

SUSTAINABILITY REPORTING

RESOLVED

Shareholders request that PulteGroup Inc. issue a sustainability report describing the company's environmental, social and governance (ESG) performance and goals, including greenhouse gas (GHG) reduction goals. The report should be available on the company website by May 2016, prepared at reasonable cost, omitting proprietary information.

SUPPORTING STATEMENT

We believe tracking and reporting ESG business practices makes a company more responsive to a transforming global business environment characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices, and receive feedback.

Support for and the practice of sustainability reporting continues to gain momentum:

- In 2013, KPMG found that of 4,100 global companies seventy-one percent had ESG reports.ⁱ
- The United Nations Principles for Responsible Investment has more than 1,260 signatories with over \$45 trillion of assets under management. These members seek ESG information from companies to be able to analyze fully the risks and opportunities associated with existing and potential investments.ⁱⁱ
- The CDP (formerly The Carbon Disclosure Project), representing 767 institutional investors globally with approximately \$92 trillion in assets, calls for company disclosure on greenhouse gas emissions and climate change management programs. Over two thirds of the S&P 500 now report to CDP. ⁱⁱⁱ

Pulte has clearly started the process of managing ESG issues internally but this needs to be public. By contrast, KB Home, one of Pulte's main competitors, has been publishing a comprehensive annual sustainability report since 2008, providing goals, identifying areas of focus, and publishing multiyear data on the company's progress.^{iv} Public disclosure of this information allows investors to learn more about how management is addressing near and long-term risks (e.g. operational, reputational, and regulatory) and opportunities.

Reporting on the company's impact on climate change is particularly crucial as it is one of the most financially significant environmental issues currently facing investors. We believe no firm is immune to the prospect of future carbon regulations or the physical impacts of climate change.

In addition, risks to Pulte from the physical impact of a changing climate could affect many parts of Pulte's operations - including threats to raw materials, water supplies, and altering geographical patterns of habitation.

Data on occupational safety and health, vendor and labor standards, waste and water reduction targets and product-related environmental impacts are important business considerations. Not

managing these issues properly could pose significant regulatory, legal, reputational and financial risks.

While sustainability reporting is not yet required in the US, it is increasingly expected by companies' shareholders and stakeholders. Investors are continually monitoring and evaluating the ESG performance of companies alongside financial information. By telling a coherent story, Pulte can demonstrate how its values drive its practices and performance.

We recommend that the report include a company-wide review of policies, practices and metrics related to ESG performance.

ⁱ "The KPMG Survey of Corporate Responsibility Reporting 2013," KPMG, 2013

ⁱⁱ <http://www.unpri.org/>

ⁱⁱⁱ www.cdp.net

^{iv} http://www.kbhome.com/Documents/Energy%20Performance/2013_SustainabilityReport.pdf