




MeritageHomes[®]

Setting the standard for energy-efficient homes[®]

2022 ESG REPORT

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ESG refers to Environmental, Social and Governance in this report.
DE&I refers to Diversity, Equity and Inclusion.
TCFD refers to Task Force on Climate Related Financial Disclosures.

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.



JOINT EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER LETTER

At Meritage, our purpose is to deliver a Life.Built.Better.® Meritage’s successes in 2022 were enhanced by our **active engagement with stakeholders in every space and opportunity.** In this ESG report, we will share how our culture of outreach made an impact in the workplace, the communities we build, and the environment we live in.

In 2022, we closed 14,106 homes—our highest annual home closings in company history—to become a top five builder in the U.S., bringing life to our vision of building a greener, more affordable future.

We addressed affordability. Customers were deeply concerned in 2022 as the steep surge in mortgage rates combined with inflation and economic uncertainty reduced

housing affordability and led to higher cancellation rates. In addition to lowering our home prices, we offered mortgage rate locks and rate buy-downs to our customers so that monthly payments remained attainable.

We build energy-efficient homes. We continued our commitment to build **100% ENERGY STAR® certified homes.** We are honored to be recognized for **our green mission**

and to receive the US Environmental Protection Agency’s (EPA) ENERGY STAR Partner of the Year, Market Leader Award for Certified Homes, and Indoor airPLUS Leader Award.

We continue to invest in our people. We have been intentional in listening to our employees and enhancing the workplace culture to address employees’ evolving needs. We believe that **bringing your authentic self,** having the freedom



to share new ideas and knowing that you are heard enabled the Meritage team to reach our 300 community count goal this year and deliver our record annual home closings in 2022.

We deepened our vendor relationships. We recognize that Meritage's success not only rests on our hard-working employees, but also is highly dependent on our vendor partnerships. Elevating to the level of CEO to CEO conversations, we kept open communication with vendors to navigate the unprecedented supply chain constraints that impacted the homebuilding industry in 2022. Further, 82% of our national vendors participated in our **inaugural annual vendor ESG survey** to allow us to establish a baseline in trade partner ESG data.

We worked on sustainability for the planet. We continued designing our communities with **xeriscaping or zeroscaping to reduce water consumption**. In California,

100% of the homes delivered in 2022 included solar panels, which will generate 9 million kwh of electricity per year from renewable power. We also spent \$5 million to preserve citrus groves in southern California and enhance green spaces for the public. We partnered with Arbor Day Foundation to host 17 events nationwide where employees and community members planted and/or distributed over 1,800 trees.

We supported those in need. We **contributed \$3.8 million** in monetary and in-kind donations in 2022. Our teams built and donated three mortgage-free homes to veteran families in Houston, Nashville, and Tucson in partnership with Operation Homefront.

We listened to shareholder feedback. Through our investor outreach, the Meritage executive team and our Board **engaged shareholders holding almost 40% of total shares**

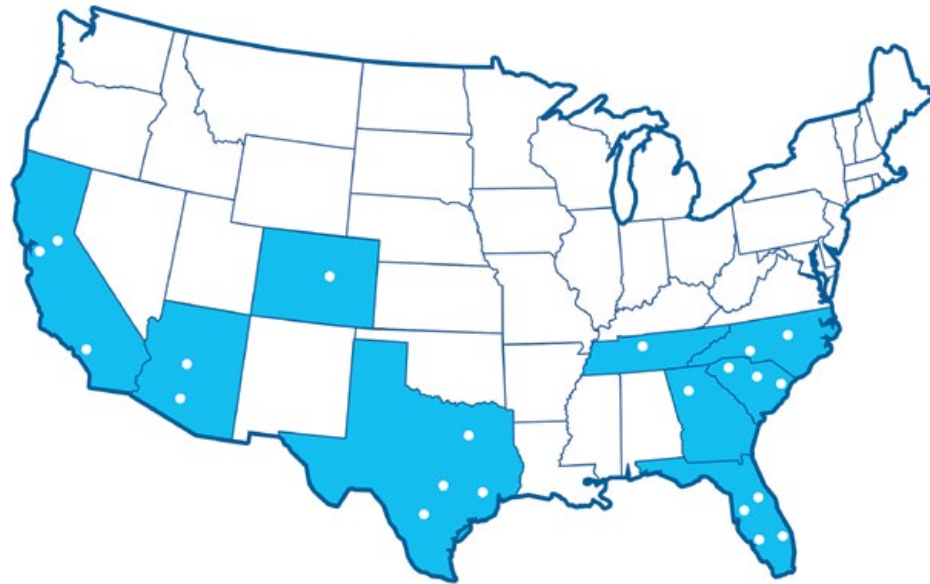
outstanding during 2022 to discuss ESG specific topics. We will continue to incorporate shareholder feedback into our ESG strategy and overall operations.

Meritage continues to be a strong ESG leader in the homebuilding industry through stakeholder engagement and constant innovation in all aspects of our business. We are committed to routinely sharing updates with our stakeholders and addressing new opportunities that enable us to deliver meaningful impact. Our 2022 progress has only strengthened our enthusiasm to deliver a Life.Built.Better.® in our greater communities and the local environment.

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

AT A GLANCE

Meritage Homes Corporation (NYSE: MTH) is the fifth-largest public homebuilder in the U.S., based on homes delivered in 2022.



BUSINESS

We design and 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

CENTRAL REGION: Texas

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

Founded **1985**



NYSE stock ticker

MTH



Headquartered in

Scottsdale, AZ



based on homes delivered in 2022

Delivered over  **165K HOMES** in our 37-year history



14,106

homes delivered in 2022

2022 home closing revenue

\$6.2B

Average communities by product type:

81% | **18%** | **1%**
entry-level | first move-up | other

as of December 31, 2022

63,182

total lots controlled as of December 31, 2022



1,921

Full time employees as of December 31, 2022

MERITAGE'S 2022 ESG HIGHLIGHTS

100%

of homes delivered were ENERGY STAR certified

53

average annual HERS index score for the energy efficiency of the homes delivered

3%

year-over-year reduction in scope 3 category 11 emissions intensity

9M

kwh of annual renewable solar energy generation via solar panels installed in new homes completed in California

4.2

Meritage's average employee rating on Glassdoor on a scale of 1 (dissatisfied) to 5 (very satisfied)

2nd

consecutive year recipient of the AVID Cup—Production for the highest customer ratings

\$3.8M

contribution in philanthropy dollars, in-kind donations and education-related funding

1st time

inaugural annual vendor ESG survey issued

27%

of Board Directors who are ethnically and/or gender diverse as of December 31, 2022

5

members from the Board and Meritage leadership together completed a third-party ESG board certification program

~40%

of total shares outstanding at December 31, 2022 were involved in shareholder engagement with Meritage's Board and executive team

100%

compliance achieved for Code of Ethics and cybersecurity training

MERITAGE HOMES' ESG AWARD RECOGNITION

2022 CORPORATE STEWARDSHIP AWARDS

2022-2023 World's Most Admired Companies

Fortune, February 2023

America's Most Responsible Companies 2023

Newsweek, December 2022

PHOENIX BUSINESS JOURNAL



2022 BEST PLACES TO WORK

PHOENIX BUSINESS JOURNAL



CONSECUTIVE YEARS OF CUSTOMER SATISFACTION AWARDS

2022 The AVID Cup – Production, North America

2021 The AVID Cup – Production, North America



2022 SUSTAINABILITY AWARDS



Tenth time honor



Tenth time honor



Second time honor

LONGSTANDING HISTORY OF SUSTAINABILITY AWARDS



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



2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013



2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013



2021



ABOUT THIS REPORT

By sharing our policies, 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 vendors.



GOVERNANCE

We take pride in being an organization driven by **ethics and living by our core values**. We promote the long-term interests of stakeholders and focus on the transparency and accountability of our Board of Directors, executive management, employees and vendors.

OUR STAKEHOLDERS



Learn more in the [Appendix](#)

STAKEHOLDER ENGAGEMENT

Our **routine engagement** helps us identify the ESG matters where Meritage can provide value and address risk. We look to align the opportunities with Meritage’s long-term value creation to enable us to address the high-priority and high-impact issues.

	EMPLOYEES	HOMEBUYERS	VENDORS	INVESTORS	INDUSTRY PARTNERS	GREATER COMMUNITY
ENGAGEMENT TOPICS	<ul style="list-style-type: none"> Core values Job site health & safety DE&I / company culture Training & development Employee voice 	<ul style="list-style-type: none"> Customer service & satisfaction Product stewardship Home ownership education Market research 	<ul style="list-style-type: none"> Product sustainability Homebuilding innovation Quality assurance Supply chain risk management 	<ul style="list-style-type: none"> Financial performance Corporate governance Long-term value creation 	<ul style="list-style-type: none"> Government & environmental regulatory compliance Energy-efficient homebuilding advocacy Government and national organizations (EPA, RESNET) 	<ul style="list-style-type: none"> Community engagement Education Inclusive workforce development
ENGAGEMENT EFFORTS	<ul style="list-style-type: none"> Internal communications Employee engagement survey Education and training programs Anonymous 24/7 ethics hotline 	<ul style="list-style-type: none"> Sales team interaction Warranty portal Financial & energy-efficiency tutorials Customer satisfaction surveys Market research surveys 	<ul style="list-style-type: none"> Forecasting meetings ESG summit ESG vendor survey Sustainability pilot programs Vendor Code of Conduct 	<ul style="list-style-type: none"> Quarterly earnings call Equity conferences Governance meetings with Board of Directors ESG reporting, proxy statement, SEC filings Press releases Shareholder outreach 	<ul style="list-style-type: none"> Strategic partnerships Industry organizations 	<ul style="list-style-type: none"> Volunteerism & philanthropy Beautification efforts Academic scholarships Recruitment partnerships



REPORTING FRAMEWORK

We report our ESG efforts on an annual basis. The information shared in this report relates to our fiscal year 2022 ending December 31, with additional historical data, all of which is aggregated in the appendix.

We addressed various topics that are material to our business and industry, which align with the key factors under universally-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).

We expanded our Task Force on Climate Related Financial Disclosures (TCFD), which we merged into this report.

ESG ACTION PLAN

Utilizing stakeholder feedback, an ESG Action Plan is created annually to plot Meritage's annual environmental and social objectives against business impact and Company effort levels. In 2022, many achievements are now considered evergreen initiatives as they are critical to ongoing success while others were milestones as noted below:

- Published inaugural 2021 TCFD report
- Formed the ESG Internal Council comprised of function-lead team members across the organization
- Formalized the Vendor Code of Conduct
- Conducted our inaugural 2022 vendor ESG survey
- Formalized the Environmental Responsibility Policy

MATERIALITY ASSESSMENT

At Meritage, materiality for ESG reporting is primarily based on internal subject matter experts and regular feedback from our stakeholders. 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	21-22
	Climate Change Adaptation	68-73
	Green Procurement of Building Materials	27
	Energy Management	13-17, 25-29
	Waste Reduction & Water Consumption	25
	Design for Resource Efficiency	25-29
Social	Workforce Health & Safety	41
	Customer Satisfaction	46-47
	Human Capital Management	32-41
	Diversity, Equity & Inclusion	33-34
	Community Impacts of New Developments	23-24
	Suppliers	48-51
Governance	Business Ethics & Compliance	65
	Bribery & Anticorruption	65
	Board Oversight on ESG	62-63
	Board Diversity	61



ENVIRONMENTAL

- 3 GOOD HEALTH AND WELL-BEING
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

Learn more in the [Appendix](#)

THE PILLARS OF OUR SUSTAINABILITY STRATEGY

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

“For 14 years, we have focused on building energy-efficient homes to differentiate Meritage as a builder and offer our homeowners resilient homes where they live comfortably while saving money on their monthly utility costs.”

Steven J. Hilton, Executive Chairman of Meritage Homes

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 attributes in our homes

3.

Achieving homeownership cost savings for our homeowners from our sustainability efforts

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

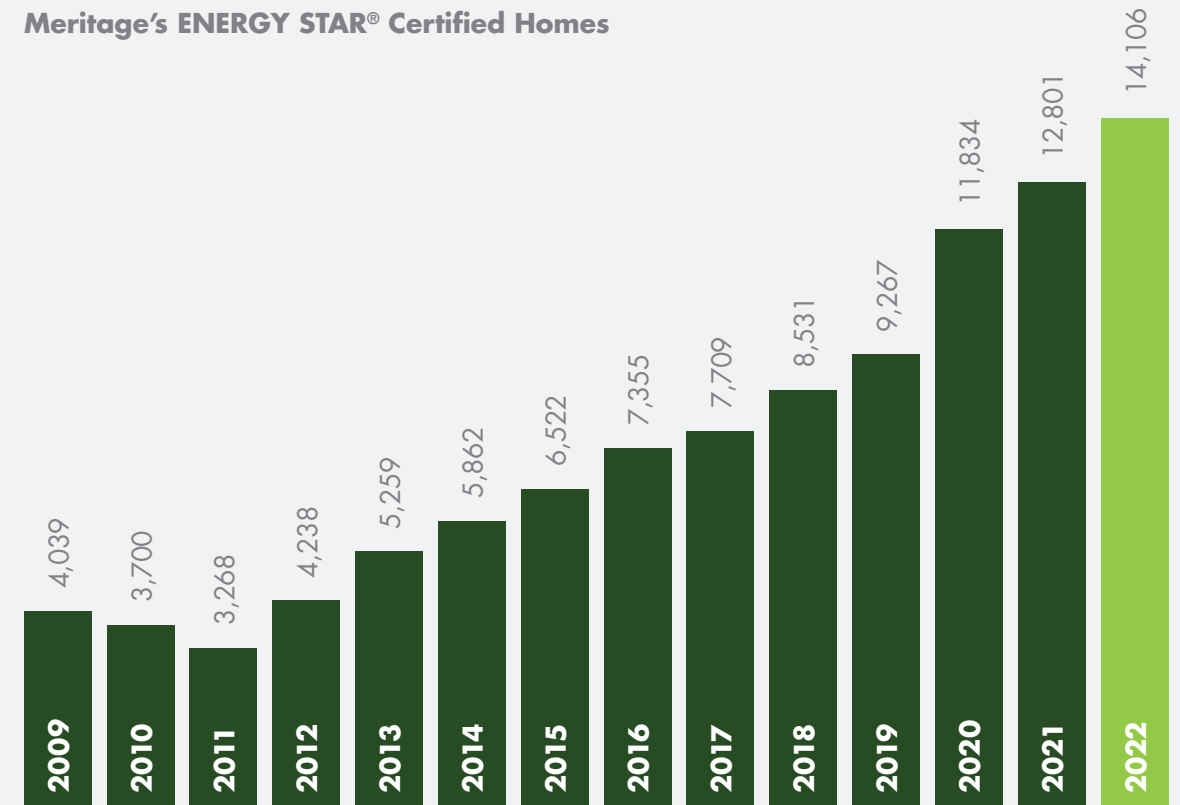
To **deliver on our promised efficiencies**, we are committed to complying with two of the most industry-recognized energy efficiency homebuilding certification programs:

- U.S. EPA'S ENERGY STAR® home certification reflects homes that are designed and built for quality and responsible stewardship of the environment.
- Third-party 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.

ENERGY STAR CERTIFICATION

At December 31, 2022, we have delivered over 100,000 cumulative ENERGY STAR® certified homes since 2009.

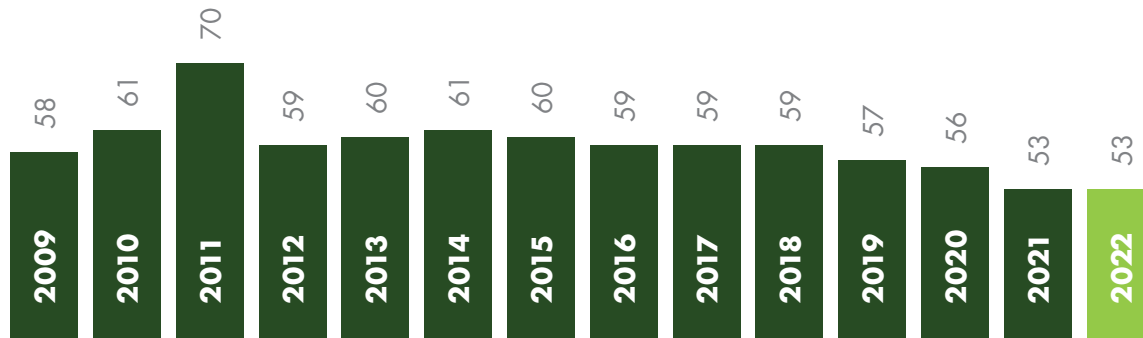
Meritage's ENERGY STAR® Certified Homes



HERS INDEX CERTIFICATION¹

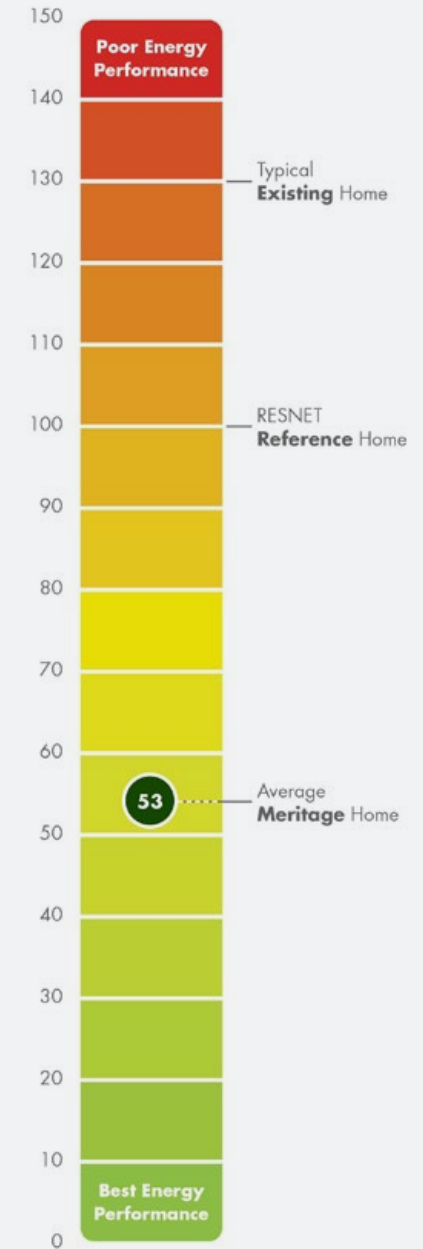
Meritage’s average HERS index score of 53 in 2022 implies our average home will consume 47% less energy than the RESNET Reference Home.

Meritage’s Average HERS Index Score



¹Source: RESNET.

2022 AVERAGE HERS INDEX SCORES



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 2022 included these features:

- First public builder to use spray foam insulation in all new homes
- First public builder to use MERV-13 air filtration (commercial-level filtration that can keep particles as small as 0.30 microns out of the home) in all new homes
- First public builder to start using multispeed HVAC in new homes
- Solar panels in all new California homes
- 100% commitment to build ENERGY STAR® certified homes
- Building Indoor airPLUS certified homes in certain geographies
- 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 materials, paints, stains and adhesives

3. ACHIEVING HOMEOWNERSHIP COST SAVINGS FOR OUR HOMEOWNERS FROM OUR SUSTAINABILITY EFFORTS¹

The 14,106 energy-efficient homes we delivered in 2022 had an average HERS index score of 53 which yielded the following estimated impacts:

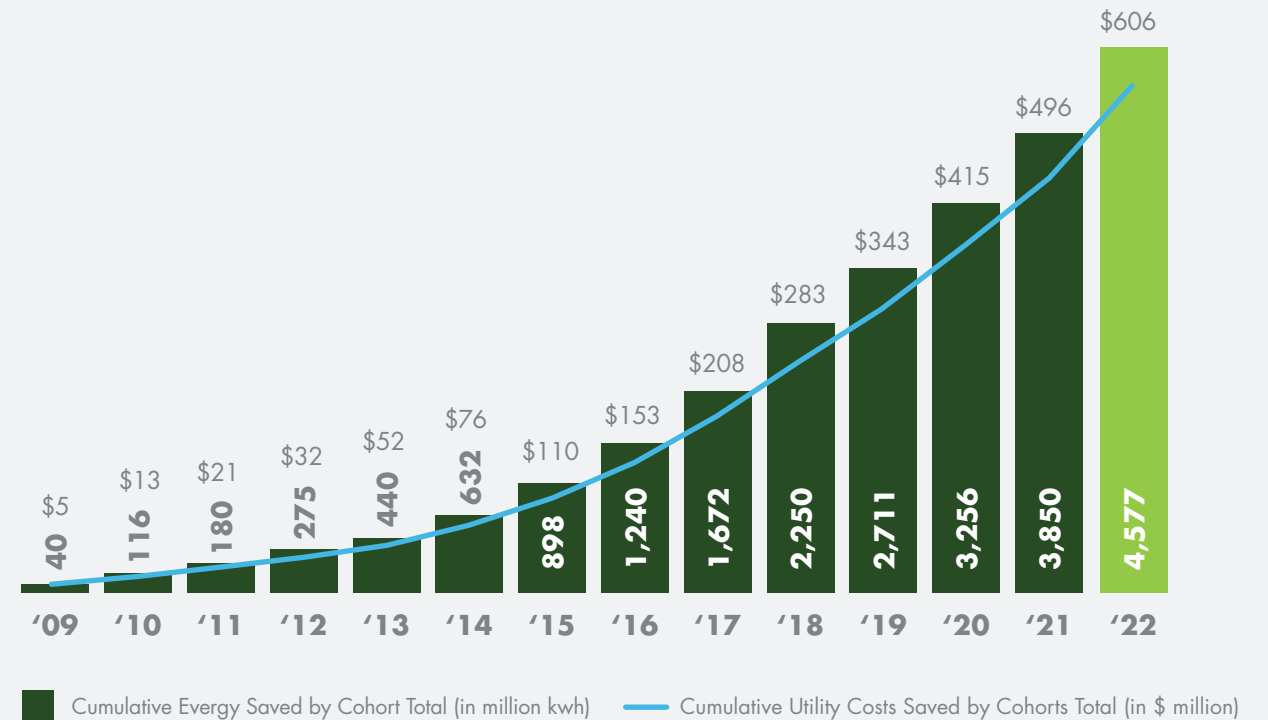
- 101.4 million kilowatt hours of annual electricity saved
- 154.2 million pounds of annual carbon dioxide eliminated
- \$15.3 million annual reduction in homeowner utility bills

We delivered over 100,000 new energy-efficient homes since 2009 which yielded the following estimated impacts:

- 4.6 billion kilowatt hours of cumulative electricity saved
- 7.0 billion pounds of cumulative carbon dioxide eliminated
- \$605.6 million cumulative reduction in homeowner utility bills

¹Source: RESNET, U.S. Energy Information Administration, U.S. EPA and internal calculations. The annual savings and cumulative savings from 2009 to 2022 are both compared to the RESNET Reference Home annual energy usage.

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



CORPORATE SUSTAINABILITY EFFORTS

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

CORPORATE SUSTAINABILITY FEATURES

- Responsible recycling of IT hardware reduces waste generation
- 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 reduces the need for business travel

CORPORATE SUSTAINABILITY ACHIEVEMENTS

In addition to our office recycling efforts, Meritage achieved approximate annual savings noted below by replacing internal and customer-related physical signatures with electronically signing documents via a third-party provider in 2022:



Source: DocuSign for 2022 annual estimated savings. Note that DocuSign revised the 2021 annual estimated savings to: eliminated 1.1M lbs. of CO₂; avoided 74,532 lbs. of solid waste; saved 1,376 trees and conserved 1.4M gallons of water.

Meritage disposes of IT hardware responsibly through a third-party provider who repurposes, reuses or recycles the electronics and their raw components and materials in an environmentally compliant way that adheres to the vendor's zero-landfill policy. In 2022, Meritage achieved estimated annual savings noted below through electronics recycling:



Source: DMD for 2022 annual estimated savings.

MERITAGE'S SUSTAINABILITY GOALS

We believe that **sustainability builds long-term shareholder value**. We embed the related risks and opportunities in our business model, culture, product and process innovations and our daily business practices.

Energy-efficient homes

- Maintain and/or reduce HERS index score given our commitment to build 100% ENERGY STAR certified homes

Homebuilding design

- Design homes to incorporate products and materials that reduce electricity and water consumption by future homeowners
- Encourage the use of recycled or renewable content by our vendors

Green mission in financial services offering

- Participate in green mortgages program
- Enhance appraisals for sustainability and green building features

Climate change

- Collaborate with vendors to gain greater accuracy in data measurability

Waste, water and energy reduction

- At vendor operations and our job sites
- Enhance recycling opportunities at corporate operations

OUR APPROACH TO SUSTAINABILITY

ENVIRONMENTAL RESPONSIBILITY POLICY

We **integrate sustainable practices** into our business operations, strategy and financial planning, ultimately to enhance the resilience of our new homes and communities. In addition to abiding by all local, state and federal laws and environmental regulations related to land use and protected lands, our [Environmental Responsibility Policy](#) sets our protocols for the stages of our operations:



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

This policy applies to all employees as well as contractors, subcontractors, vendors, suppliers and partners. Oversight for this policy resides with Meritage’s Environmental, Social and Sustainability Board Committee while management is responsible for its implementation and execution.





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.

SITE SELECTION

Governed by our land underwriting playbook, our land acquisition process requires all land deals to undergo a **rigorous land committee approval process**. In addition to approval by our land committee, larger land transactions must also be approved by our executive chairman and our board-level Land Committee above a certain dollar threshold.

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

- Financial feasibility
- Affordability
- Strategic suitability
- Biodiversity impact and environmental remediation
- Legal and regulatory

ENVIRONMENTAL ASSESSMENT OF SITES

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 additional analysis is needed, 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.

We conduct a comprehensive environmental assessment during site selection, including analysis by local biologists, government entities and research organizations where applicable to ensure we address biodiversity and ecological concerns in our designs.

BIODIVERSITY ANALYSIS: Our land design and development process incorporate site planning and engineering that **preserve natural resources and provide 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.**

We spent nearly \$32 million in 2022 and \$30 million in 2021 for air and water quality control in our communities.

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 and Clean Water Act compliance in all our markets to avoid pollutant discharge into waterways from our job sites. Further, our SWPPP spend includes the reduction of dust in the air to maintain air quality standards at our job sites.



SUSTAINABLE COMMUNITY DESIGN & DEVELOPMENT

Post-site selection during the design of our communities, we endeavor not to disturb native species and waterways where possible. We incorporate existing native ecology into the **preserved open spaces** within 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. In certain cases, we look to preserve biodiversity that can benefit society and the local environment.

“We recognize the unique position we as builders are in to help build the American dream while developing the health of the community and its surrounding environment in a responsible and sustainable way. We strive for healthier, thriving places to live, work and gather.”

Phillippe Lord, Chief Executive Officer of Meritage Homes



Source: Daily Photo LA.

CASE STUDY:

Citrus Groves in Redlands, CA – Biodiversity Preservation

Live Oak | Southern California Division

The City of Redlands was one of the largest navel orange-growing regions in the world for nearly 75 years. During the planning phase for our Live Oak community, Meritage purchased a 6-acre historic citrus grove in the city's core residential area for \$5 million to save the land from future development. Meritage placed the grove under a conservation easement and undertook extensive restorative measures to bring the trees back to health and preserve the grove into perpetuity.

We appreciate opportunities to build on redevelopment and/or infill sites. Repurposing abandoned land addresses **affordability and undersupply of housing issues**. Redeveloping land can help create a vibrant community, attract greater commerce nearby, and possibly add new schools—all while making use of existing infrastructure.



Terrace at Riverview Landing

CASE STUDY:

Infill Redevelopment and a Brownfield Project

Riverview Landing | Atlanta Division

As a high-density, infill development within the greatly desired Smyrna-Cobb County, GA market, Riverview Landing provides quality yet affordable housing less than 10 miles from downtown Atlanta. This community includes affordable townhomes as well as open green space in a tight housing supply submarket.

The Riverview property is also a brownfield project given pre-existing concrete debris waste onsite that did not have any environmental-concerning attributes. Prior to our acquisition, this land was placed in the Georgia Environmental Protection Division's (EPD) Brownfields Program. In addition to the environmental investigations and soil testing we had commissioned with third-party environmental consultants during the land inspection period, Meritage was responsible for cleaning up the soil and source material and for compliance with environmental regulatory standards established by the EPD. We received the EPD's stamp of approval based on the determination of an independent environmental regulator. Creating productive and livable space out of unutilized property offers new housing inventory, revitalizing the previously vacant site.

Infill development refers to the process of developing the vacant parcel within the existing, already largely developed urban areas of Smyrna-Cobb. Brownfield development refers to the redevelopment or reuse of the parcel that was tested for the presence of contaminants.

ENERGY-EFFICIENT HOME DESIGN & CONSTRUCTION

After site selection and community development, we move onto the design and construction of our homes, where our green mission centers around these three tenets:

- Energy-efficiency and climate change adaptation for our customers
- Sustainable construction methods
- Procurement of green building materials



CLIMATE CHANGE ADAPTATION IN HOME CONSTRUCTION

To ensure we deliver the promised energy efficiencies to our homeowners, our new homes in 2022 received the ENERGY STAR certification and were designed with energy-efficient features to reduce energy and water consumption. In certain geographies, our new homes in 2022 also received the Indoor airPLUS certifications.



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 in certain geographies, 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.**



REDUCING ENERGY AND WATER CONSUMPTION

We use **100% ENERGY STAR certified** appliances for categories of appliances that offer products with this certification and **100% WaterSense certified** water fixtures in our new homes to reduce energy and water consumption on a daily basis.

SUSTAINABLE HOME CONSTRUCTION

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

- 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.**

Builders FirstSource estimates that by using its manufactured roof and floor trusses, we **saved approx. 11,000 trees in 2022** compared to traditional construction.

Source: Builders FirstSource.

- 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 2022, Moen estimates that we **reused nearly 2,000 pounds of ocean-recycled plastic.**

Source: Moen.

- 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. It further promotes healthy indoor air quality and greater ongoing energy savings month after month.

- 4. **PEX plumbing** is more resistant to temperature and pressure changes, reduces the use of scarce materials, and does not transfer heat as readily as copper.

5. Sustainable Forestry

As lumber comprises the single largest commodity in our homes, we are committed to responsible forest management to maintain sustainable natural resources. We work with our vendors 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 U.S. and Canada rather than coastal areas with endangered wood varieties. Our lumber national vendors have the following lumber certifications:



GREEN PROCUREMENT OF BUILDING MATERIALS

Many of our vendors continuously enhance products and building materials with the goal of conserving resources and reducing greenhouse gas (GHG) emissions during both the building process and through homeownership.

Based on our 2022 vendor ESG survey:

- Approximately 60% of our national vendors have actively engaged in some **waste reduction** efforts
- Nearly 55% of our national vendors **reduced water consumption** in 2022 or are currently working on it
- Nearly 50% of our national vendors **incorporated or are incorporating recycled materials** in products sold to Meritage

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.**

Based on our 2022 vendor ESG survey, over 60% of our national vendors recognize the importance of **environmentally preferable products by obtaining third-party product sustainability certifications**, including:

- 17% of our national vendors hold environmental product declarations, a step toward estimating unit-level GHG data in the future
- 17% of our national vendors have products with Energy Star certifications

Note that statistics related to national vendors already incorporate the 82% national vendor response rate to Meritage's vendor ESG survey.



GREATER EFFICIENT ENERGY MANAGEMENT

At Meritage, we address greater efficiency management of a home through the following standard offerings:

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

To expand on the energy-efficient and healthy home features on page 16 of this report, solar panel installation increased in 2022 on a year-over-year basis.

SOLAR PANELS IN OUR CALIFORNIA HOMES

In California, we abide by the state's Title 24 energy code and solar panels are installed in 100% of the homes. **In 2022, all 1,405 new homes we started in California had solar panels installed, which will generate approximately 9 million kwh of annual electricity in total.** Ultimately, this will help to reduce both stress on the electric grid and these homeowners' monthly utility bills.

Source: Sunpower.



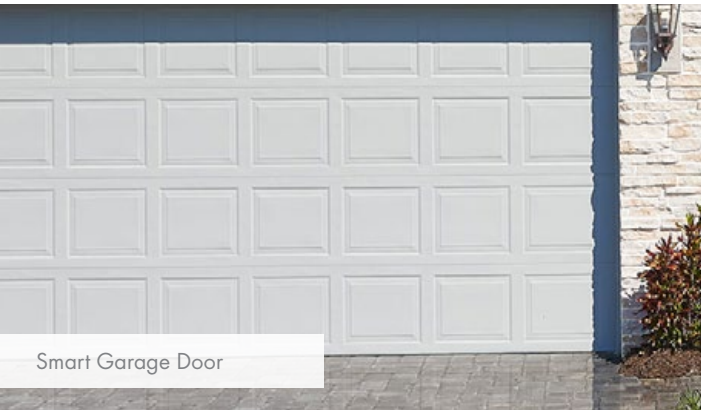
Source: FPL.

FULLY SOLAR-POWERED:

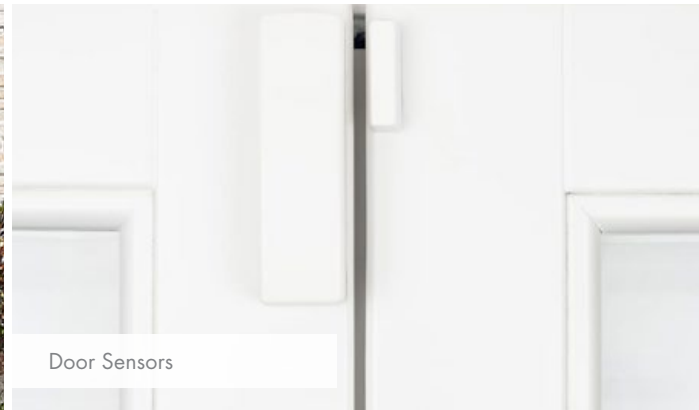
Crescent Lakes Community in Babcock Ranch, Florida

In September 2022, the powerful category 5 Hurricane Ian brought significant wind damage and flooding to southwest Florida, which led to massive power outages impacting more than 3.5 million utility customers.

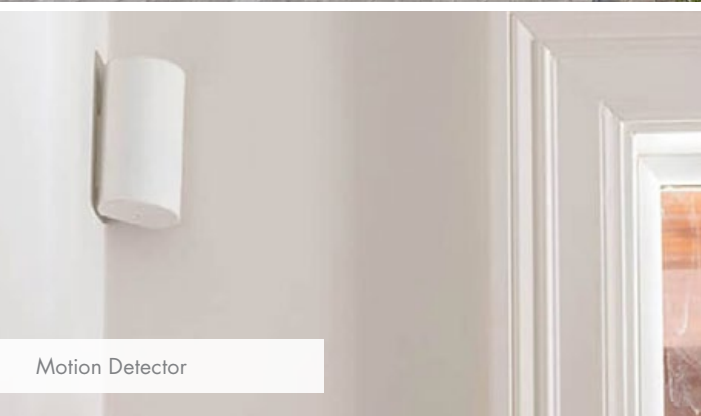
Meritage's Crescent Lakes community, which is situated in southwest Florida in Babcock Ranch, the first fully solar-powered town in the U.S., endured Hurricane Ian with no loss of power and minimal storm damage due to the climate resiliency of the community and its homes. Built and operated by Florida Power and Light (FPL), the solar panel array and battery storage system supports the all-electric town. Further, Crescent Lakes avoided wind damage as a result of buried power lines while homes were protected from flooding due to retaining ponds in the community design.



Smart Garage Door



Door Sensors



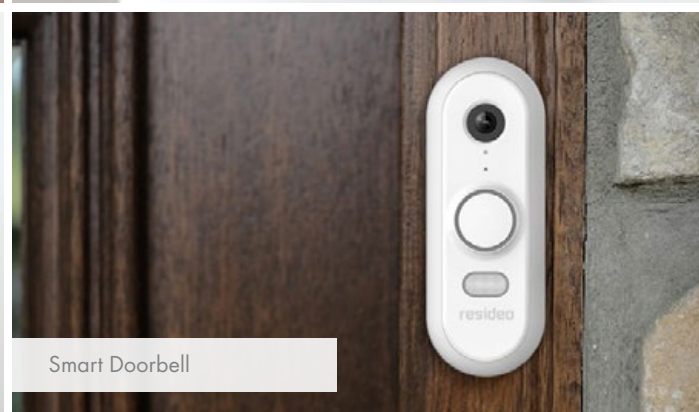
Motion Detector



Smart Thermostat



Smart Home Hub & App



Smart Doorbell

SMART HOME TECHNOLOGY ADDS TO THE HOME'S SUSTAINABILITY

Our M.Connected Home™ Automation Suite comes standard in our homes and provides our homeowners an array of smart home technology that enhances the functionality and performance of the home, helps with energy management both at home and afar, and increases 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.¹

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

¹Source: Energy Star.

ENVIRONMENTAL & GOVERNMENTAL AFFAIRS

Meritage participates in regional and national councils, partnerships and projects to advance sustainable homebuilding in the U.S. Meritage is a participant in roundtable discussions pushing for advancing homebuilding techniques to further reduce energy consumption during the homebuilding process and the daily operations of a home.

ORGANIZATION	MERITAGE'S PARTICIPATION
	<p>Residential Energy Services Network</p> <p>Meritage actively participates and interacts with various levels of the RESNET organization, including representation on its Board of Directors and its standards committee.</p>
	<p>Policy Advisory Board of the Harvard Joint Center for Housing Studies</p> <p>Meritage has been a long-time member of this advisory board, which advances the understanding of housing issues and informs policy.</p>
	<p>Collaboration with the DOE and EPA</p> <p>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.</p>
	<p>Leading Builders of America's Environmental Subcommittee</p> <p>As a founder, Meritage participates with LBA initiatives and numerous committees, including the Environmental Subcommittee. As a member, Meritage works to make further strides in promoting the construction of energy-efficient homes.</p>
	<p>National Association of Home Builders</p> <p>Meritage actively participates with state and local home building association initiatives to support industry activities in our markets.</p>
	<p>Green Building Alliance Board</p> <p>Meritage is a board member to the first organization in the U.S. that focuses on green building.</p>
	<p>Institute for the Building Envelope (IBE)</p> <p>Meritage is a co-founding member of the IBE, a resource for consumers, builders, designers and policymakers seeking to improve public policy that supports stronger energy-efficient and cost-effective building materials.</p>
	<p>Public Builder Industry ESG Committee</p> <p>Since 2022, Meritage was a founding member and co-chairs the discussions to push forward the discussion with the peer group about standardizing certain ESG disclosures and metrics calculations.</p>

The **Meritage Homes Political Action Committee** (Meritage PAC) is organized to support federal political candidates and other industry-related PACs that advocate for legislation in line with Meritage's special interests. Participation in the Meritage PAC by employees and Board Directors is completely voluntary and all contributions by the PAC are approved by Meritage executive management and made under strict adherence to federal, state, and local regulations and any requirements regarding filing disclosures.



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.



Learn more in the [Appendix](#)



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



INTEGRITY ABOVE ALL ELSE



DEVELOP TO EMPOWER



THINK STRATEGICALLY



BUILD VALUE



PLAY TO WIN



OUR DE&I MISSION

Meritage **champions a culture of inclusion** where employees feel a sense of belonging, are respected and valued for their unique perspectives and experiences, and are empowered to do their best. Cultivating a diverse team allows us to deliver a Life.Built.Better.®

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 through a combination of targeted recruiting, education and talent development, which includes training and mentoring.



WORKPLACE



WORKFORCE



MARKETPLACE

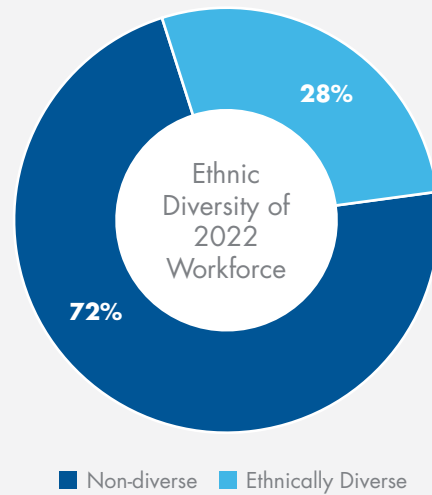
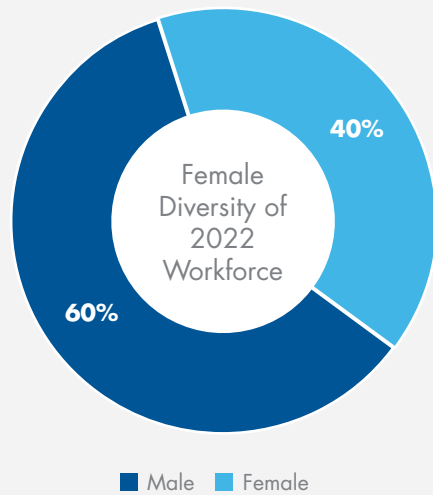
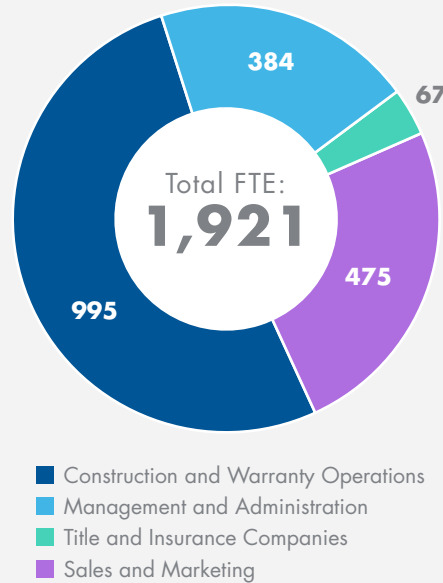
OUR DE&I JOURNEY

“Our diverse teams are the heart of Meritage. We want all employees to grow and thrive. That’s why we promote diversity, equity and inclusion every day in our actions and behaviors, policies and procedures, as well as workplace culture.”

Javier Feliciano, Chief People Officer of Meritage Homes

WORKFORCE DIVERSITY

At December 31, 2022, we had 1,921 full-time employees (FTEs):



EEO-1 DATA

We disclose our equal employment opportunity (EEO-1) annually and will provide the 2022 data once available.

	2021
Percentage of females in our workforce	
Total Company	40%
Management ¹	21%
Professionals	38%
Administrative Support Workers	86%
Sales Workers	60%
Percentage of ethnically diverse in our workforce	
Total Company	25%
Management ¹	18%
Professionals	32%
Administrative Support Workers	28%
Sales Workers	35%

¹Management refers to Executive/Senior-Level Managers and First/Mid-Level Managers.



RECRUITMENT

Developing the best talent starts with hiring a diverse team. The various aspects of our recruitment activity help 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 leverage a third-party assessment of an individual’s behavior and cognitive ability to align talent and skills with our cultural fit.
- 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 like WayUp, INROADS, Historically Black Colleges and Universities (HBCUs), as well as Hispanic-Serving Institutions (HSIs) to provide academic scholarships as well as early career full-time employment and internship opportunities.

TALENT RETENTION

We strive to provide our employees with an exceptional employee experience which includes competitive compensation and robust benefits, equitable opportunities to learn and grow at Meritage and a safe work environment where all employees feel respected and are treated fairly.

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

EMPLOYEE BENEFITS

HEALTHCARE

- Medical, Dental and Vision Insurance
- Virtual Telehealth Visits
- Basic Life and AD&D Insurance
- Critical Illness & Accident Protection
- Short and Long-Term Disability
- Smoking Cessation Program
- Supplemental Life Insurance & Dependent Life Insurance

Employee Assistance Program (EAP)

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

Wellness

- Wellness Coaching
- Wellness Discounts
- Wellness Program

Savings & Retirement Support

- 401K with Company match
- 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

Work/Life Balance

- MTH Flex: Flexible workplace model including virtual / remote work for eligible employees
- 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

Other Benefits

- Paid maternity and paternity leave
- Paid adoption leave
- Leave of Absence
- Identity Theft Protection
- Cell phone allowance
- Car allowance for eligible employees
- Service award and recognition program
- Employee discounts
- Home purchase rebate
- Home appliance and safety discounts

MERITAGE WELLNESS PROGRAM

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 premium 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 12-24 months, which may be replaced by a culture survey from time to time. We also have periodic shorter, real-time pulse surveys.

In our 2022 Engagement Survey, our team members shared that they wanted to continue focusing on DE&I. We are listening to our team members. The creation of **employee resource groups** is underway that will look to support a variety of team member needs and interests.

94% of employees participated in the 2022 employee engagement survey.

2022 Employee Engagement Survey Results	
Engagement Index	91.6%
Company Culture	85.1%



glassdoor®

Meritage's average employee rating on Glassdoor was

4.2 in 2022

on a scale of 1 (dissatisfied) to 5 (very satisfied). This compares to the 2022 U.S. public production builder industry group average rating of 3.8¹

"One of the many things I enjoy about Meritage is our commitment to showing up and listening to our employees. As a company, we are stronger because of the time we spend actively listening to their ideas and how they are feeling."

Phillippe Lord, Chief Executive Officer of Meritage Homes

¹ Source: Glassdoor



TRAINING & DEVELOPMENT

We successfully retain top talent by engaging with our employees about their career progression and offering professional development-related training.

Employee Performance Management

We have a robust talent recognition and succession planning model in place to identify and promote rising team members. We conduct semiannual performance and development discussions. Managers provide detailed feedback to employees regarding their job performance and areas of development, set joint goals and discuss potential career and internal opportunities. 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

We require mandatory compliance-based training and provide access to professional development programs.

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 policies as well as anti-harassment and anti-discrimination upon hire and annually thereafter. In 2022, 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 2022, we obtained **100 percent participation** by active employees in cybersecurity training. Our employees take part in continuing education for cybersecurity awareness and education through 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 **inclusion and belonging.**

Professional Development

We believe career development tools help increase employee productivity, retention and engagement. All team members from interns to senior leaders have access to self-guided training opportunities through LinkedIn Learning as well as role-based and skill-based training for upskilling and reskilling. Nearly 65,000 online classes were taken in 2022.

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.

During our 2022 Leadership Institute, our focus was DE&I. Our leaders learned what it means to have a diverse, equitable and inclusive workplace and how they can further foster that experience with their own teams.



LEADERSHIP TRAINING PROGRAMS

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 managers and directors with high-potential for higher levels of leadership.
- **Meritage Executive Talent Program** is designed for the vice president level for high-performing leaders who could be ready to step into a division president role.
- **Leadership Essentials Program** provides development of critical success skills for managers who are new to leading people.
- **Road to Sales Mastery:** This comprehensive in-person training class for all sales employees teaches the various aspects of the Meritage sales philosophy. The curriculum ensures all of our sales team members understand our active sales culture and best practice sales techniques and processes.
- **Road to Construction Mastery:** In 2022, Meritage launched this new customized virtual construction management training platform. It is a self-paced six-month program that teaches the basics of the homebuilding process and Meritage best practices. The curriculum includes a mix of both field and class-work learning, focusing on technical construction aspects, OSHA safety standards, and best-in-class customer interactions. Our inaugural class in 2022, which included 200 Meritage employees, had such a positive impact that our management team anticipates extending the program to cover additional material in the near future.

Additionally, we have Individual Development Plans (IDPS) that are created between the employee and the direct leader to create opportunities for self-managed experiential learning and exposure to higher levels of leaders across Meritage or for cross-functional learning and development.



Our **TRIR of 1.4** in 2022 compared to the U.S. public production builder industry median TRIR of 1.2, on a scale of 0 to 10 with 0 being a perfect TRIR.¹

Meritage's TRIR



TRIR refers to total recordable incident rate.

¹Based on U.S. public production builders' most recent company publications.

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 and laws**, as well as internal policies related to our own quality construction standards, many of which exceed the applicable regulatory requirements. **100% of our construction personnel are OSHA-certified.**

Protecting Our People & Partners

Our construction managers monitor compliance with building and safety codes, including heat illness prevention at our job sites. We 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.

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.

We promote a **culture of safety** on job sites by requiring regular safety trainings.

- 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.

OUR CUSTOMERS

We strive to create the customer experience that provides flexibility during the homebuying process and delivers on the American Dream.



- 3 GOOD HEALTH AND WELL-BEING
- 7 AFFORDABLE AND CLEAN ENERGY
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Learn more in the [Appendix](#)

ADDRESSING AFFORDABILITY

“Affordability is key to our strategy. Meritage offers high quality yet affordable entry-level and first move-up homes to address the desired homebuying trends from millennials to baby boomers.”

Hilla Sferruzza, Chief Financial Officer of Meritage Homes

		Entry-Level	First Move-Up	Other
Home Closings	2022	84%	14%	2%
	2021	77%	20%	3%
	2020	65%	29%	6%

		Entry-Level	First Move-Up	Other
Average Communities	2022	81%	18%	1%
	2021	76%	21%	3%
	2020	60%	32%	8%

Meritage opened
113
new communities in 2022

26%
of the homes we delivered in 2022
were at or under 1,800 sq. ft.

- In every community, homes range in type, size, style and price, and may include floorplans starting from 1,300 square feet.
- Our buying process includes **clear pricing and no surprises.**
- Our 100% 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.
- We continue to **work with municipalities** to fund the development of infrastructure that provides access to our more affordable communities.
- By building **energy-efficient homes with energy and water conserving features**, our homeowners reduce their resource usage and utility bills every month.
- Through our new partnerships with **build for rent (BFR)** institutional operators, we sell entry-level homes to supply the rental market with quality energy-efficient single family homes in desirable locations to address the rental needs in our markets.

OMNICHANNEL HOMEBUYING EXPERIENCE

Our goal is to provide our customers a seamless omnichannel homebuying experience to make sure we meet the buyers where and how they want to transact.

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
- Get pre-qualified and pre-approved online for the mortgage
- 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
- Sign applicable mortgage and closing documents digitally (in states that allow it)

EDUCATING OUR CUSTOMERS

We educate homebuyers on the financial considerations related to homeownership, the benefits of energy-efficient homes, and do's and don'ts for home maintenance through our virtual collection of Pro Homebuying Tips.

Financial Education

Providing prospective first-time buyers financial education 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 covered by Meritage that helps improve a buyer's credit score which will result in his/her ability to qualify or reduce the interest rate
- Outline the steps to financing a new home from prequalification to closing
- Help buyers determine what they can afford

Energy Efficiency Education

Our comprehensive Homebuyer's Resources and Homebuyer's Guide to a Smarter Buy highlight the better building practices, benefits, and features of an ENERGY STAR® certified home.



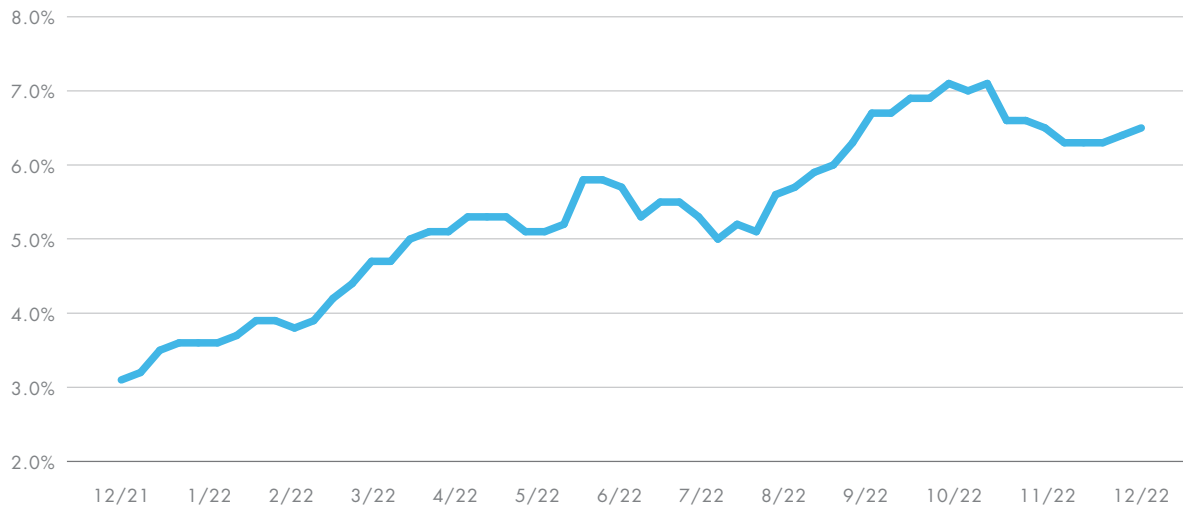
SAVE THE DATE ~~Rate~~ Rate

• SALES  EVENT •

In early 2022 as the Fed raised interest rates to combat inflation, homebuyer psychology and affordability were greatly challenged by the rapidly increasing mortgage rates.

Meritage was the first U.S. public production builder in 2022 to offer expansive mortgage interest rate locks to relieve the burden of the higher cost of homeownership. We purchased retroactive interest rate locks on all eligible floating-rate loans for homes in our backlog as of March 2022 and subsequently offered long-term rate locks for the remainder of the year.

30 Year Mortgage Interest Rates



Source: Freddie Mac.

AFFORDABILITY THROUGH BUILD FOR RENT (BFR)

We believe rentals are an important component of the housing equation. We are here to offer attractive new single-family home rental solutions through our BFR partners for both permanent renters and those looking to bridge the gap to ownership who need a bit more time to save for their down payment or secure better credit.

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 collaborating with other builders, suppliers and trade partners to develop solutions for better, more efficient construction.

CUSTOMER SATISFACTION

We believe that excellent customer experience is paramount to our customer-centric culture. 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 consistently excellent customer satisfaction scores.

Hear what our customers have to say:

“Energy-efficient home and a fantastic smooth process from start to finish by a team of professionals! Excellent experience! The builder, sales rep & customer care team were wonderful to work with and I would highly recommend Meritage Homes to family friends!”

MICCI N., Marietta, GA

“Had a great experience with the people at Meritage and they made the homebuying process really easy.”

JOCELYN S., Durham, NC

“Meritage Homes is an exceptional company with great employees. From start to finish it was a pain-free process. The quality of the home is to the highest standard.”

JOHN F., Plant City, FL

AVID AWARDS REFLECT CUSTOMER SATISFACTION

Meritage’s Avid Ratings

	Meritage Homes Rating	Industry Average Rating
2022	91.5%	90.6%
2021	92.1%	88.4%
2020	92.7%	89.2%

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.

2022 was the **eleventh straight year** that Meritage Homes has been recognized for the highest homebuyer ratings.

In 2022, Meritage’s Southern California Division received the prestigious **Avid Cup – Production for the second year in a row**, which is the program’s top honor given to only one builder in North America in the production category each year.

Our Nashville Division was recognized with the **Avid Gold Award** for the highest customer ratings in the production category in the southeast region.

Our Atlanta, Charlotte, Dallas-Fort Worth, Denver, Greenville, Houston, Northern California, Orlando, Phoenix, Raleigh and San Antonio divisions took home the **Avid Benchmark Award** for scoring among the top 25% in customer ratings nationwide.



“Our goal is to deliver a Life.Built.Better. and I believe that receiving the prestigious Avid Cup for a second year in a row proves that our customers are extremely satisfied with the quality of Meritage homes and the service of Meritage employees.”

Clint Szubinski, Chief Operating Officer of Meritage Homes

OUR VENDORS

Our vendors play a critical role in improving the efficiency and sustainability within our construction process.



Learn more in the [Appendix](#)



OUR VENDORS

Meritage and our vendors have a mutual goal to deliver high quality energy-efficient homes that are affordable. When selecting our vendors, we consider the following factors: **product quality assurance, scalability, timeliness of delivery, cost and product sustainability. Further, we only seek partners that act with integrity and conduct business through legal, ethical, safe, fair and environmentally sound business practices.**

VENDOR CODE OF CONDUCT

Our Vendor Code of Conduct applies to our contractors, subcontractors, vendors and partners, and specifically addresses such relationships and lays out in detail the policies our vendors should follow while working with Meritage. We expect our partners to understand and comply with the practices.

“We have worked hard to cultivate strong relationships with our vendors. In recent years, we have brought in our partners on our ESG initiatives where we are aligned. We believe that by collaborating, we will make more meaningful headway on our sustainability journey to build even greater energy-efficient homes and to develop more accurate calculations for GHG emissions in the future.”

Phillippe Lord, Chief Executive Officer of Meritage Homes





VENDOR ESG SURVEY

We conducted our inaugural annual 2022 vendor ESG survey with **82% of national vendors participating** to help us create a baseline understanding of our national vendors' sustainability and safety efforts, as well as ESG reporting and disclosures. We will use this data to determine the risks and opportunities for ongoing vendor engagement.

ESG REPORTING HIGHLIGHTS FROM 2022 NATIONAL VENDOR SURVEY

- Over 53% of our national vendors issue sustainability reports and align with the same ESG frameworks that Meritage does (SASB, GRI and UN SDGs)
- Over 40% of our national vendors conduct climate reporting
- Approximately half of our national vendors have conducted life cycle assessments (LCAs) or have LCAs underway, providing a path to unit-level GHG data, which could improve the measurable accuracy of our scope 3 data in the future

Vendor survey results related to sustainability efforts are captured in the Environmental section on page 27 of this ESG report.

Note that statistics related to national vendors already incorporate the 82% national vendor response rate to Meritage's vendor ESG survey.

VENDOR ENGAGEMENT

We engage with our vendors on various fronts throughout the year.

Production: We had daily interactions with our vendors at all levels of the business from our local procurement teams to executive management to ensure product and materials capacity met our forecasted needs and help to resolve issues in real-time during the industry-wide supply chain constraints in 2022.

ESG: Meritage’s corporate strategic sourcing and ESG teams have ongoing dialogue with our vendors to understand and improve upon our responsible material procurement. We hosted our annual ESG Summit to mutually receive and share updates on all corporate ESG efforts. We also learn from one another to improve ESG data gathering and disclosures, as well as collaborate on sustainability projects that are mutually beneficial. Our national vendors participated in our inaugural 2022 vendor ESG survey, which is described on the prior page.

Philanthropy: We teamed up with our vendors on philanthropic projects. Since 2013, we have built and donated 17 new, mortgage-free and energy-efficient homes to deserving military families through Operation Homefront with the help of our vendors.



OUR COMMUNITIES

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



Learn more in the [Appendix](#)



A COMMITMENT TO GIVING

As a company, Meritage has been helping to shape stronger and more resilient communities and neighborhoods across the country and delivering a Life.Built.Better.® to those in need through both **charitable donations** from its philanthropic foundation, Meritage Cares, and **volunteer efforts** by its employees.

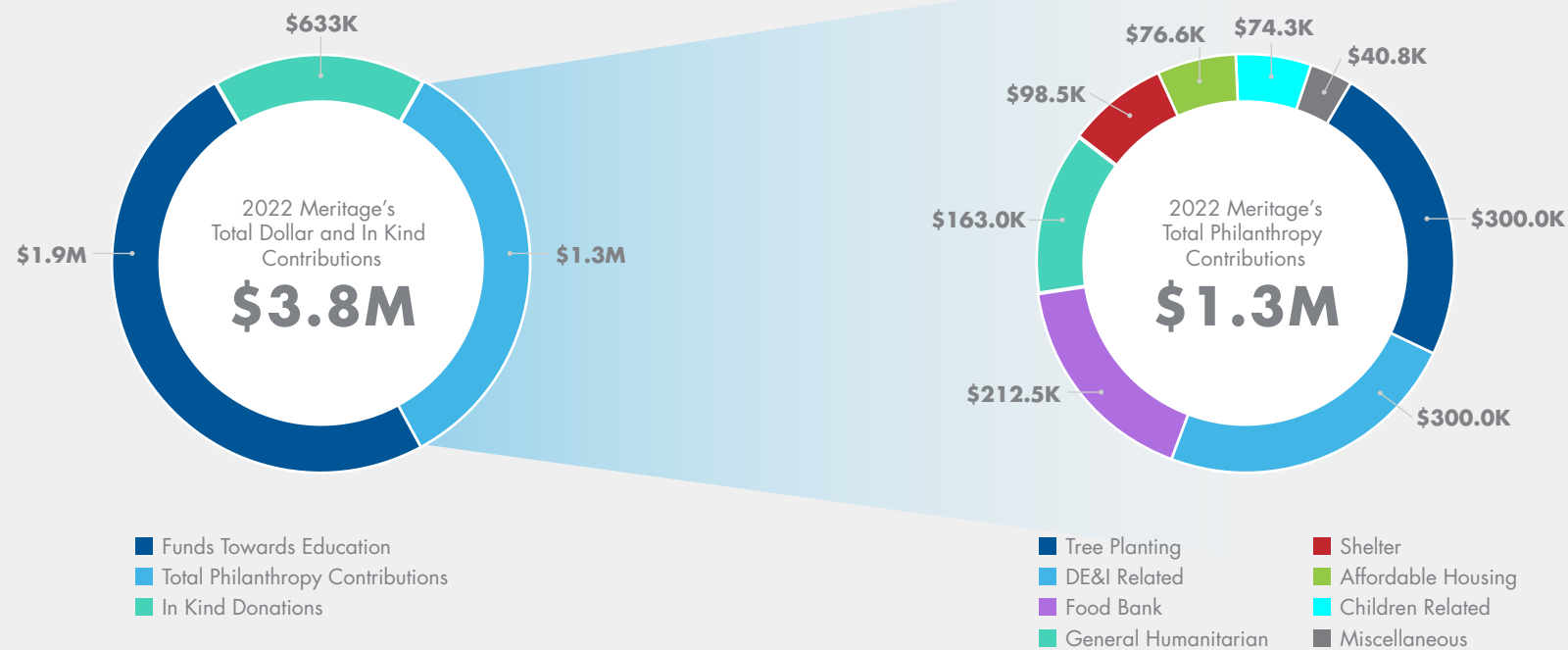
Meritage Cares specifically contributes to eligible nonprofits to support the **wellbeing of children, families, military veterans** and other charitable causes in the markets in which Meritage operates.

Cumulatively from 2014 (when Meritage Cares was founded) to 2022, we contributed nearly

\$15 million in philanthropy, in-kind donations and education-related funding, of which \$3.8 million related to 2022.

Through Meritage Cares, Meritage donates to significant efforts which include **combating ongoing food insecurity and supporting shelter and affordable housing,**

sustainable forestry, as well as DE&I education and career initiatives. Meritage also contributes to fund education opportunities in different states. In partnership with Operation Homefront, Meritage builds and donates new mortgage-free energy-efficient homes to military veterans and their families in our communities.



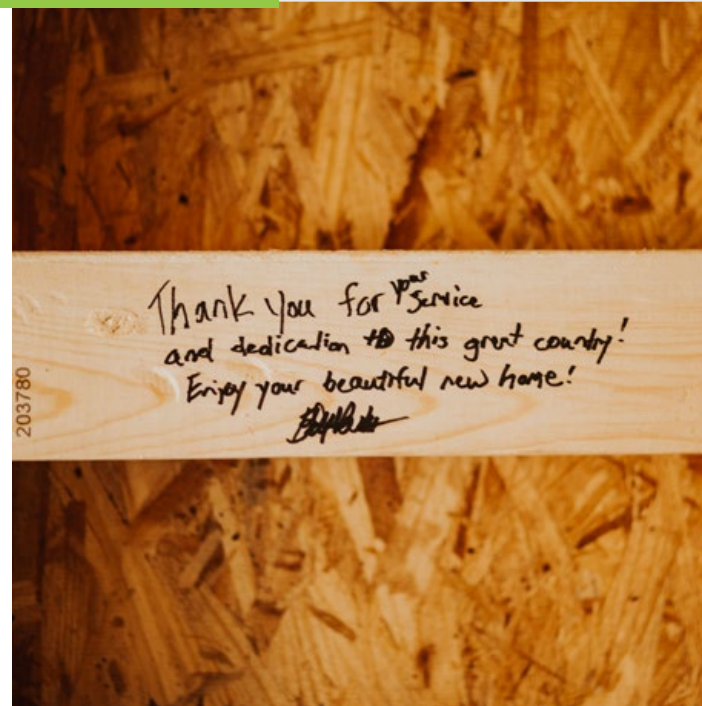


Focus Area: OPERATION HOMEFRONT

Highlights: In 2022, in partnership with Operation Homefront, we built and donated three new mortgage-free, energy-efficient homes to deserving military veteran families in Houston, Nashville and Tucson.

“We’re proud to present these deserving families with brand new, mortgage-free homes. We are humbled by the sacrifices made by these families and from all our service men and women. We would not have been able to build these three homes without the unwavering support of our vendor partners and our Meritage team members who put extra time and care to ensure these homes met the needs of these veteran families—we are very grateful to them all.”

Clint Szubinski, Chief Operating Officer of Meritage Homes





Focus Area:

Q4 OUTPOUR—MEAL KITS FOR CHILDREN

Our team chooses what causes to focus Meritage's efforts for our **Q4 Outpour**, our annual enterprise-wide giving opportunity. We come together as an entire company and focus on donating time and money to one charitable organization or cause.

In 2022, our team chose to support No Child Hungry, donating over \$175,000 and packing over 20,000 meals for children in both the U.S. and Ukraine.



"As our communities feel the impact of the changing macroeconomic and market conditions as well as natural disasters, we wanted to support national and regional programs that help create safe and thriving communities. In 2022, we have seen firsthand how the increasing cost of groceries and rising inflation made it more difficult for U.S. households to put food on the table. It has been an honor to be part of an organization that rallied to pack meals, as well as donate time and money to help those affected by this nationwide issue."

Emily Tadano, VP of Investor Relations and ESG of Meritage Homes

Arbor Day Foundation®

TREE PLANTING WITH ARBOR DAY

Employees participated in Meritage’s commitment to sustainable forestry efforts to benefit local environment through the partnership with Arbor Day Foundation.

Purpose:

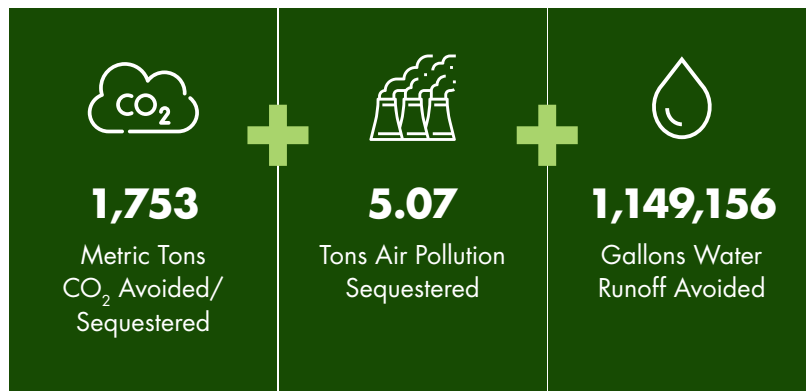
Through improved tree canopy and greenspace, we look to develop more beautiful and environmentally resilient neighborhoods. The tree planting events took place in areas that have been impacted by a variety of environmental and economic factors, such as storms, urban heat island effect, and environmental inequity.

Statistics:

- Hosted 17 tree-planting events across cities nationwide
- Nearly 300 Meritage employees volunteered more than 1,500 hours total

Environmental Benefits:

Impact of 1,822 Trees Over 40 Years



Source: Arbor Day.



FONVILLE MIDDLE SCHOOL IN HOUSTON, TEXAS

In the Northside-Northline community in Houston, TX, we planted trees at Fonville Middle School to help absorb excess water, stabilize soil and add incremental tree canopy.

Focus Area:

DE&I in Philanthropy

Highlights: Our philanthropic focus on DE&I relates to:

- Supporting the Building Talent Foundation’s efforts in advancing the education, training, and career progression of underrepresented minorities in the homebuilding and related industries
- Funding scholarship programs and creating internship opportunities for underrepresented groups at several HBCUs and HSIs, through organizations like INROADS, the Society of Women Engineers, the National Association of Women in Construction, and specific universities (North Carolina A&T State University, Arizona State University, University of Central Florida, Prairie View A&M and Texas A&M)



Focus Area:

Affordable Housing in Arizona

Highlights: Arizona Housing Fund sponsors nonprofit organizations that build and operate permanent supportive, low-income and working poor housing in Arizona. Our Phoenix and Tucson divisions continued to support affordable housing with **over \$75,000 in 2022 donations from our homebuyers together with Meritage** to the Arizona Housing Fund.



VOLUNTEERISM

Volunteerism enhances the **resiliency of our greater communities** while also driving **employee engagement**. While employees indeed found more ways to volunteer individually, as a team or with the whole company over time, we became better at capturing the volunteerism data in 2022 as we continue to encourage and focus our efforts on this path to give back to our communities.

VOLUNTEER HOURS	2020	2021	2022
Total volunteer hours	475	590	2,844

Focus Area:

Extreme Weather Relief

Highlights: In response to the devastating impact of Hurricane Ian in Florida in late 2022, we donated **\$100,000 to aid in the recovery and rebuilding efforts** in the affected area.





GOVERNANCE

- 3** GOOD HEALTH AND WELL-BEING
- 4** QUALITY EDUCATION
- 5** GENDER EQUALITY
- 10** REDUCED INEQUALITIES
- 11** SUSTAINABLE CITIES AND COMMUNITIES
- 16** PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17** PARTNERSHIPS FOR THE GOALS

Learn more in the [Appendix](#)

GOVERNANCE

Strong leadership and sound governance are fundamental to executing responsibly and ethically while consistently delivering quality products.

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.

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

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**
- Promoting the **right tone from the top**
- Developing strong leadership and a management team that is **committed to integrity**



“We are committed to creating and enhancing ethical and transparent business practices at Meritage. Our approach to responsible business embraces policies and procedures that are centered around ethics, security, and corporate governance.”

Malissia Clinton, General Counsel of Meritage Homes

BOARD DIVERSITY

Strong Independent Leadership

82% of our Board of Directors were independent at December 31, 2022 (9 of 11), and 100% of our Board committee members are independent.¹

Our Board is comprised of a group of individuals whose **experience, backgrounds, qualifications, personal ethics, dedication and commitment to our Company** enhance the Board’s diversity of thought and insights. We use a third-party firm and the following matrix of qualifications to support the Board in new director recruitment.

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

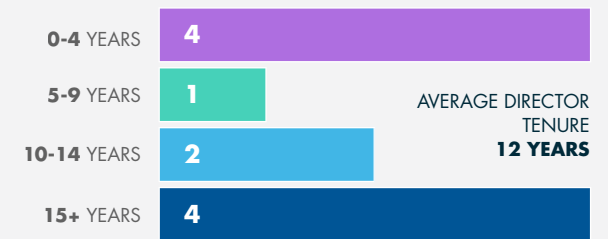
Our Nominating / Corporate Governance Committee is responsible for board refreshment. The Board is committed to a policy of inclusion and diversity, ensuring that female and ethnically diverse candidates are considered for new director positions.

For more information about our Board of Directors and the Board committees, please see our [2023 Proxy Statement](#).

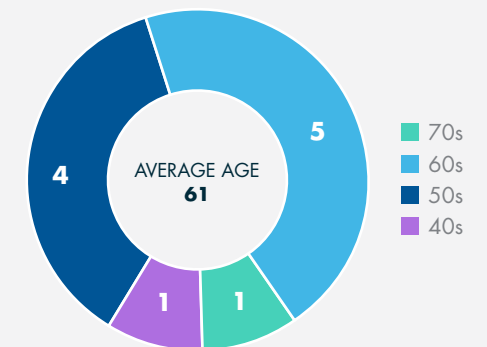
- 45% of our Directors were under 60 years old (5 of 11)¹
- 27% of our Directors were ethnically or gender diverse at December 31, 2022 (3 of 11), with 75% of our last four members representing this diversity¹

¹As of December 31, 2022.

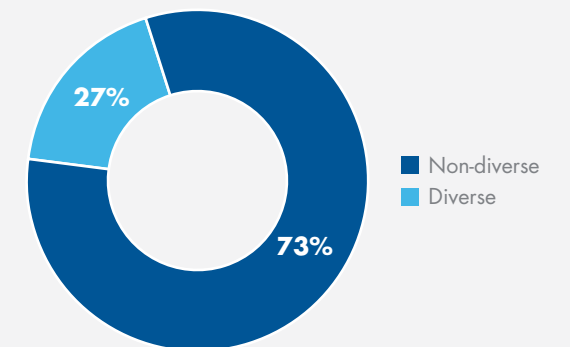
Director Tenure¹



Director Ages¹



Director Demographics¹



BOARD OVERSIGHT

Although Meritage's executive management is responsible for the daily management of risk relating to our operations and strategy, our Board has overall responsibility for the oversight of risk management. 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.

Our Board of Directors is governed by a set of [Corporate Governance Principles and Practices](#).

- Our **Audit Committee** is responsible for reviewing and analyzing significant financial and operational risks, cybersecurity and data privacy management, and how our executive leaders are managing and mitigating such risks through our internal controls. This committee plays an important role in overseeing our internal controls monitoring.
- 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**, with assistance from a third-party consultant, oversees the compensation and incentives provided to our executive officers, approves equity for the entire organization, and is focused on prudent and fair compensation that is commensurate with effort and achievements.
- Our **Environmental, Social & Sustainability (ES&S) Committee** is responsible for management oversight and the Board's strategy related to sustainability and social initiatives including climate-related risks and opportunities, human talent management and DE&I.
- 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 only serves on Meritage's Board.¹

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. All of Meritage's Board Directors are in compliance.

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

¹As of December 31, 2022.

ESG GOVERNANCE

At Meritage, we have several organizational structures that manage and implement ESG-related initiatives as well as oversight.

1. ES&S BOARD COMMITTEE

To expand on its oversight of environmental and social matters, the ES&S Committee approves the annual ESG Action Plan, monitors progress updates, and reviews pertinent trends in environmental and social initiatives and ESG reporting to understand how they apply to Meritage today and in the future.

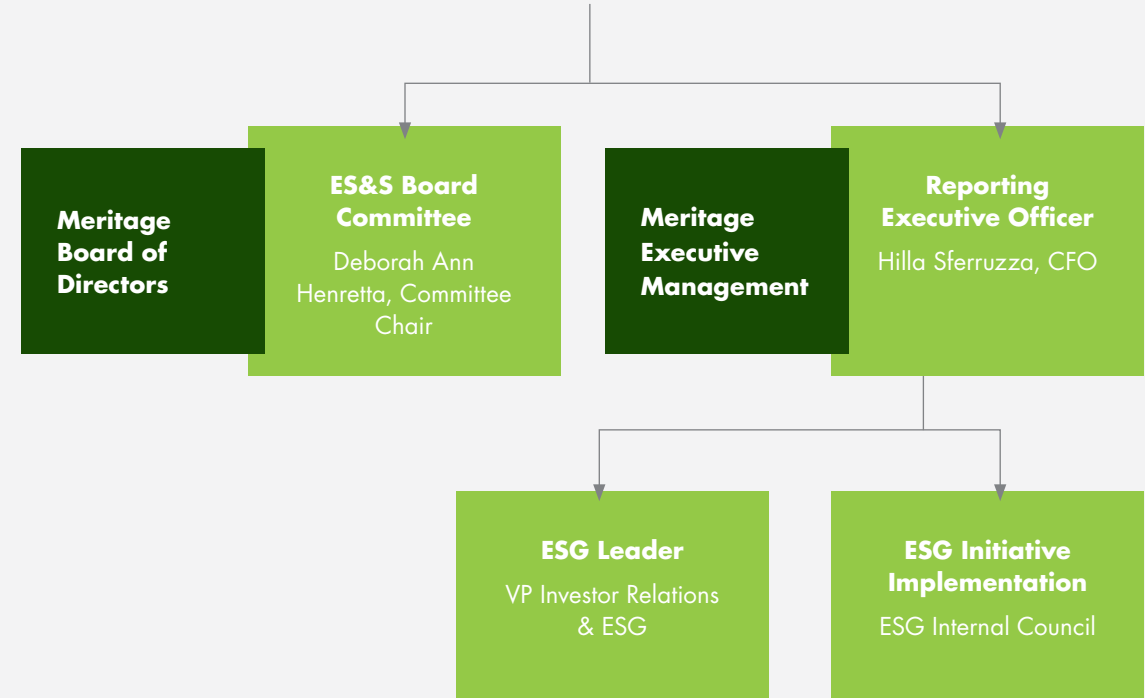
2. EXECUTIVE MANAGEMENT is responsible for integrating environmental and social issues into our business, financial and strategy planning.

3. The **ESG LEADERSHIP** at Meritage under the CFO is responsible for:

- Developing the annual ESG strategy and ESG Action Plan
- Understanding environmental and social risks and opportunities, and providing recommendations to the Executive Management about which are material for Meritage and what actions to take
- Publishing annual ESG reporting and disclosures, including data collection and analysis
- Working with the ESG Internal Council to evaluate action ideas and advise on the implementation of initiatives
- Conducting stakeholder engagement, such as investor and vendor outreach throughout the year, and working with ESG consultants to remain up-to-date on greater trends

4. The **ESG INTERNAL COUNCIL** was established in 2022 to research ESG opportunities across all of Meritage’s business disciplines and to implement ESG-related initiatives. The Council is comprised of nine members across various internal departments. Chaired by the VP of Investor Relations and ESG, the Council meets regularly and reports to the CFO.


MERITAGE’S ESG GOVERNANCE STRUCTURE



The ES&S Committee Chair and another Board Director, as well as Meritage’s CFO, the VP of Investor Relations and ESG and another Meritage leader successfully completed a third-party ESG board certification course in early 2023 to learn about best practices and upcoming trends.

SHAREHOLDER ENGAGEMENT

Meritage's executive management and Board of Directors continued with its shareholder outreach program during 2022. We reached out to the top 30 shareholders and engaged with almost 40% of total shares outstanding at December 31, 2022. Our Nomination / Governance Committee Chair and Compensation Committee Chair participated in these engagements, actively soliciting our shareholders' perspectives on our compensation structure, board diversity and other governance matters. We also hosted shareholder calls with our ES&S Committee Chair regarding ESG issues. We are committed to maintaining a dialogue with our shareholders to ensure their perspectives are thoughtfully taken into account.



The chairs of Nomination / Governance, Compensation and ES&S committees engaged with shareholders representing almost 40% of total shares outstanding at December 31, 2022.

"We value and respect the expertise, insight and experience of all of our stakeholders. Our focus areas and initiatives are meaningfully enhanced by ongoing stakeholder engagement to understand what is important to our colleagues, customers, vendors, shareholders and greater communities while also benefiting the planet and supporting the UN's Sustainable Development Goals."

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

GOVERNANCE DOCUMENTS

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](#)

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.

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

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 and various criteria.

BUSINESS ETHICS & COMPLIANCE

Across all aspects of our business and pertinent to all of our various stakeholders, we operate with honesty and integrity, and comply with federal, state and local laws, regulations and requirements.

To promote accountability and transparency, we have formal procedures in place that encourage employees and all stakeholders to report actual and/or alleged violations **through an anonymous 24/7 Ethics Line** monitored by an independent, third-party company. All calls are investigated in a timely fashion.

HUMAN RIGHTS

Meritage respects the basic human rights of all stakeholders. 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 Board of Directors has oversight for this policy, which it reviews annually.

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

RESPONSIBLE MARKETING

We encourage responsible customer marketing to foster fully informed choices with **accurate, transparent and timely information**. Our marketing promotes **truthful, fair and non-discriminatory** advertising and marketing of our products. We are upfront with our customers and focus on **clear and honest messaging** to avoid any deception regarding pricing, our product and product delivery.

DATA PROTECTION & PRIVACY

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**. Our information technology department is responsible for coordinating the protection of our information systems and the data they maintain. Our Chief Information Officer presents a cybersecurity review to the Audit Committee at least twice each year.

To manage technology risk and secure technology ecosystems, our information security framework is based on the National Institute of Standards and Technology (NIST) principles, which we execute through our adherence to the Center for Internet Security (CIS18) control framework. The CIS18 framework provides us the ability to align measurable controls to actions and benchmark against recognized standards. We review annually the SOC 1 and SOC 2 reports of all of our third-party vendors hosting our data to ensure they conform to those requirements.

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:

- Administer mandatory ongoing information security training throughout the year
- Maintain privacy policy, security protocols and internal security controls
- Limit devices on company WIFI to Meritage-owned devices
- Maintain a firewall to limit cyberattack access to data

- Use data breach detection software and cybersecurity consultants that actively monitor our systems
- Conduct internal cyber incident exercises
- Conduct recurring penetration tests to 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
- Maintain third-party cybersecurity insurance

2022 TCFD SECTION



Learn more in the [Appendix](#)

TCFD Introduction

As a follow-up to our inaugural 2021 TCFD standalone report, we have enhanced our disclosures to expand our scenario analysis to all 17 of our active selling markets, formalized our Environmental Management System (EMS), and merged our TCFD into this 2022 ESG report. True to our position as an official TCFD supporter, we believe that reporting on our climate-related analysis and actions is important to maintain the trust of our investors and address the current and future impacts of climate change on our business. 2022 marks the fourth consecutive year of GHG emissions accounting, and we remain committed to improving the accuracy of such calculations.

TCFD Governance

Please see “ESG Governance” section on page 63 of this report.

Environmental Management System

Meritage has mapped an EMS in line with the U.S. EPA’s definition as “a set of processes and practices that enable an organization to reduce its environmental impact and increase its operating efficiency.”¹

Our EMS takes a holistic approach to reduce GHG emissions stemming from the use phase of the new homes we build. This framework guides our actions in land acquisition and development, home and community design and construction, and ESG reporting. The below table breaks down the layers of our climate-related process efforts.

Overview of Meritage’s Environmental Management System

Processes	Practices
Commitment & Strategy	<p>Board of Directors & ES&S Board Committee – ESG strategy oversight</p> <p>Meritage Executive management – Integrate sustainability and social initiatives into business strategy</p> <p>ESG Leadership – Develop ESG strategy and publish ESG reporting</p> <p>ESG Internal Council – Assist in implementing ESG initiatives</p>
Targets & Plans	<p>Annual objectives captured in ESG Action Plan</p> <p>New home energy efficiency certifications related to RESNET’s HERS index scores and ENERGY STAR</p> <p>Home features that reduce electricity and water consumption during the use phase of the home</p>
Implementation & Measurements	<p>Home design – Meritage design, building science, procurement and operations members design and evaluate home plans</p> <p>Home construction & energy efficiency rating – Meritage construction managers and procurement work with trade partners and suppliers to establish the home building plan within each community and to deliver new homes. Third-party raters inspect and rate the energy efficiency of the new homes. Depending on geography, certain new homes also Indoor airPLUS certified</p>
Performance Review	<p>Home energy efficiency rating – Received at each home closing</p> <p>Inclusion of all home features that reduce electricity and water consumption in each home</p>
Process & Product Improvement	<p>Data driven improvement process related to the home design and building process</p>
Annual Reporting	<p>Report on ESG and TCFD annually, which includes GHG emissions inventory</p>

TCFD STRATEGY

Scenario Analysis

We identified material climate risks and opportunities related to the construction process and performance of the homes we build in climate scenarios across short-, medium-, and long-term horizons, understanding that climate scenario narratives are hypothetical descriptions of futures that may occur under different levels of climate change. As an enhancement to the analysis of our headquarters previously conducted, we have now completed a physical and transitional risk analysis of all 17 of our active selling markets.

Meritage-Defined Time Horizons

Time Horizon	Range Considered	End year
Short-term	Less than one year	2024
Medium-term	1-3 years	2026
Long Term	3-28 years	2050

Physical Risk Analysis

Physical risk scenario analysis measures the impacts associated with increased frequency of extreme chronic and acute weather events, including hurricanes, flooding, heatwaves, sea level rise, drought, water stress, wildfires, and precipitation. Using the SustGlobal climate analytics platform, we quantitatively assessed the exposure of our key markets to chronic and acute climate-related hazards detailed in two Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) 5-8.5 and SSP 2-4.5.

- The SSP 5-8.5 scenario is used to evaluate the worst-case climate outcome; a potential future with unabated emissions to the point that chronic risks such as sea level rise, average temperature increases, and changes in precipitation will increase globally. Acute risks, such as droughts, heat waves, and water scarcity are assumed to occur more frequently.
- The SSP 2-4.5 scenario is utilized to illustrate middle-of-the-road circumstances, where environmental systems experience degradation but overall, the intensity of resource and energy use declines.

Conclusion: From our assessment, **water stress and hurricanes** were identified to be the most pertinent physical hazards that impact specific regions within our geographic portfolio across all time horizons, while **heatwaves** are a potential risk in the long-term.

Transition Risk Analysis

Transition risk scenario analysis measures the impact associated with a shift to a lower-carbon economy, capturing disruptions from policy, technology, market, and reputational factors. We applied carbon pricing projections via IEA’s NZE 2050 global emissions 1.5°C scenario to our GHG emissions scopes 1-3 emissions, which were based on our current forecasted volume of annual home closings and the anticipated average HERS index score on future new homes.

Conclusion: The results translate into higher carbon price-induced costs related to our current emissions trajectory, which we conservatively assumed Meritage would bear the full cost responsibility.

TCFD RISK MANAGEMENT

The table below summarizes the results from our latest climate risk scenario analysis. For each of the identified risks, we have outlined our mitigation actions to date, which all stem from stakeholder engagement.

Meritage-Identified Risks, Mitigating Factors and Our Response

Risk Topic	Potential Impact	Mitigating Factors	Our Strategy & Current Actions Response
<p>CHANGING WEATHER PATTERNS & INCREASE IN EXTREME WEATHER EVENTS</p> <p>Risk Type: Acute and chronic physical</p> <p>Time Horizon: Short, medium and long</p> <p>Opportunity Type: Product & Services, Resilience, Resource Efficiency</p>	<ul style="list-style-type: none"> Potential operational disruptions Potentially reduced water availability and strained electric grid impacting customers 	<ul style="list-style-type: none"> Vendor engagement Adapt workplace practices at jobsite Inclusion of electricity and water conservation in the design of communities and homes Ability to shift out of climate change-related high-risk geographies during site selection 	<ul style="list-style-type: none"> Our health and safety protocols address job site heat illness prevention Our resource resilience includes a pipeline of both additional trade partners to address absenteeism and alternate sources for materials and products in case of shortages or delays. We also integrate certain lower carbon materials and off-site construction techniques and components into our homes As part of evaluating a land acquisition opportunity, we conduct a Phase 1 environmental site assessment (and if necessary, Phase 2), water stress analysis, and biodiversity evaluation In addition to xeriscaping/zeroscaping and retention ponds for community design, our home design provides best-in-class products that reduce electricity and water consumption: spray foam insulation, ENERGY STAR® appliances, WaterSense fixtures, multispeed HVAC, solar panels and tankless water heaters
<p>INCREASED HOME CONSTRUCTION REGULATIONS</p> <p>Risk Type: Transition</p> <p>Time Horizon: Short, medium and long</p> <p>Opportunity Type: Markets, Resilience, Resource Efficiency</p>	<ul style="list-style-type: none"> Potential for increasingly stringent building codes and environmental regulations on new construction 	<ul style="list-style-type: none"> Federal, state and local regulatory body engagement 	<ul style="list-style-type: none"> Our ongoing partnership with regulatory bodies allows us to be aware of potential changes early in the process so we can provide feedback before rollout and continue to be top of mind when builder participation is needed in pilot programs We are currently adjusting the build and design of our new homes to meet the latest ENERGY STAR home certification requirements to continue qualifying for 45L tax credit on eligible energy-efficient homes
<p>SHIFT IN CONSUMER PREFERENCES</p> <p>Risk Type: Transition</p> <p>Time Horizon: Short, medium and long</p> <p>Opportunity Type: Markets</p>	<ul style="list-style-type: none"> Potentially not meet changing consumer expectations in relation to climate change features in a new home 	<ul style="list-style-type: none"> Consumer engagement Reputation for energy-efficiency builder leading to increased trust in our brand 	<ul style="list-style-type: none"> We engage with existing customers and general consumers via market research and surveys to understand key drivers of sales based on consumer preferences for home features and geography We integrate education about the benefits of energy efficiency into our marketing strategy With the stamp of approval from ENERGY STAR home certification and, in certain geographies, Indoor airPLUS, our homes continue to meet customer demand
<p>NEW TECHNOLOGIES</p> <p>Risk Type: Transition</p> <p>Time Horizon: Medium and long</p> <p>Opportunity Type: Product & Services</p>	<ul style="list-style-type: none"> Potential to miss a first adopter position on new technology 	<ul style="list-style-type: none"> Engagement with technology innovators in the homebuilding space 	<ul style="list-style-type: none"> We have an internal building science team Our investment in a real estate technology venture capital fund gives us a first look at its innovative technology pipeline that touches all aspects of the homebuying and homeownership experience for our customers, and allows us to be a first adopter

TCFD METRICS & TARGETS

We track sustainability data to understand our climate risks as we transition our operations and value chain to be less carbon intensive that relate to general and GHG-specific metrics as noted below.

Tracked Metrics	Reference Page in this Report
Percentage of appliances that are ENERGY STAR® for appliances that offer ENERGY STAR®	25
Percentage of water fixtures that are WaterSense certified	76
Delivered homes with ENERGY STAR® home certification	14
Average HERS index score of delivered homes	15
Number of solar panels installed in completed homes	28
Environmental statistics (100-year flood zones and water stress) related to land acquisition	77
Annual SWPPP spend on job sites to manage and reduce construction impact on the air and water	22
Greenhouse gas emissions and intensity	73



GREENHOUSE GAS EMISSIONS

Meritage's operations in the homebuilding sector generate direct and indirect greenhouse gas (GHG) emissions. A third-party expert evaluated and measured the 2022 carbon footprint of our business operations, job sites, and value chain to further determine where we can make the greatest improvements in the future.

We have developed our GHG inventory in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using both spend-based and activity-related data. Our 2022 GHG inventory incorporates the emissions factors under the U.S. Environmentally-Extended Input-Output model, which project the market value within all categories of goods and services in the U.S. economy.

The most meaningful impact we can make in reducing GHG emissions is by delivering homes that are more energy-efficient. We actively engage with our vendors to understand the entire lifecycle of our inputs from raw materials to use of materials to disposal of waste. We look for ways to reduce the emissions intensity of our purchased goods and services.

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 Scope 1 emissions are those from our headquarters and regional offices which 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. As part of our efforts to improve the accuracy of our ESG reporting, we are limiting Scope 3 data to Category 11 (use of sold products) due to the limited information available to us in other categories within Scope 3. Work is ongoing with our national vendors to be able to provide unit-level GHG data from our vendors in the future.

For **Scope 3 Category 11** (use of sold products), these values were based on energy consumption estimates per home sourced from independent third-party raters under the industry-specific RESNET rating system and assumes an estimated average useful life of 20 years for a new home, which is based on the estimated lifetime of heating and cooling systems as a proxy for GHG accounting purposes only.

2019-2022 GHG Emissions

(in metric tons CO ₂ e)	2019	2020	2021	2022	2022 vs 2021 Variance
Estimated Scope 1 (GHG emissions)	79	86	142	127	-11%
Estimated Scope 2 (Indirect GHG emissions)	7,172	5,816	4,974	5,432	9%
Total Estimated Scopes 1-2 GHG Emissions	7,252	5,902	5,116	5,559	9%
Estimated Scope 3 - Category 11, Use of sold products	1,356,641	1,652,529	1,716,141	1,843,742	7%

Emissions Intensity Breakdown

	2019	2020	2021	2022	2022 vs 2021 Variance
Total Scopes 1-2 GHG intensity (mtCO ₂ e per full-time employee)	4.8	3.8	2.9	2.9	0%
Scope 3 Cat 11 GHG Intensity (mtCO ₂ e per homes delivered)	146.4	139.6	134.1	130.7	-3%

As we continue to evolve our understanding of GHG accounting methodologies and data, we intend to enhance the accuracy of our calculations. To that end, we have made the following changes:

- Changed our emissions intensity data for scopes 1-2 to anchor on our full-time employee count.
- Narrowed our Scope 3 disclosure to those based on the actual building science of the home as determined by third-party experts who rate the energy efficiency of new build homes throughout the U.S. We now believe that extrapolating spend data into GHG data is inaccurate under current methodologies for our industry.

From 2021 to 2022, our business grew from an operational perspective, which led to an absolute year-over-year increase of 9% related to total estimated Scopes 1-2 GHG emissions. During this time, we delivered 10% more home closings and our home closing revenue increased 22%.

On an intensity basis, our GHG emissions per home delivered related to Scope 3 Category 11 (Use of sold products) improved from 2021 to 2022. The 3% reduction indicates greater energy efficiency of the homes we delivered in 2022.

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 and we are under no obligation to update them. 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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APPENDIX

**SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX.
MERITAGE HOMES CORPORATION, 2020-2022 DATA.**

SASB TOPIC	CODE	ACCOUNTING METRIC	2020	2021	2022
Land Use & Ecological Impacts	IF-HB-160a.1	Number of lots on redevelopment sites	245	845	385
		Number of homes delivered on redevelopment sites	35	52	112
	IF-HB-160a.2	Number of lots in regions with High or Extremely High Baseline Water Stress	10,818	15,995	4,483
		Number of homes delivered in regions with High or Extremely High Baseline Water Stress	6,147	6,263	6,110
	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 community design & development, and Energy-efficient home design & construction			
Workforce Health & Safety	IF-HB-320a.1	Total recordable incident rate (TRIR) for direct employees	1.52	0.73	1.43
		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 ¹	11,834	12,801	14,106
		Average HERS® Index Score of homes delivered that obtained a certified HERS® Index Score ²	56	53	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®) ³	11,834	12,801	14,106
	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 2022 TCFD section and Energy-efficient home design & construction		

*Excluding the Activity Metrics section, all datapoints in the sections of the SASB table above relate to approved land deals in 2019 and onwards.

⁽¹⁾Source is RESNET for all states except California, which utilizes the state-specific Energy Design Rating (EDR) system. Ratings are obtained through physical ratings, desktop ratings, sampling and/or projected per plan per community methods.

⁽²⁾The stated average HERS Index Score was calculated on a weighted average basis utilizing RESNET and EDR data.

⁽³⁾Refers to ENERGY STAR certified homes.

**SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX.
MERITAGE HOMES CORPORATION, 2020-2022 DATA.**

SASB TOPIC	CODE	ACCOUNTING METRIC	2020	2021	2022
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 community design & development		
	IF-HB-410b.2	Number of lots on infill sites	8,842	7,636	2,992
		Number of homes delivered on infill sites	401	1,774	3,627
	IF-HB-410b.3	Number of homes delivered in compact developments ¹	131	574	1,403
Average density of homes delivered in compact developments		12.5	10.9	11.8	
Climate Change Adaptation	IF-HB-420a.1	Number of lots located in 100-year flood zones	854	956	1344
		Number of homes delivered located in 100-year flood zones ²	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 2022 TCFD section		
Activity Metrics	IF-HB-000.A	Number of controlled lots (owned and controlled) ³	55,502	75,049	63,182
	IF-HB-000.B	Number of homes delivered	11,834	12,801	14,106
	IF-HB-000.C	Number of active selling communities	195	259	271

*Excluding the Activity Metrics section, all datapoints in the sections of the SASB table above relate to approved land deals in 2019 and onwards.

⁽¹⁾Compact development refers to communities where density is seven or more units per acre.

⁽²⁾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.

⁽³⁾Total controlled lots refer to our total lot inventory at year end. It is not the cumulative gross newly secured lots from approved land deals in each period, which totaled 29,481, 35,731 and 8,380 for 2020, 2021 and 2022, respectively.

**GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX.
MERITAGE HOMES CORPORATION, 2022 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; 2022 Form 10-K
102-3	Location of headquarters	Page 5
102-4	Location of operations	Page 5; 2022 Form 10-K
102-5	Ownership and legal form	2022 Form 10-K
102-6	Markets served	Page 5; 2022 Form 10-K
102-7	Scale of the organization	Page 5; 2022 Form 10-K
102-8	Information on employees and other workers	Pages 32-41
102-9	Supply chain	Pages 48-51
102-10	Significant changes to the organization and its supply chain	Pages 3-4, 48-51; 2022 Form 10-K
102-11	Precautionary principle or approach	2022 Form 10-K, 68-73 2022 TCFD section
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, 68-73 2022 TCFD section
102-15	Key impacts, risks, and opportunities	Pages 3-4, 68-73 2022 TCFD section, 2022 Form 10-K, 2023 Proxy
Ethics & Integrity		
102-16	Values, principles, standards and norms of behavior	Page 65
Governance		
102-17	Mechanism for advice and concerns about ethics	Page 65
102-18	Governance structure	Pages 62-63
102-19	Delegating authority	Pages 62-63
102-21	Consulting stakeholders on economic, social and environmental topics	Pages 9-10, 30, 49-51, 64, 68-73 2022 TCFD section
102-31	Review of economic, environmental and social topics	Pages 76-87, 68-73 2022 TCFD section; 2022 Form 10-K; 2023 Proxy
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 9
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	Page 9
102-43	Approach to stakeholder engagement	Page 9
102-44	Key topics and concerns raised	Page 9

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX.
MERITAGE HOMES CORPORATION, 2022 DATA. *(continued)*

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	REFERENCE
Reporting Practice		
102-45	Entities included in the consolidated financial statements	2022 Form 10-K
102-46	Defining report content and topic boundaries	Pages 8-11
102-47	List of material topics	Page 11
102-48	Restatement of information	None
102-49	Changes in reporting	None
102-50	Reporting period	Page 10
102-51	Date of most recent report	Page 10
102-52	Reporting cycle	Page 10
102-53	Contact point for questions regarding the report	Page 2
102-54	Claims of reporting in accordance with the GRI standards	Page 10
102-55	GRI Content Index	Pages 78-79
102-56	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 2022 TCFD section was prepared and reviewed by a greenhouse gas emissions consultant expert.

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	REFERENCE
Management Approach		
103-1	Explanation of the material topic and its boundary	Page 11
103-2	The management approach and its components	Pages 8, 13, 20, 33, 68
103-3	Evaluation of the management approach	Pages 13-18, 73, 83-87
SPECIFIC STANDARD DISCLOSURE		
Economic		
201-1	Direct economic value generated and distributed	2022 Form 10-K
201-2	Financial implications and other risks and opportunities due to climate change	Pages 68-73 2022 TCFD section; 2022 Form 10-K
205-2	Communication and training about anti-corruption policies and procedures	Page 65
Environmental		
302-5	Reductions in energy requirements of products and services	Pages 13-17
305-1	Direct (Scope 1) GHG emissions	Page 73
305-2	Energy indirect (Scope 2) GHG emissions	Page 73
305-3	Other indirect (Scope 3) GHG emissions	Page 73
Social		
403-2	Hazard identification, risk assessment and incident investigation	Pages 41, 69, 76-77
405-1	Diversity of governance bodies and employees	Pages 34, 61
413-1	Operations with local community engagement, impact assessments and development programs	Pages 52-58
417-1	Requirements for product and service information labeling	Pages 25-27

**UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS).
MERITAGE HOMES CORPORATION, 2022 DATA.**

CATEGORY	DESCRIPTION	Meritage Commentary
	End poverty in all its forms everywhere	<ul style="list-style-type: none"> Partnership with Operation Homefront to build and donate new homes to veterans. Partnered with homebuyers for affordable housing, donating over \$75K to Arizona Housing Fund in 2022. Other shelter-related support: HomeAid, Goodwill, United Way, Ronald McDonald House. Volunteer efforts to build new homes through Habitat for Humanity and Homeaid.
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> Addressing hunger through donations, meal packing events and food drives with No Child Hungry, Feeding My Starving Children and more.
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Promote employee and family health and well-being via competitive health benefits, wellness incentives and online platform, and employee assistance program. Promote employee financial health via company investments to HSA, company matches to 401K, and Financial Fitness program.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Over 60 academic scholarships established across women-related organizations, HBCUs and HSIs as well as philanthropic contributions to BTF for trade schools. Monetary contributions made to education-related opportunities in certain states. Tuition reimbursement for employees for ongoing education, free LinkedIn Learning classes for employees, discounted higher education opportunities to employees and families, upskilling via Road to Construction Mastery and other training programs. Career development opportunities through ALP and MET.
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Support for our diverse workforce including MTH Flex and equal parental leave opportunities; DE&I program for training and development; Talent Analysis program. 40% of employees self-identified as women; ALP training program participation was nearly 40% women. Gender board diversity includes 2 women out of 11 directors as of March 24, 2023. External gender equality efforts: academic scholarships for women-related organizations (NAWIC and SWE); recruitment partnerships with CIRCA, WayUp and INROADS.
	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> 100% WaterSense certified water fixtures to manage and reduce water usage in our homes. Xeriscaping and/or zeroscaping in our communities to reduce water consumption.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS).
MERITAGE HOMES CORPORATION, 2022 DATA. *(continued)*

CATEGORY	DESCRIPTION	Meritage Commentary
	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> ■ Commitment to building 100% ENERGY STAR certified homes. ■ Our affordable and energy-efficient homes (average HERS score of 53 in 2022) reduce homeowner utility costs. ■ 100% of the homes delivered in California in 2022 included solar panels; our Crescent Lakes Community in Babcock Ranch, FL, the first fully solar-powered town in the U.S., is 100% powered by solar.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> ■ Focus on health & safety on our job sites and in our corporate offices. 2022 TRIR score: 1.4. ■ Our Code of Ethics, Human Rights policy and Vendor Code of Conduct explicitly prohibit the use of child labor, forced labor and other exploitative labor practices. ■ Support recruitment of underrepresented groups into homebuilding to promote sustainable labor force via contributions to BTF.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> ■ Build new infrastructure for new communities in all of our markets. ■ Participate in regional and national initiatives that involve industry-level organizations and government agencies to promote public policies around affordable housing, the construction of energy-efficient homes and stronger energy-efficient and cost-effective building materials. ■ Internal ESG Council addressing company-wide sustainability efforts.
	Reduce inequality within and among countries	<ul style="list-style-type: none"> ■ Provide affordability via long-dated rate locks and build for rent institutional operators in 2022. ■ Focus on entry-level homes which provide housing to first-time homebuyers and baby boomers looking to move down.
	Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> ■ Xeriscaping or zeroscaping landscaping reduces water consumption. ■ Planted trees with Arbor Day Foundation to reduce our carbon footprint in our markets in 2022. ■ Adhere to our environmental responsibility policy. ■ Build and fund infrastructure for new communities.
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ■ Vendor sustainability considerations including waste reduction, water conservation and the use of recycled materials. ■ Innovative construction techniques and value engineering at scale like advanced framing and panelization, minimizing lumber waste. ■ Educate customers on energy efficiency.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS).
MERITAGE HOMES CORPORATION, 2022 DATA. *(continued)*

CATEGORY	DESCRIPTION	Meritage Commentary
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> ■ Increase transparency by publishing TCFD and GHG emissions data. ■ Delivered 10% more home closings than the prior year, while our GHG emissions intensity related to Scope 3 Category 11 per home delivered reduced 3% year-over-year.
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	<ul style="list-style-type: none"> ■ 100% of the showering valves in our new homes include materials made from plastic waste removed from oceans. ■ Part of our nearly \$32M SWPPP spend in 2022 included avoidance of pollutant discharge into waterways from our job sites per the Clean Water Act.
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> ■ Lumber vendors have certifications including Sustainable Forest Initiative, Forest Steward Council and Programme for the Endorsement of Forest Certification. ■ Land acquisition and development environmental diligence conducted by third-party environmental experts to ensure both adherence to local and national environmental regulations and local biodiversity. ■ Ongoing conservation efforts include \$5M spend to preserve California orange groves.
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> ■ Accountability regarding environmental and social opportunities and risks established at the top, including board-level oversight from ES&S Committee. ■ Company-wide Code of Ethics compliance training (100% employee participation achieved in 2022). ■ Regional philanthropy contributions to nonprofits promoting shelter to protect women and children from abuse, advocating for children, and/or providing a safe place for children activities.
	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	<ul style="list-style-type: none"> ■ Partner with No Child Hungry to fund and pack meal kits for children in the U.S. and Ukraine. ■ Partnerships regarding infrastructure build for new communities.

ENERGY STAR CERTIFIED HOMES

	2022	2021
ENERGY STAR Certified Homes	14,106	12,801
Average Annual HERS Index Score	53	53
Homes delivered	14,106	12,801
Savings related to the homes delivered:		
Annual electricity saved	101M kwh	98M kwh
Annual carbon dioxide eliminated	154M lb.	149M lb.
Annual reduction in homeowner utility bills	\$15M	\$13M

CORPORATE SUSTAINABILITY SAVINGS

	2022	2021
Savings related to electronic documentation usage		
Annual carbon dioxide eliminated	1.1M lb.	1.1M lb.
Annual solid waste avoided	78K lb.	75K lb.
Annual trees saved	1,449 trees	1,376 trees
Annual water conserved	1.4M gallons	1.4M gallons
Savings related to electronics recycling and/or reselling		
Annual electronics recycled	1,370 lb.	
Annual toxic metals reduced	39 lb.	
Annual carbon dioxide eliminated	107,681 lb.	

Note that 2022 was the first year of tracking electronics recycling and/or reselling related to Meritage office use.

GHG EMISSIONS

	2022	2021	YOY Variance
Estimated Scope 1 (GHG emissions)	127	142	-11%
Estimated Scope 2 (Indirect GHG emissions)	5,432	4,974	9%
Total Estimated Scopes 1-2 GHG Emissions	5,559	5,116	9%
Estimated Scope 3 - Category 11, Use of sold products	1,843,742	1,716,141	7%

GHG EMISSIONS INTENSITY

	2022	2021	YOY Variance
Total Scopes 1-2 GHG intensity (mtCO ₂ e per full-time employee)	2.9	2.9	0%
Scope 3 Cat 11 GHG Intensity (mtCO ₂ e per homes delivered)	130.7	134.1	-3%

PEOPLE TALENT

	2022	2021
Percentage of females in our workforce		
Total Company	40%	40%
Management ¹		21%
Professionals		38%
Administrative Support Workers		86%
Sales Workers		60%
Percentage of ethnically diverse in our workforce		
Total Company	28%	25%
Management ¹		18%
Professionals		32%
Administrative Support Workers		28%
Sales Workers		35%
Breakdown of Full Time Employees		
Total Company	1,921	1,773
Construction and Warranty Operations	995	878
Management and Administration	384	346
Sales and Marketing	475	494
Title and Insurance Companies	67	55

Note: We disclose our equal employment opportunity (EEO-1) annually and will provide the 2022 data once available.

¹Management refers to Executive/Senior-Level Managers and First/Mid-Level Managers.

	2022	2021
Total Recordable Incident Rate (TRIR)	1.4	0.7
Glassdoor rating	4.2	4.5
Employee engagement survey		
Participation	94%	92%
Results	Engagement Index: 92% Company Culture: 85%	Diversity & Inclusion Index: 94%
Online classes taken by employees	Nearly 65,000	Over 58,000
Compliance training participation		
Code of Ethics	100%	100%
Cybersecurity	100%	99%

PHILANTHROPY AND VOLUNTEERISM

	2022	2021
Amount contributed through Meritage and Meritage Cares	\$3.8M	\$2.8M
Cash for Philanthropy	\$1.3M	\$1.0M
Cash for Education Opportunities	\$1.9M	\$1.6M
In Kind	\$0.6M	\$0.2M
Amount contributed through Meritage Cares	\$1.3M	\$1.0M
Tree planting	\$300K	\$300K
DE&I related	\$300K	\$303K
Food banks	\$213K	\$140K
General humanitarian	\$163K	\$108K
Shelter	\$99K	\$48K
Affordable housing	\$77K	\$43K
Children related	\$74K	\$73K
Miscellaneous	\$41K	\$32K
Number of hours volunteered	2,844	590

CUSTOMER RELATED

	2022	2021
Home Closings		
Entry-Level	84%	77%
First Move-Up	14%	20%
Other	2%	3%
Average Communities		
Entry-Level	81%	76%
First Move-Up	18%	21%
Other	1%	3%
Percentage of homes delivered at or under 1,800 square feet	26%	22%
New communities opened	113	178
	2022	2021
Avid Rating for customer satisfaction		
Meritage Avid Rating	91.5%	92.1%
U.S. public production builder group average Avid Rating	90.6%	88.4%