

Policy:

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.

Purpose:

The purpose of this Policy is to provide standards and procedures that will allow the Company, Environmental Professionals and Vendors (including business partners, contractors, suppliers and trade partners) to achieve their financial goals in a manner that reflects the Company’s strong commitment to protecting and preserving the environment for future generations. More specifically, the purposes of this Policy are to:

- (1) Establish uniform baseline land acquisition procedures that require a comprehensive due diligence investigation, including (i) identifying all areas of environmental concern, (ii) identifying regulated impacts to the environment, (iii) determining the availability and capacity of existing infrastructure and (iv) determining the entitlements that are needed for compliance with all applicable laws and regulations; and
- (2) Require all involved in the process to incorporate sound and responsible environmental considerations into the following: (i) the planning, location and design of a community, (ii) the development and selection of products, materials, and systems; (iii) the remediation of any areas of environmental concern and (iv) construction practices.
- (3) Work to achieve the Company’s key environmental objectives:
 - Comply with legislation and minimize impacts: We aim to comply, with all relevant legislation and where practicable, exceed the minimal environmental requirements as well as aim to minimize adverse effects.
 - Continually work to improve: We aim to continually challenge our environmental performance and focus on building more energy efficient homes.
 - Focus on Sustainability: We continually seek to identify and implement the use of materials in our home building process that incorporate more sustainable solutions while maintaining sound building science practices.
 - Continual Learning Opportunities: We recognize the need to stay up to date on best practices and innovative technologies as they become available to continually minimize our environmental impact. In addition, we continually seek to promote awareness of our environmental policies with our associates and vendors.

Scope:

This Policy applies to Hovnanian Enterprises, Inc. (the “Company”), its wholly owned subsidiaries, any entity in which the Company holds more than 50% of the voting power in such entity, and their respective officers, directors, and associates.

Procedures:

1. Each Business Unit must perform an environmental investigation (“Environmental Site Assessment” or “ESA”) through a qualified and appropriately licensed professional (“Environmental Professional”) during its due diligence investigation of all new land opportunities. The Environmental Professional must agree in writing that the ESA was prepared on behalf of the Business Unit or that the Business Unit is entitled to rely on the ESA. The ESA must be performed in accordance with all current and applicable industry standards, laws and regulations and achieve the following: (a) determine whether the Business Unit that is to acquire the real property is able to qualify for the “innocent landowner” (also known as the “bona fide prospective purchaser”) status under applicable state law and the federal Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA,” 42 U.S.C. 9601 *et seq.*); (b) meet the standards set forth at 40 C.F.R. Part 312 for establishing “all appropriate inquiries”; and (c) meet the appropriate standards set forth in the most current version of the ASTM International Standards, including but not limited to the current version of ASTM International Standard E1527. If the Environmental Site Assessment reveals any recognized environmental conditions, then the Business Unit’s due diligence team will decide whether to proceed with its investigation of the property or to perform appropriate additional site investigation activities so that the Business Unit can determine the feasibility of remediating and developing the property in accordance with all applicable laws and regulations.

2. Without limiting the scope of the Business Unit’s preacquisition investigation, which will be determined on a case-by-case basis, the investigation needs to include the following: (a) identifying and determining the feasibility of obtaining any and all entitlements, permits, approvals and easements needed for the development and use of the real property as a residential community; (b) evaluating the impact of developing the community on any environment conditions that may exist, such as, wetlands, riparian, flood hazard areas and threatened and endangered species; (c) determining the impact of developing the community on cultural and ecological resources, if any; and (d) assessing the availability and capacity of existing infrastructure (such as water, sewer and roads) and any needed improvements to the existing infrastructure.

3. All Business Units will incorporate sound and responsible environmental considerations into (a) the planning, location and design of its communities and (b) the selection of the products, materials, and systems that it acquires or develops. In order to meet this objective, the Company will: (i) research and explore new technologies for saving energy and building smarter, more efficient homes; (ii) take appropriate steps needed to reduce and properly dispose of waste; (iii) continue to develop and implement procedures for ensuring compliance with applicable laws and regulations and (iv) provide training to its associates so that they are able to contribute to the implementation of this Policy.

4. All Business Units will perform and manage their construction practices in a manner that complies with all of the Company’s Policies and Procedures and all applicable laws and regulations. In order to meet this objective, the Business Units will take the steps needed to ensure that the contracts entered into between the Business Unit and its vendors, subcontractors, trade partners and material suppliers contain provisions requiring compliance with relevant Company Policies and applicable laws and regulations.

5. Failure to comply with this Policy may result in disciplinary action, including termination.