

HOVNANIAN
ESG REPORT
2024





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A LETTER TO ALL OF OUR STAKEHOLDERS

As we continue to navigate an ever-evolving business landscape, our commitment to acting responsibly remains a central focus of our strategy. At Hovnanian, we believe that integrating energy efficient products into our homes not only strengthens our offerings but also creates lasting value for our homebuyers and the environment. This report is our fourth annual report and reflects our ongoing efforts to align our practices with the highest standards. We are proud to share the progress we have made.

As part of our ongoing commitment to transparency, we are pleased to include the Task Force on Climate-related Financial Disclosures (TCFD) framework in this year's Environmental Social & Governance (ESG) report. By adopting the TCFD recommendations, we are enhancing our ability to assess and disclose climate-related risks and opportunities clearly and consistently, as well as aligning with global best practices. This inclusion marks a significant step in our efforts to better understand the long-term impacts of climate change on our business and to build resilience in our operations. We believe that integrating climate risk management into our strategy not only strengthens our ability to create value but also demonstrates our commitment to being a responsible corporate leader in addressing climate challenges.

As we look ahead, we remain committed to acting responsibly with respect to every facet of our operations. This report provides a transparent overview of our actions, challenges, and achievements, and we are excited about the opportunities to continue advancing these efforts. We are grateful for the continued support of our stakeholders and remain dedicated to creating a stronger future, both within our company and in the communities where we live and work.

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 65 years, we understand that a clear vision is essential to our continued 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

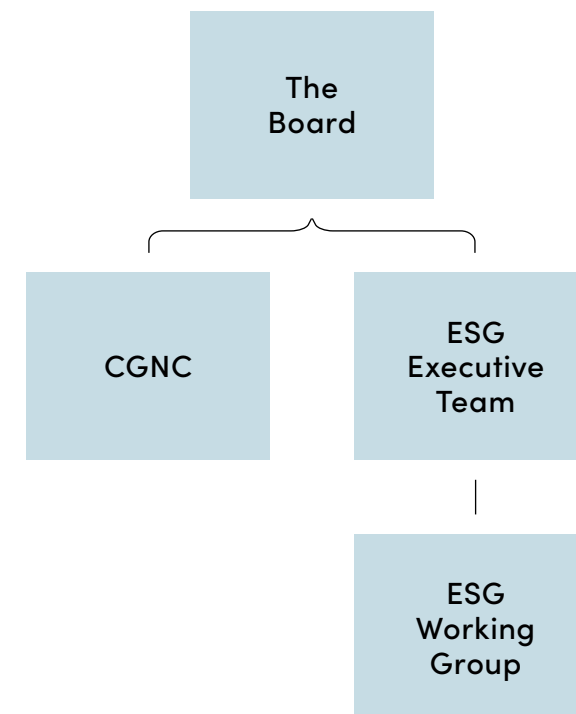
Prior to immigrating to the United States from Iraq with his family, including his son Ara, our current CEO, Mr. Hovnanian founded and ran a successful road construction company. Due to a bloody coup that overthrew the Iraqi monarchy, Mr. Hovnanian, along with his family, was forced to flee. Upon his 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 heritage.

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 two times annually.

ESG Oversight Structure



The ESG Executive Team and the CGNC update 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 chief financial officer, as well as general counsel and vice president, investor relations. The Company's ESG Working Group has cross-functional representation and includes senior-level representatives from accounting, building science & sustainability, corporate operations, division presidents, human resources, IT, land acquisition, land development, quality, risk management and safety.



2024 HIGHLIGHTS

HOVNANIAN ENTERPRISES AT A GLANCE

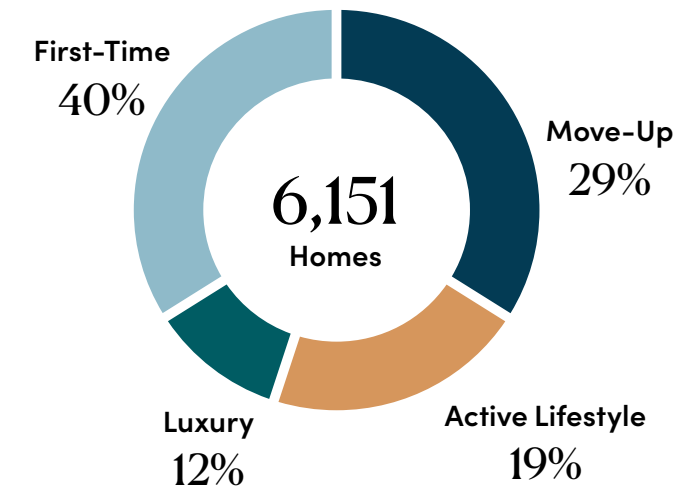
Hovnanian designs, constructs, markets, and sells single-family detached homes, attached townhomes and condominiums, urban infill, and active lifestyle homes in planned residential developments and is one of the nation's largest builders of residential homes. Founded in 1959 by Kevork Hovnanian, the 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, has delivered in excess of 375,000 homes, including 6,151 homes in fiscal 2024. 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 offer homes for sale in 147 communities across 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 \$62,000 to \$1,910,000 with an average sales price, including options, of \$553,000 nationwide in fiscal 2024.

(1) Includes domestic unconsolidated joint ventures.

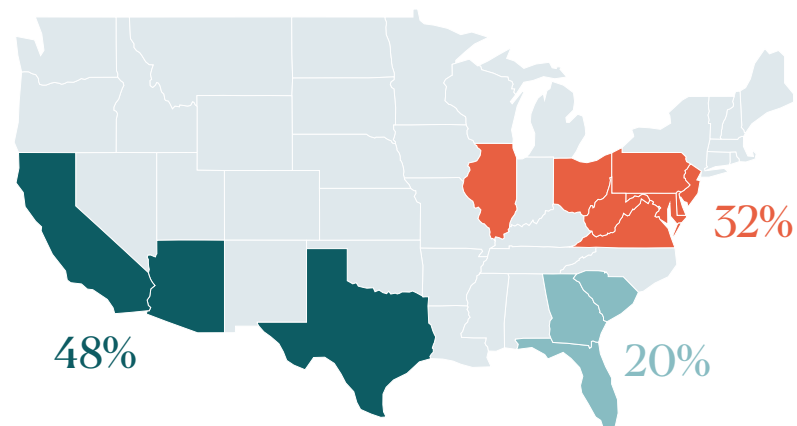
HOME DELIVERIES BY PRODUCT ⁽¹⁾

Year ended October 31, 2024



DELIVERIES BY SEGMENT ⁽¹⁾

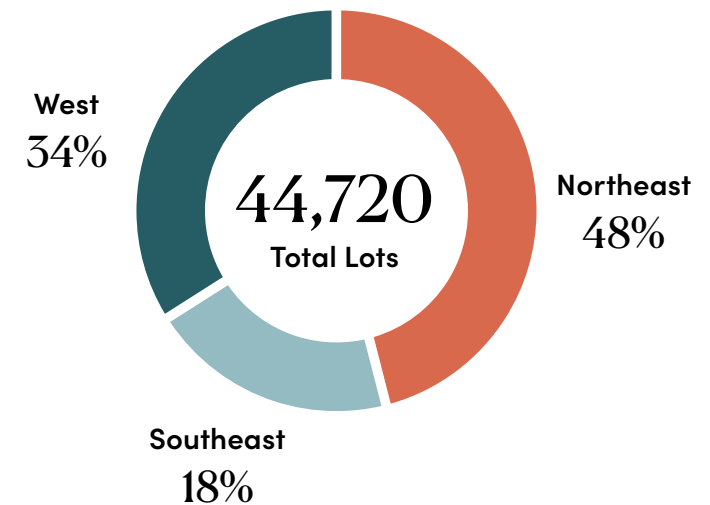
Year ended October 31, 2024



6,151
Fiscal 2024 Deliveries

LOTS CONTROLLED BY SEGMENT ⁽¹⁾

As of October 31, 2024





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.

DEPARTMENT OF ENERGY HOUSING INNOVATION AWARD

In 2024, the Company’s Phoenix Division was proud to receive a United States Department of Energy (DOE) Housing Innovation Award. The Company has received a Housing Innovation Award for three consecutive years. In 2023 and 2022, the Company won the Housing Innovation Award for three communities located in New Jersey.

The 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 ZERH 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.

Additionally, our Northeast Division was given special honors at the DOE’s 2024 Housing Innovation Awards for ZERH at The Brooks at Freehold, a single-family community in Freehold, NJ. Available features at the community include chargers for electric vehicles and sensor controls for better indoor air quality, with an average annual energy cost savings of \$3,290 per ZERH.



AWARD WINNING COMMUNITY: EDGEWOOD ESTATES IN SAN TAN VALLEY, AZ

The Company's Phoenix Division received a 2024 Housing Innovation Award for Edgewood Estates a single-family home community in San Tan Valley, Arizona.



The homes at Edgewood Estates are single-family detached homes designed with open floorplans, with 4 bedrooms, and feature our new "Looks" interior design collections.

Key environmental features of our homes at Edgewood Estates include:

- all-electric home
- compact (core) plumbing design
- electric vehicle charger installed or wired for charger
- heat pump water heater
- high-performance wall with continuous insulation (spray foam insulation)
- unvented insulated attic
- Energy Star appliances
- solar ready





These homes must meet the DOE ZERH National Program Requirements' rigorous efficiency and performance criteria and are verified by a qualified third-party as part of their certification process; with their meticulous approach to energy efficiency in new-construction homebuilding, K. Hovnanian's Phoenix Division was determined to exemplify industry-leading energy efficiency, indoor air quality, comfort, and construction quality.

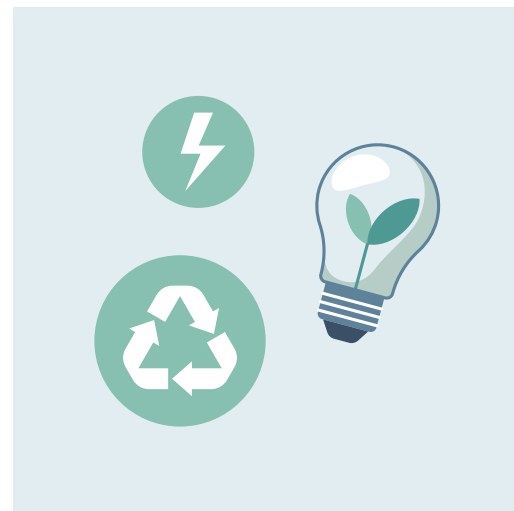
Furthermore, in November 2024, our Phoenix Division was recognized by the Salt River Project (SRP), the area's local utility provider, at its annual Champions of Sustainability Awards. As a participant in the SRP Business Solutions™ Program, the division received recognition for outstanding achievements in electrification, energy efficiency, and clean energy.

Our New Jersey division continues to build ZERH. In fiscal 2024, 407 home deliveries in New Jersey were certified to the ZERH program.



PHOENIX DIVISION PRIORITIZES ENERGY EFFICIENT HOMEBUILDING

We are proud of our many communities that continually demonstrate our commitment to being forward-thinking and environmentally conscious. As an example, our Phoenix division has made tremendous strides in building energy efficient homes. In 2024, all of the homes built in the Phoenix division met the Environmental Protection Agency's (EPA) Energy Star version 3.1 requirements. This ensures our homes provide cost-saving energy efficiency solutions. The Phoenix division is also building homes that are ZERH. Examples of energy efficiency include, building with conditioned attic space, spray foam insulation, 100% adoption rate of high-efficiency lighting, heat pumps, heat pump water heaters, high efficiency windows and homes wired for installation of rooftop solar panels. In fiscal 2024, half of the Phoenix division's communities were 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

Thirteen percent of our fiscal 2024 deliveries had solar panels and were made up of all 774 homes delivered in California. In other markets, such as Phoenix, we build some homes that are solar ready, and in New Jersey all of our homes are solar ready. We are exploring opportunities to expand this to other divisions.

PARTNERSHIPS IN ENERGY EFFICIENCY

We work with many partners who exemplify the values 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:

- 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 consistent 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 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 2024, we had over 55 communities open for sale that are all-electric and are expecting to open additional all-electric communities in fiscal 2025.

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). During fiscal 2024, we introduced heat pump water heaters in certain California and Arizona communities and have expansion plans for their use in fiscal 2025.

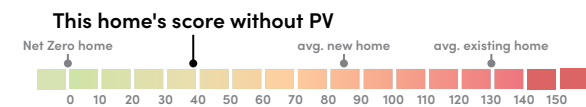


K. Hovnanian
Matawan, NJ Khov.com
PROJECT: Edgewood Estates San Tan Valley, AZ

2,838^{ft}²

4 Bedroom, 2.5 Bath, 1 Floor Above Grade
IECC 2B Hot-Dry, Production

HERS 39



\$142

Annual Monthly Energy Bill
Calculated

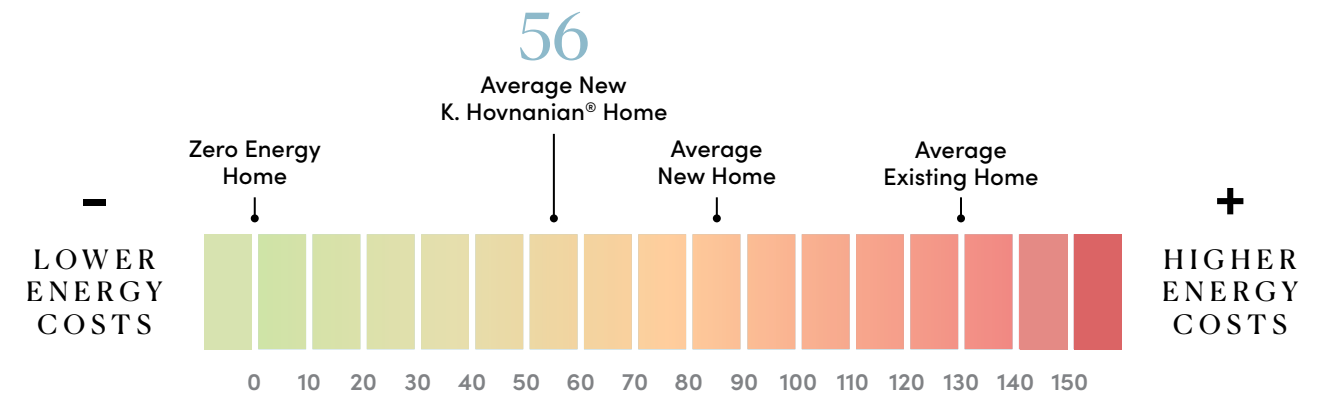
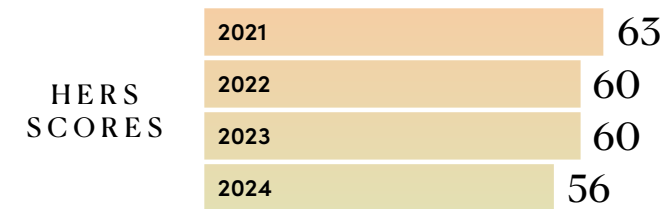
\$2,050

Annual Savings
Calculated versus typical new homes

\$85,700

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 56 in fiscal 2024, which was our lowest HERS score since we started reporting it in fiscal 2021.





GREENHOUSE GAS EMISSIONS



We first engaged a third-party consultant in fiscal 2022 to assist us with calculating our baseline greenhouse gas emissions (GHG) inventories in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. For the fiscal years 2022 and 2023, Scope 1 and Scope 2 facility emissions were calculated based on estimates related to the square footage of our office space, model homes, and clubhouses. Starting in fiscal year 2024, we switched to using actual utility bill data, which was made possible by improved data gathering procedures. As a result, reported facility emissions increased by 57% in fiscal 2024, driven by this updated methodology using total utility expenditures. We continue to refine our data collection processes and expect to make even further improvements in the future.

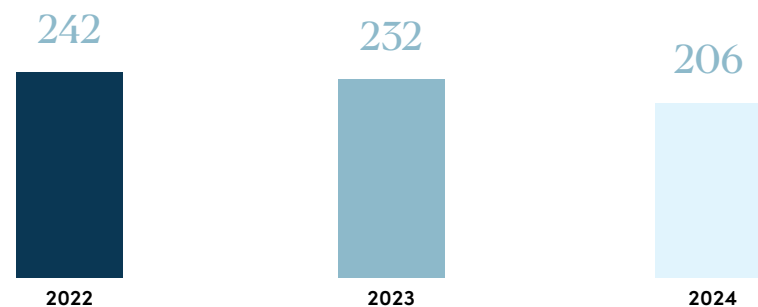


The past two years have seen a marked reduction in our GHG intensity (Scope 1+2+3 MT CO₂e/delivery), driven mainly by improvements in Scope 3 Category 11, the use of sold products, as evidenced by our enhanced HERS scores. This is a direct result of our commitment to building homes with more energy-efficient designs.

GHG EMISSIONS

(in metric tons CO ₂ e)	2022	2023	2024
Scope 1	1,019	1,171	5,618
Scope 2	8,494	8,041	10,060
Scope 3 (includes categories: 1, 2, 3, 4, 5, 6, 7, 11)	1,466,114	1,259,660	1,250,734
Total	1,475,627	1,268,872	1,266,412
GHG Intensity (Scope 1+2+3 MT CO ₂ e/\$millions in total revenues)	505	460	421
GHG Intensity (Scope 1+2+3 MT CO ₂ e/deliveries)	242	232	206

GHG INTENSITY
(SCOPE 1+2+3 MT CO₂E/DELIVERIES)



CLIMATE RISKS AND OPPORTUNITIES

The risks of climate change, both physical and transition, could impact our business. In 2024, we took another important step to increase our transparency by following the disclosure recommendations outlined by the Task Force on Climate-Related Financial Disclosures (TCFD). Please refer to our initial TCFD index table in the appendix of this report. By adopting TCFD reporting guidelines, we hope to build upon our existing efforts to reduce our environmental footprint and provide greater transparency.

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, heat stress, wildfires 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 2024, 95.5% of our controlled lots were outside SFHA designation.

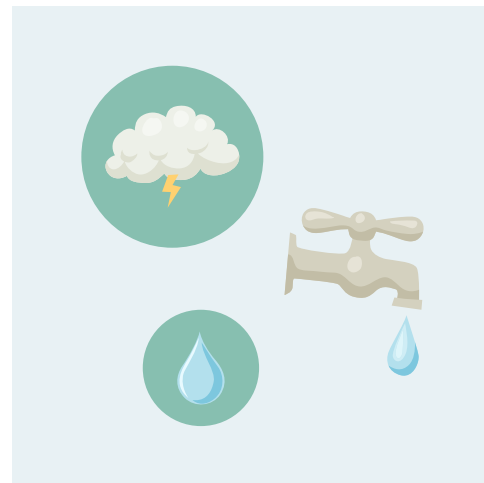
At the end of fiscal 2024, we had 23,327 infill site lots, 52% of total lots. During fiscal 2024, we delivered 4,350 homes that were on infill sites, 71% of total deliveries and 1,293 homes that were in compact developments, 21% of total deliveries.



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.

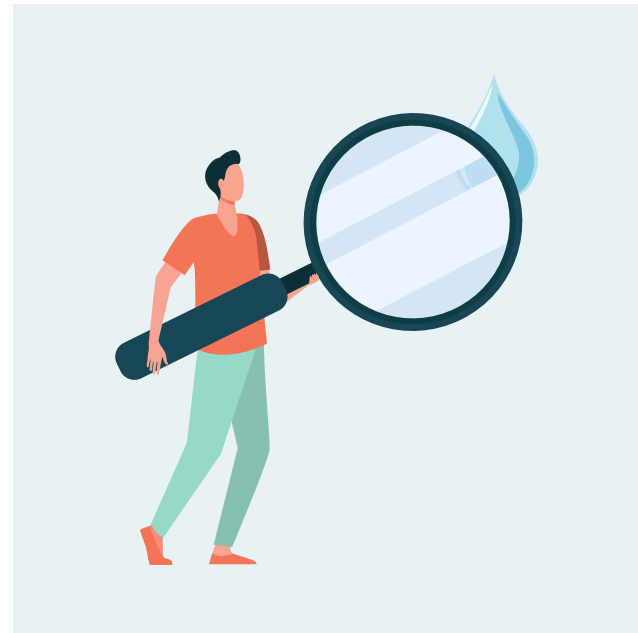


All construction activities are overseen by designated Site Stormwater Compliance Representatives whose responsibility includes oversight, administration, and inspections of our active construction sites to ensure compliance with all local, state and federal regulations regarding stormwater runoff. Each 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 rigorous 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 coursework. 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 2024, over 100 associates maintain State Certification. In addition, several Divisions also partner with third-party stormwater inspectors who also hold this certification in the required states.



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 2024 from legal proceedings associated with environmental regulations.

2024	TREES PLANTED		More than 13,000
	TREES PRESERVED		More than 19,000
	DEDICATED OPEN SPACE		More than 900 Acres
	WALKING & BIKING TRAILS		89 Miles
	PARKS BUILT		81



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, material and natural resources 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 reduction 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 8,400 homes through our urban renewal/redevelopment projects, including 1,552 homes in fiscal 2024, or 25% of 2024 deliveries.

SOCIAL



HUMAN CAPITAL

We believe having an inclusive work environment, where everyone is treated with respect, has a sense of belonging and common ground, 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. Successful execution of our strategy is dependent on attracting, developing and retaining key associates and members of our management team. The skills, experience and industry knowledge of our team significantly benefit our operations and performance. We continuously evaluate, modify, and enhance our internal processes and technologies to increase engagement, productivity, efficiency and the skills our associates need to be successful.

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, 2024, 17% of our associates have been with the Company for more than 15 years, and the average tenure of all associates is approximately 7.3 years. In January of 2024, the national average that a wage and salary worker has been at their present job is 3.9 years, as per a biennial report from the Bureau of Labor Statistics. We understand that our ultimate success and ability to compete are significantly 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. As an example, during our 2024 fiscal year end company-wide Town Hall, our CEO recognized the individual associates that were celebrating milestone anniversaries; there were 55 associates who celebrated either 20 years, 25 years, 30 years or 35 years with the Company.



Celebrating corporate associates at the Founders Awards 2024 in Red Bank, NJ



Through a combination of competitive benefits and educational programs, we believe that we positively contribute to the well-being of our associates and the communities in which they live and work. New additions to our competitive benefits packages include infertility coverage and adoption/surrogacy assistance & reimbursement program. Continued benefits 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 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 & Personal Days	Legal Plan	Smoking Cessation Program
Adoption/Surrogacy Assistance & Reimbursement Program	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

Our leadership team conducts quarterly Town Halls. These events have become a staple in the organization and serve as an opportunity for associates to hear candidly from senior leadership about our Company and directly ask questions of our CEO, CFO, Executive Vice President and Group Presidents. In fiscal 2024, the Company also continued two channels for engaging associates company-wide, which were introduced in fiscal 2023 - Lunch & Learns and Coffee Chats. The goal of these new platforms is to fuel our company-wide objective to foster a culture of engagement and facilitate more two-way communication.

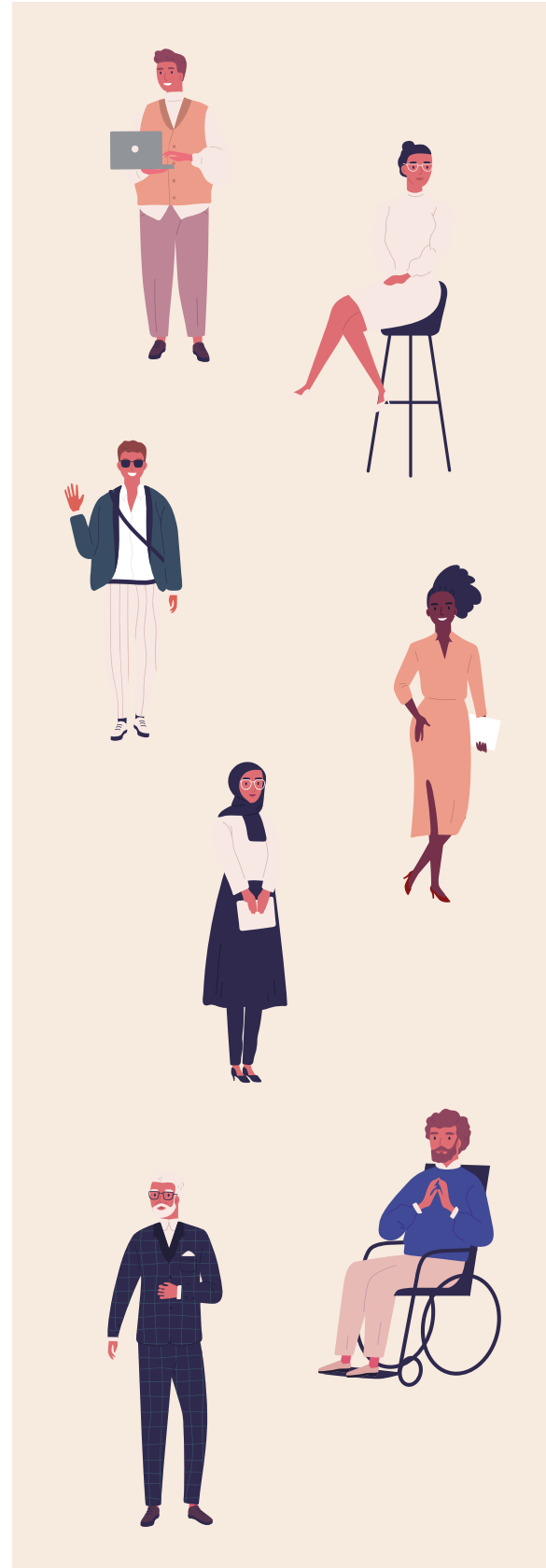
Lunch & Learns were launched to bring together division teams and associates to share each division's progress and challenges as it relates to advancing the Company's national strategy. Many divisions have held their Lunch & Learns in model homes at the communities they are building so the associates 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 used to improve 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 novel coronavirus ("COVID-19") pandemic and the recognition of the environmental benefits and associates social benefits, the Company previously introduced a hybrid work schedule and continued its use throughout fiscal 2024, 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 home 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, non-field 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 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. 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.

D&I INITIATIVES CONTINUED IN FISCAL 2024

- **Diversity Made Simple**
 - Company-wide rollout in September of 2020. Now, an annual Diversity Made Simple Training refresher is mandatory for all associates, along with inclusion in our mandatory new hire curriculum.
 - In fiscal 2024, the Company had an overall completion rate of 98.9%.
 - Completion of this eLearning video/quiz is tracked by local human resources associates.
- **D&I for Managers (Unconscious Bias)**
 - This was a mandatory company-wide rollout in August of 2021 for all people managers and director-level roles and was continued in 2024.
 - Following the initial rollout, 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 2024, 55 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 careers of people from underrepresented groups in the fields of skilled technical workers and as business owners in the residential construction industry. In fiscal 2024, we extended our partnership and financial commitment with BTF for another two years. [Click here](#) to learn more about the meaningful work that BTF is doing. In addition, we actively utilize BTF's residential construction careers platform JobsToBuild to find new talent. The purpose of this site is to connect job seekers and employers in the residential construction industry.
- We continue to actively recruit from Historically Black Colleges & Universities (HBCUs) in an effort to attract and hire diverse talent for roles in land development, management, sales, marketing and IT, among others.

Alabama A&M University

Morgan State University

Prairie View A&M University

Alcorn State University

Norfolk State University

Spelman College

Bowie State University

North Carolina A&T State University

Tuskegee University

Delaware State University

Florida A&M University

University of Maryland Eastern Shore

Howard University

North Carolina Central University



Building Talent Foundation
Engage. Collaborate. Innovate.





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 eight years. We have a diverse associate base comprised of 27% non-white associates. Additionally, 44% of our associates are women, and women represent 39% of all associates in manager and more senior 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 37 of the 44, total associates are women. Furthermore, women are also well represented in our corporate offices, there are 28 VPs, 17 men and 11 women.



**STEVE
DAVIS**

West Group President

At the end of fiscal 2025, Steven Davis will be retiring from his role as West Group President after 10 years of exemplary service with our Company and more than 40 years in the homebuilding industry in aggregate. Steve's leadership, dedication, integrity and vision have had a profound impact on both our Company and all of us who have had the privilege of working with him. He not only contributed to our growth over the past decade but has also helped set the stage for future success. We look forward to Steve's contributions for the remainder of the year and wish him and his wife an abundance of health and happiness as they head into this new chapter in life.

EE0-1 2024 DATA

	Woman Associates	Ethnically Diverse Associates
Total Company	44%	27%
Administrative Support Workers	85%	37%
Management	26%	19%
Professionals	36%	30%
Sales Workers	63%	33%
Service Workers	33%	67%
Technicians	29%	57%

Note: EE0-1 2024 Data includes full time, part time and temporary associates.

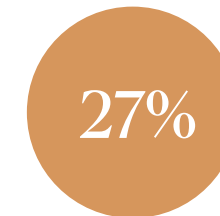


“The Company is fully committed to creating a work environment that is safe, fair, and where its directors, officers, managers, associates, customers, business partners, trade partners and investors are treated with dignity and respect.”

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



ALL ASSOCIATES



Non-white associates

44%



Female

56%



Male

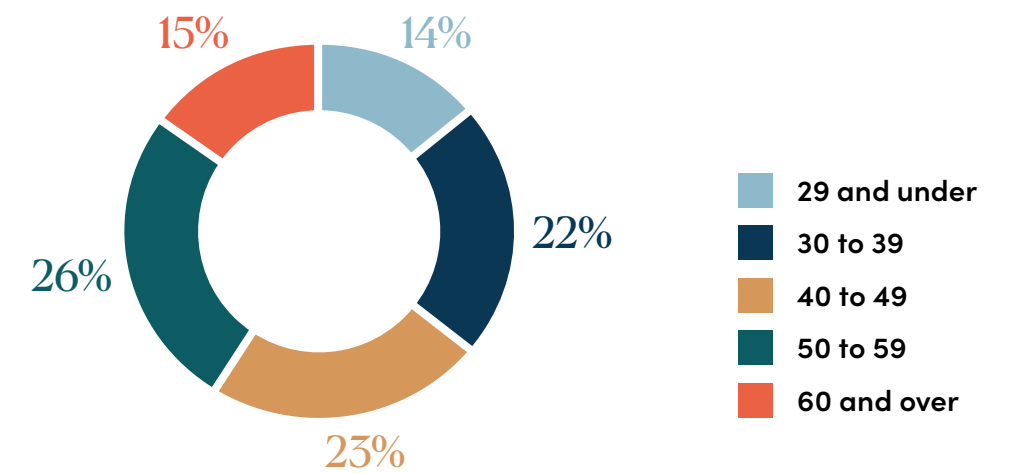
LEADERSHIP



Women hold positions of manager or above



AGE DATA





ASSOCIATE DEVELOPMENT

LEADERSHIP TRAINING

In 2024, we launched a comprehensive six-month leadership and coaching program – with three tracks available: one for newly transitioned managers, another for experienced managers and a third for managers of managers. This program is comprised of facilitator-led, live & virtual coaching workshops, micro-learning, application and on-the-job development activities and reflection assignments. Each cohort covers a minimum of six competencies ranging from Self-Awareness, Delegation, Strategic Vision, Resilience, Recognition and Accountability for Teams.

In February of 2024 more than 70 leaders participated in this inaugural program (across three leadership classes or tiers), while another cohort of 70 leaders followed suit in November of 2024. The intent is to conduct at least two cohorts per year.

MICRO-LEARNING

In 2024, the Company introduced a wide library of professional and leadership development micro-learning courses to all associates company-wide. All associates and leaders were given access to this voluntary course repository this past year.

In its first year, associates have taken advantage of the following on a voluntary basis:

- Professional Development: more than 300 micro course titles. The most popular course content focused on Customer Satisfaction titles (All Eyes on the Customer, Why the Customer Reigns Supreme and Your Words at Work).
- Management & Leadership Development: more than 400 micro course completions. The most popular content focused on people management titles (Progressive Discipline Made Simple, Conducting Legal Performance Appraisals and Family Medical Leave Act (FMLA) Everything You Need to Know).
- Personal learning is promoted to all associates via a newly launched monthly learning & development newsletter, Evolve.



ACCELERATED LEADERSHIP DEVELOPMENT PROGRAM (ALDP)

The ALDP is a fifteen-month comprehensive training program designed to teach every aspect of producing and selling homes, including exceptional understanding of P&L, product design and the overall housing market. It combines intensive land acquisition, sales, construction, competitive analysis, general management and finance training. 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. In fiscal 2024, a graduate of the ALDP program was promoted to an area president position and early in fiscal 2025, another graduate was promoted to a division president position. From the 2018 and 2022 classes there have been nine graduates that have become area or division presidents fulfilling the primary goal of the ALDP program. The third class of our ALDP kicked off in February of 2025 and is expected to graduate in May of 2026, 40% of this class are women.

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 2024, 34 senior leaders continued or started working with an executive coach. This is consistent to 33 leaders in fiscal 2022 and 2023, 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 fiscal 2024, 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. 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.

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 2024, 60 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 2024, 319 construction associates completed 2,041 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 475 views.



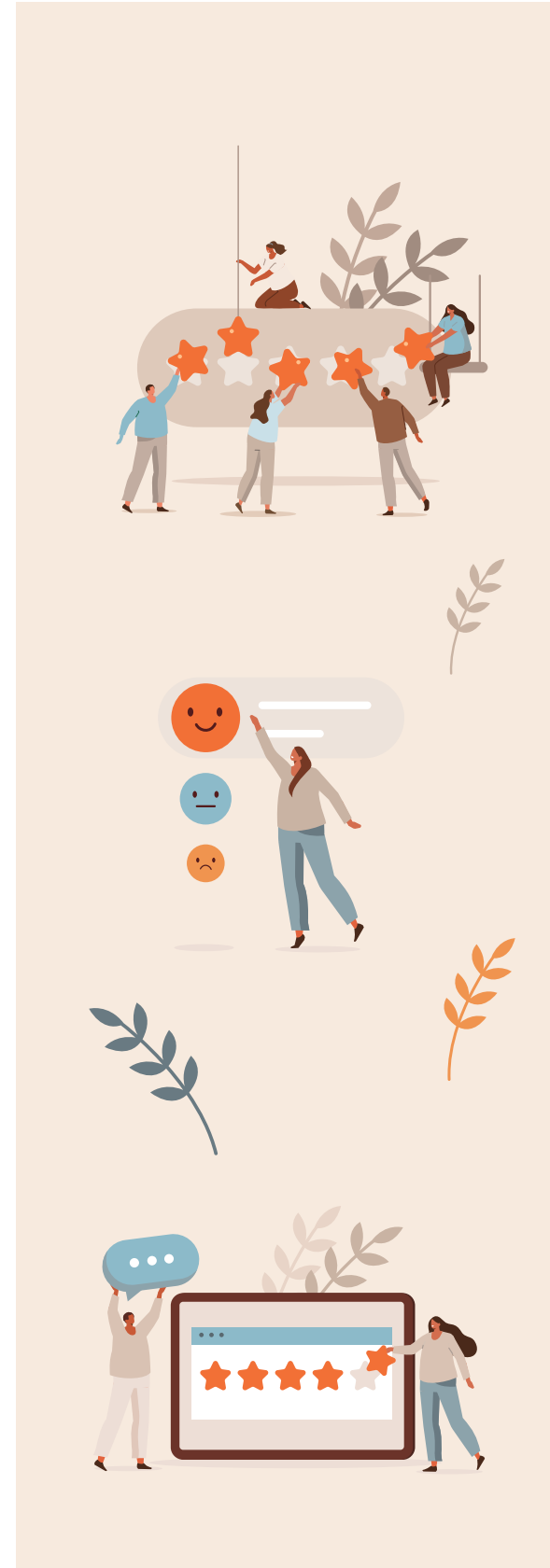
All construction training is available to anyone in the Company who chooses to take them. Nearly 500 course completions that were not required have been voluntarily accessed by our associates in fiscal 2024. We have committed considerable resources to furthering our associates' personal and professional growth. We have a repository of over 500 training modules/courses to facilitate these learning sessions in both in-person and virtual settings, including mandatory diversity, ethics, workplace harassment prevention, cybersecurity 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 has 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 to 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.



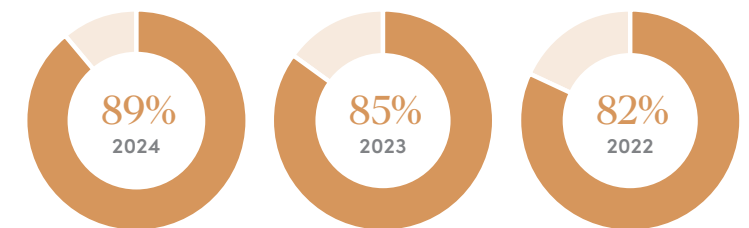
CUSTOMER SATISFACTION



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 70% responding to our 45/60-day survey and 37% to our 12-month survey. In fiscal 2024, 89% of these homebuyers would recommend us to a friend or family member which is an increase from last year’s 85% and fiscal 2022’s 82%.



CUSTOMER SATISFACTION

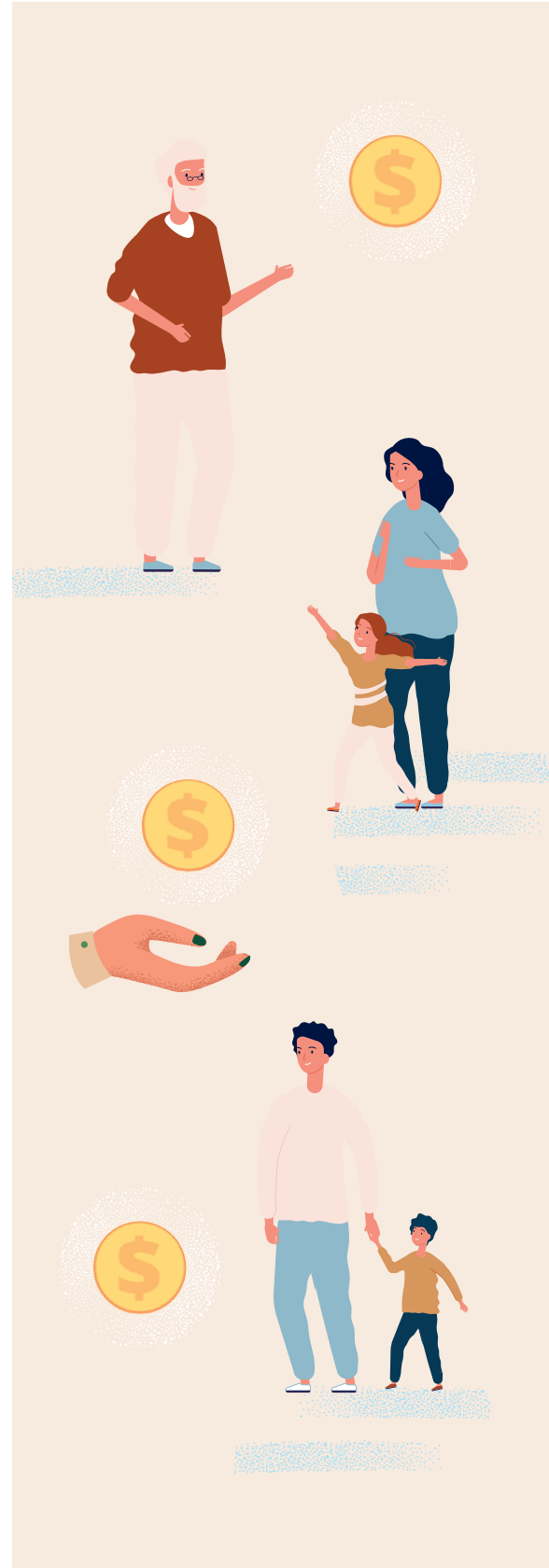


BEAUTIFUL SIMPLE HONEST

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.



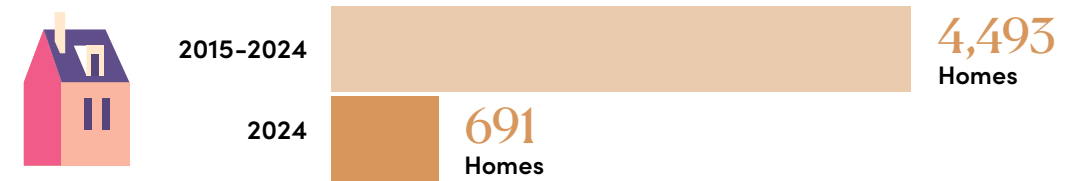
ADDRESSING AFFORDABILITY



MAKING HOME OWNERSHIP AFFORDABLE

As an organization, we are also keenly focused on the development of affordable housing. Historically, the Company has built over 1,500 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, our offerings for first-time homebuyers, including our Aspire communities, provide an opportunity for first time buyers to acquire a high-quality home, turning their vision of homeownership into a reality that they once thought was out of reach.

The increase in interest rates in 2023 and 2024 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 2024, 73% 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.



SAFETY PROGRAM



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 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 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 responsible manner and to comply with the Company Safety 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 work using our safety policies and procedures. Therefore, all work by all parties shall be performed in a safe 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 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 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 participate in the National Stand Down to Prevent Falls in Construction. 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 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.



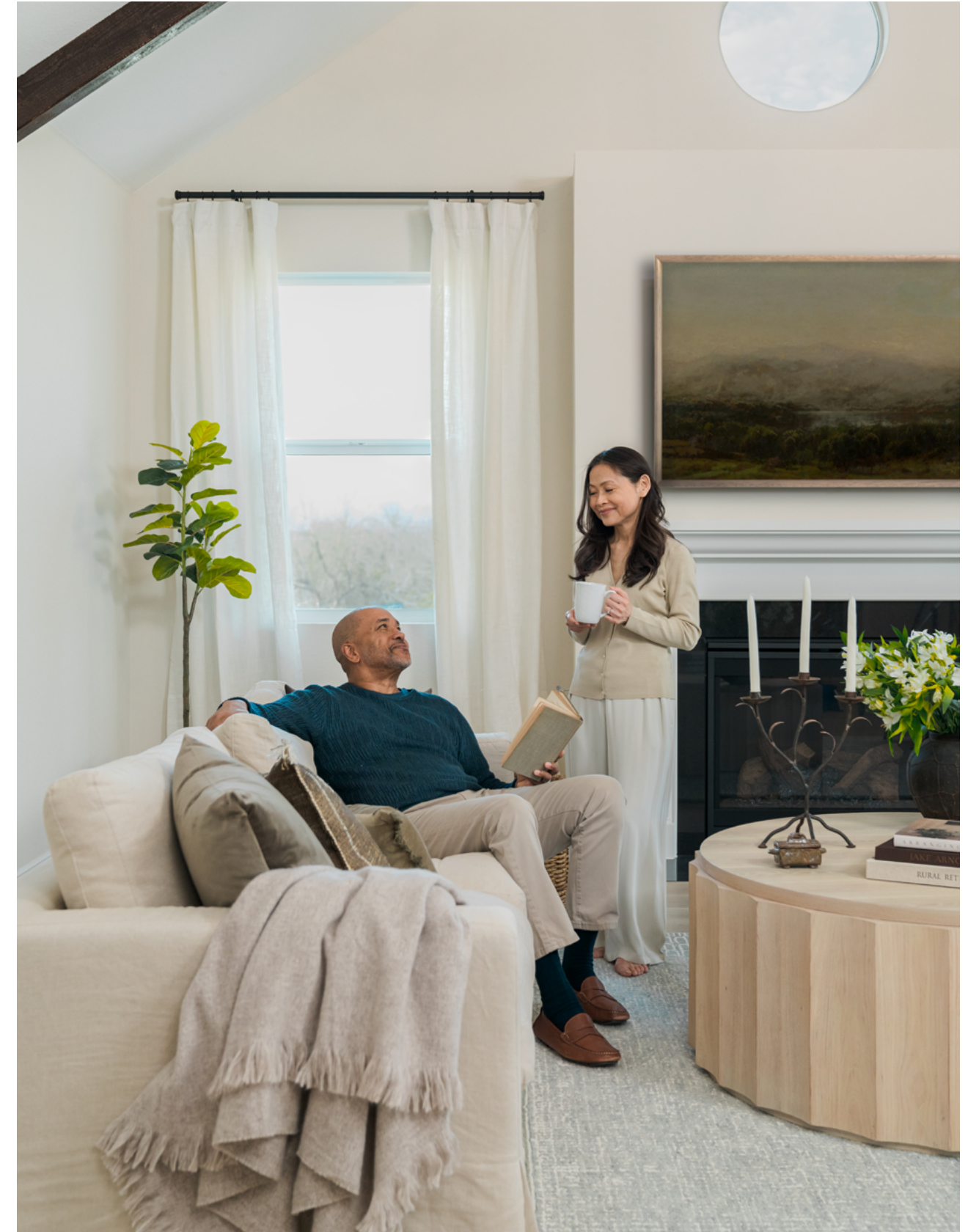
- **Hazard Prevention and Control:** A risk-based approach to hazard prevention and control is used to minimize the potential for injury to associates and trade partners. Those hazards with the highest risks for significant harm are carefully analyzed to determine the approaches most likely to keep our 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 longstanding policies and procedures for the reporting of all job-site incidents and claims to ensure corporate visibility and oversight. In the 2024 calendar year, the Company's total recordable incident rate (TRIR) was 0.91, which is much better than the homebuilding industry average of 2.5(1) and improved from 1.34 in calendar 2023. In the 2024 calendar year, there was a fatality in a workplace accident as such the fatality rate was 0.06. During the 2023 and the 2022 calendar years, the fatality rate was zero. The Company is committed to its extensive internal safety program and in fiscal 2024, 142 associates completed 204 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.

In fiscal 2024, we developed a robust Cybersecurity Incident Response Plan which provides a documented framework for assessing cyber threats, managing high severity security incidents and facilitating coordination across multiple platforms throughout the Company and with outside agencies like the Federal Bureau of Investigation. Our cybersecurity team uses advanced tools to constantly monitor emerging threats and respond to potential cybersecurity incidents. Additionally, we periodically perform simulations and drills, including tabletop exercises, aimed at evaluating the Company's cybersecurity preparedness.

Our associates are required to complete an annual mandatory cybersecurity training, as well as periodic phishing awareness campaigns. These are designed to improve associates' awareness as to their role in helping protect against cyber threats. Since fiscal 2023, when our mandatory cybersecurity training was implemented, the Company also 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 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 updates the Cybersecurity subcommittee, which includes three independent directors, a minimum of twice per year on all cybersecurity priority initiatives, practices, and risks. During fiscal year 2024, the Cybersecurity Subcommittee met on three occasions.

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. Our agreements with our suppliers and trade partners expressly require compliance with our Vendor Code of Conduct, Code of Ethics as well as our Anti-Corruption and Anti Bribery Policy and Labor Right and Human Rights Policy.

Top Ten National Vendors in 2024:

84 Lumber	Erickson Framing
ABC Supply	General Electric
Artisan Design Group	Interior Logic Group
Builders First Source	Masterbrand
Concrete Value Corp	Teichert Construction



GIVING BACK TO OUR COMMUNITIES & OUR ASSOCIATES

Fundamental to the Hovnanian culture is an emphasis on helping our 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 three years the Company has made charitable donations in excess of \$1.4 million dollars.

In 1998, the Company formed the Marie Fund as a source of assistance for associates who are experiencing 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 \$2.8 million dollars to associates in need.



Members of our Southeast Florida team helping our homebuyers in a completed community after a tornado.



Orlando associates volunteering with Clean the World and Second Harvest 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.

All Associates are required to complete an Annual Acknowledgement Summary – a compilation of guidelines and policies that govern broad principles of ethical conduct and integrity embraced by the Company. This includes the Company's Code of Ethics, Conflict of Interest and identifies any new policies adopted as well as all changes to existing policies over the past year.

BOARD INDEPENDENCE AND DIVERSITY

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

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

Our Board of Directors has a lead independent director.

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

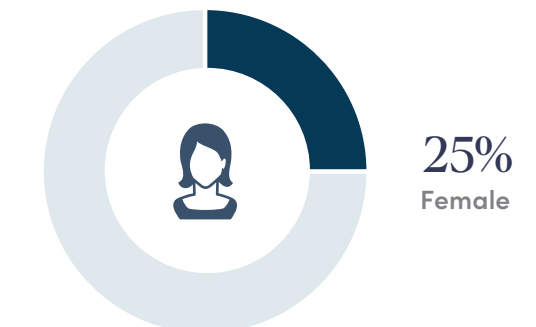
Directors are elected via majority voting.

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.

DIVERSITY OF THE BOARD:

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”](#).





RISK MANAGEMENT

Environmental Policies:

All potential future land acquisition sites undergo a robust due diligence analysis. If the Phase I reports reveal environmental concerns, a Phase II analysis is conducted. Each site is evaluated to determine if there are environmental risks that need to be assessed. If such risks are identified, we will place a stand-alone project specific environmental insurance policy on the project in question. We do not shy away from environmentally challenged sites and where it makes sense, we view it as an opportunity to redevelop and remediate the land to make it useful for the community by building new residential homes.

Third-party Insurance Tracking Program:

We have a robust third-party subcontractor insurance tracking program and database (Ebix) for all subcontractors that perform work on our sites. This program includes confirming our subcontractors add Hovnanian as an additional insured on their policies. This allows us the ability to transfer the risk of loss to at fault trades thus reducing the Company's overall exposure to construction defect claims as well as other business risks. Our insurance tracking program also supports our evaluation in the selection of quality and stable trades to perform work on our sites. As of 2024, we initiated sending all insurance notices via Ebix electronically wherever there is an email address provided, in an effort to reduce the need for significant printing and avoid generating waste.

Incident Reporting Portal:

In 2024, we implemented a company-wide incident tracking portal where all bodily injury incidents that occur on our sites are reported with a few clicks of a button. The incident is then automatically routed to notify key personnel of the incident via email. This allows for immediate visibility to key stakeholders and to ensure proper safety steps are being taken. It further allows us to quickly identify and evaluate what additional training may be needed to mitigate future safety concerns.



AUDIT SERVICES

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

Our board-level Audit Committee oversees Audit Services, whose primary purpose is to examine and evaluate our Company's internal controls, policies, processes and risk management procedures to ensure they are robust, effective, reduce risk to the Company and compliant with relevant regulations and industry best practices. Audit Service further investigates all ethics complaints received by the Company.

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 general 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.



ENTERPRISE RISK MANAGEMENT

Our Enterprise Risk Management (ERM) process is a structured, collaborative effort led by our ERM Committee, which includes senior-level subject-matter experts across all key business functions.

Audit Services facilitates ERM meetings alongside the CFO, executive team members, and other senior leaders to identify, assess, and prioritize potential risks. Through thorough discussions, we evaluate risks based on their likelihood and potential impact, then develop tailored mitigation strategies, controls, and solutions. From these efforts, a "Top Risks" list is generated, ensuring a focused approach to risk management. The Enterprise Risk assessment materials are then presented to the Audit Committee, providing them an opportunity to review and provide feedback. This ERM process is an annual exercise which strengthens our ability to proactively manage risks and align our strategies with organizational priorities. Emerging risks are discussed with the Audit Committee on an ongoing basis.





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 17 years, we have encouraged associates to utilize this hotline. Over the past five years, our ethics hotline has averaged 5.8 calls per year with only 1.4 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		2022	2023	2024
SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS				
Land Use & Ecological Impacts	1. Number of (1) lots and (2) homes delivered on redevelopment sites	(1) 7,120 (2) 1,252	(1) 9,471 (2) 1,065	(1) 11,254 (2) 1,552
	2. Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	(1) 4,430 (2) 1,429	(1) 11,405 (2) 2,104	(1) 15,542 (2) 2,360
	3. Total amount of monetary losses as a result of legal proceedings associated with environmental regulation (\$ in millions)	\$0.8	\$0.0	\$0.0
	4. Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	–	–	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) 1.71 (2a) 0.00 (2b) 0.00	(1) 1.34 (2) 0.00 –	(1) 0.91 (2) 0.06 –
Design for Resource Efficiency	6. (1) Number of homes that obtained a certified HERS Index Score and (2) average score	– (2) 60	– (2) 60	– (2) 56
	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	–	–	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) 18,577 (2) 4,677	(1) 19,387 (2) 3,716	(1) 23,327 (2) 4,350
	12. (1) Number of homes delivered in compact developments and (2) average density	(1) 1,917 –	(1) 1,568 –	(1) 1,293 –
Climate Change Adaptation	13. Number of lots located in 100-year flood zones	831	1,071	2,023
	14. Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	–	–	pg. 23 pgs. 72–78
Activity Metrics	15. Number of controlled lots	32,642	34,510	44,720
	16. Number of homes delivered	6,090	5,473	6,151
	17. Number of active selling communities	133	129	147

Note: 6. HERS Index score excludes California deliveries



TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GOVERNANCE

The Board has tasked our Corporate Governance and Nominating Committee (CGNC) with primary responsibility of our ESG oversight, which includes assessing Climate Risk and Opportunities. In this capacity, the CGNC reviews and considers the Company’s policies and practices relating to environmental stewardship and corporate social responsibility significant to the Company at least twice annually.

The ESG Executive Team, comprised of our chief financial officer, general counsel, and vice president of investor relations. The CGNC and full Board are updated on all ESG-related matters, at least twice a year.

The ESG Executive Team also convenes the Company’s cross-functional, senior-level ESG Working Group to discuss ESG-related issues, including but not limited to, climate-related issues, energy-efficiency, land acquisition, and market dynamics.

STRATEGY

The Company’s preliminary Climate-related Risk and Opportunity assessment to understand the relevant climate-related risks and opportunities over the short-, medium-, and long-term are summarized in the below table. To facilitate this assessment, Hovnanian engaged a third-party consultant to host Climate Risk and Opportunity Workshops and an Education Session for functional leaders at Hovnanian. We evaluated various scenarios involving both physical and transition risks and opportunities. The analysis included factors such as the prevalence of wildfires, heat stress, and increased hurricane intensity and frequency, among others.

As it relates to business strategy and for climate-related planning, Hovnanian considers the following time horizons:

- Short-term: 0-5 years
- Medium-term: 5-10 years
- Long-term: 10+ years

Additionally, when assessing potential impact, the Company evaluates the following financial measures:

- + potential financial benefit
- potential financial liability

METRICS AND TARGETS

The following metrics are used by Hovnanian to assess climate-related risks and opportunities:

2024

56 HERS Index score (excludes California deliveries)

Delivered 478 Zero Energy Ready Homes

More than 55 all-electric communities

34,683 WaterSense labeled fixtures

For the past 3 years, Hovnanian has conducted Scope 1 and 2 GHG Inventories. In Fiscal 2023, the Company expanded the inventory to include Scope 3.

2024

Scope 1 Emissions: 5,618

Scope 2 Emissions: 10,060

Scope 3 Emissions: 1,250,734

Total GHG Emissions: 1,266,412



Climate-Related Risks, Opportunities, & Strategy Table

RISK/OPPORTUNITY	DESCRIPTION	STRATEGY	TIME HORIZON	POTENTIAL IMPACT
Policy & Legal Risk	Increased domestic regulatory environment, leading to more stringent building codes and energy efficiency requirements	We monitor and assess gaps in state and municipality regulations. Through industry association memberships, we engage with regulatory bodies and adapt home construction plans accordingly.	Short, Medium, Long	+ Potential lower operating expenses for homebuyers - Increased building and compliance costs
	Increased ESG & Climate-related reporting obligations	We continue to comply with greenhouse gas (GHG) measurement and climate risk reporting regulations while monitoring the regulatory landscape.	Short	- Potential increased reporting & compliance costs
Technology, Markets Risk	Increased complexity, product, and installation costs of new energy-efficient products may delay time to market	We pilot new technologies in select communities, hold training programs for associates and subcontractors on installation, and conduct feasibility analyses to expand new energy-efficient products to other areas. We negotiate with suppliers to buy in bulk, while we also monitor and engage with utilities for incentives and rebates. At the end of fiscal 2024, we had over 55 communities open for sale that are all-electric and we delivered 478 Zero Energy Ready Homes (ZERH).	Short, Medium, Long	- Potential increased project and installation costs of energy-efficiency features
Technology Risk	Utility delays and outages or rate fluctuations could have an adverse effect on operations	We are engaging with utilities and local/state governments to determine the reliability of power and exploring the feasibility of battery storage and onsite generation for resiliency.	Short	- Potential increased operating costs
Market Risk	Availability of buyer insurance in select markets	We collaborate with insurance brokers to ensure a variety of insurance products are available for our homebuyers. We do this in all of our markets, including those that are impacted by Acute & Physical Risks.	Short	- Lack of insurance or increased insurance costs can be a barrier to entry for homebuyers and thereby potentially reduce demand
	Availability of builder insurance in select markets	We consult with our insurance brokers and insurance carriers to remain educated on the state of the insurance market and the availability of insurance and reinsurance in markets affected by Acute & Physical Risk.	Medium	- Potential increased operating costs
Reputational Risk	Environmental/Climate Programs and Disclosures not being seen/received as sufficient by customers	We continue to educate homebuyers on the value proposition of our energy-efficient features.	Short, Medium, Long	- Potential changes to sales volume
Product/Service, Energy Sources, Resilience Opportunities	Expanding Renewables & Energy-Efficiency	We regularly integrate energy-efficient features such as HVAC systems, heat pumps, smart thermostats, and other ENERGY STAR appliances. Additionally, we are exploring solar power, battery storage, and electrification in select markets.	Short, Medium, Long	+ Potential lower operating expenses for homebuyer - Potential increased R&D/Installation expense
Resource Efficiency & Product/Services	Water Efficiency	We are piloting water-efficient systems and products in select regions, including WaterSense, and Xeriscape initiatives. In FY24, we installed 34,683 of WaterSense-labeled fixtures.	Short, Medium, Long	+ Potential lower operating expenses for homebuyer - Potential increased R&D expense



RISK/OPPORTUNITY	DESCRIPTION	STRATEGY	TIME HORIZON	POTENTIAL IMPACT
Resource Efficiency Opportunity	Materials Efficiency	We continue to refine our systems to separate labor and material costs, ensuring precise inventory tracking with suppliers and improve cost estimates. Additionally, we have and will continue to utilize advanced framing techniques and expand the use of roof trusses to lower waste and create efficiencies in materials and labor resources.	Short, Medium, Long	+ Potential lower cost of goods sold
Chronic & Acute Risks	Increased Flood & Hurricane Risk	To mitigate flood and hurricane storm surge, we will continue to use FEMA flood maps in all building location decisions and where applicable with FEMA regulations. Additionally, we are piloting the relocation of mechanical systems above the first floor and unvented attics to help contain flooding in select communities.	Short, Medium, Long	- Potential operational disruption & project delays - Potential reduced customer demand in areas impacted
Chronic & Acute Physical Risk	Increased Heat Stress	To combat chronic heat stress, we are implementing Low Solar Heat Gain Windows, Xeriscape design principles, and the installation of Water-Sense Fixtures. We are piloting more advanced water and heat-efficient strategies including moving mechanicals to conditioned areas in select communities. To ensure the well-being of our team, in appropriate geographies, we are deploying personal protective equipment, and adjusting operations to avoid the hottest parts of the day.	Short, Medium, Long	- Potential operational disruption & project delays - Potential reduced customer demand in areas impacted
Acute Physical Risk	Increased Wildfire risk in dry and arid communities	We are enhancing fire safety by piloting fire-resistant siding, non-combustible building materials, moving vegetation away from homes, piloting unvented attics, and installing fire sprinklers. In California, we are collaborating with municipalities and utilities to implement underground transmission lines and creating fire breaks.	Short, Medium, Long	- Potential operational disruption & project delays - Potential reduced customer demand in areas impacted

RISK MANAGEMENT

Our climate-risk assessment helped us understand current and potential climate-related risks affecting the Company. This assessment will likely become a recurring assessment completed at least every two years.

The risks identified in the assessment are measured by the potential impact of each risk and time horizon each risk will occur. In addition to building capacity to manage these identified risks, our third-party consultant will ensure that we are kept up to date on and compliant with any existing or emerging climate-related regulatory requirements.

Risks and Opportunities will be communicated to the CGNC and full Board as part of this year's ESG Report review and will remain part of the reporting process going forward.

Our division offices are the first line of defense as it relates to managing physical climate risk, where all potential future land acquisition sites undergo a robust due diligence analysis.

This analysis will be updated as the regulatory and physical climate landscape evolves. In addressing transition risks, we continuously evaluate market conditions to align with buyer expectations. Our climate-related initiatives, particularly in water and energy efficiency, enable our homebuyers to reduce their operating expenses. We continually monitor climate-related legislation, ensuring our compliance in an ever-changing regulatory environment. Additionally, we closely track the impact of our programs on our reputation and are developing a marketing strategy to highlight our energy-efficient features to both customers and investors.



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, 4, 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.



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