



Setting the standard  
for energy-efficient homes®

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# MERITAGE INVESTOR OUTREACH PRESENTATION

DECEMBER 2022

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BUILT.  
BETTER.®**

# MERITAGE'S COMPENSATION GOVERNANCE STRATEGY

- Our NEO compensation program is designed to drive and reward superior corporate performance both annually and over the long-term while simultaneously striving to be externally competitive amongst our peer group
- Our compensation program addresses:

## Alignment of NEO pay with performance for retention planning

- Long track record of fair executive compensation
- Our compensation policies and programs have historically received strong support from our shareholders, ISS, Glass Lewis and MSCI

## Succession planning of our NEOs

- Our Board of Directors has had a robust succession strategy in place for all NEOs
  - Evidenced by the evolution over the last 7+ years
  - Based on identifying key skills and competencies needed for today and in the future
- Latest NEO hiring of Malissia Clinton as General Counsel improved the capabilities and diversity of our management team

- We utilize an established third party compensation consultant to conduct annual compensation reviews and benchmark studies to assist us in remaining aligned with general corporate best practices and competitive with industry compensation programs

# OVERVIEW OF MERITAGE'S ESG STRATEGY

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
	Sustainability & resource efficiency	Relationship management with employees, customers, vendors & the community	Accountable governance & transparent operations
Materiality Topics	<ul style="list-style-type: none"> <li>• HERS rating</li> <li>• Climate reporting</li> <li>• Public policy</li> </ul>	<ul style="list-style-type: none"> <li>• DEI</li> <li>• Recruitment &amp; retention, company culture, voice of the employee</li> <li>• Customer satisfaction</li> <li>• Health &amp; safety</li> <li>• Supply chain sustainability</li> <li>• Support for local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics &amp; compliance, risk management</li> <li>• ESG data accuracy &amp; controls</li> <li>• ESG advisory council guidance</li> <li>• Industry ESG data standardization</li> <li>• UN SDGs alignment</li> </ul>
Goals	Baseline measurements and GHG reductions	Increase engagement and DEI initiatives	Documentation of existing practices
Action Plan	<ul style="list-style-type: none"> <li>• Reduce HERS through better inputs and building science</li> <li>• Work with vendors to improve their GHG output (our Scope 3)</li> </ul>	<ul style="list-style-type: none"> <li>• Increase diversity with employees</li> <li>• Increase diversity with trades</li> <li>• Philanthropic efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics and human rights policies</li> <li>• Annual refresh of all guidance documents</li> </ul>

# HIGHLIGHTS OF MERITAGE'S ESG INITIATIVES



## ENVIRONMENTAL

- Achieved annual avg. HERS rating of 53
- One of top 3 HERS ratings in our peer group
- First in our peer group to issue TCFD reporting and become an official TCFD supporter



## SOCIAL

- 4.5 Glassdoor ratings compared to 3.9 peer group avg.
- 0.7 TRIR safety rating
- 92.1% customer satisfaction AVID ratings in 2021
- Signed CEO Action for Diversity & Inclusion pledge
- \$1M+ in philanthropy to social equity & environmental sustainability efforts



## GOVERNANCE

- 27% board diversity (3 of 11)
- Directors are members of the National Association of Corporate Directors
- Board & mgmt. expertise in ESG
- Board & mgmt. oversight of strategy & risk spanning financial, cybersecurity and ESG
- Only builder in peer group to have standalone Environmental, Social & Sustainability Board Committee to provide oversight to environmental & social risks
- Annual ESG reporting & TCFD reporting
- Disclosed EEO-1 data

Datapoints relate to 2021.

Peer group refers to U.S. public production builders.

TCFD refers to Task Force on Climate-Related Financial Disclosures.

TRIR refers to Total Recordable Incident Rate.

Link for ESG report and TCFD report found [here](#).