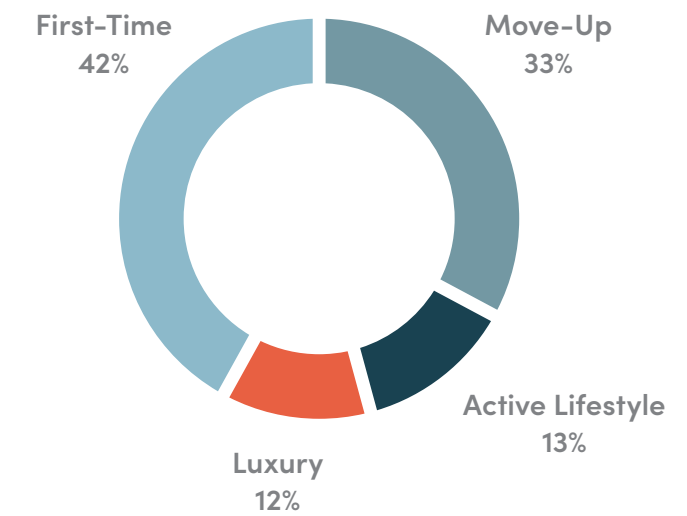
DELIVERIES BY REGION ⁽²⁾



⁽¹⁾ Company SEC filings and press releases as of 12/09/21.
⁽²⁾ Includes unconsolidated joint ventures, excluding our single community unconsolidated joint venture in the Kingdom of Saudi Arabia.

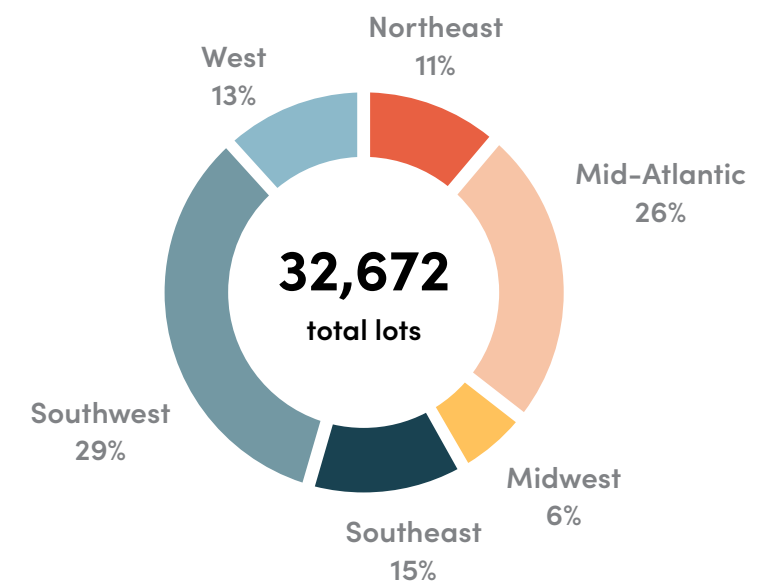
HOME DELIVERIES BY PRODUCT ⁽²⁾

Twelve months ended October 31, 2020



LOTS CONTROLLED BY REGION ⁽²⁾

As of October 31, 2021



ENVIRONMENTAL

OUR COMMITMENT

We are committed to adhering to sound environmental principles and practices.

As we go about our business of designing and building new home communities, our focus is to design and construct our communities in an environmentally sound and responsible manner and to optimize building materials and reduce construction waste, all while attempting to minimize the adverse consequences of development on the habitat, existing wildlife species and cultural/ecological resources. As part of these efforts, the Company partners with the Department of Energy's Building America Program to research sustainable construction practices to improve the durability of homes and address climate change concerns.



DEDICATION *to*
SUSTAINABILITY



Our focus is to design and construct our communities in an environmentally sound and responsible manner.

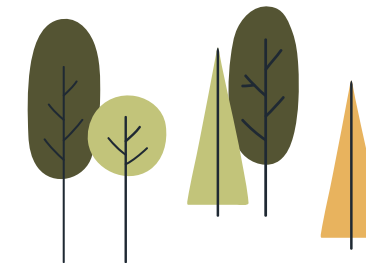
2021

TREES
PLANTED



More than
50,000

TREES
PRESERVED



More than
200,000

DEDICATED
OPEN SPACE



3,000+
acres

2021

WALKING
& BIKING
TRAILS



90
miles

PARKS
BUILT



93

Walking trails at
K. Hovnanian's® Four Seasons
at Orlando, FL



OUR STEWARDSHIP

We embrace environmentally friendly processes and objectives, and the Company is continually seeking to offer features that will enhance the energy efficiency of our homes.

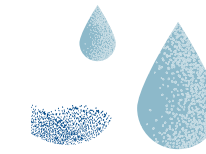
ENERGY EFFICIENCY

For example, in fiscal 2021, the Company installed **more than 40,000 WaterSense® fixtures** in our homes. Additional examples of our efforts to utilize environmentally conscious processes and objectives include the use of Energy Star rated appliances, electric vehicle charging stations, LED lighting, low E windows, low VOC paint, tankless water heaters and solar power. Throughout the design and construction processes of homes in our communities, we further utilize advanced building practices and materials. The Home Energy Rating System (HERS) Index is the industry standard for measuring a home's energy efficiency, with a lower score evidencing a more energy efficient home. As confirmation of our success in employing advanced building practices and materials, the Company's average HERS Index score was 63 for homes delivered in fiscal 2021, compared with a 130 as an average score for a typical resale home in 2021.

STORM WATER INFORMATION MANAGEMENT

We are responsible stewards of our land. Our Storm Water Information Management policy ensures that we take all possible measures to protect the environment in and around our communities. During the construction phases of our communities, we take proactive steps to prevent pollutant discharge such as sediment, concrete, paint and other by-products of construction. Further, we have created hundreds of acres of storm water detention ponds across the country to help mitigate any consequences of development. Moreover, in addition to our training for internal associates regarding our Storm Water Information Policy, we also perform three annual unannounced storm water assessments each year at our communities, during which we inspect compliance with Company policies, as well as federal, state and local standards. The results of these assessments are reviewed and analyzed by our senior management team twice a year and appropriate actions are taken when warranted.

INSTALLED
WATERSENSE®
FIXTURES

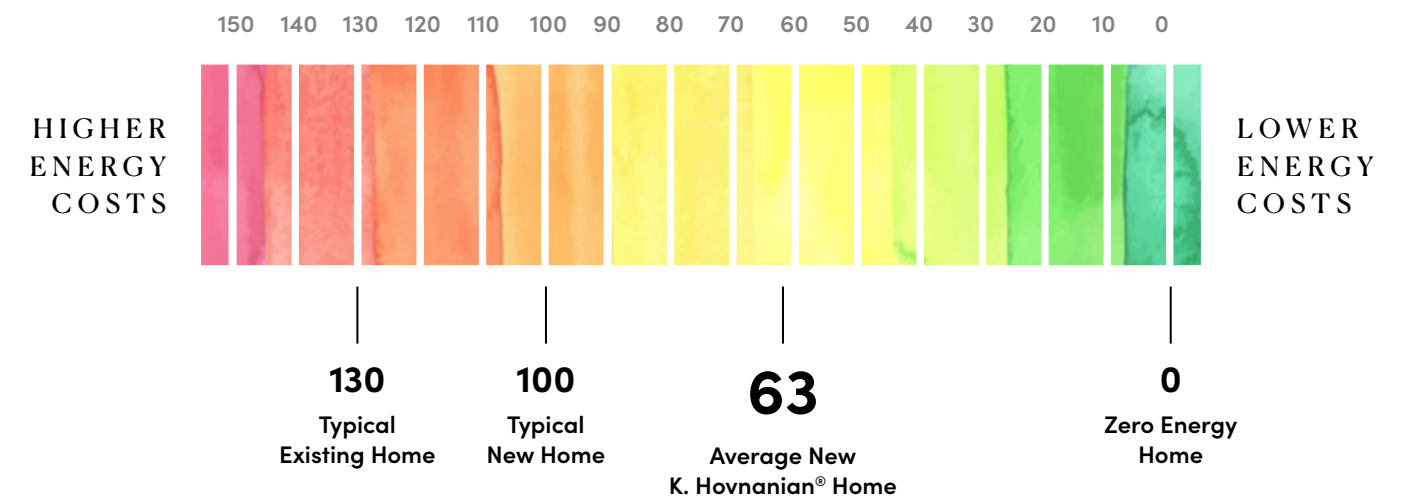


Over
40,000
fixtures

'Rain for Rent' storm water filtration system at K. Hovnanian's® Four Seasons at Kent Island community



THE HOME ENERGY RATING SYSTEM (HERS) INDEX



ELECTRONIC DOCUMENTS



We are continually conceiving ways in which we can minimize the environmental impact of our operations.

For example, on July 1, 2020, we began using electronic signatures and electronic document distribution throughout the Company. Prior to implementing, companywide, our internal processes and our homebuying experience was very paper intensive.

In fiscal 2021, we eliminated the printing of more than 1.0 million pages of content due to the companywide adoption of electronic documents.



PRIOR TO ELECTRONIC DOCUMENTS

Sales Agreements were printed and mailed to the various parties involved in the transaction.

Invoices, vouchers, and expense reports were printed and copied, and sent for approval to supervisors.

Vendor and Supplier Agreements were printed and mailed for signature and needed to be manually returned.

UTILIZING ELECTRONIC DOCUMENTS
IN FISCAL 2021 HAS SAVED

WOOD
SAVINGS



721,974

lbs. of wood

or

2,166

trees

WATER
SAVINGS



2.1 million

gal. of water

or

100

in-ground
swimming pools

CARBON
SAVINGS



1.7 million

lbs. of carbon

or

154

cars
(average
use in a year)

SECURE-PRINT SOLUTION





During fiscal 2021, we replaced the printers and copiers throughout our offices with Energy Star compliant units that require a code in order to print a document.

KEY BENEFITS OF THIS INITIATIVE

The use of less paper, which has a favorable impact on trees, water and carbon footprint.

Lower power consumption, as units will not power on as often and are more energy-efficient.

CURRENT USAGE & SAVINGS

		2019 Actual Usage	2022 Target	35% Target Savings
COLOR PAGES		9.3 million	6 million	3.3 million
B&W PAGES		9.4 million	6 million	3.4 million

DATA CENTER
to CLOUD
MIGRATION



KWh & CO₂ IMPACT

2018 – 2021

achieved **50%** power usage reduction

Reduction due to migration of data center resources to Cloud and increased usage of new power efficient hardware.

2022 TARGET

additional **20%** reduction planned

Mainly driven by JDE E1 migration to Cloud.

2023 TARGET

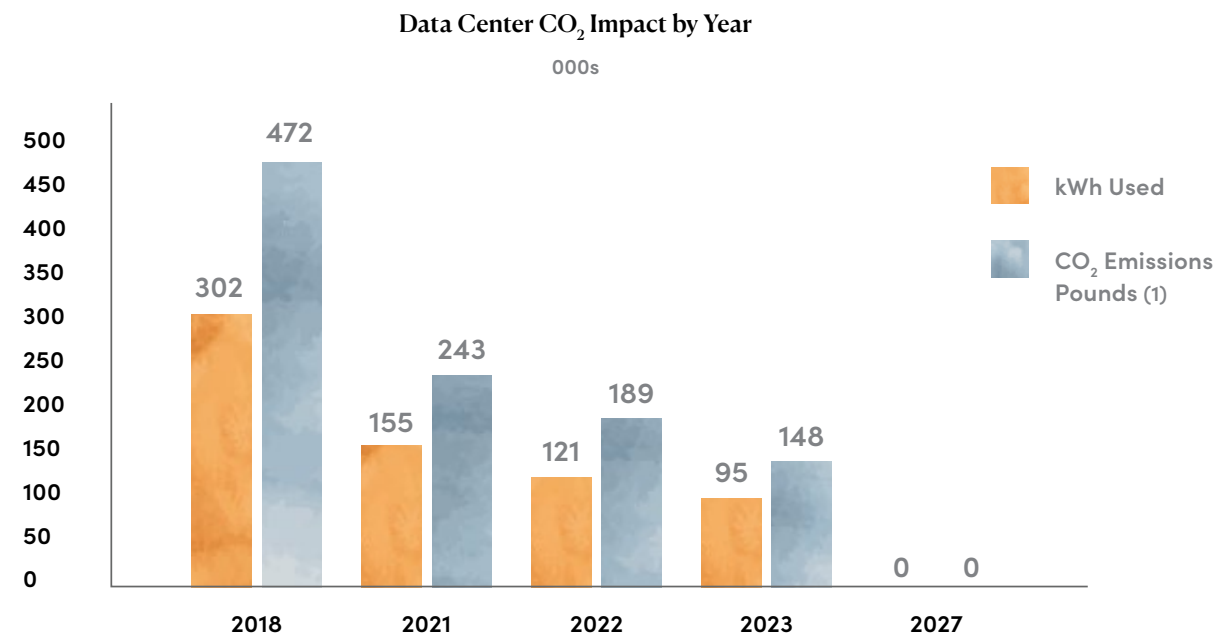
additional **20%** reduction planned

Due to consolidation of remaining servers/racks.

2027/2028 TARGET

Full Data Center Cloud Migration completion.

KWh & CO₂ IMPACT



(1) Source U.S. EPA Greenhouse Gas Equivalencies Calculator for conversion of kWh to CO₂ Emission Pounds.

DATA CENTER EQUIVALENCY OF GREENHOUSE GAS EMISSION REDUCTIONS

In 2018

Greenhouse gas emissions from



46.6
passenger vehicles
driven for one year

or

538,592
total miles
driven

In 2021

Greenhouse gas emissions from



24
passenger vehicles
driven for one year

or

276,990
total miles
driven



ENVIRONMENTAL IMPACTS



The Company had no monetary losses in 2021 as a result of legal proceedings associated with environmental regulations.

On occasion, we purchase land that may include areas with an initial designation of special flood hazard areas (SFHA) by the U.S. Federal Emergency Management Agency (FEMA). If this occurs, we work with FEMA to address environmental concerns, prepare appropriate drainage and grading studies, undertake improvements if necessary and obtain a letter of map revision (LOMR). In addition, once we determine the property is no longer in a flood plain, we take any necessary actions available to ensure an update to the flood insurance rate map (FIRM) before we move forward with construction. As of the end of fiscal 2021, 98.1% of our controlled lots were outside SFHA designation.

At the end of fiscal 2021, we had 18,874 infill site lots and 6,049 high baseline water stress lots. During fiscal 2021, we delivered 5,257 homes that were on infill sites, 1,470 homes that were in compact developments and 1,650 homes that were classified as high baseline water stress lots.⁽¹⁾

INFILL LOTS
CONTROLLED
AND DELIVERED



58%
of total lots
controlled

77%
of total lots
delivered in 2021

⁽¹⁾ Pursuant to the Homebuilder, Sustainability Accounting Standards Board (SASB) definition.



URBAN RENEWAL

HILLTOP AT CEDAR GROVE, NJ

Before



An example of one of the 39 buildings removed from this blighted sight.

After



Since the 1980s, we have established ourselves as a leader in urban renewal/redevelopment projects, starting with our Society Hill community in Newark, New Jersey, which had been the epicenter of the 1967 Newark riots. As the only respondent to the City of Newark's Request for Redevelopment Proposals, the Company built a new community of over one thousand homes, which involved extensive brownfield cleaning and certification and substantially increased opportunities for affordable homeownership across the community. Since we initially began our efforts to offer homes in redevelopment sites, we have delivered more than 4,600 homes through our urban renewal/redevelopment projects, including 974 homes in fiscal 2021. ⁽¹⁾ In addition to brownfield remediation associated with redevelopment sites, the Company has also remediated thousands of acres across the country in suburban locations as well.

(1) Pursuant to the Homebuilder, Sustainability Accounting Standards Board (SASB) definition.

HILLTOP AT CEDAR GROVE, NJ

Before



After



Our
ASPIRE
COMMUNITIES



MAKING HOME OWNERSHIP AFFORDABLE

As an organization, we are keenly focused on the development of affordable housing. Historically, the Company has built **over 1,400 homes** that are specifically restricted to households earning 50% and 80% of median income and have deed restrictions to ensure affordability on resales for extended periods of time.

In addition, with the offering of our Aspire communities 2,369 homes have been sold in the last five years at lower prices than our normal first-time buyer homes. Our Aspire homes extend our product offerings to a whole new set of buyers, many of whom thought that homeownership was unattainable. Our Aspire homes offer the advantages of new construction, but we are able to offer these homes at a lower price due to their size, location and simplified features.

AFFORDABILITY
COMMITMENT



Over
1,400
homes

specifically restricted to
households earning 50% and 80%
of median income

ASPIRE HOMES
DELIVERED

2015–2021



2,369

2021



899

SOCIAL

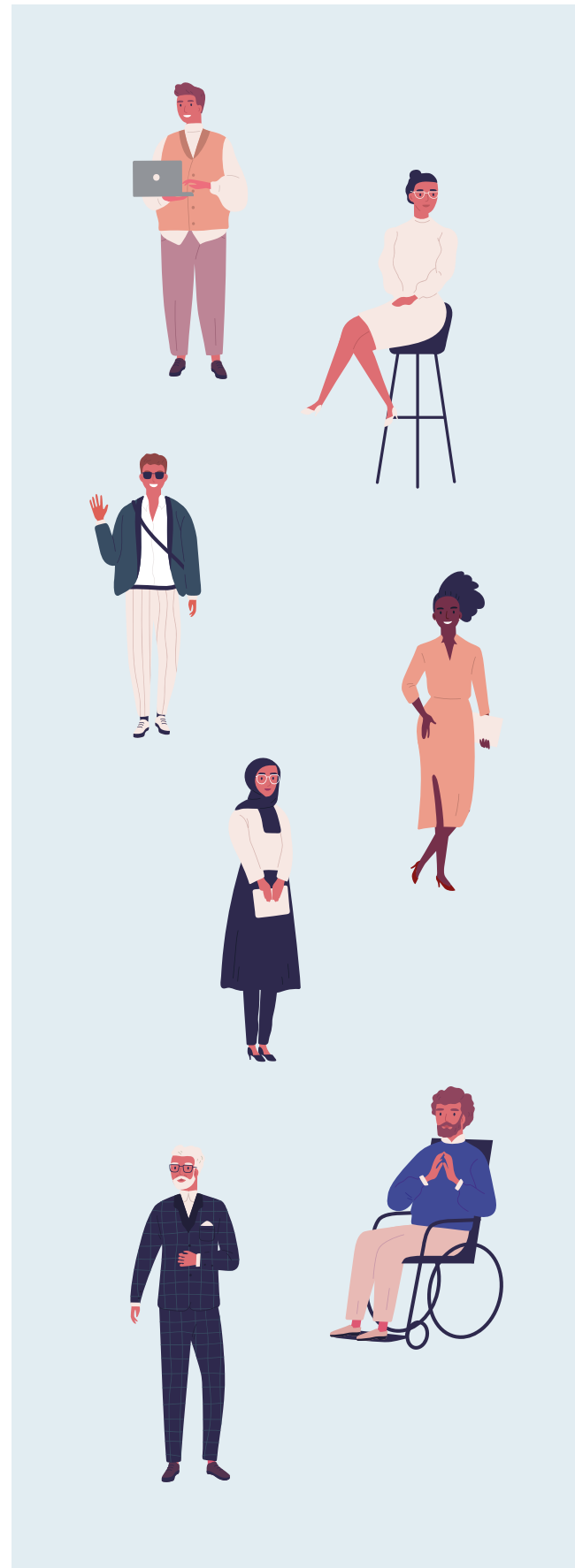
We believe having an inclusive work environment, where everyone has a sense of belonging, not only drives engagement but fosters innovation, which is critical to driving growth.

We understand that the best ideas come from having people from different backgrounds, perspectives, experiences and skills across all businesses, levels of seniority and divisions across the country. We aim to differentiate ourselves through a workplace culture that celebrates drive, commitment and achievement. We believe that talented associates are the Company's greatest asset and play a key role in creating long-term value for our stakeholders. As of October 31, 2021, nearly 19% of our associates have been with the Company for more than 15 years, and the average tenure of all associates is greater than 7 years. We understand that our ultimate success and ability to compete are substantially dependent on how well we identify, hire, train, and retain highly qualified personnel. We realize that each associate has a unique vision and their own special talents. We are committed to being an employer that fosters the growth of each associate, while building an inclusive and diverse workforce.

Through a combination of benefits and programs, we believe that we positively contribute to the well-being of our associates and the communities in which they live and work. Our competitive benefits packages include medical, dental, and vision coverage, as well as health savings accounts, life insurance, disability income, 401(k) savings plan with a company match and other assistance and wellness programs. Together, these benefits help keep our associates and their dependents healthy, while giving them tax-advantaged ways to save for retirement and establish long-term financial security. This package of programs is routinely reevaluated in order to meet the changing needs of our associates in our diverse organization.



DIVERSITY & INCLUSION



Promoting a diverse and inclusive work environment is a major priority at Hovnanian.

In 2020, the Company formed a Diversity & Inclusion Committee, which is personally led by the CEO and comprised of members of senior leadership and associates in various functions throughout the organization representing various backgrounds. The objective of the committee is to advise on and evaluate the Company's diversity and inclusion initiatives and to offer suggestions and guidance. The Diversity & Inclusion Committee meets quarterly, and, in part as a result of the committee's efforts, many initiatives were implemented in fiscal 2021.

INITIATIVES IMPLEMENTED IN FISCAL 2021

All associates are required to take a Diversity Made Simple training course.

Our CEO personally communicates to all associates the meaning and history behind important holidays and cultural events throughout the year, providing an educational background for all concerning various cultures and faiths.

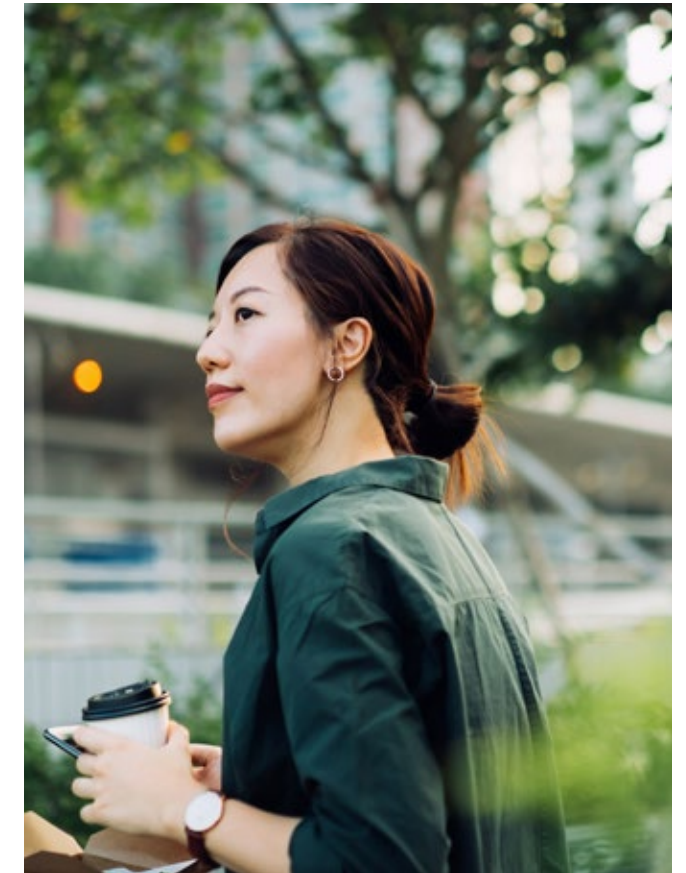
Some examples include: Chinese New Year, Black History, Passover, Ramadan, Juneteenth and Pride Month.

Associates in leadership positions (representing approximately 20% of all associates) are obligated to participate in more extensive diversity and inclusion training sessions.

Hovnanian is a founding member of Building Talent Foundation (BTF) whose mission is to advance the education, training and careers of people from underrepresented groups in the fields of skilled technical workers and as business owners in the residential construction industry.

DIVERSITY & INCLUSION

In fiscal 2021, our Accelerated Leadership Development Program (ALDP) formed its second class following the initial success of the 2018 ALDP. The goal of this program is to identify and mentor leaders within and outside of the organization in order to drive growth and value creation, as well as considerations for succession planning. We actively seek to attract women and candidates of diverse backgrounds to the ALDP, and we significantly increased the proportion of women and underrepresented groups with our fiscal 2021 ALDP class.



We believe that our focus on diversity and inclusion across the organization positions the Company to deliver innovation and growth.

Diversity leadership starts at the top. Our national homebuilding operations are managed by two Group Presidents, one of which identifies as black and has held the position for over five years. We have a diverse associate base comprised of 27% non-white associates. Additionally, 44% of our associates are women, and women represent 40% of all associates in manager and above positions.

Our efforts towards achieving gender equality are especially pronounced with respect to the composition of our Financial Services Group. This group is comprised of K. Hovnanian American Mortgage (KHAM) and Eastern National Title Agency, Inc. (Eastern), both of which are led by women division presidents. Further, both divisions are primarily managed by women leadership in various positions. At KHAM, 70% of VP positions and higher are held by women, and at Eastern, 26 of the 31 total associates are women. Furthermore, women are also well represented in our Corporate offices where there are 22 VPs, 11 male and 11 women. 15 of the 22 VPs work out of our Matawan NJ Headquarters, 9 of these VPs are women.

FEMALE REPRESENTATION

ALL ASSOCIATES

44%



Female

56%



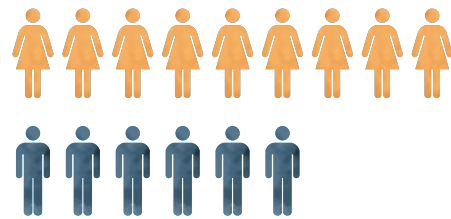
Male

LEADERSHIP

40%

Women hold positions of manager or above

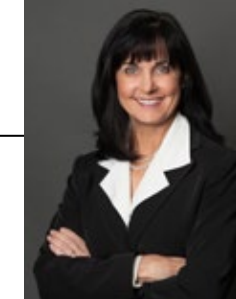
VICE PRESIDENTS AT MATAWAN, NJ
Corporate Headquarters



9 out of 15

Vice President positions are held by women

FEMALE-LED FINANCIAL SERVICES GROUPS



Malia C Tharp

Division President

K. Hovnanian® American Mortgage



Sheila Helstowski

Division President

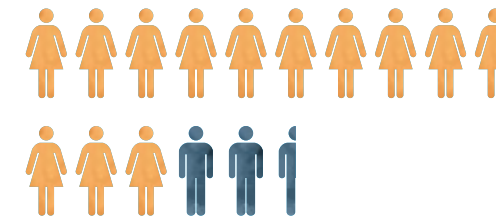
Eastern National Title Agency, Inc.

WOMEN AT K. HOVNANIAN® AMERICAN MORTGAGE

70%

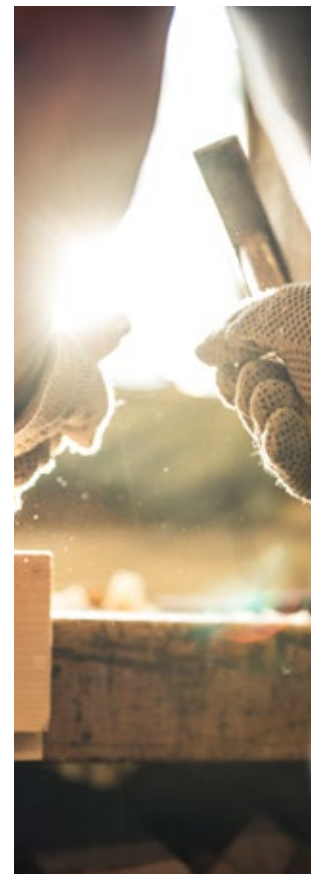
Women hold VP positions or higher

WOMEN AT EASTERN NATIONAL TITLE AGENCY



26 out of 31 total associates are women

SAFETY FIRST



Home construction presents a demanding environment, and we strive to ensure that all of our associates and trade partners go home safely every single day.

In addition to our safety protocols and policies, the Company closely monitors all incidents that occur throughout our communities, consistent with its long-standing policies and procedures for the reporting of all job-site incidents and claims to ensure Corporate visibility and oversight. In the 2021 calendar year the Company's total recordable incident rate (TRIR) was 1.13 which is much better than the homebuilding industry average of 2.9.⁽¹⁾ Furthermore, the Company has an extensive internal safety program, in fiscal 2021 1,515 training sessions took place. The Company also conducts safety audits throughout its operations three times per year.

From the onset of the COVID-19 pandemic and throughout, Hovnanian put the safety of its associates, trade partners and customers as its top priority. We were quick to respond with our companywide COVID-19 Prevention, Preparedness & Response Plan and further implemented state-specific COVID-19 plans where required. Our COVID-19 plans were generated and periodically amended following the most current guidance from the Center for Disease Control (CDC) and the Occupational Safety and Health Administration (OSHA) as well as state requirements based on the geographic location of our various divisions.

In response to the COVID-19 pandemic, the Company took a number of affirmative actions to protect the health and safety of its associates, trade partners and customers. We developed a companywide centralized COVID-19 incident reporting and tracking system to enable senior management to make informed decisions concerning workforce safety protocols. In addition, not only did the Company pivot to having associates work remotely, sales offices were limited to appointment-only, and virtual appointments were encouraged. Moreover, during the height of the pandemic, our CEO personally issued frequent email and video messages to all associates on "COVID-19 Updates", providing information and transparency concerning the Company and its decisions as it related to COVID-19 developments.

During fiscal 2021, in light of the Company's experience managing the pandemic and the recognition of the associated environmental benefits, the Company introduced a hybrid work schedule whereby, once COVID-19 restrictions are lifted and associates anticipate returning to the office, most office associates may work two days a week from home. We believe this change to a hybrid work model will promote a healthier work and home life balance for our associates while simultaneously providing the environmental benefits of having fewer vehicles on the road. In recognition of our associates dedication and sacrifices, under unusually difficult circumstances in fiscal 2021 our CEO felt strongly that special recognition was warranted and provided a \$1,300 special bonus for each Hovnanian associate.

We have committed considerable resources to furthering our associates' personal and professional growth. We have a repository of over 400 training modules/courses to facilitate these learning sessions in both in-person and virtual settings, including mandatory diversity, ethics, sexual harassment, cyber security and safety training courses.

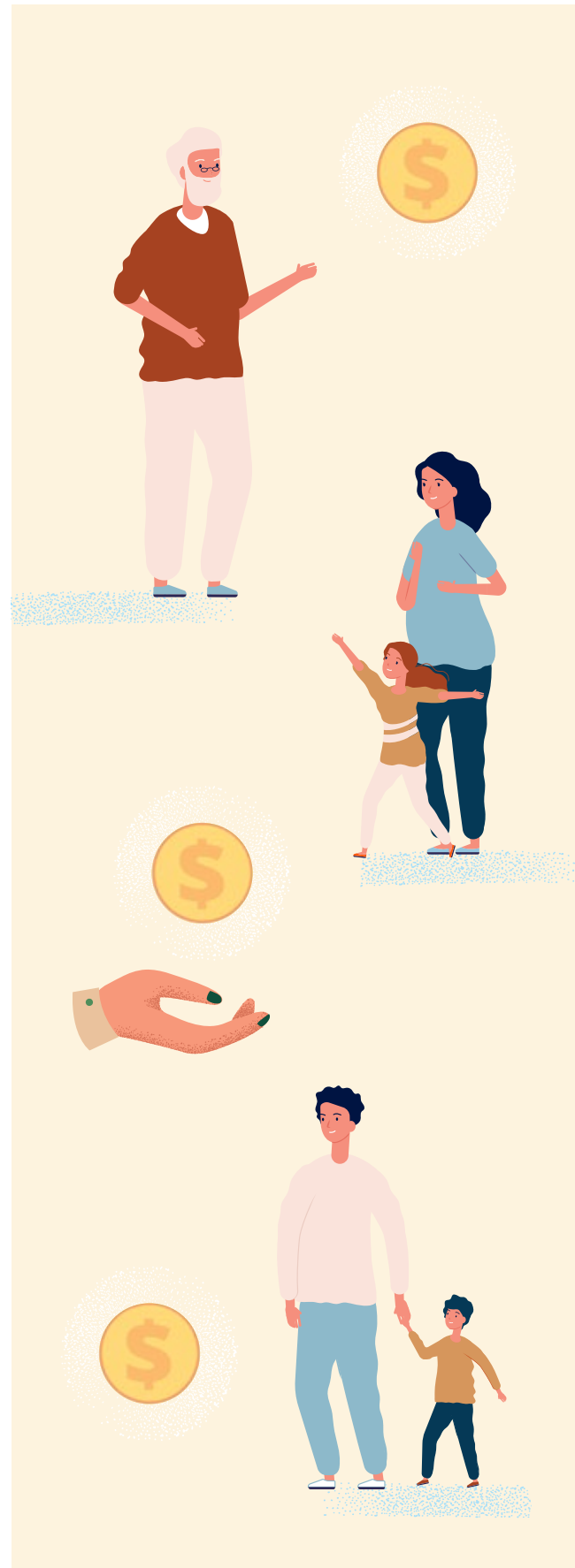
⁽¹⁾ The industry average is based on the most recently published information from OSHA.



Steve Blake

*Safety Professional
celebrated 20 years
with Hovnanian
in 2021*

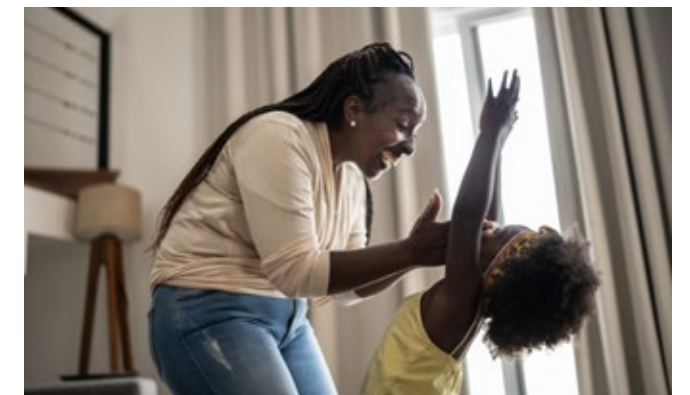
GIVING BACK *to* OUR COMMUNITIES & OUR PEOPLE



Fundamental to the Hovnanian culture is an emphasis on helping our respective communities.

As such, the Company facilitates the involvement of Hovnanian associates with variety of charitable causes, community outreach programs and other philanthropic activities in their local markets, including Habitat for Humanity, Toys for Tots along with Salvation Army and food drives. As an organization, we take seriously our responsibility to strengthen the communities where we operate. Over the years, the Company and the Hovnanian family have donated millions of dollars to fund hospitals, scholarship funds, educational institutions and victims of 9/11, as well as other disaster relief efforts. In the last three years the Company has made charitable donations in excess of \$1 million dollars.

In 1998, the Company formed the Marie Fund as a source of assistance for associates who experience a financial crisis which impacts their basic quality of life. The funds used to help associates are predominantly drawn from donations from their coworkers. Hovnanian then matches every associate contribution dollar for dollar, while other contributions come from vendors or fundraisers. All associate contributions are voluntary. Since the inception of the plan, the Marie Fund has distributed more than \$2.5 million dollars to associates in need.



GOVERNANCE

We have an extensive history of strong corporate governance practices which we attribute, in part, to our long-term success. Our Board of Directors and senior management have taken numerous steps to enhance our policies and procedures to comply with the corporate governance listing standards of the New York Stock Exchange (NYSE) and the rules and regulations of the Securities and Exchange Commission.

We are committed to integrity and accountability in all aspects of our business.

OUR SOUND CORPORATE GOVERNANCE PRACTICES

As of January 2022, our Board of Directors has eight members, six of whom are independent, two of which are women including one woman of ethnic diversity.

All members of our board committees are independent.

Our Board of Directors has an independent lead director.

All directors stand for election annually.

All of our directors along with our chief executive officer and chief financial officer are subject to stringent stock ownership guidelines.

Directors are elected via majority voting.

Although a controlled company, Hovnanian has not availed itself of any of the exemptions afforded to controlled companies under the NYSE rules.

Our Board of Directors engages in an annual self-assessment.

Cyber security sub-committee meets two times per year.

ETHICS HOTLINE

We have an ethics hotline and remind all associates that have any questions or concerns about workplace safety or illegal acts or unethical conduct to freely come forward and report any such concerns. For more than 15 years, we have encouraged associates to utilize this hotline.

We are committed to upholding and continuing our good corporate governance practices with a focus on transparency and accountability in order to drive our long-term success and deliver value to all of our stakeholders.

The Hotline's telephone number 1 (855) 773-4657 is made available to Associates through various communication channels.





Hovnanian
Enterprises, Inc.