



Setting the standard for energy-efficient homes®

## 2021 ESG REPORT

LIFE. BUILT. BETTER.®



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**ESG** refers to Environmental, Social and Governance in this report.  
**DE&I** refers to Diversity, Equity and Inclusion.

**Additional Information**

We hope you find this ESG report engaging and informative. For further up to date information throughout the year, please visit our [ESG webpage](#).

**Contact Us**

We welcome your input and views: [investors@meritagehomes.com](mailto:investors@meritagehomes.com).



**Steven J. Hilton,**  
Executive Chairman

**Phillippe Lord,**  
Chief Executive Officer

## JOINT EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER LETTER

**Life. Built. Better.®** is more than just our company tagline—it is our **Brand Promise** that drives everything we do at Meritage, from building quality yet affordable homes to fostering strong relationships with our homebuyers, employees, vendors, trade partners, shareholders and the greater communities in which we do business.

This brand promise guided our approach through some unique challenges in 2021 to find ways to get our homebuyers into their new homes as quickly as possible. We worked hard to protect everyone's **health and safety** during the ongoing global pandemic and navigated through the unprecedented supply chain constraints. Although our home prices increased over the last two years in alignment with market dynamics, we continue to be focused on **affordability** by opening new communities in lower-priced geographies and offering pricing transparency, mortgage-related incentives, various sized floor plans and different grades of interior spec levels to allow our future buyers to find a home that works at their price point.

### PRIORITIZING ENERGY EFFICIENCY & SUSTAINABILITY OF OUR NEW HOMES

Meritage has proudly **delivered more than 100,000 Energy Star® certified homes since 2009**. We believe that **energy efficiency** and **healthy indoor air quality** are important factors for consumers as they make homebuying decisions. We are constantly elevating our building design and product features to enhance the sustainability and livability of our homes. In 2021, we became the first public homebuilder to include a more efficient **multispeed HVAC** system in our new homes at no incremental cost to our homebuyers.



## ENHANCING CUSTOMER EXPERIENCE THROUGH INNOVATION

**Embracing innovation**, we launched **self-guided tours** in certain of our communities so customers can visit a model home based on their own schedule and preferences. For new homeowners, we enhanced our M.Connected Home™ Automation Suite of smart home products with **additional safety and control features**.

## OUR CONTINUED COMMITMENT TO DE&I

We are proud of our **people-driven organization** that is committed to the ongoing, intentional work to **cultivate a diverse team** and **foster an inclusive culture**. In 2021, Meritage joined more than 2,100 companies by signing the **CEO Action for Diversity & Inclusion pledge** and forming our DE&I Council to help management execute our DE&I initiatives. We conducted our inaugural **culture survey** to engage employees and learn about the greatest areas of opportunity for Meritage to address DE&I.

## START WITH HEART

Our employees embody a culture of **Start With Heart** each and every day, and we are particularly proud of what our teams accomplished in 2021 as we all came together to help Afghan refugees during the resettlement process in the U.S. In addition to making a charitable contribution, our employees in every market worked together to **donate and assemble hygiene kits for the refugees**.

We continued to work with **Operation Homefront** in 2021 and, with the help of our vendors and trade partners, we built and donated our **14th mortgage-free Meritage home** near Tampa, Florida for a deserving military family.

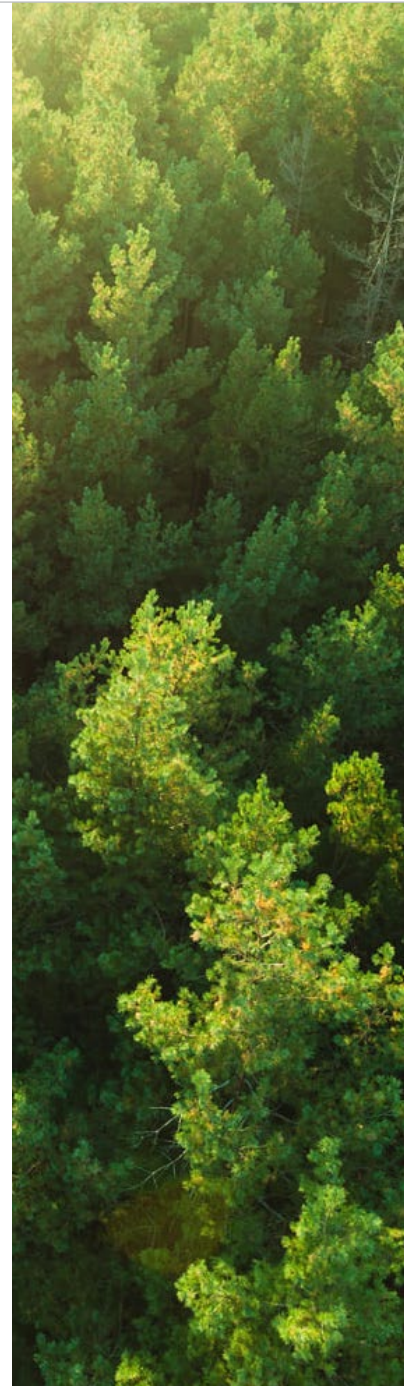
## FURTHERING OUR ESG MISSION & BOARD DIVERSITY

We recently formed our **ESG Internal Council** in 2022 to assist management in implementing our ESG initiatives. We continued to expand the transparency of our climate change efforts and disclosures by adding **Task Force on Climate-related Financial Disclosures (TCFD)** to the second year of reporting our greenhouse gas emission inventory. Our **supplier engagement**

during 2021 expanded to sharing ideas and ways we can **collaborate** to execute the different ESG efforts of Meritage and our national vendors. Given our practice of adding **fresh perspectives** to our Board of Directors, we appointed a new independent director, Louis E. Caldera, to draw on his experiences in higher education, military and public service to enhance our Board’s **diversity of thought and insights**.

At Meritage, **responsible corporate citizenry** is paramount. By embedding sustainability into our strategy and operations, we look to maintain our position as **an industry leader in ESG** and deliver long-term value to all stakeholders. When it comes to ESG, **there is no finish line**, and **our commitment to these efforts is evergreen**. There is still much work to do, but our team is excited to continue doing what we do best: delivering a Life. Built. Better.®

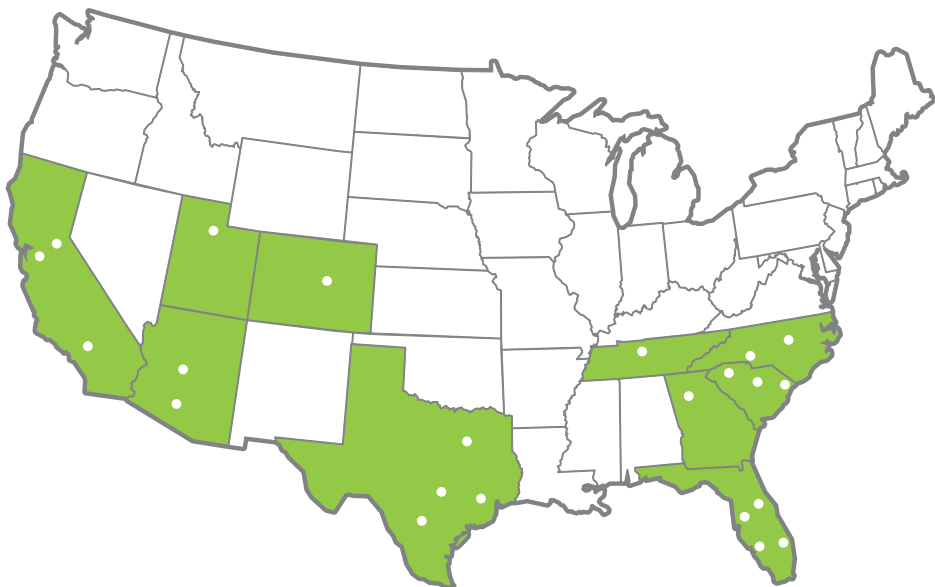
**Steven J. Hilton**, Executive Chairman  
**Phillippe Lord**, Chief Executive Officer





## AT A GLANCE

Meritage Homes Corporation (NYSE: MTH) is the seventh-largest public homebuilder in the U.S., based on homes delivered in 2021.



### BUSINESS

We build entry-level and first move-up single family detached and attached homes across our geographies, all of which include energy-efficient and healthy home features and a standard M.Connected Home™ Automation Suite smart home technology package.

### OPERATIONS

**WEST REGION:** Arizona, Colorado, California, Utah

**CENTRAL REGION:** Texas

**EAST REGION:** Florida, Georgia, North Carolina, South Carolina, Tennessee

Founded  
**1985**



NYSE stock ticker

**MTH**



Headquartered in

**Scottsdale, AZ**



Delivered over

**150K HOMES**  
in our 36-year history



**12,801**

homes delivered in 2021

**2021 home  
closing revenue**

**\$5.1B**

Average communities by product type:

**79%**  
entry-level

**19%**  
first move-up

**2%**  
other

as of December 31, 2021

**75,049**

total lots controlled as of  
**December 31, 2021**



## ABOUT THIS REPORT

By sharing our policies, objectives, strategy and business practices as well as our achievements related to ESG, we believe we are providing **transparency and creating long-term value** for all stakeholders.



### ENVIRONMENTAL

Our **environmental stewardship** starts with site selection and development that respects the land on which we build and aims to preserve natural space in our communities. By building responsibly and continuously enhancing our energy efficiency offerings, Meritage is setting the standard in energy-efficient homes.



### SOCIAL

Our approach to **corporate social responsibility** is based on respect for our people, our customers and our communities. We believe that fostering a culture that champions DE&I allows us to be an **employer of choice** to our people and a **builder of choice** to our customers and trade partners.



### CORPORATE GOVERNANCE

We take pride in being an organization driven by **ethics and living by our core values and our promise to deliver a Life. Built. Better.®** We promote the long-term interests of stakeholders and focus on the transparency and accountability of Meritage's Board of Directors, executive management, our employees and trade partners.





We report our ESG efforts on an annual basis.

The information shared in this report relates to our **fiscal year 2021 ending December 31**, with additional historical data for fiscal years 2019 and 2020, all of which is aggregated in the appendix.

### OUR STAKEHOLDERS

We value our stakeholders, which include our homebuyers, employees, vendors, trade partners, shareholders and the greater communities in which we do business.

Feedback from our stakeholders helps us to understand the ESG issues that matter most. Our regular conversations with investors regarding ESG-related topics enable us to tailor our ESG initiatives to align with these objectives.

To advance alignment with the expectations of our stakeholders, we engaged various ESG consultants. Our goal is to disclose important and relevant information, while reporting information compiled and reviewed by third-party experts.

We also engaged a greenhouse gas emissions consultant not only to continue measuring our annual greenhouse gas emissions inventory, but also to guide us in our inaugural Task Force on Climate-related Financial Disclosures (TCFD) reporting.

### REPORTING FRAMEWORK

We addressed various topics that are material to our business and industry, which align with the key factors under **shareholder-endorsed ESG frameworks** and ESG rating agencies. We elected to provide greater transparency in our sustainability disclosure under the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI) reporting frameworks. This report also reflects the applicable sustainability indicators under the United Nations Sustainable Development Goals (UN SDGs).

As the first U.S. public production builder to issue a TCFD report, we have summarized the findings in the appendix of this report. The full TCFD report can be found on our [ESG webpage](#).

For more information on:

- SASB, please visit [www.sasb.org](http://www.sasb.org). We determined that the sustainability issues and disclosure topics that most closely align with our business are under the **Infrastructure** sector standards for home builders.
- GRI, please visit [globalreporting.org](http://globalreporting.org). Our disclosure related to the GRI Standards: Core Option.
- UN SDGs, please visit [sdgs.un.org/goals](http://sdgs.un.org/goals).
- TCFD, please visit [www.fsb-tcfd.org](http://www.fsb-tcfd.org).



MATERIALITY  
ASSESSMENT

At Meritage, materiality for ESG reporting is primarily based on internal subject matter experts and regular feedback from our stakeholders. These recommendations also help our management team to determine our **annual ESG action plan**, which outlines our annual initiatives that are based on business impact.

Materiality for ESG reporting differs from that which relates to Securities and Exchange Commission (SEC) reporting. Issues that are deemed material for our ESG strategy may not necessarily be considered material in the context of SEC reporting and vice versa.

MATERIALITY TOPIC INDEX

To facilitate the location of key issues impacting our business that are addressed throughout this report, we have identified in the corresponding index the overlap between our content and the topics covered by certain ESG frameworks and ESG rating agencies.

Category	Topic for Framework and Agencies	Page Number
Environmental	Land Use & Ecological Impacts	22-24
	Climate Change Adaptation	26
	Green Procurement of Building Materials	27-32
	Energy Management	33-34
	Waste Reduction & Water Consumption	30-31
Social	Workforce Health & Safety	48-49
	Quality Standard / Customer Satisfaction	27, 48-49, 54-57
	Human Capital Management	37-50
	Diversity, Equity & Inclusion	39-40, 42-43
	Design for Resource Efficiency	26, 31, 33
	Community Impacts of New Developments	25
	Suppliers	27-32
Governance	Business Ethics / Compliance	67-69
	Bribery & Anticorruption	67
	Board Oversight on ESG	65-66
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# ENVIRONMENTAL



## THE PILLARS OF OUR SUSTAINABILITY

Our sustainability strategy has been more than a decade in the making.

1.

**Certification under governmental and industry-recognized programs** for the energy efficiency of new builds since 2009

2.

**Constantly innovating our offerings** to include new energy efficiency and healthy home attributes in our homes

3.

**Achieving homeownership cost savings** for our homeowners from our sustainability efforts



Meritage has deeply embedded environmental stewardship into its business model since 2009. Sustainable building practices enable us to focus on using natural resources responsibly while delivering a more resilient home to our homeowners.

Steven J. Hilton  
Executive Chairman of Meritage Homes



# 1. CERTIFICATION FOR THE ENERGY EFFICIENCY OF OUR NEWBUILDS SINCE 2009

Two of the most industry-recognized energy efficiency homebuilding certification programs:

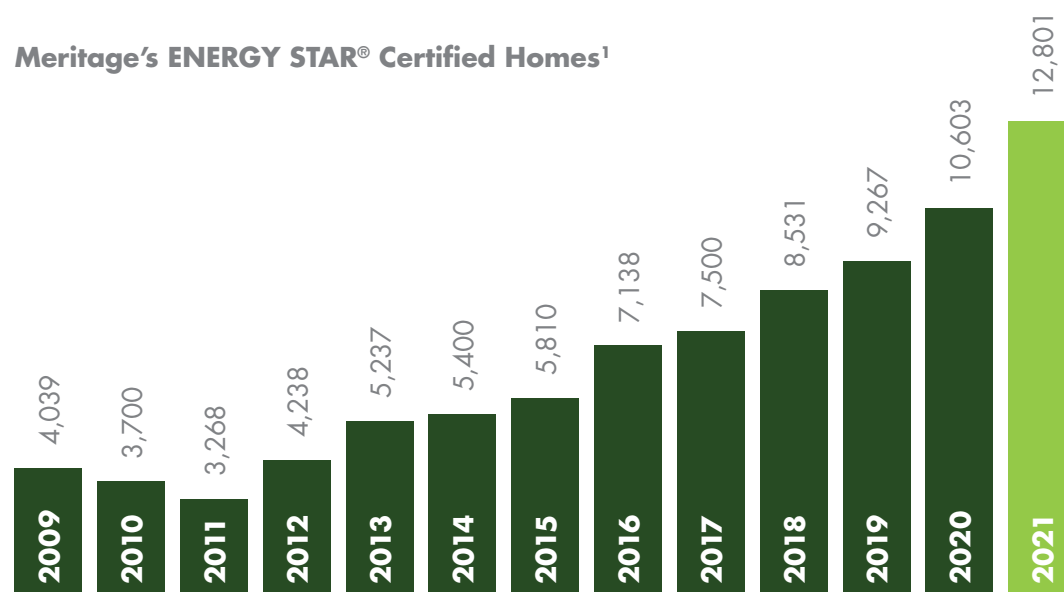
- U.S. Environmental Protection Agency's (EPA) ENERGY STAR® home certification reflects homes that are designed and built for quality and responsible stewardship of the environment.
- Third-party Residential Energy Services Network's (RESNET) Home Energy Rating System (HERS) certification calculates a home's energy performance, comparing it to the RESNET Reference Home, a standard based on a HERS Index score of 100 for a typical home built in 2006.

To **deliver on our promised efficiencies**, we are committed to complying with these programs.

## ENERGY STAR CERTIFICATION

We expect that 100% of our homes delivered in 2021 will be ENERGY STAR® certified. By the end of 2021, we **delivered over 100,000 cumulative ENERGY STAR® certified homes**.

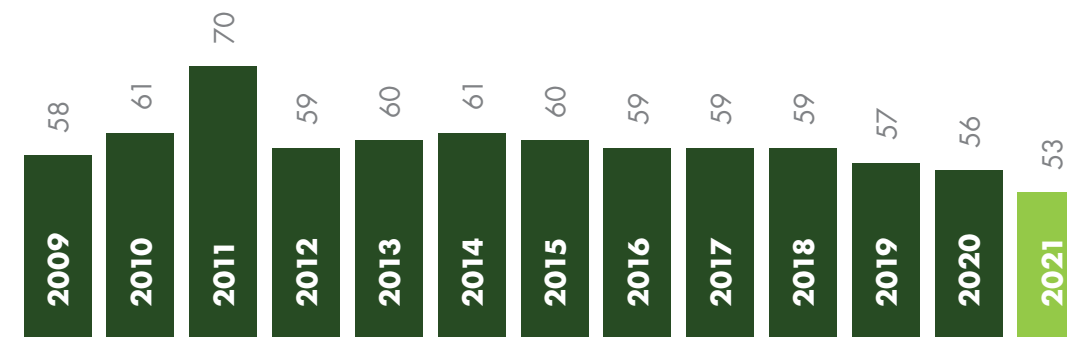
### Meritage's ENERGY STAR® Certified Homes<sup>1</sup>



<sup>1</sup>ENERGY STAR® certified homes: We are in process of finishing documentation with the EPA to certify the 2021 homes we delivered.

## HERS INDEX CERTIFICATION<sup>2</sup>

### Meritage's Average HERS Index Score

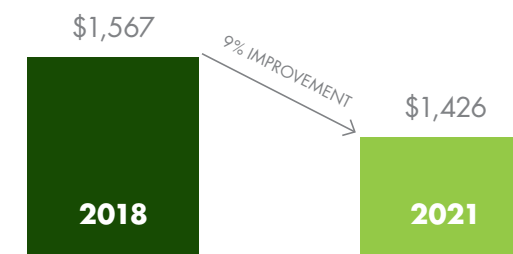


- Meritage's average HERS Index score of 53 in 2021 implies our average home yielded **47% greater energy efficiency** than the RESNET Reference Home.
- With steady progress on improvement for the last four years, **our HERS Index Score improved by decreasing 10% from 59 in 2018 to 53 in 2021**. A 1 point reduction in the HERS Index score is a 1% improvement in the energy efficiency of a home.
- Our changes to building design and inclusion of additional features during these four years led to a **9% reduction in estimated annual energy costs** for the average new Meritage home.

### Comparative Improvement in Energy Efficiency of a New Meritage Home vs Resnet Reference Home



### Estimated Average Annual Energy Costs of a New Meritage Home



<sup>2</sup>Source: RESNET.

## 2. CONSTANTLY INNOVATING OUR ENERGY EFFICIENCY AND HEALTHY HOME OFFERINGS SINCE 2009

As an industry leader, Meritage has been committed since 2009 to finding innovative ways to make our homes more **resilient** and **healthier**, lower the cost of ownership and create more sustainable communities.

Our new homes in 2021 included these features:

- First public builder to use spray foam insulation in all new homes since 2009
- First public builder to use MERV-13 air filtration in all new homes since 2020
- First public builder to start using multispeed HVAC in new homes since 2021
- Solar panels in all new California homes since 2021
- 100% commitment to build ENERGY STAR certified homes since 2009
- Building Indoor airPLUS certified homes in certain geographies since 2020
- Energy Star certified appliances
- WaterSense certified water fixtures
- Smart thermostat
- Tankless water heaters in certain geographies
- Fresh air management system
- LED Lights
- Low-E windows
- Thermal breaks
- Conditioned attics
- Sealed insulated ducts
- Low-to-zero volatile organic compounds (VOC) materials, paints, stains and adhesives



### 3. ACHIEVING HOMEOWNERSHIP COST SAVINGS FOR OUR HOMEOWNERS FROM OUR SUSTAINABILITY EFFORTS

We delivered 12,801 ENERGY STAR® certified homes in 2021 with an average HERS index score of 53 which yielded approximately the following impacts:<sup>1</sup>

- **97.7 million kilowatt hours of annual electricity saved**
- **148.6 million pounds of annual carbon dioxide eliminated**
- **\$13.4 million annual reduction in homeowner utility bills**

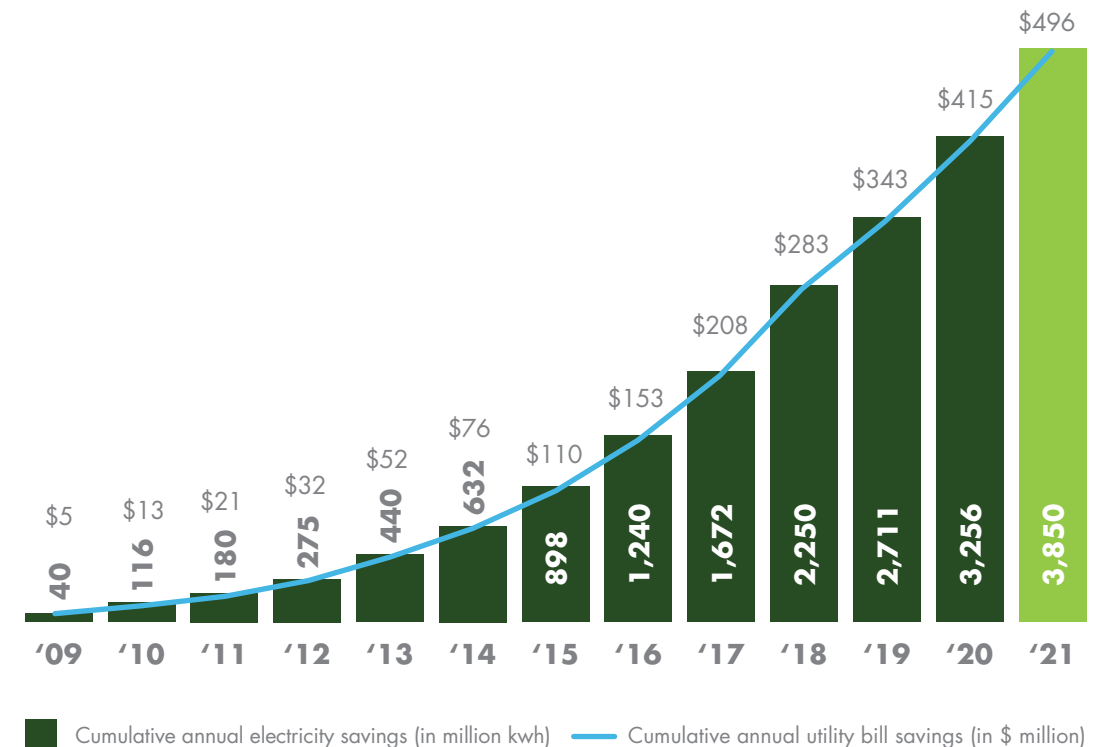
We delivered more than 100,000 ENERGY STAR® certified new homes since 2009 which yielded the impact equivalent to approximately:<sup>2</sup>

- **3.8 billion kilowatt hours of cumulative electricity saved**
- **5.9 billion pounds of cumulative carbon dioxide eliminated**
- **\$496.1 million cumulative reduction in homeowner utility bills**

<sup>1</sup>Source: RESNET, U.S. Energy Information Administration, U.S. EPA and internal calculations. The annual savings are compared to the RESNET Reference Home annual energy usage.

<sup>2</sup>Source: RESNET, U.S. Energy Information Administration, U.S. EPA and internal calculations. The cumulative savings from 2009 to 2021 are compared to the RESNET Reference Home cumulative energy usage. Based on a revised calculation, the restated cumulative savings from 2009 to 2020 are: 3.3 billion kilowatt hours of cumulative electricity save; 5.0 billion pounds of cumulative carbon dioxide eliminated; \$414.5 million cumulative reduction in homeowner utility bills.

**Cumulative Annual Electricity Saved & Utility Bill Reduction From Homes Delivered By Meritage**



OUR THREE PILLARS OF SUSTAINABILITY HAVE CULMINATED IN OUR LONG-TIME ENERGY EFFICIENCY AWARD RECOGNITION:

2021 SUSTAINABILITY AWARDS



Ninth time honor



Twelfth time honor



PRIOR SUSTAINABILITY AWARDS



2020, 2019, 2018,  
2017, 2016, 2015,  
2014 and 2013



2019, 2018, 2017,  
2016, 2015, 2014  
and 2013



2020, 2019, 2018,  
2017, 2016, 2015,  
2014 and 2013







## CORPORATE SUSTAINABILITY EFFORTS

Meritage encourages sustainable practices in all of our offices across the country.

### CORPORATE SUSTAINABILITY FEATURES

- Digital workflow and dual computer monitors reduce or eliminate paper printing
- LED lighting, automatic light dimmers and motion sensors save on electricity
- Video conferencing technology from Microsoft Teams reduces the need for business travel
- Responsible recycling of IT hardware reduces waste generation

### CORPORATE SUSTAINABILITY ACHIEVEMENTS

In addition to our office recycling efforts including paper, cardboard, plastic and glass bottles and cans, in 2021, Meritage achieved approximate annual savings noted below by replacing internal and customer-related physical signatures on paper documents with electronically signing documents via DocuSign:



Source: DocuSign for 2021 annual estimated savings.





## CLIMATE CHANGE DISCLOSURE

To continue establishing a baseline foundation for our Company's climate data, we are disclosing additional metrics for our operations beyond our second year of reporting **greenhouse gas emissions** (GHG) **inventory** to include our initial assessment of our climate risk management in accordance with **TCFD**.

### GREENHOUSE GAS EMISSION MEASUREMENTS

Meritage's operations in the homebuilding sector generate direct and indirect GHG emissions. As a follow up to our inaugural GHG emissions inventories covering 2019 and 2020 reported in our 2020 ESG Report, the same third-party expert evaluated and measured the 2021 carbon footprint of our business operations, job sites, and value chain to further determine where we can make the greatest improvements in the future. This comprehensive GHG inventory helps us to understand changes in Meritage's emissions since 2019, our baseline year.

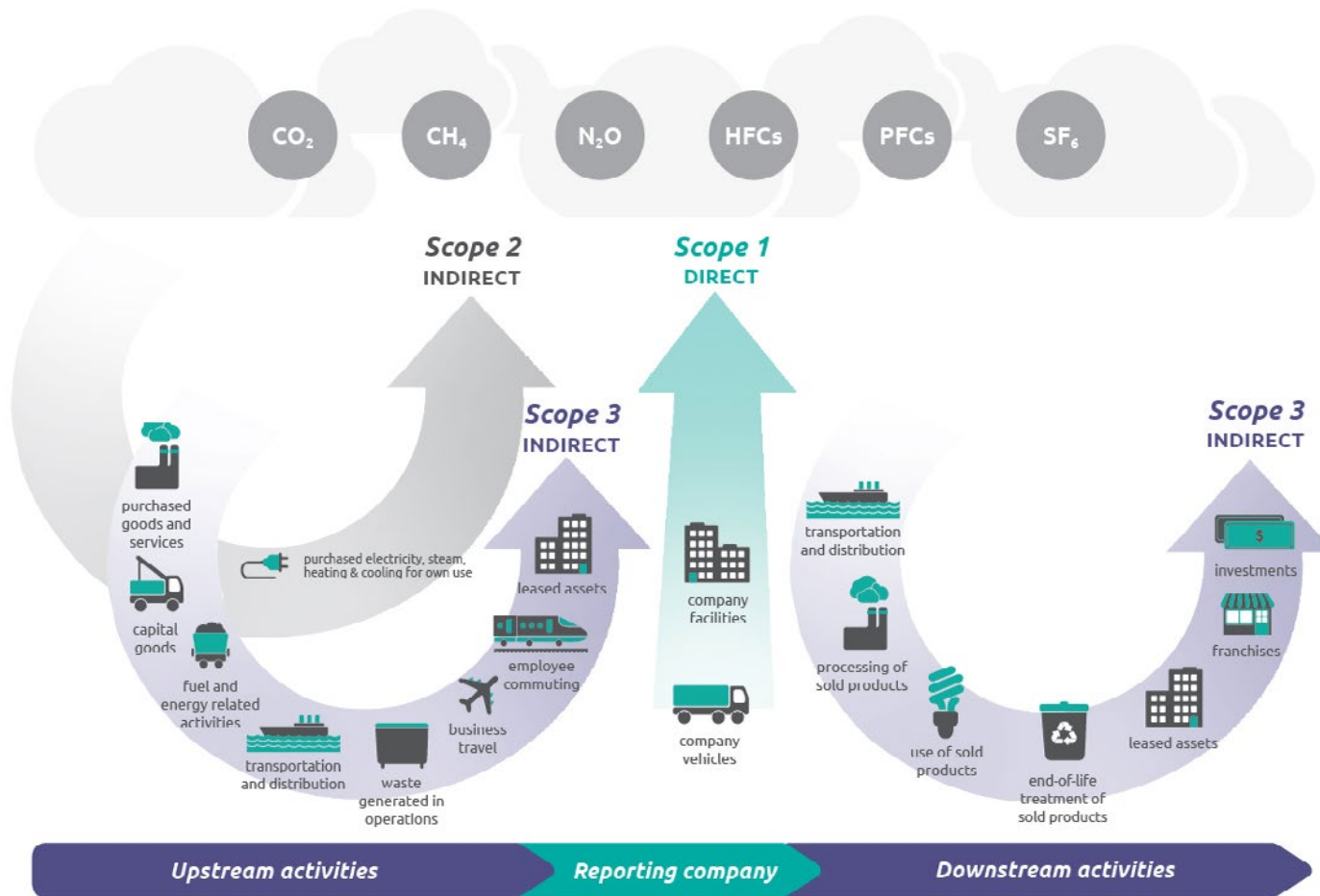
We have developed our greenhouse gas inventory in accordance with the **GHG Protocol Corporate Accounting and Reporting Standard**, using both spend-based and activity-related data. GHG calculation methodologies improve over time. Our 2021 GHG

inventory incorporates the emissions factors under the **U.S. Environmentally-Extended Input-Output (U.S. EEIO) model**, which reflect the market values that Meritage faces within all categories of goods and services in the U.S. economy. 2019 and 2020 calculations are also updated in this report to incorporate this more detailed emissions factor dataset.

There are three classifications for measuring GHG emissions, which for Meritage include the following:

- **SCOPE 1** relates to any GHGs directly emitted within our direct operations.
- **SCOPE 2** includes the indirect emissions stemming from purchased electricity for natural gas for our direct operations.
- **SCOPE 3** estimates the indirect impact of our value chain, including but not limited to upstream suppliers and downstream homes delivered.





Source: GHG Protocol.

Our **Scope 1 (Direct GHG emissions)** carbon emissions continue to be the least significant since we do not own manufacturing facilities, vehicles or buildings. Our headquarters and regional offices are leased.

For **Scope 2 (Indirect GHG emissions)**, the decision-making related to purchasing electricity and natural gas for the heating and cooling of our office locations belongs to our various commercial landlords. Spend data related to our combined utility consumption was collected to develop estimations of the impact from purchased energy. These values were market-based, with certain location-based details depending on the type of information available per location.

As with most companies within our sector, the main source of Meritage's GHG emissions is from **Scope 3 (Indirect value chain emissions)** since the emissions from our value chain capture material and supplier inputs, the home construction process, and the lifetime energy consumption of homes delivered. For Category 11 (use of sold products), these values were based on energy consumption estimates per home sourced from independent third party rater RESNET as well as the estimated lifetime of heating and cooling systems within the homes.

While the most meaningful impact we can make in reducing GHG emissions is through delivering energy-efficient homes, we continue to look for ways to reduce the emissions intensity of our purchased goods and services.

We actively engage with our suppliers to understand the entire lifecycle of our inputs from raw materials to use of materials to disposal of waste.

2019-2021 GHG Emissions

(in metric tons CO2e)	2019*	2020*	2021
Scope 1 (Direct GHG emissions)	79	86	142
Scope 2 (Indirect GHG emissions)	7,172	5,816	4,974
Scope 3 (Indirect value chain emissions)	2,482,990	2,924,299	3,264,560
Total GHG Emissions	2,490,241	2,930,201	3,269,676

\*2019 and 2020 were updated to reflect U.S. EEIO emissions factors, which were also used for 2021.

Emissions Intensity Breakdown

(mtCO2e per home closing)	2019	2020	2021	2019 vs 2021 Variance
Total Scope 1-3 GHG intensity	269	248	255	-5%

From 2020 to 2021, our business grew from an operational perspective, which led to an absolute year-over-year increase of total GHG emissions. During this time, we delivered 8% more home closings and our home closing revenue increased 14%.

On an intensity basis, our total scope 1-3 GHG emissions per home closing improved from 2019 to 2021. The 5% reduction indicates greater efficiency within our operations and value chain.





Scope 3 Category Details

(in metric tons CO2e)	2019*	2020*	2021
Category 1: Purchased goods and services	1,094,128	1,235,069	1,510,512
Category 2: Capital goods	6,566	6,534	8,231
Category 3: Fuel- and energy-related activities	2,223	1,768	1,712
Category 4: Upstream transportation	351	358	289
Category 5: Waste generated in operations	16,382	22,768	21,613
Category 6: Business travel	4,779	3,535	4,149
Category 7: Employee commuting (incl. Teleworking)	1,920	1,738	1,913
Category 11: Use of sold products	1,356,641	1,652,529	1,716,141
Total Scope 3	2,482,990	2,924,299	3,264,560

\*2019 and 2020 were updated to reflect US EEIO emissions factors, which was also used for 2021.

Under Scope 3, our emissions intensity tied to the largest two components of GHG emissions (scope 3-category 1 and scope 3-category 11) decreased year-over-year, indicating greater energy efficiency in the homes we delivered and for the dollars we spent on goods and services.

Emissions Intensity Breakdown	2019	2020	2021
Cat 11 Emissions Intensity (mtCO2e per home closing)	146.4	139.6	134.1
Total Scope 3 Emissions Intensity (mtCO2e per home closing)	268	247	255



## TCFD AND CLIMATE CHANGE RISKS & OPPORTUNITIES

We are proud to be an early adopter within our industry to report under TCFD and look to expand and broaden our reporting over the coming years. Our TCFD report is published on our ESG webpage [here](#) as well as summarized in the appendix of this report.

We are aligned with the recommendations that the TCFD has made regarding climate-related reporting. As an **official TCFD supporter**, we believe in transparency of climate data and collaboration with our stakeholders to understand and analyze the long-term financial risk and impact of our business operations and the homes we build on climate change. This is our initial analysis of climate change risks and opportunities in accordance with TCFD reporting. As we continue to evolve our climate risk management, we intend to work to enhance this reporting in the future.

We are also collaborating with our suppliers to ultimately reduce emissions. Although still early in the process, we have seen an **increased interest from our stakeholders to work closely together to find long-term opportunities.**





## OUR APPROACH TO SUSTAINABILITY

### ENVIRONMENTAL RESPONSIBILITY POLICY

We strive to integrate sustainable practices into all aspects of our business—from land acquisition and development to the design and construction of homes to our homebuying financial services offerings. Our commitment also extends into leadership in healthier living and integrating innovative smart home technology into the homes we build.

Our Board of Directors has adopted an [Environmental Responsibility Policy](#), which demonstrates the importance of environmental stewardship in our operations. We employ construction protocols to design and build communities based on local geographic conditions. This policy applies to all employees as well as contractors, subcontractors, vendors, suppliers and partners.

In addition to abiding by all local, state and federal laws and environmental regulations related to land use and protected lands, this policy addresses **environmental responsibilities during the following stages of our operations:**

- Land acquisition
- Design & development of our communities
- Design & development of our homes

The policy also sets forth parameters for environmental awareness and cooperation by all stakeholders.

Oversight for this policy resides with Meritage's Environmental, Social and Sustainability Board Committee while management is responsible for its implementation and execution.

Employees and all stakeholders are encouraged to report any alleged environmental violations and/or concerns through an **anonymous 24/7 Ethics Line**.



## SITE SELECTION: LAND USE & ECOLOGICAL IMPACTS

We recognize that **land is a finite resource**, and it is **our duty to design and develop land responsibly** into communities. Environmental considerations are a priority alongside financial and operational targets in connection with our site selection, site design and development activities.

### SITE SELECTION

Governed by our land underwriting playbook, our land acquisition process requires all land deals to undergo a **rigorous land committee approval process**. All land deals are approved by our land committee. Additionally, there are two thresholds dependent on deal size that must also receive additional approval from our executive chairman or our board-level Land Committee.

When evaluating any land acquisition opportunity, our decision is based upon a variety of strategic factors, including:

- Strategic suitability of the land for entry-level and first move-up communities
- Ecological impact studies and considerations as well as environmental remediation plans
- Financial feasibility of the proposed project
- Affordability and socioeconomic trends of the community
- Legal and regulatory diligence

### ENVIRONMENTAL ASSESSMENT

We conduct a comprehensive environmental assessment during site selection, which includes consultation with environmental subject matter experts like local biologists, government entities and research organizations where applicable to ensure we incorporate their analysis and recommendations into our design processes.

We utilize the following assessments to evaluate ecological and environmental impacts on every land deal and when applicable, execute any appropriate remediation plans:

**Phase 1:** Conduct a **Phase I Environmental Site Assessment** to investigate potential land-related environmental risks and identify **Recognized Environmental Conditions (RECs)**. If RECs are present, we conduct a **Phase II Environmental Site Assessment** and take all necessary remediation actions in accordance with federal, state and local laws, regulations and requirements prior to construction.

**Flood Plain Review:** Review the water stress based on **World Resource Institute's (WRI) Baseline Water Stress Test** as well as flood zone conditions of the land based on the **Federal Emergency Management Agency (FEMA) mapping**. We then take all necessary remedial actions in accordance with FEMA regulations. If during surveying we identify that any of our lots are located in a 100-year floodplain, we will remediate. Where possible, we also utilize certain flooding areas for open spaces like ponds to maintain local ecological dynamics.



At Meritage, we are proud that we develop our acquired land responsibly so that we manage finite resources today and act as good corporate stewards for future generations.

Phillippe Lord,  
Chief Executive Officer of Meritage Homes







**Biological Conditions:** Our land design and development process incorporate site planning and engineering that **preserves natural resources and provides road, sewer, water, utilities and drainage** as well as landscaping improvements, recreation amenities and other improvements and refinements that enhance the livability of our communities.

We also encourage and promote sustainable landscaping for common areas, yards and recreational amenity designs. **We use zeroscaping, or the use of low-water landscaping, and xeriscaping, or drought-tolerant landscape designs that use native trees and plants, to minimize or eliminate the need for irrigation.** These designs benefit the community by encouraging water preservation, reducing the community’s environmental footprint and impact, lowering water bills and reducing the impact on local ecosystems and wildlife habitats.

## GROUND & WASTEWATER MANAGEMENT

During the land development and construction process, our **Storm Water Pollution Prevention Program (SWPPP)** provides ongoing management and oversight of storm water compliance in all our markets to reduce runoff and pollution problems and to evaluate the approaches and techniques for better drainage throughout our communities. By complying with the **Clean Water Act**, we avoid discharge of pollutants on our job sites. We also spend additional dollars on every job site to reduce dust in the air to maintain air quality standards as we develop the land.

We spent over \$30 million in 2021—up from nearly \$20 million in the prior year—on SWPPP expenses for air and water quality control in our communities.



# SUSTAINABLE SITE DESIGN & DEVELOPMENT

In all our communities, we endeavor not to disturb native species and waterways where possible, and incorporate them into the **preserved open spaces** within our communities. Maintaining existing native ecology and managing stormwater onsite appropriate during and after construction improves the resilience of our communities. We often **re-home or relocate plants and animals**

impacted by our development and will typically only improve land during seasons that do not harm the natural habitation schedules of protected species.

We appreciate opportunities to build on redevelopment and/or infill sites. Repurposing abandoned land addresses **affordability and undersupply of housing**

**issues.** The potential benefits of redeveloping land range from creating a vibrant community to environmental and socioeconomic benefits like attracting greater commerce nearby and possibly adding new schools—all while making use of existing infrastructure.



## CASE STUDY: STUART CROSSING—TREE PRESERVATION OF THE OAK TREES

Tampa Division | Bartow, FL

During the survey and land planning phase of the approximately 200 acres in Central Florida, we discovered there were over 300 oak trees on this site. We made significant adjustments to **protect many of the oldest oak trees**, which included moving the location for the community amenities and expanding the recreation center. Various walking paths and gathering areas within the community were also **redesigned around clusters of heritage trees** and within the wetland preserve areas to **minimize human disruption**.

Upon the completion of Stuart Crossing, the nearly 600-home community will have an **enhanced landscaping design and robust amenity areas**, including preserved heritage oak trees that **promote the beauty of native flora** while **providing significant tree canopy** throughout the community and improving Stuart Crossing’s **resiliency against flooding and soil erosion**.

We reduced the community by approximately 50 homes to designate more acreage as preserved lands for the iconic oak trees, which also provides more open space for the community.





## CASE STUDY:

### DUNVALE VILLAGE—A COMMUNITY REDEVELOPING A FORMER MOVIE THEATER

Houston Division | Houston, TX

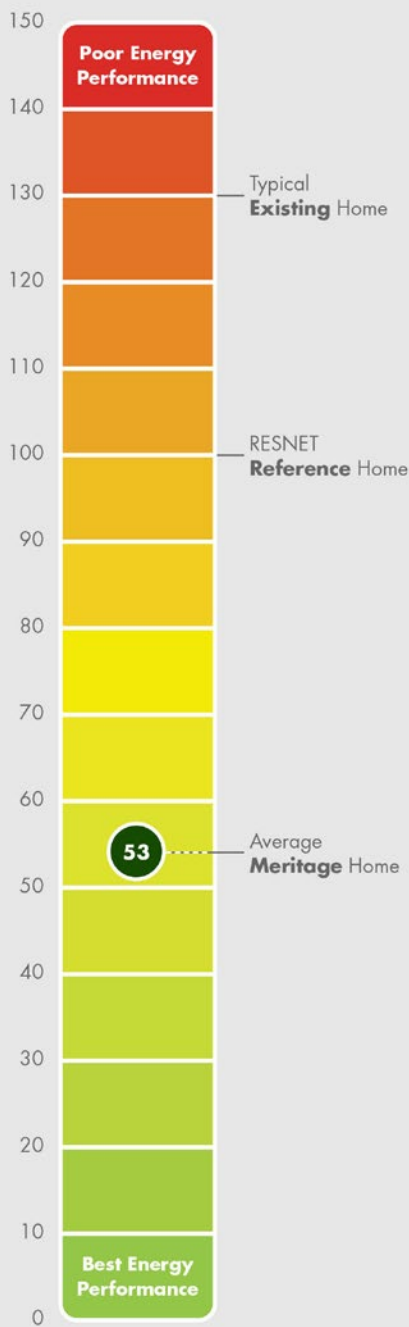
A vacant large-scale movie theater previously occupied this land, which is in close proximity to commercial retail activity and several major employment centers. We looked to **bring renewed usage to this abandoned commercial space.**

Dunvale Village is a redevelopment site now offering a **high-density and infill community**, which combined with a **municipality bond that assisted with land costs**, will provide entry-level homes at **affordable price points in a tight housing supply market. Creating productive and livable space out of unutilized property** offers new housing inventory that will be energy-efficient.

**Greater social impact** also stems from creating new construction jobs for the redevelopment of the land into a vibrant community that will **draw new commerce opportunities nearby.** A future larger tax base for this vacant land has the **potential to improve infrastructure, education and other social benefits for the society.**

Addressing housing shortage and affordability with lower average selling prices by creating a vibrant and quality community out of then-underutilized land will benefit both Dunvale Village and its surroundings.

2021 AVERAGE HERS INDEX SCORES



HOME CONSTRUCTION & ENVIRONMENTAL IMPACTS

After land acquisition and development, we move onto home construction, where our green mission centers around these three tenets:

- Climate change adaptation
- Sustainable construction methods
- Procurement of green building materials

CLIMATE CHANGE ADAPTATION IN HOME CONSTRUCTION

Energy efficiency certification programs as well as the air quality home certification ensure we deliver the promised efficiencies to our homeowners.



ENERGY STAR® CERTIFICATION

This new home certification guarantees our homes deliver **better durability, better comfort, and reduced utility and maintenance costs. We commit to building 100% of our new homes under the ENERGY STAR® certification.**



INDOOR AIRPLUS CERTIFICATION

As an industry leader in health-conscious homebuilding from construction to building materials specifications, we began to build new homes in line with the EPA's Indoor airPLUS program in 2020, a voluntary partnership and labeling certification. This program improves indoor air quality by requiring construction practices and product specifications that **minimize exposure to airborne pollutants and contaminants.**

HOME ENERGY RATING SYSTEM (HERS) CERTIFICATION

**We always strive to improve the energy efficiency of our homes through better building processes and/or features inside the home to main or lower the average HERS Index Score of our new builds.** The homes Meritage delivered in 2021 will consume nearly 50% less energy than the RESNET Reference Home.

	2019	2020	2021
Meritage's Average HERS Index Score	57	56	53

Since 2021, we have delivered double-certified homes under the EPA's ENERGY STAR® and Indoor airPLUS programs in certain geographies.

Sources: RESNET, EPA's ENERGY STAR certification program, EPA's Indoor airPLUS certification program.



## RESPONSIBLE CONSTRUCTION

### QUALITY STANDARD

We have all new Meritage homes inspected by third-party construction quality assurance firms who conduct a **comprehensive inspection of the construction of the home**, including building envelope, structural and building systems. **Any identified issue is corrected before production continues.** This step of the construction process ensures that Meritage's customers receive **a home that is built to code and safe, while equally durable and delivers on the promised efficiencies.**

### OUR VENDORS

Meritage has a strong relationship with our national and regional account vendors who provide us product and materials throughout all of our markets. These suppliers and trade partners play a critical role in improving the efficiency and sustainability within our construction process.

These partners worked to provide additional capacity to us during the supply chain constrained environment that marked the second half of 2021 and helped us deliver the most annual new homes in our Company history.

### VENDOR OUTREACH & COLLABORATION

In 2021, Meritage's corporate strategic sourcing and ESG teams actively engaged with our national suppliers to understand and improve upon our responsible material procurement. Together, our goal is to work to achieve greater sustainability in the homebuilding process and continuing through homeownership.

- Hosted **supplier appreciation events**
- Held our **annual Meritage's Elevate Partner Summit** where we focused on best practices in sustainable production and operations
- Attended **conferences and one-on-one discussions** with suppliers



## VENDOR CODE OF CONDUCT

We seek to partner with vendors that **act with integrity and conduct business with a commitment to legal, ethical, safe, fair and environmentally sound business practices.**

Our Board of Directors has adopted our [Vendor Code of Conduct](#), which applies to our contractors, subcontractors, vendors and partners. This policy was a 2022 initiative that Meritage prioritized given the importance of ensuring Meritage's standards were being reflected across the supply chain.

We are currently transitioning our vendors' compliance from our traditional Code of Ethics to our new Vendor Code of Conduct that specifically addresses our vendor relationships and lays out in detail the policies our suppliers should follow while working with Meritage. We expect our vendors to understand the standards under our Vendor Code of Conduct, comply with the practices covered in this policy, and at least annually, to make their employees aware of this policy.

Oversight for this policy resides with Meritage's Board of Directors while management is responsible for its implementation and execution.

Employees, vendors and all stakeholders are encouraged to report any alleged violations and/or concerns related to this Vendor Code of Conduct through an **anonymous 24/7 Ethics Line.**





## SUSTAINABLE CONSTRUCTION

We embrace innovative construction techniques and value engineering at scale which can achieve smart resource usage and limit construction waste.



By using BFS Components and READY FRAME® for manufactured roof and floor trusses, Builders FirstSource estimates that together with Meritage, we **saved approx. 15,000 trees in 2021** compared to traditional construction.

1. **Advanced framing and panelization** refers to offsite manufacturing of roof and floor trusses that are shipped to our job sites for final construction. Compared to traditional homebuilding, **pre-fabricated components and pre-cut lumber minimize the amount of lumber needed and lumber waste, reduce complexity and shorten build times on the job site.**

Source: Estimations for savings from specific company presentations or certificates.

2. We are working directly with our suppliers to **source the best quality products that included recycled materials.** One specific example is:



All of the showering valves going into Meritage homes utilize **Ocean Recycled Plastic.** In 2021, Moen estimates that together with Meritage, we **reused nearly 1,700 pounds of ocean-recycled plastic.**

3. By using **spray foam insulation** in all new homes, we create a tighter building envelope (the barrier between the inside and outside of a home) and build **better climate-sealed homes.** Spray foam insulation combined with our other construction practices prevent exterior hot and cold air, vapor and certain sized particles from penetrating into the home's interior promotes healthy indoor air quality and greater ongoing energy savings month after month.
4. We seek to minimize the use of wood products in our homes, such as replacing wood flooring with **engineered vinyl panels,** which also improves cost efficiency.
5. **PEX plumbing,** which replaces copper tubing with plastic, reduces the use of scarce materials, is more resistant to temperature and pressure changes and does not transfer heat as readily as copper.

### GREEN PROCUREMENT OF BUILDING MATERIALS

Many of our suppliers continuously enhance their products and building materials with the goal of conserving resources and reducing GHG emissions during both the building process and continuing through homeownership. We appreciate that their innovations lead to:

- Increased **use of recycled materials**
- **Greater energy efficiency and water conservation** during manufacturing and on our job sites
- **Waste reduction** during manufacturing and on our job sites



Our dedication to energy efficiency stems from our mission of delivering a Life. Built. Better.® for our customers. We want our homeowners to live comfortably in their new homes while saving on utility costs every month, so we work closely with our vendors to source sustainable products where possible.

Deborah Ann Henretta

Independent Director at Meritage Homes and Board Chair of the Environmental, Social and Sustainability Committee

### RESPONSIBLE SOURCING SPOTLIGHT



- Reduced GHG emissions intensity 20% from 2010 to 2020



- **Avoided ~137M metric tons of GHG emissions** from products since 2020



- Up to 50% of its fiber gypsum product **contains recycled content**



- **Reduced water usage** in manufacturing facilities by nearly 2.5% in 2021 compared to 2019



- Achieved **Zero Waste to Landfill Gold or Platinum levels** at 90% of its global manufacturing sites



- Every part of the garage door is made of **some recycled contents including plastics and glass**

Source: Company presentations.



REDUCING ENERGY AND WATER CONSUMPTION

We use **ENERGY STAR certified** appliances and **WaterSense certified** water fixtures in all of our new homes to reduce the homeowner’s energy and water consumption on a daily basis.



ENERGY STAR certified appliances:

- **ENERGY STAR certified refrigerators are about 9% more energy-efficient than traditional models**
- Improved insulation, compared to that in traditional models, helps food stay cold
- The use of high-efficiency compressors creates less heat and use less energy

WaterSense labeled water fixtures:

- These third-party certified water fixtures help reduce energy usage that powers water heaters
- Showering accounts for nearly 17% of residential indoor water use, which for the average family, adds up to nearly 14,600 gallons per year
- **The average family could save 2,700 gallons per year, or 18% of total year showering water usage, by using WaterSense certified showerheads**

Source: Statistics from Energy Star and WaterSense.

HEALTHY INDOOR AIR QUALITY

**GREENGUARD Gold certified products** undergo third-party UL Solutions certification to confirm they meet the most stringent standards on air quality and VOC emissions. For Meritage, this ensures a healthy indoor air environment in the new homes we deliver.

- 100% of the Huntsman Building Solutions spray foam in the homes we delivered in 2021 have zero **ozone depletion impact** and most of them are **Greenguard Gold certified** for indoor air quality.



Source: Huntsman Building Solutions presentation.



## BUILDING MATERIALS & PRODUCT LABELING CERTIFICATIONS

Third-party certifications of certain of our national partners' select materials and products provide the assurance to both Meritage and our homebuyers that they meet and potentially exceed new home codes and standards related to **safety, supply credibility, reliability, health-promoting qualities and sustainability attributes.**

## SUPPORTING THE CIRCULAR ECONOMY

We have vendors that manufacture **Cradle to Cradle certified** products, which means their products help fuel the circular economy with the safe and continuous re-use of materials in cycles.



SUNPOWER®

## SUSTAINABLE FORESTRY

As lumber comprises the single largest commodity in our homes, we are committed to sustainable forestry.

**Responsible forest management** is important in order to maintain sustainable natural resources. Proper selection of trees to harvest can help with forest regeneration.

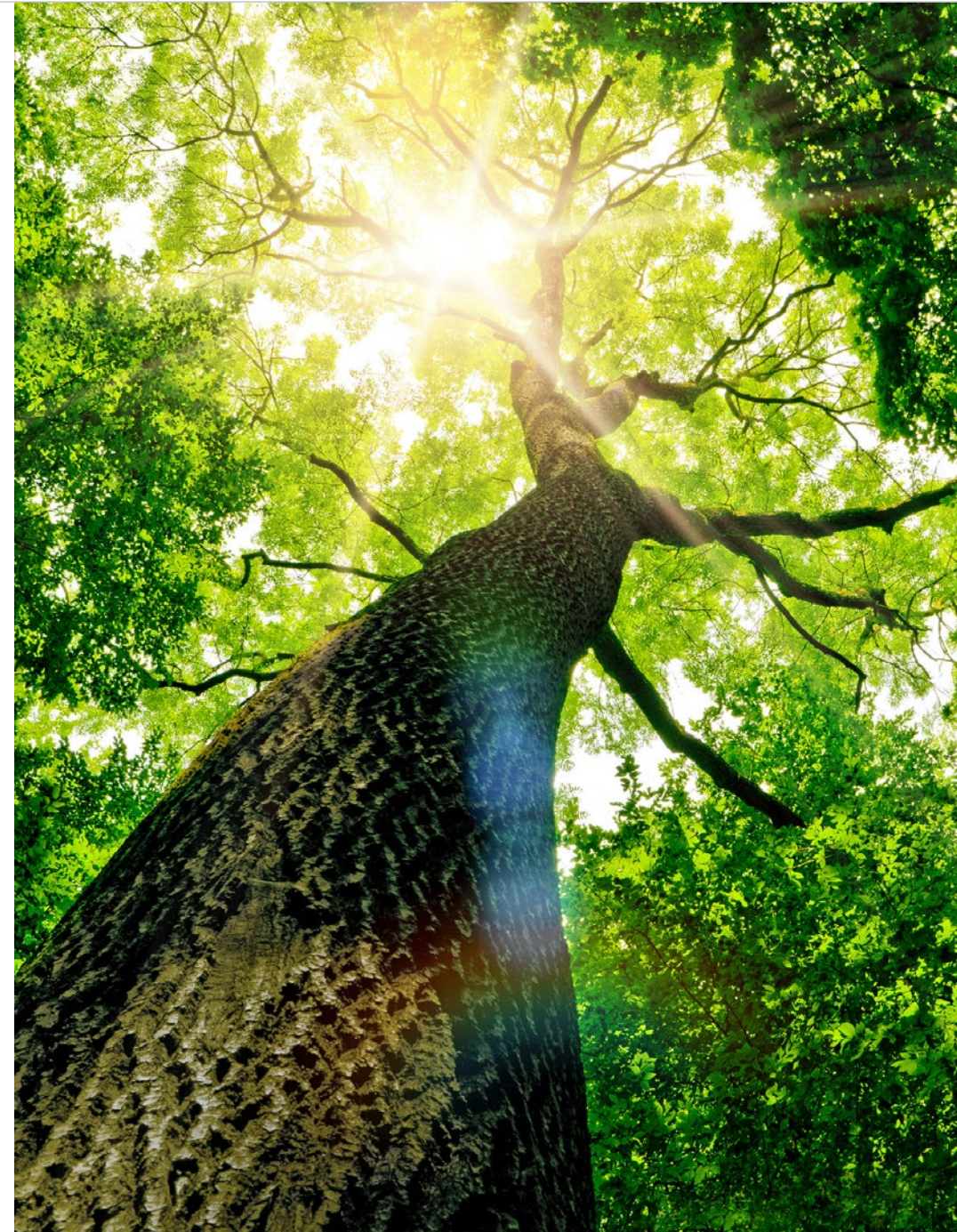
We work with our suppliers to specify wood products which are primarily from new and high-growth forests or from specific tree farms used by the building industry. Our wood varieties most often come from inland areas of the western US and Canada rather than coastal areas with endangered wood varieties.

We have lumber partners who provide us **SFI (Sustainable Forest Initiative) certified wood.**



- Boise Cascade
- Builders FirstSource

Source: Company presentations.





## MORE EFFICIENT ENERGY MANAGEMENT CONSUMER SURVEY ON SUSTAINABLE HOUSING

Focusing on the environmental impact of homeownership of our new homes, Meritage **conducted a consumer survey regarding sustainable home consumer preferences.** The research revealed that consumers expect **new homes to be sustainable and come standard with a suite of features that are energy-efficient, while also beneficial to their health, the environment and their energy bills.**

- 70% of respondents say it is **important for them to live in a home that is energy-efficient**—e.g., includes ENERGY STAR® appliances, spray foam insulation, and other similar features.

- **Health is also a key focus** for consumers with over 70% of respondents stating a multi-speed HVAC and advanced indoor air quality are important.
- Beyond home features, **consumers expect homebuilders to be committed to sustainability.**
- More than two-thirds of respondents are likely to **purchase from a company whose environmental messaging and/or practices align with their personal beliefs.**

At Meritage, we address greater efficiency management of a home through the following attributes that come standard for our new homes:

1. **Energy-efficient and healthy home features**
2. **M.Connected Home™ Automation Suite**



These survey findings show that sustainability is top-of-mind for homebuyers. Energy-efficient features are no longer nice-to-haves, but table stakes and more will be expected. At Meritage, we're committed to providing customers with quality and resilient homes at an affordable price.

Hilla Sferruzza  
Chief Financial Officer of Meritage Homes

Note: The survey was conducted in partnership with market research company SWNS and fielded in March 2022 among 2,000 consumers ranging in age from 18 to over 55.



Alicante | Oakley, CA

## SOLAR PANELS IN OUR CALIFORNIA HOMES

In 2021, all 1,120 new homes we started in California had solar panels installed, which will **generate over 7,100,000 kwh of annual electricity in total.** These homeowners will lower energy consumption that would have come directly from the electric grid. Ultimately, this will help to **reduce stress on the electric grid and these homeowners' monthly utility bills.**

Source: Sunpower.



## M.CONNECTED HOME™ AUTOMATION SUITE ADDS TO THE HOME'S SUSTAINABILITY

Our M.Connected Home™ Automation Suite comes standard in our new builds and provides our homeowners an array of smart home technology that enhance the functionality and performance of the home, **help with energy management both at home and afar**, and increase the home's comfort, safety and security.

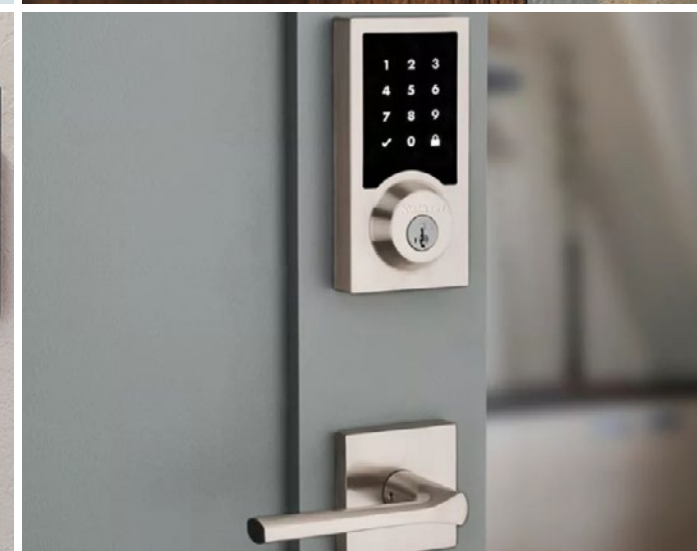
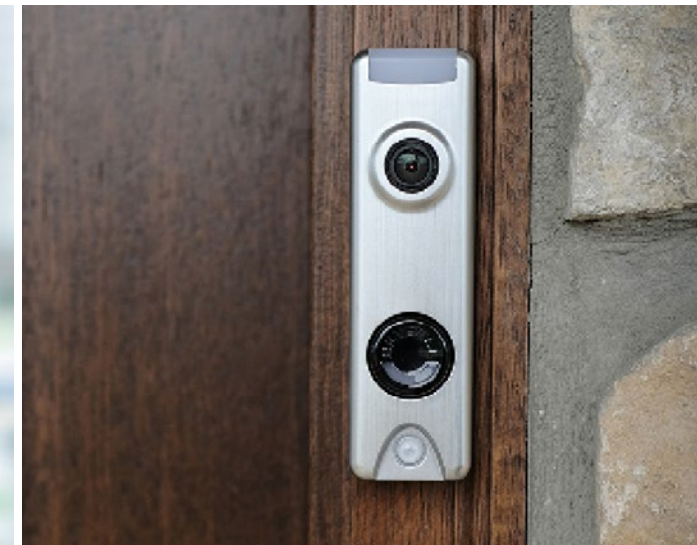
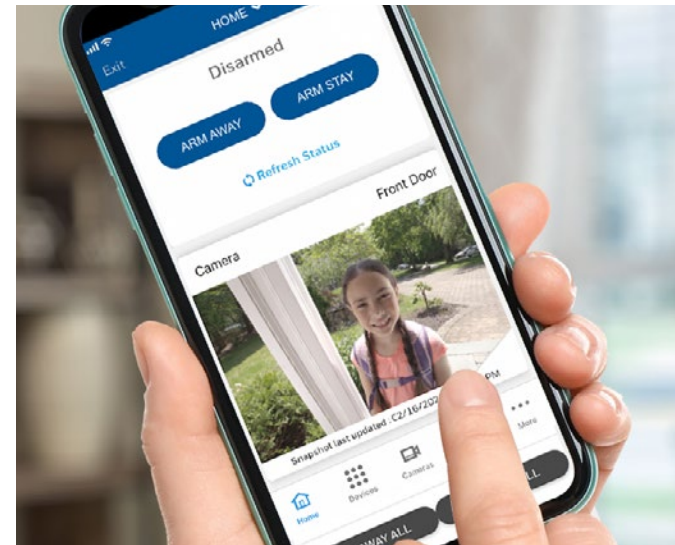
On average, smart thermostats that meet ENERGY STAR criteria save users about 8% on their monthly utility bills, compared to traditional thermostats<sup>1</sup>

The **advanced thermostat** enables the homeowner to pre-set temperature levels, has an away feature to reduce the home's energy consumption and can be accessed by the homeowner from anywhere.

In addition to the advanced thermostat, below are additional features we provide our homeowners:

- Smart Home Hub & App
- Video Doorbell
- Smart Door Lock
- Smart Garage Door
- Door Sensors
- Motion Detectors
- USB Outlets






<sup>1</sup>Source: Energy Star.





ENVIRONMENTAL & GOVERNMENTAL AFFAIRS

Meritage participates in regional and national scale councils, partnerships and projects to **advance sustainable homebuilding in the U.S.**

ORGANIZATION		MERITAGE’S PARTICIPATION
	<b>Residential Energy Services Network</b>	Meritage actively participates and interacts with various levels of the RESNET organization, including its Board of Directors and its standards committee.
	<b>Policy Advisory Board of the Harvard Joint Center for Housing Studies</b>	Meritage has been a long-time member of this advisory board, which advances the understanding of housing issues and informs policy.
	<b>Collaboration with the DOE and EPA</b>	Since 2015, Meritage has been collaborating on large-scale community projects to demonstrate energy-efficiency and monitor energy usage patterns. Past and current projects include communities that are net zero energy or all electric as well as a community that optimizes electric grid usage.
	<b>Leading Builders of America’s Environmental Subcommittee</b>	As a founder, Meritage participates at the board level and numerous committees including the Environmental Subcommittee. As a member, Meritage works to make further strides in promoting the construction of energy-efficient homes.
	<b>National Association of Home Builders</b>	Meritage actively participates with state and local home building association initiatives to support industry activities in our markets.
	<b>Green Building Alliance Board</b>	Meritage is a board member to the first organization in the U.S. that focuses on green building.
	<b>Federal government roundtable discussions</b>	Meritage is a participant in roundtable discussions about carbon policy initiatives, pushing for advancing homebuilding techniques to further reduce energy consumption during the homebuilding process and the daily operations of a home.



# SOCIAL



## OUR PEOPLE

Meritage is committed to **cultivating a diverse team, fostering an inclusive culture** and creating a workplace environment where our team members can reach their full potential in support of organizational goals.



## OUR CORE VALUES

Our six core values combine our entrepreneurial spirit, cutting-edge innovation, organizational agility and our commitment to cultivating a diverse team. Acting with honesty, character, integrity and empathy are key. The main tenets of these core values reflect our pledge to be responsible and inclusive corporate citizens.



### START WITH HEART

We will:

- Value, recognize and appreciate our employees, trade partners, customers and all stakeholders
- Treat everyone fairly and earn their trust
- Assume positive intent and act in empathy
- Bring passion and caring to every customer interaction
- Make a difference by giving back to the communities we serve



### INTEGRITY ABOVE ALL ELSE

We will:

- Always act with honesty, character and integrity
- Demonstrate openness and transparency with our customers
- Identify the right thing to do and then do it
- Be vulnerable and willing to admit mistakes, learn from them and grow



### DEVELOP TO EMPOWER

We will:

- Invest in our people
- Treat employees like our most precious resource
- Foster an inclusive environment that embraces continual growth and learning
- Support those closest to the issue to identify opportunities that improve company performance
- Have courage to challenge assumptions and drive positive change



### THINK STRATEGICALLY

We will:

- Continuously and purposefully renew, rethink and innovate



### BUILD VALUE

We will:

- Be relentless in our pursuit of excellence and never settle
- Plan the work and work the plan
- Lead with action and make things happen
- Build like you own it—every house, every day



### PLAY TO WIN

We will:

- Collaborate and win as a team
- Foster an environment of positive energy and alignment
- Leverage each other's strengths
- Celebrate and reward success
- Out work and out play the competition



## DIVERSITY, EQUITY, INCLUSION

At Meritage, we believe:

# DIVERSITY

is a fact.

# EQUITY

is a choice.

# INCLUSION

is an action.

# BELONGING

is an outcome.

Arthur Chan

## OUR MISSION

Meritage champions a culture of inclusion where **employees feel a sense of belonging, are respected and valued for their unique perspectives and experiences, have equitable access to opportunities and are empowered to do their best.** Cultivating a diverse team allows us to collectively be more successful and better address the needs of our customers and other stakeholders to deliver a Life. Built. Better.®

While we always strive to foster an inclusive culture, our Environmental, Social & Sustainability (ES&S) Board Committee and executive management team

strive to ensure Meritage as an organization is held accountable for our commitment to DE&I as we stay current and relevant in this constantly evolving landscape. In the workplace, we are working to expand the diversity of our employee base across the Company through a combination of **targeted recruiting, education and talent development**, which includes **training and mentoring**. The candidates we recruit, the relationships we form and the inclusion of underrepresented groups in all fundamental parts of who we are as an organization, including our leadership teams, are just a few of the areas in which we can demonstrate our DE&I promise.



We acknowledge it is not easy to change, manage disruption, and grow in every sense of the word. We still have more to do both within our Company and our industry. Our culture is primed and ready to continue addressing this challenge. We are excited to be on this DE&I journey together focused on our **workplace**, our **workforce** and our **marketplace**.

Phillippe Lord  
Chief Executive Officer of Meritage Homes



**WORKPLACE**



**WORKFORCE**



**MARKETPLACE**

OUR DE&I JOURNEY



## DE&I IN ACTION

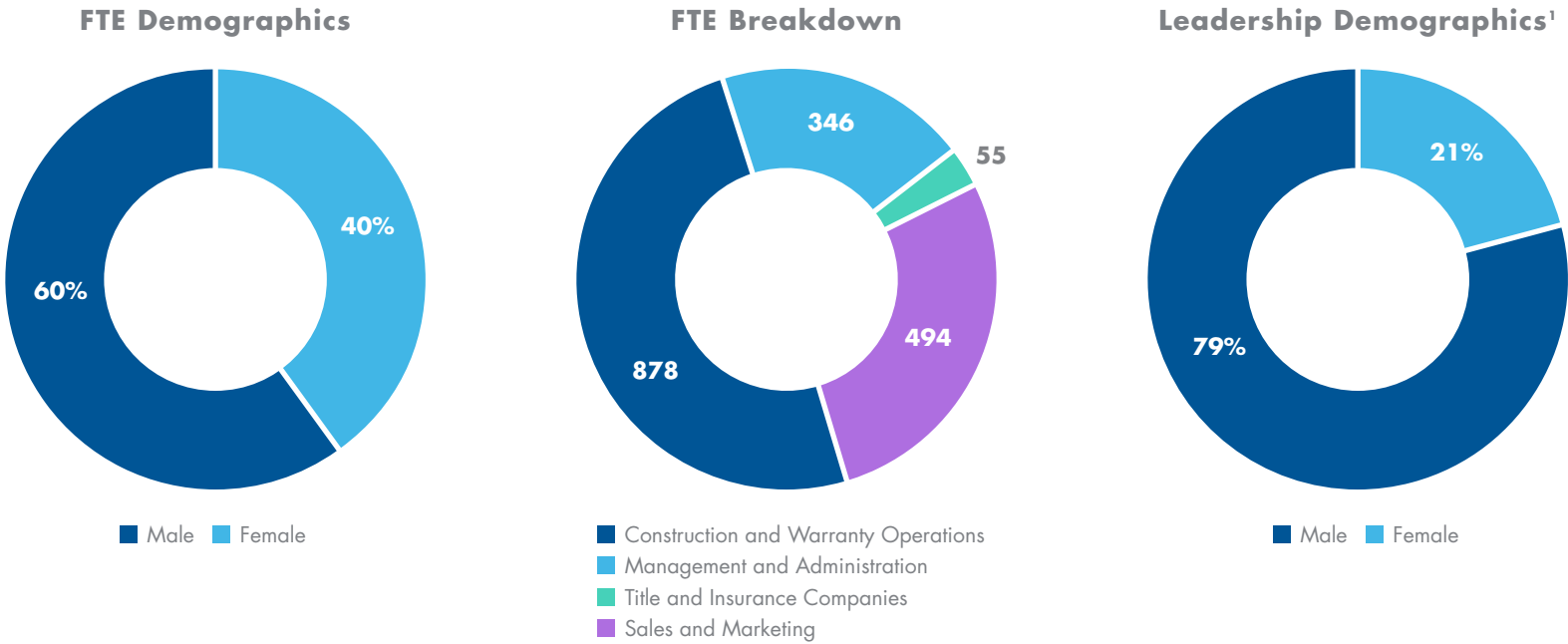
- Thoughtful and intentional inclusion of **females and underrepresented groups in our leadership structure** is evident at all levels from our managers to executive management to our Board of Directors.
- A longer-term **DE&I strategic roadmap** was established based on best practices from organizations at the forefront of DE&I initiatives as well as insights from Meritage employees.
- A **full-time DE&I leader** carries out our strategy and supports ongoing efforts.
- Continued work with a **third party DE&I consultant** to develop strategy and techniques that align with and enhance our present culture.
- An **internal DE&I Council** was formed—comprised of Meritage employees in various disciplines—to provide feedback to management and recommendations regarding our DE&I initiatives.
  - The members of our DE&I Council represent leadership in the field and at corporate.
- **Company-wide DE&I trainings** with third-party experts promote education and awareness for our employees about unconscious bias in the workplace as well as inclusive leadership capabilities.
- Our CEO pledged support of the **CEO Action for Diversity and Inclusion**.
- **Recruitment** relationships with **WayUp**, **INROADS** and **United Negro College Fund** help enhance underrepresented groups in our talent acquisition process and internship program.
- As a founding partner and continued supporter of **Building Talent Foundation**, we continued contributing in 2021 towards their efforts to advance the education, training and career progression of young people and people from underrepresented groups in the homebuilding industry.
- We expanded our **philanthropic support for DE&I efforts** at nonprofits and professional associations in 2021 to support racial equity and inclusion initiatives as well as female representation in the fields of construction and engineering.
- Our management provides support and feedback through thought leadership and mentorship to **Equipt**, an organization that equips young professional females early in their careers with the knowledge, skills and coaching to drive an equitable and thriving career.



WORKFORCE DIVERSITY

We are committed to having diverse representation across all levels of our business. At December 31, 2021, we had **1,773 full-time employees** (FTEs) compared to 1,570 in the prior year.

Breakdown of Meritage’s FTE population at December 31, 2021:



EEO-1 DATA

We are enhancing transparency of our diversity representation data by disclosing our equal employment opportunity report (EEO-1) for 2021.

	Women Team Members	Ethnically Diverse Team Members
Total Company	40%	25%
Management <sup>1</sup>	21%	18%
Professionals	38%	32%
Administrative Support Workers	86%	28%
Sales Workers	60%	35%

<sup>1</sup>Management and Leadership refer to Executive/Senior-Level Managers and First/Mid-Level Managers.



#### Q&A WITH JAVIER FELICIANO, Chief People Officer

Javier joined Meritage in late 2015, when the Company had just launched the Life. Built. Better.® initiative, reflecting how we treat our customers, employees, trade partners and other stakeholders. Seeing this opportunity for a corresponding values refresh to align with this brand promise, Javier helped establish and roll out the core values that continue to embody Meritage's culture today. More recently, Javier has reviewed our core values through the lens of DE&I and led the expansion of DE&I efforts at Meritage.

### 1. WHAT IS THE VALUE PROPOSITION OF DE&I FOR MERITAGE?

**Response:** It is about **leveling up our culture**—developing and expanding a culture of inclusion. It is about **personally benefiting individuals**. Everyone's voice deserves to be heard. Everyone matters, belongs and is valued for what they bring to the table. It is about **creating a cultural advantage**. Enhancing an inclusive environment and our diverse workforce will boost our collective creativity and strengthen our shared purpose to deliver a Life. Built. Better.®

### 2. WHY IS DE&I IMPORTANT FOR MERITAGE'S WORKFORCE?

**Response:** At Meritage, we believe we are stronger as an organization when we embrace and leverage the unique differences and contributions of our employees, customers, and trade partners. We believe **diversity creates a competitive advantage** by bringing fresh and new perspectives, **enhancing innovation, increasing employee engagement** and **improving company results**.

### 3. HOW IS DIVERSITY REFLECTED AT MERITAGE?

**Response:** We bring diversity, equity and inclusion into our culture in three ways. First and foremost, we need to **focus on the workplace**, to create an environment where we can reach our full potential in support of organizational goals. While doing that, we also need to actively and intentionally seek to **increase and retain the demographic and skill diversity of our workforce** at all levels. Finally, our focus in the marketplace will be to **cultivate meaningful relationships with diverse customers, suppliers, trade partners and the communities that we serve**.

### 4. WHY IS DE&I TRAINING IMPORTANT?

**Response:** To enhance our inclusive workplace culture, **we equip all of our leaders with a foundational DE&I education** on topics like unconscious bias and our leaders on building inclusive leadership so that all team members—new and existing—experience a welcoming environment.

### 5. CAN YOU ELABORATE ON MERITAGE'S PHILANTHROPIC DE&I EFFORTS?

**Response:** We dedicated \$300,000 in 2021 to support **racial diversity and equity initiatives** in education and recruitment. We believe these efforts will help build tomorrow's leaders within the homebuilding industry.

### 6. WHAT IS NEXT FOR MERITAGE IN TERMS OF DE&I?

**Response:** We are in the process of expanding our benefits to support a diverse and inclusive workforce. In the near future, we will be launching employee resource groups (ERGs) throughout the organization. Our employees will play an active role in defining these ERGs and further shaping our culture.





## RECRUITMENT

Developing the best talent starts with hiring a diverse team. We seek candidates with different **backgrounds, experiences, and perspectives** so that we can better address the needs of the customers we serve. We leverage recruiting resources such as a third-party assessment of an individual's behavior and cognitive ability, to aid our talent acquisition team and departmental managers in making strategic hiring decisions.

- We heavily utilize our internal recruitment team as well as third-party hiring agencies.
- We participate in recruiting fairs.
- We encourage current employees to apply for open positions.
- Employees can refer applicants for open positions and receive a bonus for successful referrals through our referral program.

## TARGETING EARLY CAREER TALENT ACQUISITION

Meritage values early talent recruitment as a key strategy to developing our future leaders.

We also collaborate with external partners to attract new talent to our industry. We continue to work with institutions like **INROADS** and the **United Negro College Fund** (UNCF) to provide academic scholarships and internship opportunities. Our partnership with **WayUp** has connected our talent acquisition with a diverse range of college students and young professionals. Early career talent recruits join both our full-time employee base and our internship programs throughout the year.

- We sponsored scholarships for students at various historically black colleges and universities through the UNCF, and encourage these recipients to pursue internships and/or full-time employment at Meritage in the future.
- Through WayUp, we hired interns in both our field operations and corporate offices.

## CREATING A STRONG WORKFORCE IN HOMEBUILDING

We are proud to be a founding partner of the **Building Talent Foundation** (BTF). Meritage donates to BTF to support their efforts in advancing the education, training, and career progression of underrepresented minorities in companies across homebuilders, suppliers, and trade partners alike.

In 2021, we also forged new relationships to support a future workforce in homebuilding and related industries.

- We sponsored scholarships through the **National Association of Women in Construction** to align with the association's commitment to strengthen and amplify the success of women in the construction industry.
- We donated to the **Society of Women Engineers** to support their advocacy work for women in the engineering industry.
- We established the **Meritage Homes Scholarship Fund at North Carolina Agricultural and Technical State University** which provides scholarships for students majoring in geomatics and construction management.

## TALENT RETENTION

**Human capital is our greatest asset.** We strive to ensure we provide our employees with an **exceptional employee experience** which includes **competitive compensation** and **robust benefits, equitable opportunities** to learn and grow their career at Meritage and a **safe work environment** where all employees **feel respected and are treated equitably.**

- Employee engagement
- Flexibility for remote work structures
- Volunteer opportunities
- Training and leadership development
- Market competitive compensation and benefits

## EMPLOYEE BENEFITS

### HEALTHCARE

- COVID-19 Paid Sick Leave
- COVID-19 Vaccine Paid Time Off
- Critical Illness & Accident Protection
- Basic Life and AD&D Insurance
- Medical, Dental, and Vision Insurance
- Paid Maternity Leave
- Short and Long-Term Disability Insurance
- Smoking Cessation Program
- Supplemental Life Insurance & Dependent Life Insurance
- Virtual Telehealth Visits

### Employee Assistance Program (EAP)

- Free confidential professional mental health counseling sessions for employees and eligible dependents
- Broad support in areas including family, caregiving, financial, crisis support and more

### MTH Flex

- **Flexible workplace model including virtual / remote work for eligible employees**

### Savings & Retirement Support

- 401K with Company match for qualified employees
- Deferred Compensation Savings Plan for eligible employees
- Financial well-being program
- Flex Spending Account
- Dependent Care Flex Spending Account
- Health Savings Account with Company match

### Paid Time Off

- Holidays
- Vacation and personal days
- Sick time
- Volunteer hours

## Education

- Training programs
- Tuition reimbursement
- Tutoring discounts
- Free e-learning tools to upskill through an online on-demand learning platform

## Wellness

- Wellness Coaching
- Wellness Discounts
- Wellness Program

## Other Benefits

- Adoption Assistance
- Identity Theft Protection
- Leave of Absence
- Cell phone allowance
- Car allowance for eligible employees
- Employee discounts
- Home purchase rebate
- Home appliance and safety discounts
- Service award and recognition program

## MERITAGE WELLNESS PROGRAM

We believe that the wellbeing of our employees is paramount to our success as a company. Amid the global pandemic, Meritage actively searched for ways to continue to support our employees in all facets of life.

The Meritage Wellness Program is designed to promote thoughtful and meaningful mental, physical, nutritional, and social wellbeing for our employees and their families.

In addition, we encourage employees and their families to conduct annual biometric assessments to help stay aware of their personal health and reduce their insurance costs for the following year.



## EMPLOYEE ENGAGEMENT

We regularly seek feedback through our employee surveys and Glassdoor reviews to ensure we understand the **voice of our employees**.

## EMPLOYEE SURVEYS

We typically conduct an anonymous employee engagement survey every 18-24 months, which may be replaced by a culture survey from time to time like in 2021. We also have periodic shorter, real-time **pulse surveys**.

In 2021, we conducted the **Denison Culture Survey**, an anonymous employee culture survey to assess key elements of culture which can help our organization improve business performance and to create a formal diversity and inclusion index. This survey was conducted on a representative sample of the employee base in order to understand Meritage's cultural readiness to engage in our DE&I strategic efforts as well as leverage the data to inform our DE&I strategic plans.

- Across the four categories of **mission, adaptability, involvement, and consistency**, Meritage reached the top of all organizations that have taken the Denison Culture Assessment.

### The **2021 Culture Survey**:<sup>1</sup>

- 98% of our employees believe we have a shared vision of what the organization will be like in the future
- 94% overall Diversity & Inclusion Index score
- **Agreement:** 97% of our employees believe there is a clear agreement at Meritage about the right way and the wrong way to do things

- **Organizational Learning:** 94% believe we make certain that everyone is informed about what is going on across the organization
- **Vision:** 95% believe our vision creates excitement and motivation for our employees
- **Core Values:** 95% believe Meritage's leaders and managers "practice what they preach"
- **Strategic Direction:** 95% believe there is a long-term purpose and direction



We are proud of these results that demonstrate the investment we have made over the last few years in being intentional to refine and redevelop our brand promise, core values and strategy have not only positively impacted our business results but our culture as well.

Phillippe Lord  
Chief Executive Officer of Meritage Homes

While we are proud of our culture survey results, there is always room for improvement, and we will continue to gauge and assess the culture survey in future periods, especially with a more permanent implementation of MTH Flex.<sup>2</sup>



Meritage's average employee rating on Glassdoor improved significantly from 4.3 in 2020 to

# 4.5 in 2021

on a scale of 1 (dissatisfied) to 5 (very satisfied). Further, Meritage's 2021 rating is above Glassdoor's U.S. public production builder industry average of 3.9.<sup>3</sup>

<sup>1</sup>The 2021 Culture Survey was conducted with a representative sample of Meritage field and corporate employees.

<sup>2</sup>MTH Flex is our flexible workplace model.

<sup>3</sup>Source: Glassdoor.





## TRAINING & DEVELOPMENT

Meritage successfully retains top talent by engaging with our employees about their career progression, in addition to professional development-related training. We have a robust talent recognition and succession planning model in place to identify and promote rising team members.

### Employee Performance Management

We conduct semiannual performance and development discussions with our employees. Managers provide detailed feedback to employees on their job performance, areas of development, set joint goals and discuss potential career and internal opportunities, which demonstrates to our employees that we are invested in their success. Senior management participates and creates opportunity paths for employees looking for the next step in their career. At Meritage, **our culture rewards employees based on factors such as qualifications, performance, experience, creativity, innovation, dedication, collaboration, effort, participation, and alignment with our core values.**

### Training & Education

In addition to mandatory compliance-based training, Meritage invests in the development of our employees by providing access to professional development programs. Qualified employees can also receive tuition assistance and reimbursement.

#### ■ Compliance-Based Training

- We have high expectations regarding **accountability and ethical conduct from our employees.** Our Code of Ethics sets forth our core values and the expected behaviors and actions that support them. All employees receive mandatory annual training on both policies as well as anti-harassment and anti-discrimination trainings upon hire and annually thereafter. In 2021, we achieved our goal of **100 percent completion of Code of Ethics training by active employees.**

#### ■ Cybersecurity Training

- As part of our onboarding process, all employees complete online cybersecurity and compliance courses. In 2021, we obtained 99 percent participation by active employees in cybersecurity training. Our employees participate in continuing education for cybersecurity awareness training. In 2022, we switched our cybersecurity training to more frequent, **microlearning opportunities regarding phishing, multi-factor authentication, protection of credentials and data.**

#### ■ DE&I Training

- As part of the unconscious bias speaker series, Meritage employees learned about **courage and vulnerability** as well as the brain science behind **inclusion and belonging.**



### Professional Development

- We foster a culture of learning to upskill employees across all functions of our business through an online learning platform. We believe career development tools help increase employee productivity, retention, and engagement. Topics covered **construction safety, business analysis and strategy, business software and tools, finance and accounting, leadership and management, sales, and project management.**

Over

**58,000**

online classes were taken in 2021 by over

**1,900**

full time and part time employees took online classes in 2021<sup>1</sup>

<sup>1</sup>Includes full time and part time employees, interns and employees who were not part of the FTE count at December 31, 2021.

- **Leadership Institute** is an annual, multi-day event focused on equipping our senior leaders with targeted leadership development skills. This event is designed to **drive excellence in leadership**, providing tools and methods for applying the concepts learned on a go-forward basis.
  - In 2021, we continued our series of virtual leadership training about topics like building our culture in an intentional and inclusive way.
- In addition to on-the-job learning, qualified employees can participate in formal career development programs at Meritage:
  - **Advanced Leadership Program** is focused on the development of early career, high-potential leaders whom management believes have a long runway within the organization.
  - **Meritage Executive Talent Program** is designed for the vice president level for high-performing leaders who Meritage believes could be ready to step into a division president role.





WORKPLACE HEALTH AND SAFETY

In the Field

The health and safety of our employees, contractors and subcontractors are critical at our job sites. **We are in compliance 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. **100 percent of our construction personnel are OSHA certified.**

Protecting Our People & Partners

We contractually require our contractors and subcontractors to comply with all relevant laws and labor practices, adhere to Meritage’s **Vendor Code of Conduct**, follow local building codes and permit conditions as well as meet performance, warranty and insurance requirements. Our construction managers also monitor compliance with building and safety codes.

Meritage maintains an extensive safety manual within our Employee Handbook that sets forth the mandatory safety work practices and policies for our construction personnel. Where applicable, our contractors and subcontractors are also expected to adhere to these rules. For example, every employee, contractor, and trade partner is required to wear personal protective equipment on job sites. Our safety program and processes are

specifically designed to systematically identify, evaluate, and prevent or control hazards related to all our operations.

We also aim to promote a culture of safety on job sites by requiring regular safety trainings.

- We encourage all employees to alert their managers of any safety concerns and/or contact our Ethics Hotline.
- Operations employees are assigned monthly classes in our library of third-party safety courses.
- Construction managers monitor and track trade partner safety practices daily, conduct weekly safety inspections on job sites and host monthly **Toolbox Safety Talks** for our contractors and subcontractors, discussions focused on different safety issues to increase the depth of our safety program.

<sup>1</sup>Based on public homebuilder company publications.

Improving over 50% year-over-year, our **Total Recordable Incident Rate (TRIR) of 0.7** in 2021 was lower than the U.S. public production builder industry median TRIR of 1.0, on a scale of 0 to 10 with 0 being a perfect TRIR.<sup>1</sup>

Meritage’s TRIR

1.3  
2019

1.5  
2020

0.7  
2021





In 2021, we invited an infectious disease expert to share his professional insights and perspective regarding COVID-19 as well as conduct a virtual Q&A with our employees.

In 2021, the Company provided a vaccination incentive and paid time off for employees to support COVID-19 vaccination efforts.

## CONTINUING TO NAVIGATE A GLOBAL PANDEMIC

The health, safety, and wellbeing of our employees, trade partners, customers, and their families have always been our top priority at Meritage. As we adapted in this unprecedented time, our COVID-19 protocols for our sales offices, job sites, and corporate headquarters continued to evolve based on the guidance of the Centers for Disease Control and Prevention to shape our decisions.

### Protecting our Employees

- Provided employees with personal protective equipment and cleaning supplies
- Allowed for flexibility to work remotely
- Invested in IT to enable secure remote work
- Limited business travel and in-person meetings
- Offered free access to mental health counselors via our Employee Assistance Program
- Paid leave to support employees and their families directly affected by COVID-19

### Protecting our Customers

- Deep-cleaning protocols at both sales offices and model homes
- Offered 100% contactless selling to customers and the option to conduct certain portions of the home closing process virtually
- Launched self-guided tours for a no-contact tour of a model home after hours

### Protecting Our Greater Community

- Our employees donated time and effort to local vaccination efforts

## HUMAN RIGHTS

Meritage respects the basic human rights of all individuals, including our employees, business partners, customers and all other stakeholders. We empower our employees to bring their best selves and their ideas to work every day.

Our Human Rights Policy applies to all employees and the Board of Directors as well as our contractors, subcontractors, vendors, suppliers and partners. We are committed to supporting the [United Nations Universal Declaration of Human Rights](#).

[Our Human Rights Policy](#) addresses:

- Equal opportunity, non-discrimination and preventing harassment
- Diversity, equity, and inclusion in the workplace
- Child labor, forced labor and human trafficking
- Wage, hour and compensation policies
- Health and safety
- Civil liberties and freedom of speech
- Freedom of association and collective bargaining
- Data privacy

- Conflict minerals
- Training and education
- The role of our business partners

Our Board of Directors has oversight for this policy, which it reviews annually.

Similar to our Code of Ethics policy, compliance with the Human Rights Policy is monitored by our People Operations team and our internal audit department. Beginning in 2021, we required our employees to complete an annual certification that they had received and reviewed our Human Rights Policy. Employees and all stakeholders are encouraged to report any alleged human rights violations and/or concerns through an **anonymous 24/7 Ethics Line**.





## OUR CUSTOMERS

### ADDRESSING AFFORDABILITY

Meritage offers high quality yet affordable homes in the entry-level and first move-up markets in all of its geographies. **Affordability** is key to our strategy:

- In every community, homes range in type, size, style and price.
- Our buying process includes **clear pricing and no surprises**.
- Our 100 percent strategy of pre-building before selling our entry-level homes combined with **streamlined operations** have enabled us to continually drive down cost and in turn, **we share the cost savings with our customers**.
- For first move-up homes, we provide **pricing transparency** and a simplified design process with our curated, bundled Design Collections.
- Our entry-level communities are typically located outside of city centers.
- We continue to **work with municipalities** to fund the development of the infrastructure into new parts of the cities we build in to reach our communities.
- By building **energy-efficient and water-saving homes**, our homeowners reduce their energy resource usage and their utility bills every month.
- Our marketing efforts promote an all-in monthly payment to ensure our buyers have full transparency of their average monthly payments on the home.
- Our future communities opening in later 2022 and 2023 are expected to have a **lower ASP** compared to our active communities in 2021.

Meritage opened

**178**

new communities in 2021

Nearly

**22%**

of the homes we delivered in 2021 were at or under 1,800 sq. ft.

With our predominant focus on entry-level homes, we are helping to build the American dream.

		Entry-Level	First Move-Up	Other
Home Closings	2021	77%	20%	3%
	2020	65%	29%	6%

		Entry-Level	First Move-Up	Other
Average Communities	2021	76%	21%	3%
	2020	60%	32%	8%





Skyridge | Nashville, TN



## ADVOCATING FOR AFFORDABLE HOUSING

- Homeownership is generally a family's largest asset purchase and is typically the core component of building equity and accumulating wealth in the U.S.
- Meritage is a member of various national, state and regional level industry associations like **National Association of Home Builders**, local **Building Industry Associations** and **Leading Builders of America**. Our involvement allows us to effectively advocate for greater homeownership and affordable housing nationwide through public policy while expanding our relationships and collaborate with other builders, suppliers and trade partners to develop solutions for better, more efficient construction.



## CUSTOMER SATISFACTION

Excellent customer experience is paramount. We focus our efforts on reducing stress, increasing pricing transparency, and expanding our virtual homebuying options. We make the homebuying journey easy and accessible for all buyers, as evidenced by our consistent customer satisfaction scores.

Hear what our customers have to say:



Everyone at Meritage has been wonderful. From the sales representative to the construction manager to the loan agent to even the warranty representative. They have been present every step of the process, answering questions, even at odd times. It made the whole buying process wonderful.

Nashville, TN Customer



I researched builders with no intention to buy right away but rather in the distant future. After seeing the quality and specifically the energy efficiency of Meritage homes we decided to buy right away. The sales and construction team were kind and professional and really made me feel a part of the community. The overall design of the home makes sense for our lifestyle and we love our new house!

Denver, CO Customer



Meritage Homes gave an excellent experience throughout our entire building process. They have a highly communicative team, who addressed all of our questions and concerns. I have built several new homes in the past few years and this by far has been my absolute best experience.

Atlanta, GA Customer



AVID AWARDS REFLECT CUSTOMER SATISFACTION

Meritage’s Avid Ratings

	Meritage Homes Rating	Industry Average Rating
2021	92.1%	88.4%
2020	92.7%	89.2%
2019	92.8%	88.1%

Avid is a third-party customer satisfaction rating agency that evaluates homebuyers’ experience for various production builders—including Meritage—35 days after closing and again eleven months after owning the home. Avid’s New Home Experience surveys collect detailed homebuyer feedback and provide insights on customer satisfaction, willingness to refer, actual number of recommendations, and the overall homebuying experience.

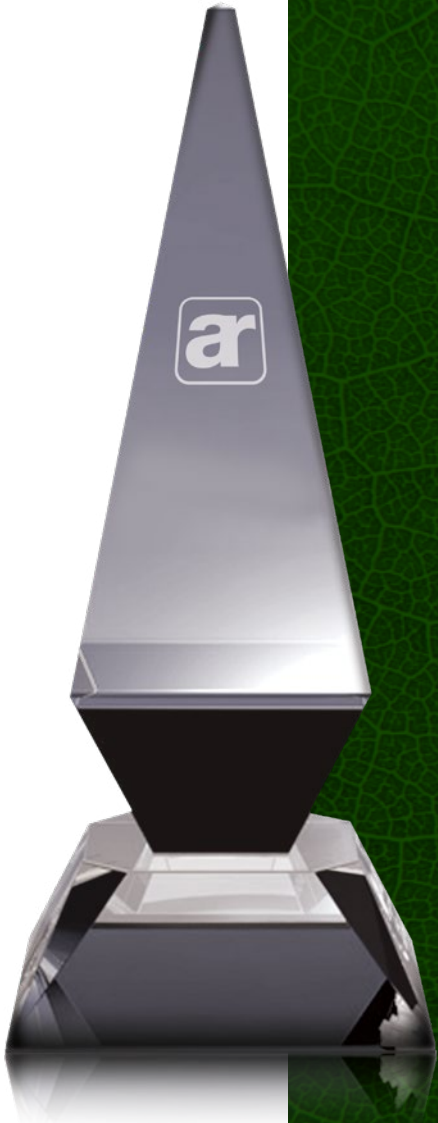
The Avid Awards have been at the forefront of bringing transparency of homebuilder performance to consumers since 1992 and have long been regarded as a reliable, independent solution to tracking customer service.

2021 was the tenth straight year that Meritage Homes has been recognized for the highest homebuyer ratings.

In 2022, Meritage Homes’ **Southern California Division received the prestigious Avid Cup – Production for the first time in the company’s history.** The Avid Cup is the program’s top honor, with only one builder in North America receiving the award for the highest customer satisfaction ratings in the production category.

- Nashville division was recognized with the Avid Gold Award for having the highest customer ratings per region for a new home at the time of move-in
- Atlanta, Dallas-Fort Worth, Denver, Greenville, South Carolina, Houston, North Carolina, Orlando, Phoenix, Raleigh, San Antonio and South Florida divisions took home the Avid Benchmark Award for scoring among the top 25% in customer ratings nationwide

Source: Avid Ratings.



These awards demonstrate our team’s hard work and commitment to delivering the industry’s highest level of customer satisfaction. We are so proud that our SoCal division received the prestigious Avid Cup this past year—a first for our company and hopefully the start of many more to come in the future!

Clinton Szubinski  
Chief Operating Officer of Meritage Homes

## 100 PERCENT CONTACTLESS HOMEBUYING PROCESS

Our goal as a builder is to provide our customers a seamless buying process in whatever form is most desirable for them. As a leader in innovation, Meritage is constantly working to further **digitalize the customer buying experience** and make it easier to interact virtually. We like to provide an omnichannel experience to our buyers and our Meritage teams are available online or in person in the community at any point in the process, to make sure we meet the buyers where and how they want to transact.

We offer financial services online via Meritage-affiliated providers for mortgage, title and escrow as well as insurance services.

Meritage's comprehensive [digital homebuying suite](#) gives buyers the tools they need to:

- Research and compare communities and available quick move-in inventory as well as view online video tours, interactive maps and community brochures on our website
- Schedule appointments online to either visit with a sales counselor, or conduct a self-guided tour, where available
- Generate a personalized listing of homes that matches the buyer's home purchase criteria in their desired neighborhoods
- Get pre-qualified and pre-approved online for their Meritage home purchase
- Pay the home purchase deposit electronically in a secure manner
- Sign all sales documents electronically
- Get an on-demand electronic homeowner's insurance quote for the specific home under contract
- Attend an online new home orientation
- Sign applicable mortgage and closing documents digitally (in states that allow it)



Finding the right home is the hard part. As a one-stop-shop, our online financial services offering makes this essential part of the homebuying process simple and seamless for our customers. They greatly appreciate the associated time and cost savings from this digitalized experience, and further, this practice promotes internal efficiencies and paper waste reduction at Meritage.

Hilla Sferruzza  
Chief Financial Officer of Meritage Homes





Highland Chase | Greenville, SC

### SELF-GUIDED TOURS

In 2021, we launched self-guided tours in select locations to address customers' changing preferences. Self-guided tours allow buyers to sign-up for a no-contact tour of a model home on our website, and then tour the home after hours on their own at their convenience. Not every customer will be comfortable touring our homes in person as a result of health and wellness concerns in today's world, and giving them this option from the get-go **builds trust between Meritage and our homebuyers.**

### EDUCATING OUR CUSTOMERS

We educate homebuyers on the financial considerations related to homeownership, the benefits of energy-efficient homes, and do's and don't's for home maintenance through our virtual collection of [Pro Homebuying Tips](#), which includes articles and videos for consumers.

### Financial Education

Providing prospective first-time buyers with education on the financial aspects of homeownership is essential and ensures full transparency, as many entry-level buyers are focused on monthly payments.

- Provide an online calculator to determine the total mortgage and the size of the all-in monthly payment

- **Offer a complimentary Financial Solutions program, where Meritage covers the cost, that helps improve a buyer's credit score which will result in his/her ability to qualify or reduce his/her interest rate**

- Outline the steps to financing a new home from prequalification to closing
- Help buyers determine what they can afford

### Energy Efficiency Education

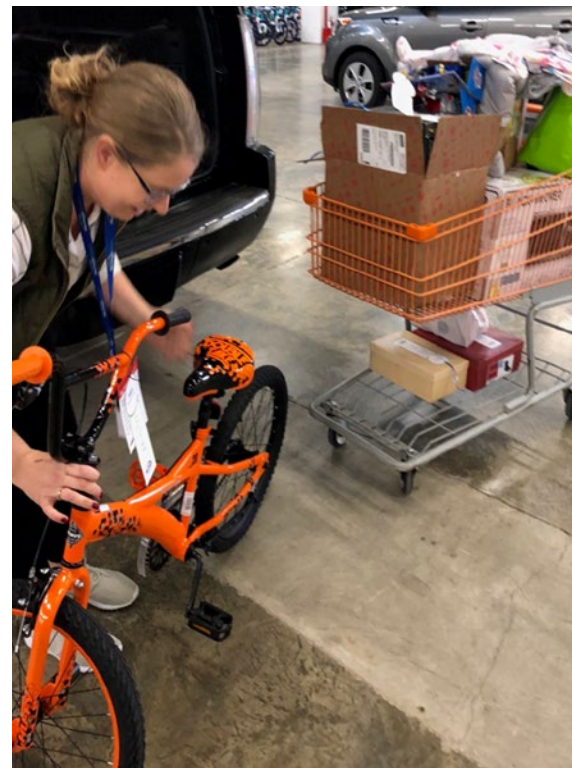
As a leader in energy-efficient homes, our comprehensive [Homebuyer's Resources](#) and [Homebuyer's Guide to a Smarter Buy](#) highlight articles and videos on the better building practices, benefits, and features of an ENERGY STAR® certified home.

Beyond providing energy efficiency education, homebuyers also gain an understanding about greenwashing so that they can recognize any misleading information or pitfalls and ensure the features related to a green product will actually produce the long-term utility bill cost savings they expect.



## OUR COMMUNITIES

We recognize our responsibility extends beyond delivering excellent houses to building stronger communities in the markets that we serve.







We are proud of our employees for donating their time, talent, and resources to the greater communities in which we build. Each year, employees are encouraged to take two paid days off for volunteerism in their markets. In 2021 alone, our employees volunteered a total of **about 600 hours** at organizations like Second Harvest Food Bank, Angel Tree, and Salvation Army, among many others.

Founded in 2014, the Meritage Cares Foundation (Meritage Cares) is a nonprofit entity to strengthen and facilitate our charitable efforts. **We dedicate a portion of every home closing revenue to eligible charitable organizations in the area.**

We also provide matching donations to our long-term charitable partner, the **Arizona Housing Fund**, encouraging our Arizona homeowners to donate \$25 toward construction of nonprofit affordable housing with Meritage matching each donation dollar-for-dollar.

During 2021, our Meritage Cares donations benefited both local and national organizations with a focus on ending hunger and houselessness, supporting our veterans, and promoting racial diversity as well as assisting refugees from Afghanistan. In addition to nearly **\$220,000** in contributions to various regional organizations, Meritage Cares donated:



- **\$100,000** to the International Rescue Committee to aid Afghan refugees with immediate housing, food, medical care, and long-term support.



- **\$100,000** to regional Texas food banks after the extreme winter storms in 2021.



- **\$125,000** split between the INROADS program, United Negro College Fund and North Carolina Agricultural and Technical State University's College of Science and Technology to further our commitment to racial diversity, equity, and inclusion and fund scholarships.



- **\$125,000** to Building Talent Foundation for the education and career development of underrepresented groups interested in residential construction.



- **\$300,000** to the Arbor Day Foundation to support urban tree planting and responsible forest management.



- **\$50,000** split between the National Association of Women in Construction and Society of Women in Engineering to empower women in construction and engineering.





### OPERATION HOMEFRONT

In 2021, we were honored to continue our long-time partnership with Operation Homefront through its Permanent Homes for Veterans program. With the support of our suppliers and trade partners, we built and donated our fourteenth new mortgage-free, energy-efficient home to a deserving military veteran family, this year in the Tampa, Florida region.



### Q4 OUTPOUR: HYGIENE KITS FOR AFGHAN REFUGEES

Across all divisions, Meritage proudly supported Afghan refugees for our annual Q4 outpour in 2021 by donating products and assembling hygiene kits.



We couldn't be happier to be able to thank military families with donated homes for all that they do for all Americans. This donation is especially meaningful as we have many employees who are veterans that are excited about the opportunity to support veterans' transition back to civilian life. We are immensely proud to provide military families the opportunity to have a safe, healthy and fulfilled home.

Clinton Szubinski  
Chief Operating Officer of Meritage Homes



Not only did Meritage expand corporate giving in 2021 to foster healthy and safe communities, but having our teams across every region engaged and supporting Afghan refugees in their initial resettlement process fostered tremendous employee pride at Meritage.

Javier Feliciano  
Chief People Officer of Meritage Homes





## MERITAGE'S REGIONAL PHILANTHROPY

### Arizona

- Ronald McDonald House Charities of Southern AZ
- Teddy Bear Drive

### Colorado

- Patriot Anglers Corporation
- Hope House of Colorado

### California

- United Way of the Inland Valleys
- Working Wardrobes for a New Start
- American Red Cross

### Florida

- Batten Disease Support and Research Association
- The Leukemia & Lymphoma Society

### South Carolina

- Habitat for Humanity of Greenville County
- Salvation Army

### North Carolina

- Classroom Central

### Georgia

- HomeAid Atlanta, Inc.
- Adopt a Family

### Texas

- Mobile Loaves and Fishes
- North Texas Food Bank
- Toy Drive 2021 Community Partners of Dallas

### Tennessee

- Nashville Safe Haven Family Shelter



# GOVERNANCE



## GOVERNANCE

Strong leadership and sound governance are fundamental to executing at a high-level and consistently **delivering quality products and excellent customer experience to our customers.**

We actively and regularly engage with all of our stakeholders through various platforms to ensure **responsible business** conduct. Our Board of Directors and executive management are committed to fostering an **environment of integrity, equity and respect.**

We embrace **responsible corporate stewardship** by living out our core values and our promise to deliver a Life. Built. Better.® We remain steadfast in our commitment to adhere to the high standards that our shareholders, regulators and others expect of us, and that we expect of ourselves:

- Educating our employees on our **Code of Ethics** and our vendors on our **Vendor Code of Ethics**
- **Championing diversity and inclusion**
- Promoting the **right tone from the top**
- Developing strong leadership and management that are **committed to integrity**

Our governance standards and processes strive to promote **accountability, transparency and ethical behavior** to help us perform at the highest levels in everything we do.



## BOARD DIVERSITY

### Strong Independent Leadership

82% of our Board of Directors were independent at March 24, 2022 (9 of 11), and 100% of our Board committee members are independent.<sup>1</sup>

Our Board is comprised of a group of individuals whose previous **experience, backgrounds, qualifications, personal ethics, dedication and commitment to our Company** allow the Board to complete its key task as the overseer and governing body of the Company. We use a third party firm to support the Board in new director recruitment. The Board uses a matrix of qualifications to review candidates during board directorship recruitment that addresses diverse backgrounds, skills, expertise, and experiences including, without limitation, the following areas:

- management or board experience in a wide variety of enterprises and organizations
- banking, capital markets and finance
- accounting
- legal and regulatory
- real estate, including homebuilding, commercial and land development
- technology and cybersecurity
- sales, marketing and branding
- operations
- academia

Currently, ESG training is underway for two of our independent directors.

## Board Diversity

The Board is committed to a policy of inclusion and diversity.

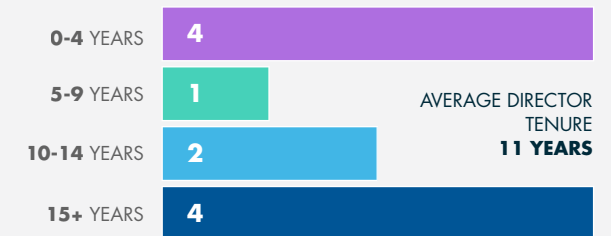
- 45% of our Directors joined in the last six years (5 of 11)<sup>1</sup>
- 45% of our Directors were under 60 years old (5 of 11)<sup>1</sup>
- 27% of our Directors were ethnically or gender diverse at March 24, 2022 (3 of 11), with 75% of our last four members representing this diversity<sup>1</sup>

Our Nominating / Corporate Governance Committee is responsible for board refreshment. When seeking new Board inclusion candidates, the Committee is committed to a policy of and has taken and will continue to take steps to ensure that female and ethnically diverse candidates be considered for the pool of candidates from which the Board nominees are chosen and will endeavor to expand Director searches to include candidates from non-traditional venues.

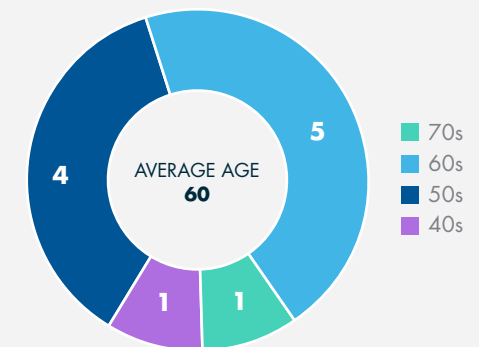
For more information about our Board of Directors and the board committees, please see our [2022 Proxy Statement](#).

<sup>1</sup>As of March 24, 2022.

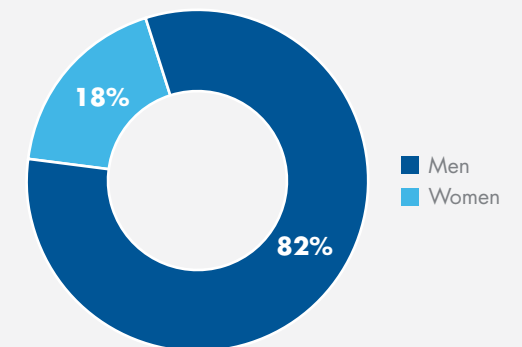
## Director Tenure<sup>1</sup>



## Director Ages<sup>1</sup>



## Director Demographics<sup>1</sup>





BOARD OVERSIGHT

Although Meritage’s executive management is responsible for the daily management of risk throughout the business, our Board has overall responsibility for the oversight of risk management. On a regular basis, our Board receives reports from various members of management, reviews executive management briefings and external expert findings on pertinent topics ranging from cybersecurity to environmental actions and employee engagement to DE&I at least four times a year and is actively involved in monitoring and approving key decisions relating to our operations and strategy.

Our Board of Directors is governed by a set of Corporate Governance Principles and Practices, which serves as a framework to assist the Board in the exercise of its responsibilities.

Board Oversight by Committee

- Our **Audit Committee** is responsible for reviewing and analyzing significant financial and operational risks as well as cybersecurity and data privacy management, and how our executive leaders are managing and mitigating such risks through our internal controls. Our Audit Committee plays an important role in overseeing our internal controls monitoring.
  - To address cyber risk challenges, this committee oversees Meritage’s risk exposure and provides perspective on the evolving cybersecurity threat landscape.
- Our **Nominating / Governance Committee** assists in identifying new Board members using a matrix based on diversified backgrounds and leads the Board’s governance oversight function.
- Our **Executive Compensation Committee** oversees the compensation and incentives provided to our executive officers. The committee is focused on prudent and fair compensation that is commensurate with effort and achievements, and has an external compensation consultant to guide actions and recommendations. Per third party analysis, Meritage’s 2021 compensation measures and metrics are in line with our peer group.

- Our **Environmental, Social & Sustainability (ES&S) Committee** has oversight responsibility for ESG strategy.

Meritage is the only U.S. public homebuilder to have elevated the environmental and social opportunities and risks into a standalone board committee.

The ES&S Committee chair has **ESG expertise**.

Our ES&S Committee oversees and directs Meritage’s annual **ESG Action Plan**, which outlines our annual initiatives that are based on business impact.

- **Our Land Committee** reviews and approves any land acquisition above a pre-established threshold.

PUBLIC BOARD MEMBERSHIP

Per company policy, Meritage’s CEO and other named executive officers are limited to serving on one additional public board. Our CEO currently only serves on Meritage’s Board.<sup>1</sup> Meritage’s Board limits its independent members from serving on more than three additional public company boards and limits its executive chairman from serving on more than two additional public company boards.

<sup>1</sup>As of March 24, 2022.

## ESG GOVERNANCE

To guide our ESG efforts, we have established an annual ESG Action Plan and have several organizational structures in place, currently including the ES&S Board Committee and an **ESG internal council**.

## BOARD OVERSIGHT OF ESG

Our executive management reviews ESG-related initiatives and issues with the ES&S Committee.

[ES&S Charter](#)

### Purpose:

The ES&S Committee is responsible for advising Meritage's executive management on all matters related to our Company's ongoing commitment to environmental, health, safety, corporate social responsibility, sustainability and other related trends, issues and concerns.

### Composition:

The ES&S Committee is comprised of three members, each of which is independent, with Ms. Deborah Ann Henretta as the committee chair.

### Responsibility:

- Receives quarterly updates on environmental and social risks and opportunities from management and external expert findings.
- Oversees and approves the management team's annual **ESG Action Plan**, which lays out the year's ESG initiatives based on impact and energy required.

- Regularly engages in discussions with management regarding the quality of our procedures for identifying, assessing, monitoring and managing the principal environmental and social risks to our Company.
- Reports to the Board and provides updates on the Company's ES&S strategy, support, development, prioritization, integration and reporting.

## ESG INTERNAL COUNCIL

To support our company's ongoing commitment to ESG, we established an ESG internal council in 2022 comprised of Meritage employees from various relevant backgrounds to assist our executive management team in researching current trends and opportunities and implementing initiatives relating to ESG and our annual ESG Action Plan.

The ESG internal council, which meets regularly and reports to the Chief Financial Officer, is comprised of nine members.

- VP of Investor Relations and ESG (Chair)
- VP, People Development Inclusion & Culture
- VP, Legal—Regional Counsel
- VP of Environmental and Government Affairs
- SVP and Chief Accounting Officer
- SVP of Land
- VP of Strategic Sourcing
- Senior Director of Building Science and Innovation
- VP of Total Rewards (employee compensation, benefits and well-being program)





CODE OF ETHICS

At Meritage, ethical principles are the cornerstone to our operations, culture and conduct. Our [Code of Ethics](#) applies to our Board of Directors, officers and employees while our suppliers, contractors and subcontractors now follow our Vendor Code of Conduct. Matters covered by our Code of Ethics include but are not limited to **conflicts of interest, anti-bribery, anti-trust, financial integrity, equal opportunity and workplace health and safety**. Our standalone Securities Trading Policy outlines the Company’s insider trading rules. Our Environmental Responsibility Policy outlines our environmental protection compliance.

At the time of hire, our expectations are clear and unwavering. Meritage includes our Code of Ethics in the Employee Handbook, along with other policies and procedures, as a part of our new hire onboarding and training.

On an annual basis, every employee is responsible for refreshing their knowledge by completing a mandatory compliance training course that includes our Code of Ethics among other pertinent topics such as the Employee Handbook Review, Anti-Harassment and Anti-Discrimination Policy, Securities Trading Policy and cybersecurity. To ensure accountability, participation in this mandatory training and compliance is monitored by our People Operations team and Internal Audit. The

Nominating / Governance Committee is responsible for oversight of the Code of Ethics policy. Our Code of Ethics is reviewed annually by the Company and our Board of Directors.

To view all of our corporate governance documents, please click here.

- [Code of Ethics](#)
- [Conflict of Interest Policy](#)
- [Corporate Governance Principles and Practices](#)
- [Securities Trading Policy](#)
- [Human Rights Policy](#)
- [Vendor Code of Conduct](#)
- [Environmental Responsibility Policy](#)

BRIBERY & ANTI-CORRUPTION POLICY

At Meritage, there is zero tolerance for bribery, corruption, and fraud. As outlined in our Code of Ethics under the Gifts and Entertainment section, all decisions regarding the purchase of materials, supplies and services must be made on the basis of **multiple bids**, with the ultimate selection determined by competitive prices, quality, performance and availability in a way that preserves Meritage’s integrity and eliminates conflicts of interest.

BUSINESS ETHICS & COMPLIANCE

We intend that all aspects of our business should comply with federal, state and local laws, regulations and requirements. Meritage requires all of our stakeholders to conduct business operations with honesty and integrity.

Employees must immediately report to their supervisor, the Chief Financial Officer, the Vice President, Internal Audit/ Compliance or Chair of the Audit Committee any concerns that they have pertaining to our Company’s accounting, internal controls or audit practices.

To promote accountability and transparency, we have formal procedures in place and outlined in our Code of Ethics that encourage employees and all stakeholders to report actual and/or alleged violations to **Meritage management** or through an **anonymous 24/7 Ethics Line** monitored by an independent, third-party company. Available by phone and online, the hotline is designed to make it as convenient and comfortable as possible for our employees and third parties to communicate concerns to our head of internal audit on a confidential basis who then reports all instances to the Audit Committee.

DATA PROTECTION & PRIVACY

At Meritage, we use digital and information technology to carry out important operational, financial and marketing activities as well as to maintain our business records. We understand the importance of protecting our customers’, employees’ and vendors’ business, personal and financial data in order to keep the trust that our customers and other stakeholders have in Meritage.

We strive to abide by all federal and state regulations and requirements around personally identifiable information to ensure the protection of consumer data, including the California Consumer Privacy Act. We do not disclose confidential information unless required by law.

CYBER RISK MANAGEMENT

We prioritize **cybersecurity and consumer data privacy** both at the Company level and with individual employees. Our information technology department is responsible for coordinating the protection of our information systems and the data they maintain.

Our approach to cyber risk management is multipronged to minimize and/or avoid data breaches and cyberattacks.

- Our **prevention policies** protect our systems and data:
  - Make ongoing information security training and compliance program mandatory throughout the year
  - By using a third party training company, we provide bite-sized employee training regarding phishing, multi-factor authentication, and protection of credentials and data.
  - Maintain a privacy policy, security protocols and internal security controls
  - Limit devices on company WIFI to Meritage-owned devices to reduce opportunities for error and misuse
  - Maintain a firewall to limit cyberattack access to data
  - Use data breach detection software and third-party cybersecurity consultants that monitor our systems actively
  - Conduct internal cyber incident exercises
  - Conduct penetration tests on a recurring basis. These authorized simulated cyberattacks evaluate the security of our system and provide us the opportunity to patch any holes in our system

- Our **response protocols** are in place to address potential cyberattacks:
  - Update and review a disaster recovery plan, which includes assignment of roles and responsibilities and decision trees for various possible cyber infiltration scenarios
  - Maintain third-party cybersecurity insurance

We voluntarily adhere to the [Center for Internet Security \(CIS18\)](#) control framework, which is a widely accepted set of controls and best practices to manage technology risk and secure technology ecosystems. The CIS18 framework provides us the ability to align measurable controls to actions and benchmark against recognized standards.

Our Chief Information Officer presents a cybersecurity review to the Audit Committee at least twice each year.







# APPENDIX



## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX. MERITAGE HOMES CORPORATION, 2019-2021 DATA.

SASB TOPIC	CODE	ACCOUNTING METRIC	2019	2020	2021
Land Use & Ecological Impacts	IF-HB-160a.1	Number of lots on redevelopment sites	97	245	845
		Number of homes delivered on redevelopment sites	0	35	52
	IF-HB-160a.2	Number of lots in regions with High or Extremely High Baseline Water Stress	8,476	10,818	15,995
		Number of homes delivered in regions with High or Extremely High Baseline Water Stress	4,867	6,147	6,263
	IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	0	0	0
	IF-HB-160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Reference: See sections Site selection, Sustainable site design & development, and Home construction & environmental impacts		
Workforce Health & Safety	IF-HB-320a.1	Total recordable incident rate (TRIR) for direct employees	1.28	1.52	0.73
		Fatality rate for direct employees	0	0	0
		Total recordable incident rate (TRIR) for contract employees	0	0	0
		Fatality rate for contract employees	0	0	0
Design for Resource Efficiency	IF-HB-410a.1	Number of homes delivered that obtained a certified HERS® Index Score <sup>1</sup>	9,267	11,834	12,801
		Average HERS® Index Score of homes delivered that obtained a certified HERS® Index Score <sup>2</sup>	57	56	53
	IF-HB-410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	100%	100%	100%
	IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard (ENERGY STAR®) <sup>3</sup>	9,267	10,603	12,801
	IF-HB-410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	Reference: See sections Climate change disclosure, Climate change adaptation in home construction, Consumer survey on sustainable housing, and Educating our customers as well as the TCFD report		

<sup>1</sup>100% of the homes we delivered received a HERS Index Score through third-party RESNET-certified raters or the equivalent in California, which utilizes the state-specific Energy Design Rating (EDR) system. All ratings are obtained through physical ratings, desktop ratings, sampling and/or projected per plan per community methods.

<sup>2</sup>The stated average HERS Index Score was calculated on a weighted average basis utilizing RESNET and EDR data.

<sup>3</sup>All of the homes we delivered in 2021 were ENERGY STAR® certified, but the certification documentation process is currently ongoing with the EPA. Our 2020 home closing volume excluded California. During 2020, the EPA revised requirements under the ENERGY STAR® certification program pertaining to California after the state implemented its Title 24 energy code. We committed to building all new California Meritage homes in compliance with the revised ENERGY STAR® certification in the state in late 2020 and onwards.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX.  
MERITAGE HOMES CORPORATION, 2019-2021 DATA. *(continued)*

SASB TOPIC	CODE	ACCOUNTING METRIC	2019	2020	2021
Community Impacts of New Developments	IF-HB-410b.1	Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decision	Reference: See section Sustainable site design & development		
	IF-HB-410b.2	Number of lots on infill sites	7,077	8,842	7,636
		Number of homes delivered on infill sites	4	401	1,774
	IF-HB-410b.3	Number of homes delivered in compact developments <sup>1</sup>	4	131	574
		Average density of homes delivered in compact developments	11.7	12.5	10.9
Climate Change Adaptation	IF-HB-420a.1	Number of lots located in 100-year flood zones	216	854	956
		Number of homes delivered located in 100-year flood zones <sup>2</sup>	0	0	0
	IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Reference: See section Climate change disclosure and the TCFD report		
Activity Metrics	IF-HB-000.A	Number of controlled lots (owned and controlled) <sup>3</sup>	41,399	55,502	75,049
	IF-HB-000.B	Number of homes delivered	9,267	11,834	12,801
	IF-HB-000.C	Number of active selling communities	244	195	259

<sup>1</sup>Compact development refers to communities where density is seven or more units per acre.

<sup>2</sup>Since we always take remedial actions in accordance with FEMA regulations, lots previously located in 100-year flood zones become homes that are no longer in flood zones.

<sup>3</sup>Total controlled lots refer to the cumulative gross owned and controlled lots. It is not the newly approved land deals in each period, which totaled 18,058, 29,481 and 35,731 for 2019, 2020 and 2021, respectively.

\*All data points detailing number of lots, homes delivered and/or monetary losses under the sections Land Use & Ecologist Impacts, Community Impacts of New Developments and Climate Change Adaptation specifically relate to land committee deals from 2019 and onwards.



GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX.  
MERITAGE HOMES CORPORATION, 2021 DATA.

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	REFERENCE
Organizational Profile		
102-1	Name of the organization	Page 5
102-2	Activities, brands, products and services	Page 5; 2021 Form 10-K
102-3	Location of headquarters	Page 5
102-4	Location of operations	Page 5; 2021 Form 10-K
102-5	Ownership and legal form	2021 Form 10-K
102-6	Markets served	Page 5; 2021 Form 10-K
102-7	Scale of the organization	Page 5; 2021 Form 10-K
102-8	Information on employees and other workers	Pages 37-50
102-9	Supply chain	Pages 27-32
102-10	Significant changes to the organization and its supply chain	Pages 3-4, 27-32; 2021 Form 10-K
102-11	Precautionary principle or approach	2021 Form 10-K, TCFD report
102-12	External activities	CEO Action for Diversity & Inclusion pledge, SASB, GRI, UN Sustainable Development Goals, TCFD supporter
102-13	Membership of associations	Leading Builders of America, the National Association of Home Builders, local Building Industry Associations, Building Talent Foundation, Policy Advisory Board of the Harvard Joint Center for Housing Studies

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	REFERENCE
Strategy		
102-14	Statement from senior decision maker	Pages 3-4, TCFD report
102-15	Key impacts, risks, and opportunities	Pages 3-4, TCFD report, 2021 Form 10-K, 2022 Proxy
Ethics & Integrity		
102-16	Values, principles, standards and norms of behavior	Page 67
Governance		
102-17	Mechanism for advice and concerns about ethics	Page 67
102-18	Governance structure	Pages 65-66
102-19	Delegating authority	Pages 65-66
102-21	Consulting stakeholders on economic, social and environmental topics	Pages 7, 16-20, 35, 39; TCFD report
102-31	Review of economic, environmental and social topics	Pages 71-77; TCFD report; 2021 Form 10-K; 2022 Proxy
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 7
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	Page 7
102-43	Approach to stakeholder engagement	Page 7
102-44	Key topics and concerns raised	Page 7

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX. MERITAGE HOMES CORPORATION, 2021 DATA. *(continued)*

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	REFERENCE
Reporting Practice		
<b>102-45</b>	Entities included in the consolidated financial statements	2021 Form 10-K
<b>102-46</b>	Defining report content and topic boundaries	Pages 6-8
<b>102-47</b>	List of material topics	Page 8
<b>102-48</b>	Restatement of information	Pages 13, 19, 72
<b>102-49</b>	Changes in reporting	None
<b>102-50</b>	Reporting period	Page 7
<b>102-51</b>	Date of most recent report	Page 7
<b>102-52</b>	Reporting cycle	Page 7
<b>102-53</b>	Contact point for questions regarding the report	Page 2
<b>102-54</b>	Claims of reporting in accordance with the GRI standards	Page 7
<b>102-55</b>	GRI Content Index	Pages 73-74
<b>102-56</b>	External assurance	Our ESG report was subject to internal and third-party consultant reviews. Although we did not obtain external assurance for this report, the greenhouse gas emissions data and TCFD report were prepared and reviewed by a greenhouse gas emissions consultant expert

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	REFERENCE
Management Approach		
<b>103-1</b>	Explanation of the material topic and its boundary	Pages 7-8
<b>103-2</b>	The management approach and its components	Pages 6, 21, 37-39, 63
<b>103-3</b>	Evaluation of the management approach	Pages 10-15, 18
SPECIFIC STANDARD DISCLOSURE		
Economic		
<b>201-1</b>	Direct economic value generated and distributed	2021 Form 10-K
<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	Pages 16-20, 22-24, 26; TCFD report; 2021 Form 10-K
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Pages 46, 67
Environmental		
<b>302-5</b>	Reductions in energy requirements of products and services	Pages 10, 13, 15
<b>305-1</b>	Direct (Scope 1) GHG emissions	Page 18
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Page 18
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	Pages 17-19
Social		
<b>403-2</b>	Hazard identification, risk assessment and incident investigation	Pages 48, 71
<b>405-1</b>	Diversity of governance bodies and employees	Pages 41, 64
<b>413-1</b>	Operations with local community engagement, impact assessments and development programs	Pages 25, 51-53, 58-61
<b>417-1</b>	Requirements for product and service information labeling	Pages 26, 31-32



## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS). MERITAGE HOMES CORPORATION, 2021 DATA.

CATEGORY	DESCRIPTION	ALIGNMENT WITH UN SDG
	End poverty in all its forms everywhere	Pages 58-61
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Pages 58-61
	Ensure healthy lives and promote well-being for all at all ages	Pages 12, 26, 34, 44, 49
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Pages 43-44, 46-47, 59
	Achieve gender equality and empower all women and girls	Pages 40, 42-44, 65
	Ensure availability and sustainable management of water and sanitation for all	Pages 15, 31
	Ensure access to affordable, reliable, sustainable and modern energy for all	Pages 31, 33, 51-53
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Pages 25, 38, 43, 46-48, 50-53

CATEGORY	DESCRIPTION	ALIGNMENT WITH UN SDG
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Pages 10-14, 21-34, 56
	Reduce inequality within and among countries	Pages 43, 51-53
	Make cities and human settlements inclusive, safe, resilient and sustainable	Pages 10-14, 21-25, 33, 51-53, 58-61
	Ensure sustainable consumption and production patterns	Pages 10-14, 27-33
	Take urgent action to combat climate change and its impacts	Pages 16-25, 27-32, 34
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Pages 21-25, 27-31
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Pages 43, 51-53

TCFD INDEX. MERITAGE HOMES CORPORATION, 2021 DATA.

THEME	CATEGORY	SUMMARY RESPONSE
Governance	Board Oversight	As of the date of this report, Meritage is the only U.S. public production builder to establish a Board committee dedicated to environmental and social risk management oversight. Formed in 2020, the Environmental, Social & Sustainability Board Committee (the ES&S Committee) is responsible for overseeing our management on all matters related to our Company’s ongoing commitment to the principal environmental (including climate) and social risks that may impact our business.
	Management Oversight	Management is responsible for addressing Meritage’s ESG-related risks and opportunities through ESG strategy, prioritization and impact reporting. An ESG Action Plan is created annually based on business impact and performance against the annual objectives.
Strategy	Climated-related Risks	<p>We have identified climate-related risks and opportunities that may affect building construction and performance of our new homes over short-, medium- and long-term climate scenarios. We therefore anticipate the physical impacts from potential long-term climate conditions and increased severity of extreme weather events could lead to permanently higher utility bills and building costs for adaptation measures as well as potential weather events resulting in temporary disruptions in our operations and/or our value chain. We also recognize that there are various transition risks that could result in medium to long-term additional compliance costs to abide by new regulations and laws, costs to transition to lower emissions operations, and potential reduction in customer demand and revenue if we do not remain an industry leader in building energy-efficient homes.</p> <p>A summary of the risks include:</p> <p><b>PHYSICAL:</b> Chronic risks include increased temperatures and precipitation; acute risks include heatwaves and water stress.</p> <p><b>POLICY &amp; LEGAL:</b> Stricter building codes and/or environmental regulations; carbon pricing; enhanced public company climate reporting obligations.</p> <p><b>TECHNOLOGY:</b> Costly investments in technologies to build even greater energy-efficient homes.</p> <p><b>MARKET:</b> Increased costs of materials with high embedded carbon; loss of competitive advantage from low-emissions homes as other builders adapt to market demands; loss of competitive advantage if we do not participate in the race to produce net-zero ready homes.</p> <p><b>REPUTATION:</b> Negative investor perception of high emissions sectors; shift in customer demand to net-zero homes that are affordable; shift out of any geographies considered high-risk for climate change impact.</p>
	Climated-related Opportunities	<p>A summary of the opportunities include:</p> <p><b>PRODUCTS &amp; SERVICES:</b> Shift in consumer preferences to increasingly care about the climate and factor sustainability into homebuying decisions; reputation as a trusted brand for energy efficiency.</p> <p><b>RESILIENCE:</b> Future tax credits to homebuilders to build ENERGY STAR certified homes and to homebuyers of energy-efficient homes; engagement of market on climate risks and disclosure as the first U.S. public production builder to publish a TCFD report and become an official TCFD supporter.</p> <p><b>RESOURCE EFFICIENCY:</b> Reduced operating and procurement costs from resource efficiency gains related to pre-starting all of our entry-level homes, streamlining operations and utilizing advanced framing and panelization where possible to reduce direct costs and operate more efficiently with less waste; adapt our resource needs for our workforce such as remote work in the event of direct disruptions to our business.</p> <p><b>REPUTATION:</b> Climate leadership commitments and memberships.</p>



TCFD INDEX. MERITAGE HOMES CORPORATION, 2021 DATA. *(continued)*

THEME	CATEGORY	SUMMARY RESPONSE
Strategy	Strategy Resilience	Throughout all stages of our operations, Meritage’s Environmental Responsibility Policy addresses our environmental responsibilities, including physical drivers like flooding remediation, preserving natural resources in the landscaping of our communities, carrying out the Storm Water Pollution Prevention Program to reduce runoff, avoiding discharge of pollutants on our job sites, and incorporating sustainable construction methods and procurement of green building materials where possible.
	Impact on Business, Strategy and Financial Planning	We differentiate ourselves in the entry-level home market by building affordable, energy-efficient homes. The homes we delivered in 2021 on average yielded one of the top three most energy-efficient home rankings amongst the U.S. public production builders, per RESNET’s HERS Index scores. We will regularly evaluate ways to improve upon the average HERS Index score of the homes we build.
Risk Management	Board	Meritage’s risk identification and assessment are integrated into our enterprise-wide risk management process, for which our Board has overall responsibility. Our Board receives reports from various members of management, reviews executive management presentations at least four times a year and is actively involved in monitoring and approving key decisions relating to our operations and strategy.
	Management	In addition to subject matter experts within Meritage, we draw on the knowledge and experience of consultants, vendors, industry organizations and governmental agencies to incorporate information on ESG issues including climate change into our risk management process. Our regular communication with investors and feedback from customers and other stakeholders ensure that we address their concerns. Utilizing this full range of stakeholder input, our management creates an annual ESG Action Plan where the initiatives are assigned a low, medium and high business impact rating that are then assessed and assigned a certain level of effort necessary to achieve each initiative.
Metrics and Targets	Scopes 1-3 GHG Emissions	See pages 18-19
	Emissions Intensity	See pages 18-19
	Targets	We always strive to improve the energy efficiency of our homes through better building processes and/or features inside the home to maintain or lower the average HERS Index score of our new builds.

For more information, please see Meritage’s 2021 TCFD report which can be found on our [ESG webpage](#).

## DISCLAIMER AND FORWARD-LOOKING STATEMENTS

All estimates and claims related to energy savings or performance are derived from third-party suppliers, rating services, consultants and/or our own assumptions, based on the EPA's methodology/information and average energy use and scores. Actual energy savings and performance of any home or any of its features may vary widely, and may be more or less than indicated savings and performance, depending on the personal energy consumption choices of the occupants and changes in energy-provider rates and programs, among other factors.

The information covered by the 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 the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed by the Company with the Securities and Exchange Commission. Those reports are available on [Meritage's website](#) and on the [Securities and Exchange Commission's website](#). Except as required by law, we assume no obligation to update any forward-looking statements or information, which speak as of their respective dates.

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