

# BEAZER HOMES USA, INC.

## CORPORATE GOVERNANCE GUIDELINES

Initially Adopted: December 19, 2002

Last Revised: December 20, 2019<sup>1</sup>

### I. Introduction

The Board of Directors (the “Board”) of Beazer Homes USA, Inc. (the “Company”) has adopted the following corporate governance guidelines to provide high level standards and policies with respect to the Board and to help it fulfill its responsibility to the stockholders to oversee the work of management and the Company’s business results. The guidelines are in addition to and are not intended to change or supersede any applicable federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or By-Laws of the Company. The guidelines are also intended to align the interests of directors with those of Beazer’s stockholders.

It is intended that these guidelines will be reviewed by the Board annually and are subject to future refinement or changes as the Board may find necessary or advisable for the Company.

### II. Board Responsibilities

The Board is responsible for oversight of management’s strategy and operation of the business and performance evaluation, so as to promote the long-term successful performance of the Company and to maximize long-term stockholder value. Accordingly, the directors’ primary functions include:

- Assessing management’s efforts to develop sound business strategies;
- Assessing and monitoring the Company’s financial results and risks;
- Reviewing, and where appropriate, approving and evaluating financial and internal controls;
- Selecting and evaluating the performance of the CEO, reviewing management succession planning, and when necessary selecting a replacement for the CEO;
- Assessing Company policies and procedures and monitoring management’s efforts to promote high standards of ethical conduct and legal compliance in the conduct of Company business; and

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<sup>1</sup> A copy of these Corporate Governance Guidelines is available from the Company’s website at [www.beazer.com](http://www.beazer.com).

- Reviewing actions taken by Board committees on major issues delegated to them.

### III. Board Composition and Selection; Independent Directors

- A. **Board Size.** Based on recommendations of the Nominating/Corporate Governance Committee, the Board will periodically evaluate the appropriate size of the Board and will set the number of directors in accordance with the Company's By-Laws.
- B. **Selection of Board Members.** All Board members are elected annually by the Company's stockholders, except as noted below with respect to vacancies. Each year at the Company's annual meeting, the Board recommends a slate of directors for election by stockholders. The Board's recommendations are based on its determination (based on recommendations, advice and information supplied by the Nominating/Corporate Governance Committee) as to the qualifications of each individual, and the slate as a whole, to serve as directors of the Company, taking into account the membership criteria discussed below.

The Board may fill vacancies in existing or new director positions in accordance with the Company's By-Laws. Such directors elected by the Board serve only until the next election of directors unless elected by the stockholders to a full term at that time.

- C. **Board Membership Criteria.** The Nominating/Corporate Governance Committee works with the Board on an annual basis to determine the appropriate characteristics, skills and experience for directors and for the Board as a whole. In evaluating the suitability of individual Board members, the Board takes into account many factors, including general understanding of marketing, finance, understanding of the Company's business on an operational level, educational and professional background, willingness to devote time to Board duties and other elements relevant to the success of a large publicly-traded company in today's business environment. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating/Corporate Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

In addition, the Board will review annually the relationship that each director and each director's family members have with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) to determine whether each director is independent within the meaning of the New York Stock Exchange listing requirements and Securities and Exchange Commission

regulations. Following such annual review, only those directors who the Board affirmatively determines meet the requirements for independence will be considered independent. The basis for any determination that a relationship is not material will be published in the Company's annual proxy statement.

Directors should be committed to devoting the time and effort necessary to learn the business of the Company and to carrying out the obligations of the Board.

- D. **Board Composition – Mix of Management and Independent Directors.** At least a majority of the Company's directors must be independent directors.
- E. **Orientation and Continuing Education.** All directors, following their initial appointment shall be given the opportunity to attend, at Company expense, a Company sponsored orientation and thereafter shall be given the opportunity to attend educational opportunities relevant to their service as directors in accordance with policies and guidelines established by the Nominating/Corporate Governance Committee from time to time.
- F. **Retirement Policy.** The general policy of the Board is that an individual who has reached the age of 74 (at the time of nomination) will not be nominated for election or re-election to the Board; provided, however, the Nominating/Corporate Governance Committee may recommend and the Board may approve the nomination for election or re-election of a director at or after the age of 74, if, in light of all the circumstances, it is in the best interests of the Company and its stockholders.
- G. **Directors with Significant Job Changes.** Directors who are also employees of the Company are expected to retire from the Board at the same time that they retire from their corporate officer position.

The Board does not believe that non-employee directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Upon such event, the non-employee director shall provide notice to the Nominating/Corporate Governance Committee which shall review the independence of the director and the appropriateness of the Board member's continued service under such circumstances. The affected director shall be expected to act in accordance with the Nominating/Corporate Governance Committee's determination.

- H. **Selection of Chairman and Lead Director.** The Board selects the Company's Chairman of the Board in the manner that it determines to be in the best interests of the Company's stockholders. In the event the Chairman is deemed to be not independent under New York Stock Exchange or Securities and Exchange Commission rules, the independent directors shall designate one of its members to act as Lead Director, whose role and responsibilities are set forth on Exhibit A attached hereto.

- I. **Limitation on Other Board Service.** In order to promote effective service to the Board, no director should simultaneously serve on the boards of directors of more than four other public companies without express approval of the Nominating/Corporate Governance Committee. No member of the Audit Committee may simultaneously serve on the Audit Committees of more than two other public companies.
- J. **Term Limits.** The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company’s history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines. In connection with re-nomination recommendations, the Nominating/Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo.
- K. **Stockholding Requirements.** In order to more closely align the interests of directors and senior corporate management with those of stockholders, the Board has adopted guidelines requiring that directors and certain senior corporate officers acquire and maintain ownership, directly or beneficially, of a meaningful amount of Company stock (“Stock Ownership Guidelines”).

The Board has delegated to the Compensation Committee the primary responsibility for overseeing and implementing the Stock Ownership Guidelines, including interpreting, monitoring compliance with and enforcing the Stock Ownership Guidelines as adopted or amended by the Board from time to time. A transition period has been established to provide a reasonable time for existing and future covered individuals to achieve the required minimum ownership levels. The Board shall retain the authority to suspend the Stock Ownership Guidelines and to modify the required multiples.

- L. **Majority Voting.** In accordance with the Company’s By-Laws, if none of the Company’s stockholders provides the Company notice of an intention to nominate one or more candidates to compete with the Board’s nominees in a Contested Election, as defined in the Company’s By-Laws, or if the Company’s stockholders have withdrawn all such nominations in a Contested Election on or prior to the fifth day before the Company mails its notice of meeting to our stockholders, a nominee must receive more votes cast for than against his or her election or re-election in order to be elected or re-elected to the Board. The Board expects a director to tender his or her resignation if he or she fails to receive the required number of votes for re-election. The Board shall nominate for election or re-election

as director only candidates who have agreed in writing to tender, promptly following the annual meeting at which they are elected or re-elected as director, irrevocable resignations that will be effective only upon (i) the failure to receive the required vote at the next annual meeting at which they face re-election and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who have agreed to tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors in accordance with these guidelines.

If an incumbent director fails to receive the required vote for re-election, the Nominating/Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating/Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept that director's resignation.

#### IV. Board Meetings/Communications

- A. **Agenda.** The Chairman of the Board and CEO, in consultation with the Lead Director, as applicable, and taking into account suggestions from other members of the Board, will set the agenda for each Board meeting, and will distribute this agenda in advance to each director.
- B. **Advance Distribution of Materials.** All information and data that is relevant to the Board's understanding of matters to be discussed at an upcoming Board meeting should, where feasible, be distributed in writing or electronically to all members of the Board in advance of the meeting to facilitate the efficient use of time at Board meetings to deliberate and make decisions on key Company issues. In preparing this information, management should ensure that the materials being distributed are as concise as possible while giving directors sufficient information to make informed decisions. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meetings may not be appropriate. Directors are expected to review all materials distributed prior to attendance at meetings.
- C. **Attendance.** Directors are expected to regularly attend, either in person or by telephone or other remote communication, all meetings of the Board and committees on which he or she sits, with the understanding that on occasion a director may be unable to attend a meeting.
- D. **Access to Employees and Independent Advisors.** The Board shall have reasonable access to Company management and other employees to ensure that directors can ask all questions and obtain all information

necessary to fulfill their duties. Board members shall use sound business judgment to ensure that such contact is not distracting. The Board may specify a protocol for making such inquiries. Management is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the Board to have a full understanding of matters being considered. The Board, in its discretion, also shall have access to any independent advisors of the Company.

- E. **Executive Sessions of Non-Management Directors.** As part of each regularly scheduled meeting of the Board, non-management directors of the Company will meet in executive session, i.e., with no employee directors or management present. Executive sessions of the non-management directors will be called and chaired by the non-executive chairman of the Board (or if there is no such individual, by the Lead Director). These executive session discussions may include such topics as the non-management directors determine, but actions of the Board shall be taken separately at a full Board or committee meeting. At the conclusion of executive sessions, the management directors, if any, may be invited to join the executive session in order that they can be informed of all relevant issues. In addition, at least annually, the Company's independent directors shall meet in executive session, chaired by the Lead Director.
  - F. **Board Interaction with the Press, Institutional Investors and Others.** Directors receiving inquiries about the Company should interact with press and other third parties only with concurrence of the CEO or the CEO's designee.
- V. Performance Evaluation; Succession Planning
- A. **Annual CEO Evaluation.** The Compensation Committee of the Board must conduct a review at least annually of the performance of the CEO. The Committee establishes the evaluation process and determines the basis on which the performance of the CEO is evaluated.
  - B. **Board Self-Evaluation.** The Board shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. To accomplish this self-evaluation, the Nominating/Corporate Governance Committee is responsible for conducting an annual evaluation of the performance of the individual directors, the full Board and the committees of the Board and reporting its conclusions and recommendations to the Board. In conducting its review of the recommendations of the Nominating/Corporate Governance Committee, the full Board shall critically assess the self-evaluation of the Nominating/Corporate Governance Committee and evaluate the effectiveness and performance of such committee. The Nominating/Corporate Governance Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as identification of areas in which the Board could improve its performance.

- C. **Succession Planning.** As part of the annual CEO evaluation process, the Compensation Committee of the Board should work with the CEO to plan for CEO succession, as well as to develop plans for interim succession for the CEO in the event of an unexpected occurrence. Succession planning may be reviewed more frequently by the Committee or the Board as it deems warranted.
- D. **Management Development.** The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.
- VI. Compensation
- A. **Board Compensation.** Directors (other than those who also are salaried employees of the Company or any of its subsidiaries) are entitled to receive reasonable compensation for their services, as may be determined from time to time by the Compensation Committee, as well as reimbursement of expenses.
- VII. Committees
- A. **Number and Type of Committees.** The Board shall have the following 4 standing committees – an Audit Committee, a Compensation Committee, a Nominating/Corporate Governance Committee, and a Finance Committee. The Board may add or remove from time to time additional committees as it deems advisable and consistent with applicable law. Each committee will perform its duties as assigned by the Board in compliance with the Company’s By-Laws and each committee’s duly adopted charter. These duties, further outlined in the charter of each committee, may be described briefly as follows:
- *Audit Committee.* The Audit Committee reviews the Company’s internal accounting and audit processes and the work of the Company’s independent auditors. The Audit Committee has sole authority to appoint and terminate the Company’s independent auditors. The Audit Committee also oversees the Company’s risk assessment, risk management processes, compliance processes as well as certain related party transactions and other matters that may involve conflicts of interest.
  - *Compensation Committee.* The Compensation Committee stays informed as to market levels of compensation and, based on evaluations, recommends to the Board compensation levels and systems for the Company’s purposes. Compensation of the CEO, as well as certain senior executives designated from time to time by the Compensation Committee, will be determined by the Compensation Committee. The Compensation Committee also reviews the relationship between the compensation of

employees and the Company's risk management policies and practices.

- *Nominating/Corporate Governance Committee.* The Nominating/Corporate Governance Committee is responsible for recommending to the Board individuals to be nominated as directors. This includes evaluation of new candidates as well as evaluation of current directors. The Nominating/Corporate Governance Committee also develops and recommends to the Board the Company's Corporate Governance Guidelines and Code of Business Conduct and Ethics and any necessary changes thereto as may be appropriate from time to time. This committee also performs other duties as are described in these guidelines.
- *Finance Committee.* The Finance Committee is responsible for advising and assisting the Board in overseeing the Company's corporate finance matters. This includes having the authority to approve on behalf of the Board, any and all strategies, plans, policies and actions related to the Company's corporate finance matters.

**B. Composition of Committees; Committee Chairpersons.** Each of the Audit, Compensation and Nominating/Corporate Governance Committees must consist solely of independent directors. The Board is responsible for the appointment of committee members and committee chairpersons according to criteria that it determines to be in the best interest of the Company and its stockholders and in accordance with the listing standards of the New York Stock Exchange and other applicable regulations.

## **Exhibit A**

### **LEAD DIRECTOR ROLE AND RESPONSIBILITIES**

These Corporate Governance Guidelines require the independent directors to designate an independent director to serve as Lead Director if the Chairman is not independent under NYSE or SEC rules. The following describes the role and responsibilities of the Lead Director and other matters involving the selection and service of the Lead Director,

#### **Board Leadership**

- The Lead Director will preside at all meetings of the independent directors, including executive sessions, and take the lead role in communicating to the Chairman any feedback, as appropriate.
- Whether by service on the Nominating/Corporate Governance Committee or otherwise, the Lead Director will assist with the recruitment of board candidates, and will have active involvement in:
  - board evaluations;
  - establishing committee membership and committee chairs;
  - the evaluation of the Chief Executive Officer; and
  - the board's review of succession plans for the Chief Executive Officer and other key senior executives.
- The Lead Director will communicate with the independent directors between meetings as appropriate.
- The Lead Director will serve as interim Chairman in the event of the Chairman's absence or an unforeseen vacancy in the position.
- The Lead Director will oversee any conflict of interest involving a director, including the CEO.

#### **Meetings**

- The Lead Director may call meetings of the independent directors.
- The Lead Director attends ex officio all meetings of committees on which the Lead Director is not a member.

#### **Collaboration with Chairman**

- The Lead Director will serve as principal liaison between the independent directors and the Chairman.

- The Lead Director will advise the Chairman on the quality, quantity, appropriateness and timeliness of information provided to the board.
- The Lead Director will review and consult with the Chairman on meeting schedules and agendas in advance of board meetings.

**Shareholder Engagement**

- If requested by major shareholders, the Lead Director will be available for direct engagement with those shareholders as appropriate.

**Appointment, Term and Compensation**

- Although elected by the independent directors annually, the Lead Director is generally expected to serve for more than one year.
- The Lead Director will receive annual cash and stock-based compensation as determined by the Compensation Committee.