



HOVNANIAN ESG REPORT 2023

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



TABLE OF CONTENTS

4 A Letter to All of Our Stakeholders



OVERVIEW

6 Our Values

8 Our History

9 ESG Oversight

10 2023 Highlights



ENVIRONMENTAL

13 Dedication to Sustainability

22 Greenhouse Gas Emissions

23 Climate Change Adaptation

24 Stormwater Information Management

27 Land Use and Ecological Impacts

29 Reducing Waste

29 Urban Renewal



SOCIAL

31 Human Capital

34 Diversity

40 Associate Development

44 Construction Training

46 Customer Satisfaction

48 Addressing Affordability

50 Health and Safety

56 Consumer Data Privacy and Cybersecurity

57 Vendor Code of Conduct

58 Giving Back to Our Communities & Our Associates



GOVERNANCE

61 Board Independence and Diversity

62 Audit Services

66 Ethics Hotline

69 SASB Index



A LETTER TO ALL OF OUR STAKEHOLDERS

This is the third installment of our Environmental, Social and Governance (ESG) reports. These reports serve as a means for us to update our ESG efforts to all of our stakeholders, including our homebuyers, shareholders, bondholders, trade partners and the cities and towns where we live and work.

In 2023, we continued to work with two excellent external advisors to assist us in improving our ESG efforts and the communication of those efforts on our ESG journey. For instance, we continue to identify ways to improve our measurement of our greenhouse gas emissions (GHG). We have made changes to our systems so that we can capture more pertinent information for the 2023 GHG calculation to improve and provide more transparency within our disclosures. We continue to work to identify other areas of improvement and we are excited about the enhancements we are presently developing. We will communicate our progress as it is achieved.

Many of the principles that have been guiding our Company for over 60 years are very much in line with today's ESG priorities. Furthermore, we continue to study and adopt an ever-growing list of metrics and initiatives to include in future ESG reports. We are pleased with the progress we have made over the last three years, but we know that there is a lot of work still to be done, and we embrace the challenges that lie in front of us on our ESG journey.

Ara K. Hovnanian
Chairman of the Board, President and Chief Executive Officer





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 13 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 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 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, were forced to flee. Upon his arrival in the United States, Mr. Hovnanian, 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's Armenian name to demonstrate how proud he was of his work.

These principles established by Mr. Hovnanian continue to be reflected in our day-to-day operations, as well as our vision for the future of the Company.

ESG OVERSIGHT

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 (CGNC) with primary responsibility for our ESG oversight. In this capacity, the CGNC reviews and considers the Company's policies and practices relating to environmental stewardship, corporate social responsibility and all public policy issues significant to the Company at least three times annually.



Furthermore, the ESG executive team and the CGNC updates the Board on all ESG related matters at least twice a year. In addition, the Board reviews the Company's ESG report prior to publishing. The ESG executive team and its working group have a continual dialogue throughout the year and are responsible for raising the profile of ESG across the Company and enhancing our transparency and disclosure around our ESG initiatives and regularly reports to the CGNC. The ESG executive team is comprised of our senior leadership, as well as legal and investor relations. The Company's ESG working group has cross-functional representation and includes senior-level representatives from accounting, corporate operations, human resources, IT, land acquisition, land development, quality, risk management and safety.



2023 HIGHLIGHTS

HOVNANIAN ENTERPRISES AT A GLANCE

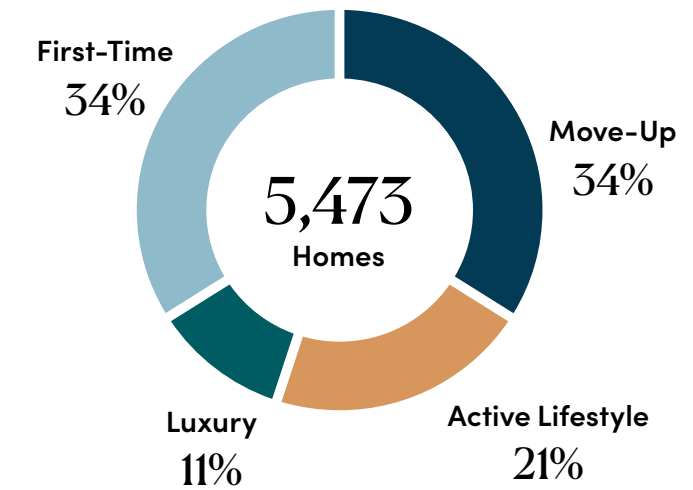
Hovnanian designs, constructs, markets, and sells single-family detached homes, attached townhomes and condominiums, urban infill, and active lifestyle homes in planned residential developments and is one of the nation's largest builders of residential homes. Founded in 1959 by Kevork Hovnanian, the Company was incorporated in New Jersey in 1967 and reincorporated in Delaware in 1983. Since the incorporation of the predecessor company, the Company, combined with its unconsolidated joint ventures, have delivered in excess of 369,000 homes, including 5,473 homes in fiscal 2023. The Company has two distinct operations: homebuilding and financial services. Our homebuilding operations consist of three segments: Northeast, Southeast and West. Our financial services operations provide mortgage loans and title services to the customers of our homebuilding operations.

Including domestic unconsolidated joint ventures, we are offering homes for sale in 129 communities in 27 markets in 13 states throughout the United States. We market and build homes for first time buyers, first-time and second time move-up buyers, luxury buyers, active lifestyle buyers and empty nesters. We offer a variety of home styles at base prices ranging from \$135,000 to \$1,770,000 with an average sales price, including options, of \$539,000 nationwide in fiscal 2023.

(1) Includes domestic unconsolidated joint ventures.

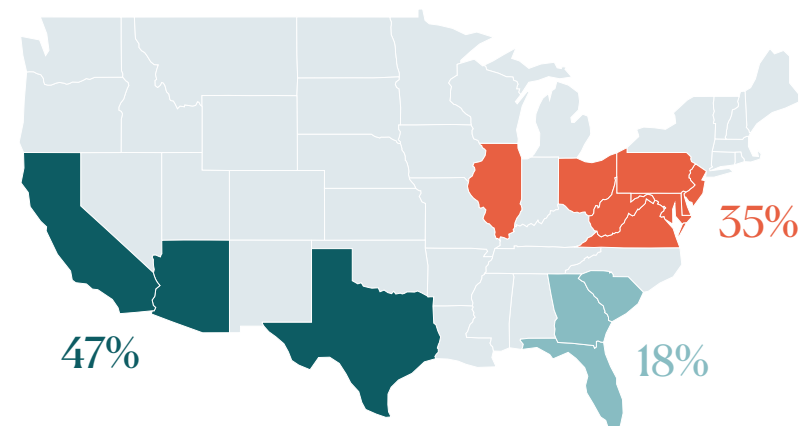
HOME DELIVERIES BY PRODUCT ⁽¹⁾

Year ended October 31, 2023



DELIVERIES BY SEGMENT ⁽¹⁾

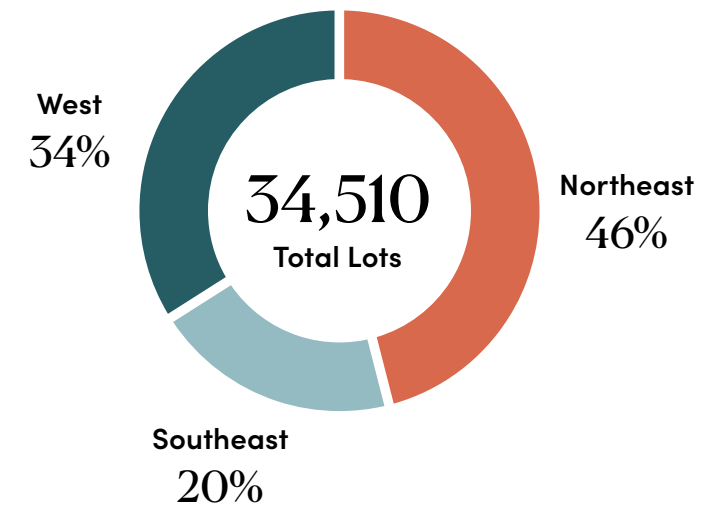
Year ended October 31, 2023



5,473
Fiscal 2023 Deliveries

LOTS CONTROLLED BY SEGMENT ⁽¹⁾

As of October 31, 2023





ENVIRONMENTAL

DEDICATION TO SUSTAINABILITY



“The Company is committed to conducting its operations in an environmentally sound and responsible manner, in recognition that the Company’s activities have an impact on the environment.”

[Enterprise Environmental Policy](#)

The Company is continually seeking to offer features that will enhance the energy efficiency of our homes.

TWO DEPARTMENT OF ENERGY HOUSING INNOVATION AWARDS RECEIVED

In 2023, the Company was proud to receive two United States Department of Energy (DOE) Housing Innovation Awards. The Housing Innovation Awards recognize leading homebuilders from across the country who are constructing Zero Energy Ready Homes (ZERH), the federal government’s highest certification program for home performance. Homes certified to the ZERH program deliver truly best-in-class performance, providing American homeowners with exceptional value, quality, and comfort. The DOE defines a Zero Energy Ready Home as a high-performance home which is so energy efficient, that a renewable energy system can offset all or most of the home’s annual energy consumption.

Our Northeast Division received the 2023 Zero Energy Ready Champion Award as the homebuilder in the United States with the most DOE Zero Energy Ready homes built in the past year, an improvement from the second-place finish for 2022. The division built 400 ZERH homes to win the award.



AWARD WINNING COMMUNITY: THE COVE AT ASBURY PARK IN ASBURY PARK, NJ

The Company's Northeast Division also received a 2023 Housing Innovation Award for The Cove at Asbury Park townhome community in Asbury Park, NJ.



The homes at The Cove are single-family attached townhomes designed with open floorplans, with up to 4 bedrooms, and use our new "Looks" interior design collections. In 2022, the Company won the Housing Innovation Award for two other communities in New Jersey.

The Cove at Asbury Park utilizes engineered wood products and advanced framing techniques to enable the highly efficient use of lumber products. Plumbing fixtures that are certified as "WaterSense" by the EPA are featured throughout the homes to ensure the conservation of water. Our homes have been constructed and have been EPA certified ENERGYSTAR compliant, "Indoor airPLUS" qualified, and built in accordance with the U.S. Department of Energy "Zero Energy Ready" National Program requirements. The latter builds upon the ENERGYSTAR path to energy compliance and adds additional performance-based criteria to comply with this national initiative. The homes are designed with modern architectural features inside and out and utilize increased insulation and higher performance windows and doors.

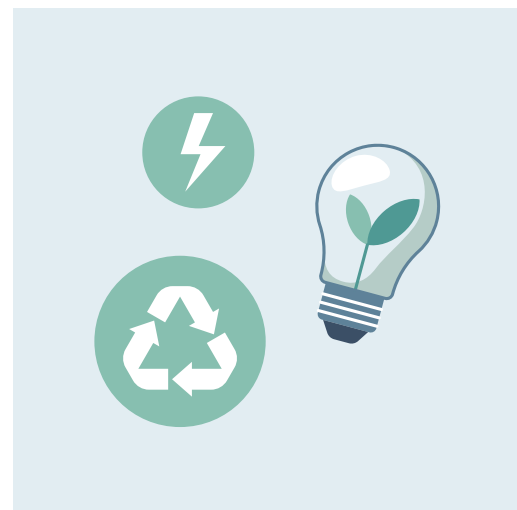




Homes at The Cove utilize HVAC systems that are also located within the thermal boundary, and each home’s solar orientation was used in the design of their respective HVAC systems. The homes were built to the stringent criteria set forth by the Department of Energy with regards to infiltration, limiting the amount of unconditioned, outside air introduced into the living space while providing fresh air to ensure a healthy interior environment. Building a tighter, more energy efficient home with properly sized equipment allows for a reduction in the amount of ductwork required to deliver conditioned air. This allows the home to be competitively priced in a challenging housing market.

As a qualified “Indoor airPLUS” home and in concert with a properly vented house, low emission and recycled materials are featured throughout. Advances in moisture control and hard finish flooring in common areas reduce the potential buildup of contaminants such as mold, mildew and toxic chemicals. The homes utilize U.L. “Greenguard” certified cabinetry, Sherwin Williams paint and Shaw “Green Label” carpets, building materials with less chemicals, radon-resistant construction techniques, ENERGYSTAR certified appliances and LED lighting that reduce energy demand.

Overall, these initiatives result in a tighter, healthier, more comfortable home with efficient HVAC equipment, energy-friendly appliances and illumination that reduce overall consumption, saving the homeowner money.



PHOENIX DIVISION PRIORITIZES ENERGY EFFICIENCY HOMEBUILDING AT VARIOUS COMMUNITIES

In addition to the DOE recognized New Jersey community, we have examples of various operating divisions with communities that are forward-thinking and environmentally conscious. Our Phoenix division has made tremendous strides in building energy efficient homes. All homes built in 2023 met the Environmental Protection Agency’s (EPA) Energy Star version 3.1 requirements and moving forward homes will be built to Energy Star version 3.2 requirements. This ensures our homes provide cost-saving energy efficiency solutions. The Phoenix division is also introducing other measures in its pursuit of building homes that are Zero Energy Ready Homes (ZERH). Examples include, building with conditioned attic space, heat pump water heaters, and wired for installation of rooftop solar panels. We are excited that our upcoming Arizona community, K. Hovnanian at Edgewood, LLC will offer in fiscal 2024 163 single family homes that will be all-electric, eliminating the need for gas energy sources. By investing in energy savings and efficiency for our customers, we are enabling them to live a greener lifestyle.



SOLAR PURCHASE OPTION MADE AVAILABLE OUTSIDE OF CALIFORNIA

In fiscal 2023, all of the homes we delivered in California, 729 homes or 13% of our deliveries, had solar panels. Further we launched a Solar Purchase Option for homebuyers at our Four Seasons at Manalapan Crossing community in Manalapan, New Jersey. Through this purchase option, customers can have rooftop solar panels seamlessly installed during the construction process, allowing them to benefit from clean solar power soon after they close on their home. The first closings with this option are expected in early 2024. Solar energy can allow customers to save on energy costs, reduce their carbon footprint, take advantage of potential federal, state, and local tax incentives, and may increase their property value. This offering is in partnership with one of the largest American providers of solar energy systems, and we are proud to be their first homebuilder partner in New Jersey. We will be exploring the viability of this offer in other states to bring green energy-options to more of our homebuyers.

PARTNERSHIPS IN ENERGY EFFICIENCY

We work with many partners who exemplify the values as described in our [Vendor Code of Conduct](#) that was formalized and published on our website in February of 2024.

Below are examples of vendors who support our initiatives of building environmentally conscious, energy-efficient homes:

- Goodman Manufacturing, (“Goodman”) a leading HVAC manufacturer, continues to be a strong vendor partner. Goodman, a subsidiary of Daikin, produces HVAC products domestically and internationally. Through our partnership, we have been able to continue to improve on our ability to install energy efficient HVAC units in our homes across the country. Additionally, we work with Goodman to provide highly efficient heat pumps to heat and cool our homes in various communities.
- General Electric (“GE”), a national leader in home appliances, has been a strong and consistent partner for us. GE develops Energy Star appliances such as dishwashers and refrigerators that we install in our homes across the country. While we have historically installed Energy Star rated appliances where possible, GE’s modernized, refreshed product lineups are allowing us to expand our Energy Star selections further than ever before.
- Moen, the #1 faucet brand in North America, has been a constant partner for decades. Moen offers a diverse selection of thoughtfully designed kitchen and bath fixtures. All Moen lavatory faucets are WaterSense labeled and conserve significant amounts of water. Additionally, Moen offers a full selection of showerheads that are WaterSense labeled, allowing us the ability to offer water savings without sacrificing quality. In the kitchen, Moen’s faucets flow at lower rates versus the standard, allowing water conservation in the heart of our homes.

As we go about our business of designing and building new home communities, our focus is to design and construct our communities in a way that optimizes building materials and reduces construction waste. 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 and energy efficiency of new homes.



We are committed to building energy efficient homes nationally for our homebuyers.

At the end of fiscal 2023, we had 21 communities open for sale that are all-electric and are expecting to open up additional all-electric communities in fiscal 2024.

Examples of our efforts to utilize energy efficient products include the use of Energy Star rated appliances, LED lighting and thermally efficient windows. Additional environmental offerings include electric vehicle charging stations, low VOC paint and efficient water heaters (heat pump and tankless). We have introduced heat pump water heaters in certain California and Arizona communities and have plans to expand use of them in fiscal 2024.



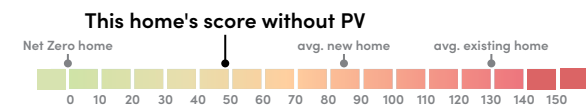
K. Hovnanian
Matawan, NJ Khov.com

PROJECT: The Cove at Asbury Park Asbury Park, NJ

2,185^{ft}²

3 bedroom, 3.5 bath, 4 floors + basement
4A Mixed-Humid, Production, Multifamily

HERS 48



\$110

Annual Monthly Energy Bill
Calculated

\$1,900

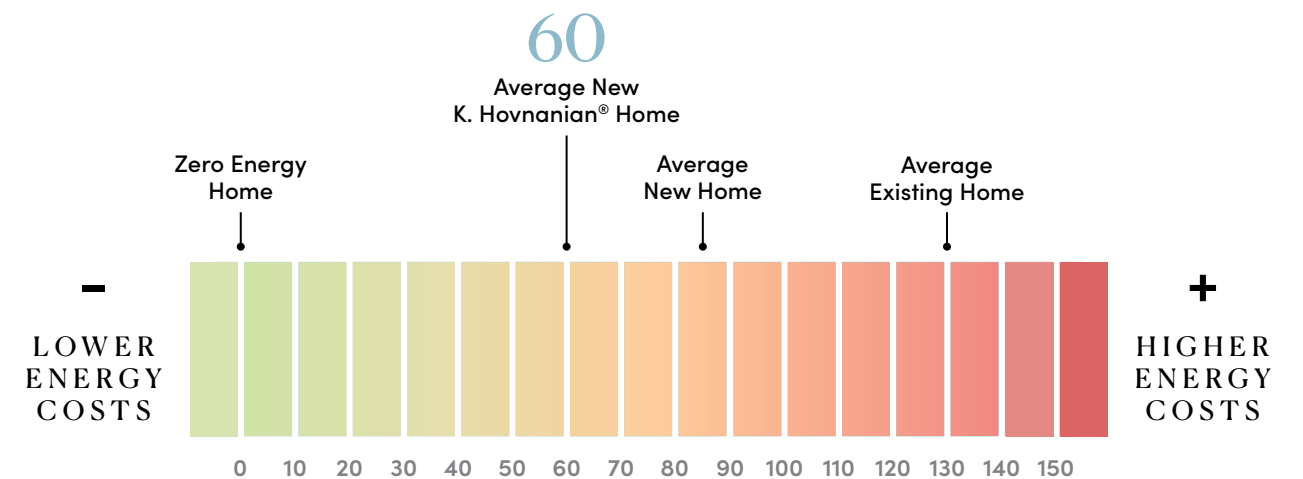
Annual Savings
Calculated versus typical new homes

\$76,500

Saved in the First 30 Years
Includes fuel escalation rate, 2021 EIA Energy Outlook

We also track how our homes are scored from an energy efficiency standpoint. 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 for homes delivered outside of California was 60 in fiscal 2023, which was an improvement from 63 for homes delivered in fiscal 2021 and the same as our score of 60 for homes delivered in fiscal 2022.

In fiscal 2023 the Company further demonstrated its commitment to sound environmental practices with the new position and hire of our first Director of Building Science and Sustainability. The goal of this position is to focus on expanding the Company's overall energy efficiency while maintaining best practices from a building science perspective.





GREENHOUSE GAS EMISSIONS

We have improved our data collection processes in fiscal 2023 and have set goals to make even further improvements in fiscal 2024. In 2022, we first engaged a third-party consultant to assist us in calculating our baseline series of greenhouse gas emissions (GHG) inventories, measuring our emissions across Scopes 1, 2 and 3 in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Our commitment and education in this important area continues to grow.

GHG EMISSIONS

(in metric tons CO ₂ e)	2022	2023
Scope 1	1,019	1,171
Scope 2	8,494	8,041
Scope 3 (includes categories: 1, 2, 3, 5, 6, 7, 11)	1,466,114	1,259,660
Total	1,475,627	1,268,872
GHG Intensity (Scope 1+2+3 Mt CO ₂ e/\$millions in total revenues)	505	460
GHG Intensity (Scope 1+2+3 Mt CO ₂ e/deliveries)	242	232



CLIMATE CHANGE ADAPTATION

During the due diligence stages of the land acquisition process, we conduct risk assessments to ensure that we take into consideration issues that are closely associated with climate change risks, including but not limited to events such as floods and hurricanes.

If we elect to proceed with the purchase of land within an area more likely to be affected by the immediate impacts of climate change, we take steps to ensure that our construction and development processes address these climate related risks. Our land acquisition process includes an extensive “white book” with pertinent information on the proposed community, including environmental concerns. All land purchases are approved by our Corporate Land Committee, which is comprised of our chief executive officer (CEO) and chief financial officer (CFO). Furthermore, prior to making its way to the Corporate Land Committee the proposed community must first be approved by the respective group president and group CFO.

We aim to avoid purchasing land that may include areas with an initial designation of special flood hazard areas (SFHA) by the U.S. Federal Emergency Management Agency (FEMA). There are instances where we will purchase the lots and then work with FEMA to address flood risk, 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 necessary actions to ensure an update to the flood insurance rate map (FIRM) before we move forward with construction. At the end of fiscal 2023, 96.9% of our controlled lots were outside SFHA designation.

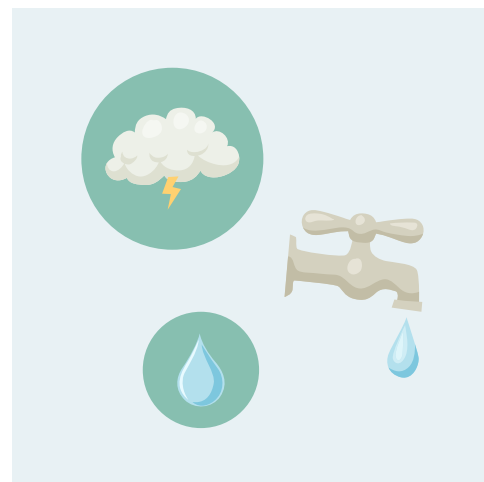
At the end of fiscal 2023, we had 19,387 infill site lots, 56% of total lots. During fiscal 2023, we delivered 3,716 homes that were on infill sites, 68% of total deliveries and 1,568 homes that were in compact developments, 29% of total deliveries.



STORMWATER INFORMATION MANAGEMENT

As responsible stewards of the land, we are committed to minimizing the impact of stormwater runoff; both during our construction activities and in the post-development design of our communities. We have memorialized this commitment with robust company policies governing our Stormwater Management Program that is designed to create best practices and comply with the regulatory landscape which in turn reduces our impact on the environment.

We incorporate into our land development projects many practices that minimize the quantity of stormwater runoff while at the same time improving water quality. These practices include: Environmental Site Design (ESD), Low Impact Development (LID), Open Space Design, Forest Preservation Areas, vegetated buffers, bio-retention and bio-filtration facilities, rain gardens, stormwater infiltration and retention facilities. Each year, hundreds of acres of ponds, constructed wetlands, open space, riparian buffers and other stormwater management facilities are dedicated to the improvement of water quality in our communities.



All construction activities are overseen by designated Site Stormwater Compliance Representatives whose responsibility includes oversight, administration, and inspections of our active construction sites to ensure compliance with all local, state and federal regulations regarding stormwater runoff. Each project has a site-specific Stormwater Pollution Prevention Plan (SWPPP) and Erosion and Sediment Control Plan (ESC) designed by engineers and environmental consultants to ensure compliance with the National Pollutant Discharge Elimination System (NPDES) program. These efforts minimize the amount of sediment in stormwater runoff and reduce the risk of spills or exposure to precipitation for other common pollutants such as: fuel, paint, stucco, concrete, drywall compound, trash and debris on each of our construction sites.

We utilize a vigorous training program designed to ensure each of our field associates shares our commitment to environmental stewardship through active stormwater runoff management. This program gives our associates the knowledge, skill and ability to recognize potential pollution sources, identify appropriate Best Management Practices (BMPs), and conduct inspections to evaluate the performance of the implemented system. All field associates, which includes homeowner service and construction and land development, complete stormwater training upon hire. This training includes either the Stormwater Basics course, or a more in-depth series of course work. Those associates that will be performing inspections receive the more in-depth training, our internal Certified Compliance Inspector of Stormwater (CCIS). The CCIS training covers program management, performing inspections, and managing the site for stormwater. Associates performing inspections also complete annual refresher training based on feedback received during our internal quality coaches site evaluations. In certain jurisdictions, we engage the services of professional third-party inspectors to assist in this effort. To ensure alignment with our vision, these third parties are required to complete our internal training program prior to inspecting our sites. When a third-party inspector is involved, our internal community construction managers (CCM), who are trained and assigned to the community, must validate, and approve those inspections as well.



Finally, in those jurisdictions where State Certification is required to conduct inspections, our Site Representatives obtain this certification (some require more than 30 hours of additional instruction) prior to job assignment. At the end of fiscal 2023, over 130 associates maintain State Certification, a 37% increase over fiscal 2022.

State-Specific Certification	#
California	32
Delaware	32
Florida	26
Georgia	1
Maryland	14
South Carolina	7
Virginia	24
Grand Total	136

Corporate assessments are conducted three times a year at the individual construction sites, in each state where we operate, to evaluate the performance of the stormwater management program at the local level. The results of these assessments are reviewed at least twice per year by our executive management team to identify improvement opportunities. Site managers are scored on the overall performance of their SWPPP, administrative compliance, adherence to our Company's Stormwater policies, efficacy of the BMPs in use and the thoroughness of their inspections. These field assessments include one-on-one instruction and coaching for continuous improvement in minimizing the environmental impact of stormwater runoff.

LAND USE AND ECOLOGICAL IMPACTS

Our focus is to design and construct our communities in a way that connects people to nature.

The Company had no monetary losses in fiscal 2023 as a result of legal proceedings associated with environmental regulations.

2023	TREES PLANTED		More than 11,000
	TREES PRESERVED		More than 39,000
	DEDICATED OPEN SPACE		More than 1,100 Acres
	WALKING & BIKING TRAILS		50 Miles
	PARKS BUILT		67



REDUCING WASTE

We are committed to limiting waste. Over the past few years, we have made it a priority to simplify and reduce the number of floor plans that we offer to our customers. We refer to these new plans as our national portfolio. The primary benefits of our national portfolio plans are to create the best possible plan for our homebuyers while we reduce costs and minimize waste at our construction sites.

We engineer every home in our national portfolio to minimize the amount of labor and material used in their construction. We often utilize roof trusses, floor trusses and wall panels which produce less waste than traditional on-site stick framing. Incorporating efficient and waste reducing practices into our home building operations results in reduced costs for our customers and long-term benefits to the environment.

URBAN RENEWAL

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 which 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 6,900 homes through our urban renewal/ redevelopment projects, including 1,065 homes in fiscal 2023, or 19% of 2023 deliveries.



SOCIAL

HUMAN CAPITAL

We believe having an inclusive work environment, where everyone has a sense of belonging, not only drives engagement but fosters innovation.

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, 2023, 19% of our associates have been with the Company for more than 15 years, and the average tenure of all associates is approximately 7.5 years. In January of 2022, the national average that a wage and salary worker has been at their present job is 4.1 years, as per a biennial report from the Bureau of Labor Statistics. 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.



Celebrating corporate associates at the Founders Awards 2023 in Red Bank, NJ



Through a combination of benefits and programs, 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 paid parental leave, health savings accounts, life insurance, disability income, 401(k) savings plan with up to a 6% 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.

Building Better Benefits

401k Plan with Company Match	Paid Wellness Day	Dependent Care Flexible Spending Account	College Savings Plan - 529	Critical Illness Coverage	Paid Parental Leave
Identity Theft Protection	Company Paid Sick Time	Employee Assistance Program	Accident Coverage	Profit Sharing Plan	Healthcare Flexible Spending Account
Dental Insurance	Hospital Indemnity Coverage	Vision Insurance	Holidays	Legal Plan	Smoking Cessation Program
Personal Days	Home Purchase Discount Programs	Paid Company Holidays	Dependent Life Insurance	Accidental Protection & Dismemberment Insurance	Basic Life Insurance
Health Reimbursement Plan with Company Funding	Short & Long Term Disability	HSA with Company Funding	Supplemental Life Insurance	Pet Insurance	Group Home & Auto Insurance

Over the last two years, our leadership team conducted quarterly Town Halls. These events have become a staple in the organization and serve as an opportunity for associates to hear from senior leadership candidly about our Company and directly ask questions of our CEO, CFO, Executive Vice President and Group Presidents. In fiscal 2023, the Company also introduced two new channels for engaging associates companywide, Lunch & Learns and Coffee Chats. The goal of these new platforms is to fuel our companywide objective to foster a culture of engagement and facilitate more two-way communication.

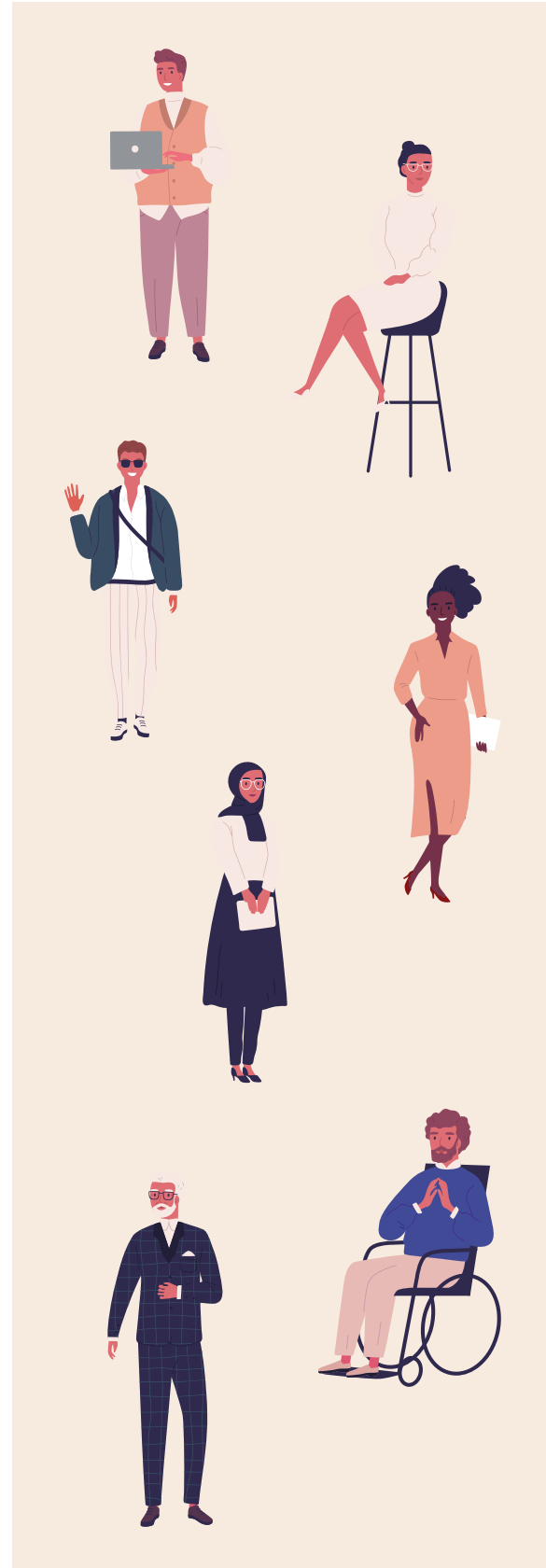
Lunch & Learns were launched to bring together division teams and associates to share each division's progress and challenges as it relates to advancing the Company's national strategy. Many divisions have held their Lunch & Learns in model homes at the communities they are building so the associates can "see and touch" our products and national strategy in action. Feedback from the Lunch & Learns has been positive and associates have indicated they would like more sessions in the future. Associates have also provided feedback that has challenged certain concepts, which is being used to inform the strategy and create improvement opportunities within the Company.

Coffee Chats are informal virtual sessions open to all associates and are meant to address topics about the Company and our national strategy that have generated the most questions. These monthly 'chats' have garnered interest and participation from associates across the Company and are becoming an important avenue for associates to learn and converse with other associates and leaders across the organization about key strategic initiatives.

The Company continues to offer a hybrid work schedule. In light of the Company's experience managing the pandemic, the Company introduced a hybrid work schedule in fiscal 2021 and implemented it throughout fiscal 2022 and continued in fiscal 2023 whereby, most office associates may work two days a week from home. We believe this change to a hybrid work model promotes a healthier work and life balance for our associates while simultaneously providing the environmental benefits of having fewer vehicles on the road. In addition to the weekly hybrid schedule, associates can work remotely up to eight weeks a year. The idea is to allow associates to travel or work from home and still allow for extended time with family and friends.



DIVERSITY



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

In 2020, the Company formed a Diversity and Inclusion (D&I) Task Force consisting of associates in the organization. Some volunteers and others identified and requested to participate in order to give a more balanced view to the diversity and inclusion discussion. The purpose of the task force is for our CEO and the rest of the senior leadership team to hear feedback, discuss our associates' feelings about diversity and inclusion in the organization, and identify potential areas of improvement. Since 2020, the Company's D&I Executive Committee has been personally led by our CEO and comprised of members of senior leadership. The role of the executive committee is to review the recommendations of the task force, decide what to implement, and review the Company's progress over time. The Diversity Made Simple and Unconscious Bias for Managers, which are discussed below, are the result of the task force and executive committee efforts and recommendations. The D&I Task Force and the D&I Executive Committee meet regularly and, as a result of the task force and committee's efforts, many initiatives were implemented or continued in fiscal 2023.

D&I INITIATIVES IMPLEMENTED OR CONTINUED IN FISCAL 2023

- **Diversity Made Simple**
 - This was a mandatory company-wide rollout in September of 2020; also added to our mandatory new hire curriculum.
 - In fiscal 2023, the Company had an overall completion rate of 99.9%
 - This eLearning video/quiz is assigned upon hire; completion is tracked by local Human Resources.
- **D&I for Managers (Unconscious Bias)**
 - This was a mandatory company-wide rollout in August of 2021 for all people managers and those in director-level roles.
 - In fiscal 2023, the overall completion rate was 92%.
 - Following the initial roll-out, it was offered on a quarterly basis and required for newly hired or promoted people managers and those in director-level roles.
 - The training is a 90-minute interactive/virtual event. The training is conducted by the Company's diversity consultant.
 - In fiscal 2023, 50 newly promoted and hired managers or director-level roles completed the Unconscious Bias training.
 - Associates in leadership positions (representing approximately 22% of all associates) are obligated to participate in this training as well as the Diversity Made Simple.



- 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 Obon, Yom Kippur, Chinese New Year, Black History, Ramadan, Juneteenth, and Pride Month.
- Hovnanian is a founding member of Building Talent Foundation (BTF) whose mission is to advance the education, training and career progression of young people from underrepresented groups in residential construction. In fiscal 2022, we extended our partnership and financial commitment for another three years. [Click here](#) to learn more about the wonderful work that BTF is doing. In addition, we actively utilize BTF's Residential Construction Careers Platform JobsToBuild. The purpose of this site is to connect job seekers and employers in the residential construction industry.
- We began actively recruiting from Historically Black Colleges & Universities (HBCUs) in an effort to attract and recruit diverse talent for roles in land development, management, sales, marketing and IT.

Alabama A&M University	Howard University	North Carolina Central University
Alcorn State University	Morgan State University	Prairie View A&M University
Bowie State University	Norfolk State University	Spelman College
Delaware State University	Xavier University of Louisiana	Tuskegee University
Fayetteville State University	North Carolina A&T State University	University of Maryland Eastern Shore
	Florida A&M University	





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 seven years. We have a diverse associate base comprised of 26% non-white associates. Additionally, 44% of our associates are women, and women represent 39% 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. At KHAM, 67% of VP positions and higher are held by women, and at Eastern, 84%, or 27 of the 32, total associates are women. Furthermore, women are also well represented in our corporate offices, there are 24 VPs, 14 male and 10 women.

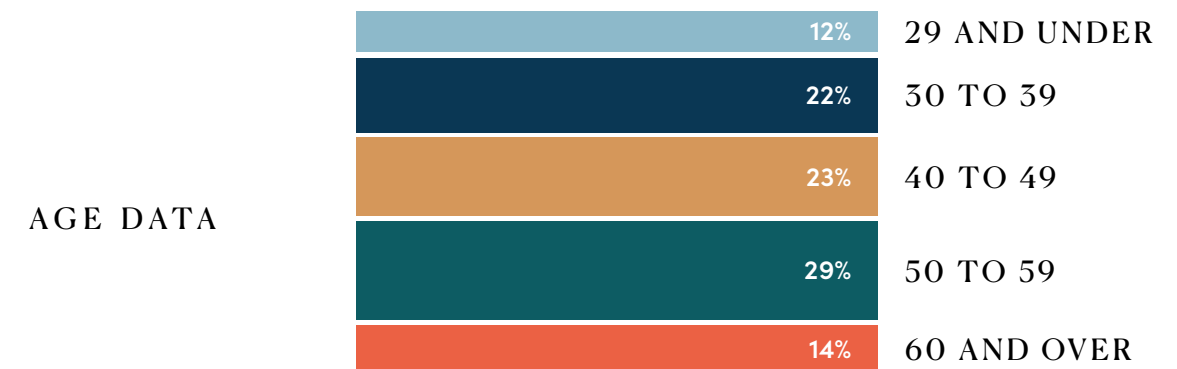
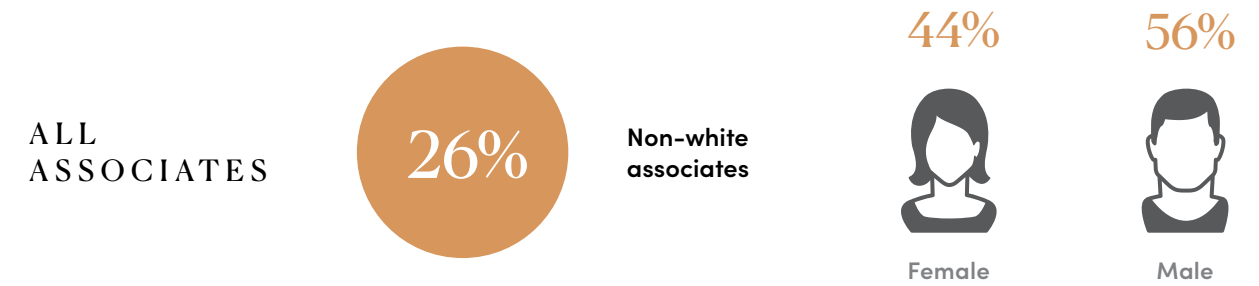
EE0-1 2023 DATA

	Woman Associates	Ethnically Diverse Associates
Total Company	45%	26%
Administrative Support Workers	86%	37%
Management	26%	18%
Professionals	37%	27%
Sales Workers	64%	31%
Service Workers	33%	67%
Technicians	50%	50%

Note: EE0-1 2023 Data includes full time, part time and temporary associates.

“The Company is fully committed to creating a work environment that is safe, fair, and where its directors, officers, managers, associates, customers, business partners, trade partners and investors are treated with dignity and respect.”

[Enterprise Labor Rights and Human Rights Policy](#)





ASSOCIATE DEVELOPMENT

In fiscal 2022, our Accelerated Leadership Development Program (ALDP) graduated its second class following the initial success of the 2018 ALDP, we experienced a longer gap between classes due to the pandemic. The goal of this program is to identify and mentor leaders within and identify talent 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 by 44% with our second ALDP class. In fiscal 2023, the ALDP graduates from 2022 participated in three 'share and learning' sessions to prompt momentum for communication, share best practices and reinforce the key learnings from the ALDP program. In fiscal 2024, another graduate of the ALDP program has been promoted to a division president position. From the 2018 and 2022 classes there have been seven graduates that have become area or division presidents fulfilling the primary goal of the ALDP program. We intend to have another ALDP class in the near future.



In addition to our ALDP program, we continue to further the development of our leadership team. We partner with an outside learning vendor to offer two tracks, one for new managers and one for experienced managers. In fiscal 2023, 33 senior leaders continued or started working with an executive coach. This is consistent to 33 leaders in fiscal 2022 and an increase from only 4 leaders in fiscal 2021.

In fiscal 2022, we introduced a Division Leadership Playbook series for the division president level to enhance and strengthen division leadership. The program focuses on strategic and critical thinking, as well as decision making for the changing needs of leaders as they progress through the Company. The goal of this training is to provide a clear line of sight on how to lead and manage talent today and prepare for the future needs of our organization. In 2023, we conducted additional leadership events with an outside learning partner on topics designed to improve leadership, strategic effectiveness, and the ability to build and strengthen high performing teams. Each session included interactive discussions, and/ or application assignments designed to assess current strengths, opportunities for improvement and strategies to achieve and exceed strategic priorities. In 2023, we had a total of 93 participants who were trained on notable topics including Leading Change, Managing Stress, and Professionalism. The team also used a framework to establish Division Visions & Goals in order to identify a division's competitive position and to develop strategic planning.

In 2024, we will continue to expand professional and leadership skills training and development to even more levels of the organization. Specifically, our new company-wide intranet will feature a library of micro-learning courses (ranging from 7-10 minutes in length) on core areas targeting both the staff associate and leadership population. Examples of some of the topics for all associates include Customer Service, Decision Making, Prioritization and Teamwork. For our leadership, examples of included topics are Coaching & Feedback, Handling Change, Team Management & Productivity as well as Critical Thinking.



We increased our use of the 360° feedback process to assess and improve leadership competence.

- 360° feedback is a confidential way to provide an individual with feedback from multiple sources on the leader's competencies. In addition to competency-based feedback, this process also identifies those factors that are most important to success in one's particular job role. In short, the 360° process is an opportunity for that individual to take the feedback and use it as a basis for development.
- The 360° feedback process is used as a tool to increase awareness and strengthen leadership development.
- Participants are those in key positions including senior leadership roles, participants of the accelerated leadership development program, high potential leaders, and successor candidates.
- Most of the 360° feedback recipients also continue to work with an outside leadership coach.

The Company continues to expand its use of outside leadership/executive coaching and development planning.

- Leadership/executive coaching includes a defined process focused on helping individual leaders identify and achieve professional growth and development goals.
- Using multiple one on one coaching sessions, the coach and participant create a development plan, and targeted action items and strategies to achieve goals.
- The process also includes a series of debrief sessions including the coaching participant's leader to monitor progress and ensure alignment.





CONSTRUCTION TRAINING

A company's greatest asset is a well-trained team of professionals working towards a common goal. To help our newly hired construction associates integrate into our existing teams, we have implemented a standardized on-boarding process. Typically, a new associate will spend the first week with the Company in the Division office. Here they will complete a new-hire curriculum, introductory courses on our online production management software, and a series of courses we call Construction Strong Start. This training takes two and half days to complete. Part of the Strong Start curriculum is completed in the office, such as meetings with department heads, and our aforementioned stormwater and safety courses. Once these courses are complete, the new construction associate will be released to the field to join their community team. In the field, they meet with the different disciplines that make up their community team, such as sales and service. The goal of this training is to reinforce what they have learned in the office as well as specific information about their community and the community team.

Within eight weeks of their start date, all new construction associates attend our Construction Strong Start Training Event. Here, the construction associates learn about our organization's history, structure, strategy and operations. These classes are designed to further reinforce the training they have already received and to provide more in-depth training on our processes and systems. In fiscal 2023, 69 associates completed this training. We actively seek feedback from our attendees on the Strong Start Training Event and their onboarding process. Training does not end with this course.

An Assistant Community Construction Manager is an entry-level position for someone who is often new to homebuilding. Upon completion of the Strong Start Training Event, they are assigned to our Homebuilding 101 curriculum. Through this course, they learn the steps required to build a home from foundation to finish under the tutelage of an experienced Construction Manager.

In our ever-changing industry, continual education is key. Each month a Technical Bulletin is assigned to our construction managers. These bulletins focus on issues or concerns identified by our Quality Coaches during their field assessments, new product specifications, or manufacturers installation requirements. In fiscal 2023, 753 construction associates completed 3,110 construction training courses, modules and on the job training activities. In addition, associates also took advantage of internal Technical Bulletins and Hot Spot Training, with more than 1,130 views.



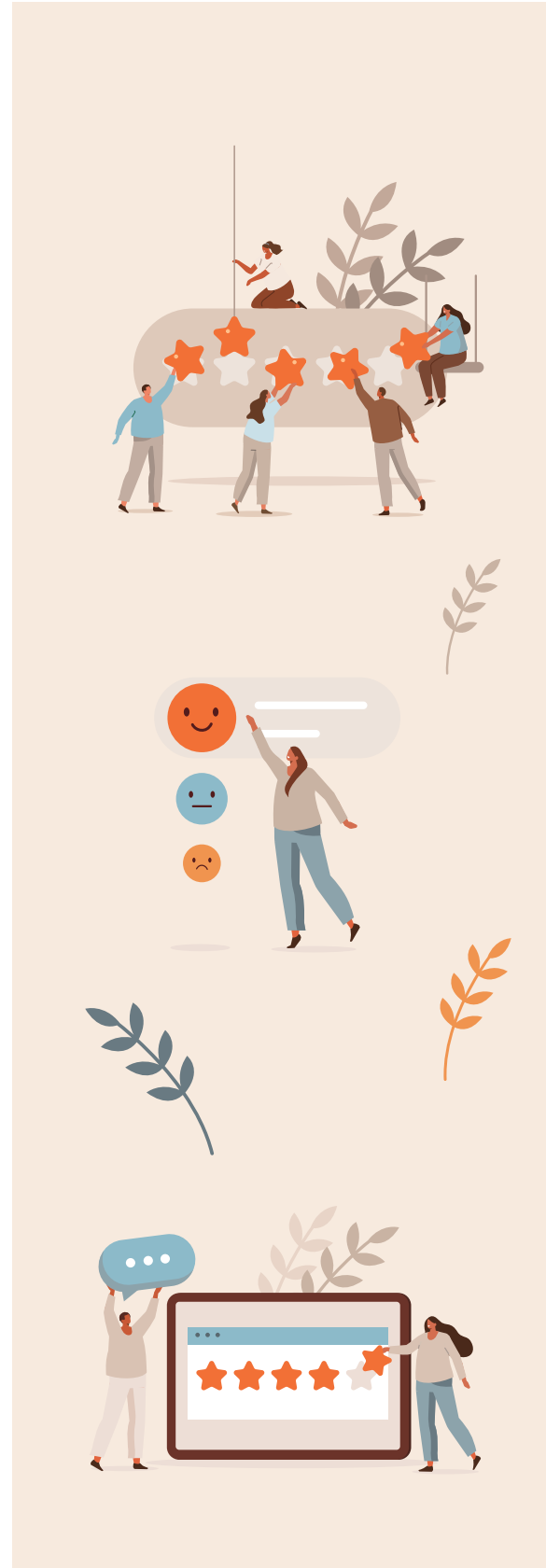
All construction training is available to anyone in the Company who chooses to take them. Nearly 550 course completions that were not required have been voluntarily accessed by our associates in fiscal 2023. We have committed considerable resources to furthering our associates' personal and professional growth. We have a repository of nearly 500 training modules/courses to facilitate these learning sessions in both in-person and virtual settings, including mandatory diversity, ethics, preventing workplace harassment and safety training courses.

QUALITY COACHES

The Company has four full-time quality coaches who are continuously visiting and assessing our sites. Our quality coaches conduct safety, stormwater, and quality assessments. These assessments are reviewed on a bi-annual basis with our CEO, CFO and Group Presidents. We require that our quality coaches have a strong background in construction for this vital role. Each of our quality coaches have at least 20 years of industry experience. The goal of our quality coaches is to be an immediate and consistent resource to our construction teams throughout the organization. Our quality coaches seek to visit each of our communities under construction multiple times in a year to evaluate and score while being built. The quality coaches then meet with our divisions to review their findings so that the information can be used as a learning tool and create best practices. In addition, the quality coaches and divisions meet at least quarterly to identify improvement opportunities and to address any construction and homeowner service challenges that the teams may be experiencing.



CUSTOMER SATISFACTION



The Company’s goal is that every home will be delivered to our homebuyers 100% Complete, Clean and Customer Ready. These are the guiding principles that our construction associates apply day in and day out in an effort to delight and exceed our homebuyers’ expectations. We strive to maximize each homebuyer’s first impression of, and satisfaction with, the quality of the K. Hovnanian home they purchased. We currently utilize a minimum of four structured meetings, between our homebuyers and our associates, throughout the construction process in order to ensure that we achieve our goal. We obtain candid feedback from our customers regarding their homebuying experience through a third-party customer engagement expert, with 69% responding to our 45/60-day survey and 46% to our 12-month survey. In fiscal 2023, 85% of these homebuyers would recommend us to a friend or family member which is an increase from last year’s 82%.

BEAUTIFUL SIMPLE HONEST

We believe that it is possible for everyone to live in a beautiful home without a complex process and expensive price tag. We have recently implemented two core strategic initiatives that will help us achieve this goal. First is a simplified national portfolio, which is our common set of floorplans, specifications, options, and SKUs. The second is “Looks” – our unique collection of interior designs curated for our homebuyers. Our objective is to simplify and de-stress the homebuying process to create an even more enjoyable homebuying experience and improved customer satisfaction.





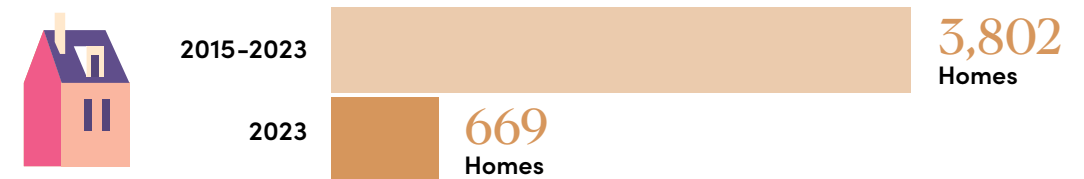
ADDRESSING AFFORDABILITY



MAKING HOME OWNERSHIP AFFORDABLE

As an organization, we are also keenly focused on the development of affordable housing. Historically, the Company has built over 1,450 homes to date that are specifically restricted to households earning 50% and 80% of the area median income and have deed restrictions to ensure affordability on resales for extended periods of time.

ASPIRE HOMES DELIVERED



In addition, with the offering of our Aspire communities, 3,802 homes have been sold in the last nine years at lower prices than our normal entry level 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.

The increase in interest rates in fiscal 2023 has stressed affordability. We are doing our part by offering mortgage rate buydowns on select homes, which help lower monthly payments – making our homes more affordable. In fiscal 2023, 62% of our homebuyers that used a mortgage to purchase their home used some form of interest rate buydown incentive. These rate buydown incentives provide a competitive advantage for Hovnanian over existing homes and smaller homebuilders.



HEALTH & SAFETY



THE STEVE BLAKE AWARD:

The Company has an annual safety award that is named in honor of a long tenured and beloved associate who has since passed. Steve Blake was passionate and worked tirelessly to maintain safe construction sites. This award recognizes associates throughout our communities who work as Steve did to create a safe and healthy work environment for all.

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.

We pride ourselves on providing a safe and healthful place to work. Safety must be considered in all aspects of our business. Work must be preplanned and performed with safety as equally important as cost, quality and production. No single feature of our work is of greater importance than the prevention of injuries and illnesses. We strive to comply with all applicable health and safety regulations, including all applicable laws as well as internal policies related to our own quality construction standards, many of which exceed the applicable regulatory requirements. Our Company's Safety and Health Program embodies the prevention of accidental injury, occupational illness and property damage. Company associates on our sites and in our offices are expected and required to conduct their work in a safe and healthful manner and to comply with the Company Safety and Health Program. The active interest and cooperative efforts of all concerned will ensure the effectiveness of this Program. All subcontractors and each of their subcontractors and suppliers, regardless of tier, have an obligation to perform their scope of the work using safe and healthful methods. Therefore, all work by all parties shall be performed in a safe and healthful manner, thus preventing recognized hazards and eliminating potential violations of federal, state and local safety and health codes, laws, regulations and standards. All reported incidents are reviewed at the corporate level by our legal, quality and risk departments. These combined efforts help create a safe and healthy environment for everyone.



We have a robust health and safety program that incorporates certain core elements into our field operations.

- **Management Leadership:** Safety is viewed as an important part of our Company culture which strives to have all associates return home to their families without injury each day. Senior management sets clear expectations and defines responsibilities across the Company as part of a written health and safety program. Furthermore, the Company has a named National Safety Process Owner. This is the associate responsible for the overall effectiveness of our safety program. Ample resources including time, people and money are devoted to the mission of safety across all communities and at all levels of the organization. Managers at all levels set the tone for safety during jobsite visits including the use of personal protective equipment. The Company also has a Regulatory Process Leadership Committee that is chaired by the National Safety Process Owner, whose role was discussed above. This Committee is comprised of the operational leadership from around the Company and one of the main areas of focus is on the safety program.
- **Associate and Trade Partner Participation:** All associates and trade partners are encouraged to bring safety concerns to the forefront. Safety committees are utilized in several divisions to provide associates with an opportunity to share feedback and to help influence local decision making with respect to safety issues. All jobsites across the Company participated in the National Stand Down to Prevent Falls in Construction in May 2023. Toolbox Talks were held along with demonstrations of fall protection equipment to better educate field associates and trade partners exposed to fall hazards. All field associates and trade partners on every jobsite have “Stop Work Authority” which allows them to temporarily stop work if they feel an activity or operation is unsafe.
- **Hazard Identification and Assessment:** Field teams are to conduct weekly safety inspections to identify and correct hazards. In addition, the Corporate Quality Team performs regular assessments of jobsites to assess administrative practices and to help identify hazards. Checklists have been developed to highlight and identify safety hazards. Safety incidents are investigated to understand root causes and learn from the event so as to avoid a repeat occurrence. Local management is notified promptly of incidents that occur to help provide support and guidance in the moments following an incident and the subsequent investigation. The National Safety Process Owner is also notified so that pertinent details regarding any injury or illness that occurs on a jobsite can be shared across the Company. This communication informs field teams of things to watch for to help prevent a similar incident on their jobsites.



- **Hazard Prevention and Control:** A risk-based approach to hazard prevention and control is used to minimize the potential for injury to associates and trade partners. Those hazards with the highest risks for significant harm are carefully analyzed to determine the approaches most likely to keep our associates and trade partners safe. The Company's “Code of Safe Practices” provides detailed guidance to associates and trade partners in how best to prevent injury and illness.
- **Education and Training:** All field associates receive onboarding safety training prior to reporting to the jobsite so they understand our Company policies and are prepared to enforce the Company safety program. Associates also receive regular safety training to reinforce company policies and OSHA standards. Many associates also receive OSHA 10-hour and 30-hour training classes. These courses provide a deeper focus on a variety of topics including fall protection, trenching and excavation, electrical, and health hazards in construction.
- **Program Evaluation and Improvement:** Division and Group Presidents regularly review the results of jobsite assessments to identify areas that might require additional attention and to identify safety trends across jobsites. Furthermore, our CEO and CFO review Safety Assessment Results by division twice a year in conjunction with our biannual budget process. In addition, an annual safety audit is conducted to assess the effectiveness of the existing policies and procedures. Changes are made to the program based on the results of safety assessments, changes to OSHA standards, and safety incidents that have occurred.



- **Coordination and Communication with Trade Partners:** Pre-construction meetings are held with trade partners prior to the start of new communities to set expectations for safety performance and to answer questions prior to the start of construction. On active jobsite communities, Toolbox Talks are conducted every other week to review safety observations or safety violations that have been seen most recently on the jobsite and to discuss a safety topic pertinent to the work currently being done on site. Field associates and trade partners are regularly reminded of the important role they play in identifying safety issues that need to be addressed and the need to report these to our field teams. An important part of those reminders is the recognition that everyone on the jobsite plays a crucial role in safety outcomes and that we value their input.

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 2023 calendar year, the Company's total recordable incident rate (TRIR) was 1.34, which is much better than the homebuilding industry average of 1.9⁽¹⁾. Additionally, in the 2023 and the 2022 calendar years, the fatality rate was zero. Furthermore, the Company has an extensive internal safety program, in fiscal 2023, 707 associates completed 1,255 safety training sessions.

(1) TRIR is the number of OSHA recordable work-related injuries/illnesses of all our associates, compared to the number of total hours worked by all our associates. The industry average is based on the most recently published information from OSHA.





CONSUMER DATA PRIVACY AND CYBERSECURITY

Through our cybersecurity initiatives we prioritize the privacy and integrity of our consumer, associate, and company data, as well as our vendors' information. Across our Company we deploy multiple layers of cybersecurity defensive and detection technologies to protect organizational assets and data. These comprehensive measures utilize best in class third-party tools and strategic partners to ensure a secure environment. Our policies and procedures are maintained to comply with applicable state and federal rules and our internal and external cyber teams continue to monitor this constantly evolving area.

Our associates are required to complete an annual mandatory cybersecurity training, as well as monthly phishing awareness campaigns. These are designed to improve associates' awareness as to their role in helping protect against cyber threats. In fiscal 2023, once our mandatory cybersecurity training was completed, the Company made it available for our associates to share with their families to help them gain knowledge, awareness and assist in preventing them from becoming victims to cyber-attacks. We also publish a quarterly cyber-awareness newsletter emailed to all associates; we encourage our associates to share this information with family members as well to increase overall awareness.

We perform an annual cybersecurity assessment utilizing third party firms and have recently implemented cybersecurity controls based on the National Institute of Standards and Technology (NIST) framework to provide guidance on risks and areas of focus. Our Corporate Governance and Nominating Committee oversees our cybersecurity program and cyber-related risks. Our Chief Information Officer and VP, Infrastructure and Operations meet and update the Cybersecurity subcommittee, which includes three independent directors, a minimum of twice per year on all cybersecurity priority initiatives, practices, and risks.

VENDOR CODE OF CONDUCT

We recognize that our procurement decisions can have important economic, environmental and social impacts in the markets where we build homes and beyond. As such, we have developed, adopted and posted a [Vendor Code of Conduct](#) to establish principles, guidelines and standards with respect to the supply of products and materials, as well as the labor required, to build our homes.

These principles, guidelines and standards are based on the same high bar all of our associates are held to in our [Code of Ethics](#) and are intended to assist us in addressing specific supply chain risks. We expect our vendors, meaning all of our business partners, contractors, suppliers and trade partners to respect the principles, standards and guidelines in this code.

Top Ten National Vendors in Fiscal 2023:

84 Lumber	Capital Building Supply
ABC Supply	General Electric
Artisan Design Group	Interior Logic Group
Boral Stone	Masterbrand
Builder First Source	TruTeam



GIVING BACK TO OUR COMMUNITIES & OUR ASSOCIATES

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

As such, the Company facilitates the involvement of Hovnanian associates with a variety of charitable causes, community outreach programs and other philanthropic activities in their local markets. 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, scholarships, educational institutions and victims of 9/11, as well as other disaster relief efforts. In the last four years the Company has made charitable donations in excess of \$1.2 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 \$2.7 million dollars to associates in need.



Sapna Thakur, Community Manager in our Northeast Division, is shown at the West Windsor Arts Council, Inc. Mayor's Ball with Mayor Hermant Marathe, Ph.D. Our Company's donation benefits the West Windsor Arts Council whose mission is to cultivate the artist within us all, while inspiring a creative community that is engaged, inclusive and equitable.



Phoenix Division associates are shown volunteering with Graffiti Busters and packing food at St. Mary's Food Bank.



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.

“The Code of Ethics is intended to remind Associates of core values of honest and ethical conduct which are the basis for our business practices and conduct, and to remind Associates of their responsibility to make decisions that foster a responsible and ethical working environment.”

[Code of Ethics](#)

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

BOARD INDEPENDENCE AND DIVERSITY

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

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

Our Board of Directors has a lead independent director.

Cybersecurity subcommittee met three times in fiscal 2023.

Directors are elected via majority voting.

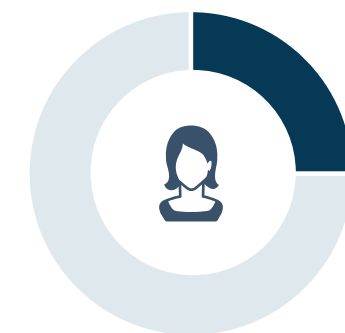
Our Board of Directors engages in an annual self-assessment.

All members of our Audit, Compensation and Corporate Governance & Nominating Committees are independent.

All directors stand for election annually.

The Board of Directors reviewed and approved the following which are made public on our website : “[Enterprise Anti-Corruption and Anti-Bribery Policy](#)”, “[Enterprise Environmental Policy](#)”; “[Enterprise Labor Rights and Human Rights Policy](#)” and “[Vendor Code of Conduct](#)”.

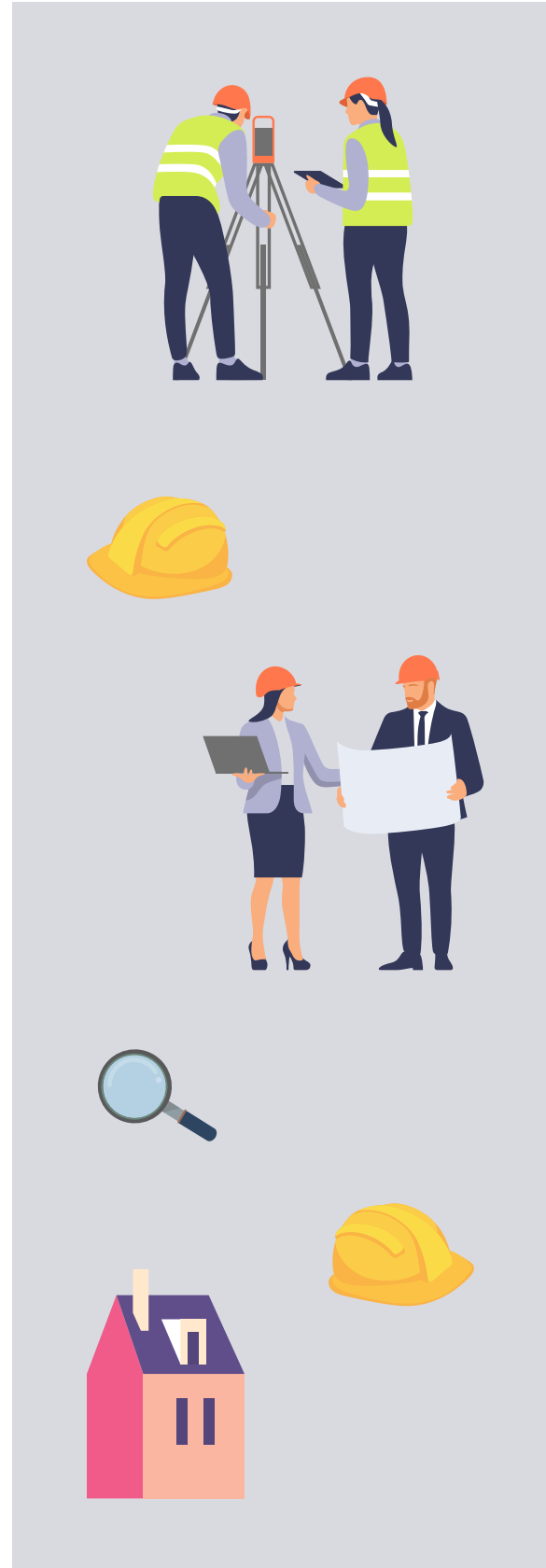
DIVERSITY OF THE BOARD:



25%
Female



AUDIT SERVICES



The Audit Services department is an independent and objective assurance function that operates as an integral part of our organization.

The Audit Committee oversees Audit Services. The department's primary purpose is to examine and evaluate our Company's internal controls, policies, processes, and risk management procedures to ensure they are robust, effective, and compliant with relevant regulations and industry best practices.

Each year, our Audit Services team conducts a series of internal audits, evaluating areas including operational efficiencies, compliance, and financial reporting. All final reports are shared with our Audit Committee, independent registered public accounting firm, chief executive officer, chief financial officer and corporate counsel.

The mission of the Audit Services department is to improve the operations of the Company by providing independent and objective reviews of controls and procedures. They perform various operational and compliance audits throughout the organization. In addition to routine and mandatory audits, the Annual Audit Plan encompasses methods of continuous monitoring, which allows auditors to proactively identify process weaknesses and provide recommendations for ongoing improvements.



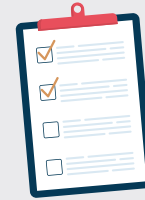
Audit Team: Annie Cheng, Senior Internal Auditor; Mylene DiStefano, Vice President, Audit Services and Antonio Bravo, Internal Auditor.



Although a department or function may not be scheduled for an audit, management will often request Audit Services' assistance in reviewing and providing feedback on special projects, draft policies and procedures and new processes. For this reason, Audit Services associates serve on various leadership committees and task forces throughout our organization.

As the Company continues to focus on its ESG journey, having Audit Services play a bigger role seems a logical next step. To that end, Ms. Mylene DiStefano, VP of Audit Services, recently successfully completed a course offered by the Institute of Internal Auditors entitled "ESG Certificate: Internal Auditing for Sustainable Organizations".

Audit Services is also responsible for investigating wrongful or fraudulent acts which can be discovered via an internal audit, management oversight or employee/vendor via the ethics hotline. Prevention of fraud begins with a commitment by management to establish and maintain an effective system of controls, and to be aware of risk exposures. Every associate has a responsibility to comply with policies and procedures, and to report known or suspected wrongful acts or fraudulent activity. All associates receive an annual email from the chief financial officer reminding them of these obligations. Furthermore, an email is sent annually from Audit Services to our human resource leaders reminding them of their responsibilities to report any suspected fraudulent or potentially fraudulent activities. Audit Services is also responsible for an annual business partner ethics communication from our chief executive officer to all of our vendors, suppliers and partners, encouraging all to utilize our ethics hotline should they encounter any incident that violates our [Code of Ethics](#).



KEY ROLES AND RESPONSIBILITIES

- 1. Risk Assessment:** Audit Services facilitates a thorough analysis of potential risks that our Company might face in its day-to-day operations. Identifying risks early helps implement appropriate measures to mitigate them and safeguard our business interests.
- 2. Internal Control Evaluation:** The department diligently assesses the effectiveness of our internal control systems. By doing so, they ensure that our procedures and policies are not only adequate but also consistently adhered to across all divisions. This evaluation helps minimize the risk of errors, fraud, and operational inefficiencies.
- 3. Compliance and Governance:** Audit Services plays a pivotal role in facilitating and supporting our Company's strict adherence to all relevant laws, regulations, and industry standards. This compliance is essential in maintaining our reputation, fostering stakeholder trust, and avoiding any legal or financial repercussions.
- 4. Process Improvement:** In addition to identifying risks, Audit Services also suggests areas for improvement in our business processes. Our objective, perspective and insights help streamline operations and increase efficiency.
- 5. Special Investigations:** Should any suspicious activities or potential misconduct arise, Audit Services conducts special investigations with the utmost confidentiality and impartiality. This ensures that any irregularities are promptly addressed, allowing us to maintain our commitment to ethical practices.



ETHICS HOTLINE

We have an anonymous 24/7 ethics hotline monitored by an independent third-party company 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 without fear of retaliation. For more than 16 years, we have encouraged associates to utilize this hotline. Over the past five years, our ethics hotline has averaged 5.4 calls per year with only 1.2 of the calls per year being substantiated after our internal audit team investigated. All hotline calls are treated seriously and if substantiated, swift and corrective actions are taken. Notifications of all calls are sent to CEO, CFO and Chairman of the Audit Committee and final reports of the investigations are reviewed by the entire Audit Committee.

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.

ETHICS
HOTLINE
CALLS



Average calls
per year



Substantiated
calls per year



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



APPENDIX

SASB - HOMEBUILDERS SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		2021	2022	2023
Land Use & Ecological Impacts	1. Number of (1) lots and (2) homes delivered on redevelopment sites	- (2) 974	(1) 7,120 (2) 1,252	(1) 9,471 (2) 1,065
	2. Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	(1) 6,049 (2) 1,650	(1) 4,430 (2) 1,429	(1) 11,405 (2) 2,104
	3. Total amount of monetary losses as a result of legal proceedings associated with environmental regulation (\$ in millions)	\$0.0	\$0.8	\$0.0
	4. Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	pg. 11	pg. 11 pgs. 18-21	pgs. 23-26
Workforce Health and Safety	5. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) 1.13 - -	(1) 1.71 (2a) 0.00 (2b) 0.00	(1) 1.34 (2) 0.00 -
	6. (1) Number of homes that obtained a certified HERS Index Score and (2) average score	- (2) 63	- (2) 60	- (2) 60
Design for Resource Efficiency	7. Percentage of installed water fixtures certified to WaterSense specifications	-	-	-
	8. Number of homes delivered certified to a third-party multi-attribute green building standard	-	-	-
	9. Description of risks and opportunities related to incorporating resource efficiency into home, design, and how benefits are communicated to customers	pg. 16	pgs. 12-15	pgs. 13-21
Community Impacts of New Developments	10. Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions	-	-	-
	11. Number of (1) lots and (2) homes delivered on infill sites	(1) 18,874 (2) 5,257	(1) 18,577 (2) 4,677	(1) 19,387 (2) 3,716
	12. (1) Number of homes delivered in compact developments and (2) average density	(1) 1,470 -	(1) 1,917 -	(1) 1,568 -
Climate Change Adaptation	13. Number of lots located in 100-year flood zones	621	831	1,071
	14. Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	-	-	-
Activity Metrics	15. Number of controlled lots	32,672	32,642	34,510
	16. Number of homes delivered	6,793	6,090	5,473
	17. Number of active selling communities	140	133	129

GHG calculation methodology

- The Company uses an operational control approach for calculating and reporting GHG emissions.
- Scope 1 and 2 emissions include Hovnanian facilities, model homes and clubhouses.
- Hovnanian's Scope 3 includes the following categories 1,2,3,5, 6,7 and 11.
- Category 11, use of sold products. This category is calculated assuming the lifespan of homes and energy systems is 20 years. HERS scores are used to calculate the energy usage of homes delivered.

All estimates and claims related to energy savings or performance are derived from third-party consultants, rating services and/or our own assumptions, based on the EPA's methodology and average energy use and scores. The actual energy savings and performance of any home or any of its features including the actual energy savings may vary greatly. The potential savings and performance will further depend on the personal energy consumption choices of the occupants and changes in energy-provider rates and programs, as well as other factors. The information covered by this Report contains forward looking statements within the meaning of the United States federal securities laws, including statements regarding our goals, aspirations, strategies or our future initiatives or actions and their expected results. These statements are based on current expectations, beliefs, intentions and projections about future events and are not guarantees of future performance. Actual events and results may differ materially from those expressed or forecasted in forward- looking or aspirational statements due to a number of factors which are identified in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission. Those reports are available on our website and on the Securities and Exchange Commission's website www.sec.gov. Except as required by law, we assume no obligation to update any forward-looking statements or information. All rights reserved.



Hovnanian
Enterprises, Inc.