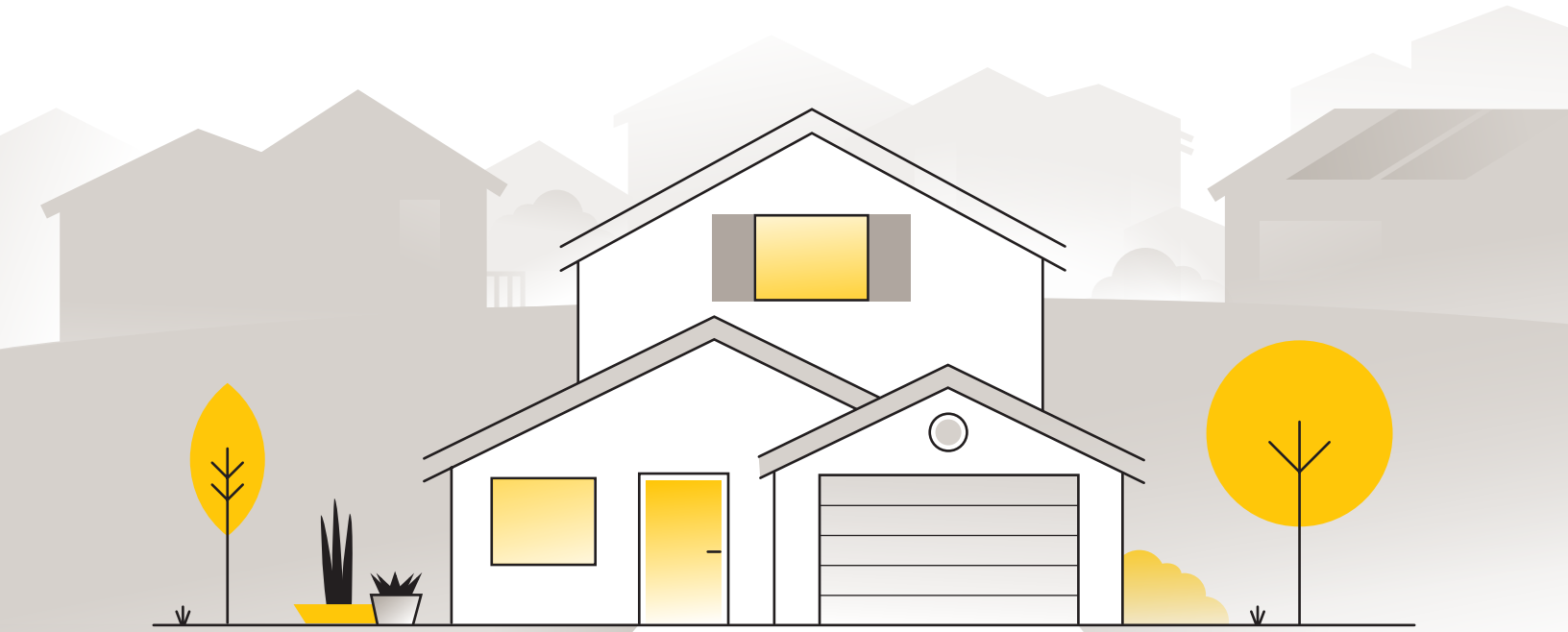
kb HOME

Built on Relationships®

Better Homes
Better Communities
Better Future



2021 Sustainability Report

Letter from KB Home Chairman, President and Chief Executive Officer, Jeffrey Mezger

I am honored to lead one of the oldest and largest homebuilders in the United States, whose legacy is built on strong relationships and leading customer satisfaction. For 65 years, KB Home has pioneered new approaches to building homes, evolved our home designs to reflect contemporary living, and created vibrant, enduring communities. We have helped generations of American families achieve their dreams of homeownership – many for the first time.

We aspire to be the most customer-obsessed homebuilder in the world. Our consistent, rigorous focus on understanding homebuyers' needs and desires helps us to deliver a compelling, personalized product and an exceptional homebuying experience to every customer, every day. We are proud that our customers' trust in us has made KB Home the #1 Customer-Ranked National Homebuilder in third-party customer surveys.

Over 15 years ago, we decided to make a customer-driven, industry-first commitment to sustainability paired with affordability. Even then, we believed that sustainability could go far beyond building what many called "green homes." It could deepen the relationships on which our success has always been based by building innovative homes for our customers and our planet, homes that have healthier indoor air environments and are more efficient, now and into the future. Building welcoming communities that enable people to put down the roots that sustain their social bonds and can help them with generating wealth over time. And building a stronger corporate future by implementing rigorous governance through integrity, purpose and an inclusive culture, shaping a resilient company that can deliver long-term value.

We took this path because we believe that what we do matters. It matters to our homeowners and their families, who make their lives in the homes and communities we build, as well as to the local governments who look to us to help them meet their housing needs. It matters to our employees, who find meaningful work in a safe and supportive workplace, and to our suppliers and trade partners, who share our drive for sustained excellence. And it also matters to all of us who believe in the power of business to do well while doing good.

Both today and for the future, knowing what matters guides our actions and produces meaningful results.

We build better homes that we believe can help reduce climate change and protect the world we all share

We have made sustainability the foundational lens for our operations. Our energy- and water-efficient new homes are designed to reduce the total cost of homeownership while also reducing their environmental footprints. Since 2000, we have built more than 160,000 high-performance ENERGY STAR® certified homes and delivered more than 14,000 solar homes, cumulatively saving our homeowners an estimated $856 million in utility bills and reducing greenhouse gas (GHG) emissions by an estimated 6.3 billion pounds while offering features that promote healthier indoor air environments. And I'm pleased to share that our focus on sustainability has made us the #1 energy-efficient national homebuilder with the lowest publicly reported home energy rating score among large production home builders.

We create better communities that help expand the American dream for all of us

We aim to give our customers the ability to purchase a new home that reflects what they value and how they want to live, at a price they can afford. Homeownership is one of the ways Americans of every background can potentially build household wealth. It also helps create stable communities where strong social connections thrive. In 2021, we helped 13,472 homebuyers achieve the American dream – 62% of them were first-time homebuyers who placed their trust in KB Home to help them make this significant investment in their futures. We also create meaningful change through KB Cares, our philanthropic program, helping thousands of Americans and contributing to local communities across the country.

We strive for a better future that creates value for all stakeholders by operating with integrity and purpose

We continually strive to build a more sustainable company, committed to operational excellence produced through a respectful, team-focused workplace and strong governance standards and practices. And our approach has been recognized. We're humbled to have been named to Newsweek®'s 2022 list of America's Most Trusted Companies and recognized on its Most Responsible Companies list, the only national builder to receive this distinction for two consecutive years.

We've distinguished ourselves as an employer, too. In 2021, The Wall Street Journal® and the Drucker Institute named us to their Management Top 250 list of the most effectively managed companies in the country, and we've been recognized among the "World's Most Admired Companies" on Fortune®'s 2022 list. Forbes® also named us as one of America's Best Midsize Employers for the second consecutive year, placing us in the top 10% of the 500 companies ranked for 2022.

It is gratifying to earn such acclaim, but it's even better to know that we attained this recognition by putting our customers first. We continue to be motivated by the privilege of building our customers' dreams and placing the great American aspiration of homeownership in reach for families across our nation.

Looking forward, we intend to continue our journey by applying innovation toward a more sustainable future. As we have over the past 15 years – even in the midst of a continuing pandemic – we plan to progressively incorporate high-efficiency, cost-effective technologies into our homes. We cannot do this alone; we are leveraging our long-term, collaborative relationships with our suppliers to help design and adopt emerging innovations. We are also taking an equally important step in our sustainability evolution: acting as a catalyst within our value chain to minimize embodied carbon in the materials used to construct our homes.

This is our 15th Annual Sustainability Report, the longest-running publication of its kind in the homebuilding industry. In the pages that follow, we share our pursuit of better homes, better communities and a better future. Most importantly, we share our focus on building enduring relationships and why it matters, to our customers, to our business, to our employees and the environment we all share.

I invite you to join us on our journey today and into the future.

Report Purpose and Structure

This is our 15th Annual Sustainability Report, which follows our most recent report published on Earth Day in April 2021. In this report, we discuss our accomplishments in 2021 and our priorities moving forward. In addition, with this report, we seek to foster continued discussion and engagement with all of our stakeholders on the complex issues surrounding sustainability and broader environmental, social and governance (ESG) practices for long-term value creation. All information provided in this report is for our fiscal year ended November 30, 2021, unless otherwise noted. Inquiries regarding our sustainability initiatives can be directed to sustainability@kbhome.com.

Reporting Standards

We believe transparency and accountability are important elements of sustainability reporting. Our reporting herein and elsewhere is aligned with the SASB, TCFD, GRI and UN Sustainable Development Goals (SDG) frameworks, providing data consistency and decision-useful information. Indices for both SASB and GRI can be found in the Stakeholder Transparency & Data Tables section of this report, as well as a chart that demonstrates alignment between select UN SDGs and our policies and strategies.

Advisory Note

Certain matters discussed in this report, including any statements that are predictive in nature or concern future performance, or our future initiatives or actions and their expected results, are forward-looking statements and/or reflect aspirational goals. These statements are based on current expectations, hopes and projections about future events and are not guarantees of future performance. We do not have a specific policy or intent of updating or revising forward-looking statements. Actual events and results may differ materially from those expressed or forecasted in forward-looking or aspirational statements due to a number of factors, including, but not limited to: general economic and business conditions; government actions and regulations directed at or affecting the housing market, the homebuilding industry or construction activities; costs and/or charges arising from regulatory compliance requirements or from legal, arbitral or regulatory proceedings, investigations, claims or settlements, including injunctions, consent decrees or other voluntary or involuntary restrictions or adjustments to our business operations; consumer interest in our new-home communities and products, particularly from first-time homebuyers and higher-income consumers; our ability to execute on our sustainability and other business plans or initiatives within the timeframes and at the cost, revenues or margins we expect; the pace, scale, trajectory and affordability of technologies that can generally address, or specifically enable us to address, climate change and any negative effects from it; an epidemic or pandemic (such as the outbreak and worldwide spread of COVID-19), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address it, which may (as with COVID-19) precipitate or exacerbate one or more of the above-mentioned and/or other risks; and other events outside of our control. Please see our periodic reports and other filings with the U.S. Securities and Exchange Commission (SEC) for a further discussion of these and other risks and uncertainties applicable to our business and our sustainability initiatives. In addition, the inclusion of information, or the manner in which it is described herein, in this report should not be construed as a characterization regarding the materiality or financial impact of that information.

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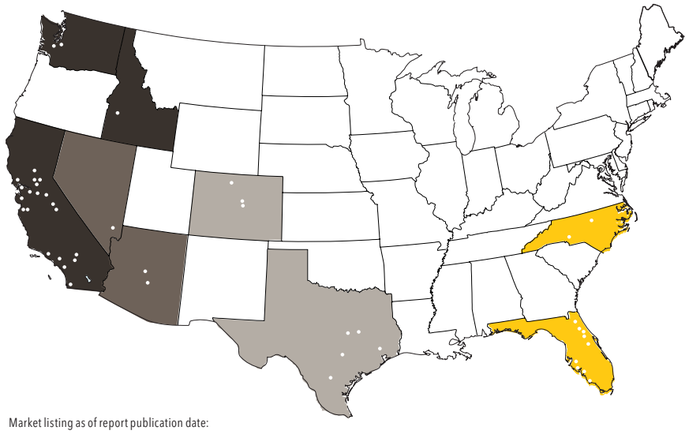
KB Home

Built on Relationships®

Relationships have been at the heart of what we do since day one. Understanding the needs of homebuyers before we break ground. Building homes where our customers can build their lives. Identifying the right principles and partners to guide us. Creating new pathways to the American dream. Sustainability has become an integral part of our business because it supports these goals, making homeownership more attainable, communities more resilient and the future more achievable.

Our Company

KB Home builds in 47 markets across America.



Market listing as of report publication date:

- **West Coast**
  California
  Idaho
  Washington
- **Southwest**
  Arizona
  Nevada
- **Central**
  Colorado
  Texas
- **Southeast**
  North Carolina
  Florida

Principal Business: Building personalized new homes designed primarily for first-time and first move-up as well as second move-up and active adult homebuyers

Founded	**1957**
Chairman, President and CEO	**Jeffrey T. Mezger**
2021 Revenues	**$5.72 Billion**
Homes Delivered in 2021	**13,472**
Total Homes Delivered Since 1957	**655,000+**
Total Land Owned or Under Option as of November 30, 2021	**86,768 Lots**
Community Count as of November 30, 2021	**217**
Ticker Symbol	**KBH**

Our customer-obsessed approach to homebuilding

Our Vision

To be the most customer-obsessed homebuilder in the world.

Our Mission

Give our customers the ability to purchase a new home that reflects what they value and how they want to live, at a price they can afford.

Our Values

We make relationships the foundation for all we do.
It takes strong relationships to build a home. To build a strong relationship it takes respect, integrity, and open and honest communication. Our employees are the heart and soul of KB, and that belief in relationships defines how we behave towards each other, how we treat our customers through every step of the process, and how we work with our suppliers, trades, and municipal partners.

We build homes that make lives better.
Innovative design and quality construction standards are the cornerstones of our brand. Behind our continuous drive to build exceptional homes is a passion for the well-being of those who live in them. From architecture to construction to customer service, we care about making our buyers' lives more comfortable, convenient and healthy. That's how we lead the industry in customer satisfaction and strive to keep it that way.

We believe that everyone deserves a home that's as unique as they are.
Our business model is built on a simple yet radical idea: a house becomes your home when it's an expression of who you are. That's why we give our customers the ability to choose – from homesite to elevation, from floor plan to design options – and a buying experience that's personalized from end to end.

We deliver more for less.
We believe that every customer deserves a home that lives up to their dreams. That's why it's our shared responsibility to ensure that what we build delivers great value, so that every customer gets a home – and a homebuying experience – that can exceed their expectations without exceeding their budget. It's a disciplined and responsible approach to homebuilding that's good for our homebuyers and our business.

We strive for a better shared future.
From individuals, to families, to whole communities, our collective actions can have a beneficial impact on the world. We believe that every decision we make, from how we manage our workplace, to how we run our operations, has the potential to advance environmental, social and economic sustainability.

Our values drive our stakeholder relationships

Building on relationships drives us to create a sustainable economic enterprise that can positively impact our stakeholders and deliver long-term value. Our stakeholders include:

Our Homeowners and Homebuyers

We build places where our customers can fulfill the fundamental human need for connection, come together to rejuvenate and recharge, and create their own community of relationships in a place called home. A home is the largest purchase most people make in their lifetimes, and we are honored that our homebuyers trust us to build their dreams. Our internal customer satisfaction ratings as of April 2022 are at their highest in our history, and we are the #1 Customer-Ranked National Homebuilder according to third-party customer surveys, reflecting our ongoing attention to providing a quality customer experience.

Our Employees

We strive to provide meaningful work and compensation to support our employee team to deliver superior customer satisfaction and stockholder value. We aim to be an employer of choice through our focus on inclusion, diversity and equitable treatment, as a culture of excellence and safety. We are privileged that our employees' opinions earned us a place on Forbes' 2022 list of America's Best Midsize Employers, the only national builder to receive this distinction. We are proud to be in the top 10% of the 500 companies ranked for 2022.

Our Stockholders and Potential Investors

As a publicly held company, delivering long-term value to our stockholders is our top priority. We value the trust that has been placed in us, and we strive to honor that through sound corporate governance and disclosure, transparency and a two-way dialogue.

Our Suppliers and Trade Partners

Effective collaboration with our trade partners is the engine that has driven our progress. Leveraging their experience, expertise and creativity is among our strongest business assets. They are also our partners in jobsite safety and waste reduction. We work to cultivate long-term relationships that allow us to create true partnerships.

Local Government and Community Organizations

We endeavor to develop strong working relationships with local government officials in order to jointly identify housing needs and mutually beneficial solutions that aim to strengthen communities. We also partner with a number of local nonprofits and community organizations to contribute to the long-term social fabric of the areas in which we build.

Environmental and Non-Governmental Organizations

As a leading voice for sustainability in the homebuilding industry, we partner with select national and local environmental and non-governmental organizations, both to learn from perspectives outside our industry and to join together on advocacy and awareness initiatives about important environmental and sustainability issues.

In 2009, we created a National Advisory Board (NAB) to support our stakeholder interactions, particularly around sustainability issues. This group, comprised of leaders from diverse backgrounds and disciplines, provides important perspectives on our strategies and initiatives. See page 55 for more information on the NAB and its current membership.

kb HOME

We believe satisfied employees create a culture of excellence

KB Home strives to create a workplace environment that offers employees meaningful opportunities to grow as professionals and broaden their horizons. Our human capital investments are centered on supporting an equal opportunity, diverse and inclusive workforce with programs for training, career advancement, competitive benefits, incentives and initiatives that promote health, safety and wellness. We have published a Human Rights Statement that, among other things, demonstrates our attention to maintaining a work culture that treats all employees fairly and with respect.

We believe that KB Home's position as an industry leader in sustainability supports our ability to both attract and retain high-caliber individuals – people who are dedicated to leading the future of our industry. We are honored to be the only national builder named to Forbes 2021 and 2022 lists of America's Best Midsize Employers, the only national builder to receive this distinction. We are proud to be in the top 10% of the 500 companies ranked for 2022.

2,244
full-time employees
as of November 30, 2021

100%
of our Board members and employees are covered by our Ethics Policy

100%
of our national supplier agreements include obligations to acknowledge our Ethics Policy

100%
of our employees are required to complete anti-harassment and anti-discrimination training

100%
of our employees are certified on Ethics Policy

Our diverse and inclusive culture is one of our greatest strengths

Employee advancement is fueled by respectful work culture, and we are committed to supporting a workplace that treats all employees with fairness and dignity, promotes inclusivity and provides equal opportunities for the professional growth of the diverse individuals who join us and advancement based on merit.

We represent a diverse and inclusive workforce, and benefit from attracting individuals focused on leading the future of sustainability. We utilize professional networks, minority partnerships, job boards, social media and specialized job sites to help us cast a wide net and encourage talented individuals to apply to work at KB Home.

Workforce Diversity as of November 30, 2021

	Female	Minority
Managers	32%	21%
Overall	40%	35%

We believe one of our strengths is our human capital development efforts to retain and foster talent that helps us achieve our strategic goals. We strive to create an engaging internal environment that offers our employees satisfying opportunities, and an array of programs tailored to the needs of our workforce. During 2021, our team members completed more than 26,000 work-related courses in total, an average of approximately 12 courses per employee. Managers and supervisors are provided training to help their direct reports progress in their professional development.

kb HOME Living Well
Built on Health

Our corporate wellness program, Living Well: Built on Health, is complimentary for all KB Home employees to support their mental, emotional and physical health through fitness classes, interactive webinars and meetings on a range of topics like preventative care, natural medicine and nutrition.

In 2021, KB employees' attendance at Weekly Stretch and Yoga classes surpassed 1,600 individual sessions. For six weeks over the summer, 514 Fitness Challenge participants logged more than one million minutes of movement. In April and November, 265 KB employees participated in a sugar cleanse and reported notable improvements in their health.

We are honored to be the #1 Customer-Ranked National Homebuilder*

Our vision is to be the most customer-obsessed homebuilder in the world, and feedback from our customers is an essential part of our business. We systematically follow up with all of our customers post-purchase using a comprehensive survey process. Our customers are generally eager to let us know about their experience, with 74% responding to our 30-day survey and 50% to our 11-month survey. In 2021, our full-year customer satisfaction rating was 94%, and 92% of these customers would recommend us to a friend. We have utilized this process for over a decade, and customer satisfaction data going back to 2012 can be found at the end of this report.

TrustBuilder® ratings and reviews are powered by NewHomeSource™, the leading new-home website delivering honest reviews from real homeowners about the homebuying experience. To provide a credible and accurate representation of buyer sentiment, all homebuyer reviews are independent and transparent. In other words, the reviews are real.

ConsumerAffairs® is an online platform that gives companies the opportunity to engage with customers, collect reviews, respond quickly to resolve issues and build brand awareness.

See what our customers are saying at kbhome.com/reviews.

★★★★½

4.6 out of 5 stars

We are the highest-rated national builder on **TrustBuilder**

"I have purchased 6 homes, 3 of which were new construction and this experience went far beyond anything I've ever experienced… my sales person, Kevin, was phenomenal…I would recommend KB to everyone as I have finally found my forever home!"

– Kristy of New Braunfels, TX

★★★★½

4.5 out of 5 stars

We are the highest-rated national builder on **ConsumerAffairs**

"We were first-time buyers and explored with many other builders/sellers. Decided to go with KB because we felt like everyone involved in every step of the purchase was extremely professional, knowledgeable, and were willing to go above and beyond their job requirements and they did!"

– Wint of Fontana, CA

* Based on an internal compilation of the nationwide average of customers in the above-noted third-party surveys over the prior 12 months through to April 11, 2022 among large production homebuilders. These are the top 20 U.S. homebuilders ranked by number of closings on the most recent annual Builder Magazine Builder 100 list that Builder Magazine identifies as operating in at least two regions (excluding any company primarily operating a single-family rental, build-on-your-lot or a manufactured home business, or operating as a nonprofit organization). Please note that KBH is part owner with other homebuilders of, and has a board seat at, Builder Homesite, Inc. (BHI), whose subsidiary, Builders Digital Experience (BDX), conducts the TrustBuilder® survey through NewHomeSource™. However, BHI has an independent management team, and KBH is not involved in TrustBuilder's collection or reporting of reviews or ratings. No affiliation or sponsorship is intended or implied with Consumer Affairs®. While we strive to be the highest-rated homebuilder in customer satisfaction, ratings are subject to change, and we cannot guarantee that we will be #1 in any given survey or in any given market at any point in time or over any particular period, or that any particular customer will be fully satisfied with their KB home. All trademarks are owned by the respective trademark owners.

We are recognized as a leader in sustainability and ESG practices in our industry

Awards

KB Home's commitment to offering energy-efficient and water-saving features that can benefit homeowners and the environment, earned us key Environmental Protection Agency (EPA) awards.

- 2021 ENERGY STAR® Partner of the Year – Sustained Excellence Award Winner (11 consecutive years)
- 2021 Recipient of 25 ENERGY STAR Certified Homes Market Leader Awards, more than any other homebuilder in 2021
- 2021 WaterSense® Sustained Excellence Award Winner, the only homebuilder to be honored by EPA WaterSense program for 11 straight years
- 2021 RESNET HERS H_2O award winner. First homebuilder to earn this award.

Recognition

KB Home's focus on effective management and leading employment practices has garnered national attention.

- Named to Newsweek's 2022 list of America's Most Trusted Companies
- Named to Newsweek's 2022 list of America's Most Responsible Companies, the only national builder to receive this distinction two years in a row
- Named one of America's Best Midsize Employers by Forbes in 2022, earning a place in the top 10% of the 500 companies ranked for 2022
- Named to The Wall Street Journal's Management Top 250 list, the only national homebuilder to receive this distinction in 2021

Sustainability is not just the right thing to do – it's also right for our business

Sustainability is both the right thing to do and the right thing for our business. It is the foundational core of our ESG practices – and we believe it provides long-term benefits for our customers, our operations and the world we all share.

We believe that sustainability is built on one essential idea: balance. We strive to ensure that today's homebuyers can achieve the dream of homeownership while balancing that objective with mindfulness about the sustainability needs of future generations and our environment. Sustaining the dream of homeownership both today and into the future is what we do every day. We closely collaborate with all our partners, both inside our company and beyond, in building a sustainable future together.

Increasing New-Home Affordability

Our largest customer segment is first-time homebuyers. The homes we build help address the significant need in many of our markets to create additional housing that is affordable at median-income levels.

Containing the Cost to Build

While we have faced significant cost pressures throughout the last year, our scale and waste reduction efforts allow us to build sustainable homes more economically and with less environmental impact than other builders.

Lowering the Total Cost of Homeownership

Energy- and water-efficient homes can be more affordable to operate than typical new or resale homes, which increases the long-term benefits to homeowners, thus making sustainability a compelling competitive advantage.

Becoming the Builder of Choice for Partners

We believe our legacy of vibrant, sustainable communities and industry leadership allows us to be a partner of choice for municipalities, land sellers, developers and other partners.

Preserving the Environment and Natural Resources for Long-Term Value

Our scale, leadership and technical expertise help create positive environmental attributes in our homes. We prioritize energy- and water-efficient products as a business strategy for long- term value creation for our stakeholders and potential GHG emissions reduction.

Elevating Water Conservation

We address this growing imperative for homebuyers, communities and local governments by providing water-saving features in our homes that reduce our customers' water bills and may help to mitigate strain on local communities.

Designing Homes That Are Healthier for Residents

We have identified designing healthier homes as a key element of our sustainability platform, addressing the growing number of homebuyers who prioritize homes that can promote the health of their residents as well as the environment.

Integrating Sustainability Technology for Increased Comfort

Many of the sustainability technologies we build into our homes have the added benefit of offering our homeowners more comfort and personal efficiency, along with cutting-edge and user-friendly smart home interfaces.

Improving Strength of Supply Chain

Our partners' sustainability practices add depth to our initiatives. We require certain product-sourcing certifications, waste-reduction practices and acknowledgment of our Ethics Policy and Supplier Code of Conduct. We encourage suppliers to join us in continuous improvement in sustainability practices.

Becoming the Employer of Choice

We aim to be an employer of choice for top-tier talent in the homebuilding industry and beyond by creating a culture of excellence as well as providing a socially and economically sustainable and safe work environment that supports inclusion, equity and meaningful work.

Our sustainability journey celebrates 15 years

KB Home has a proud history of being a leader in sustainability in the homebuilding industry and beyond. For 15 years, we have been building energy- and water-efficient homes and applying innovation toward a more sustainable future. While not all of our efforts have been successful, what remains constant is our drive to build on our experience and continue to bring fresh thinking to the design of the American home. Below is a brief chronology of our various relevant achievements.

Pre-2007

- Built ENERGY STAR certified homes in many areas
- Built Water Smart homes in Las Vegas
- Offered solar photovoltaic options in California
- Committed to 100% ENERGY STAR certified appliances
- 50,000th ENERGY STAR certified home

2007

2008

- Published first annual sustainability report
- Committed to building 100% ENERGY STAR certified homes
- Ranked #1 Green Builder by Calvert (also #1 in 2010)
- First ENERGY STAR Award for Excellence (also won in 2010)
- Launched National Advisory Board
- GROW company-wide waste analysis
- Introduced first Build It Green® GreenPoint Rated™ Community

2009

2010

- First WaterSense® labeled homes
- First U.S. Green Building Council (USGBC) LEED Platinum net-zero energy concept home
- Built solar and energy storage demonstration home
- Offered first standard solar photovoltaic systems
- Introduced the EPG® (Energy Performance Guide®)
- Launched KB Home ZeroHouse 2.0 in six states
- First 100% LEED Platinum community
- First Department of Energy (DOE) Builders Challenge Award (also won in 2012)
- USGBC LEED for Homes Award
- First ENERGY STAR Sustained Excellence Award (also won, 2012–2020)
- First WaterSense Partner of the Year Award (also won, 2012–2014)

2011

2012

- 1,000th solar-powered home
- Offered ZeroHouse 2.0 option in most markets
- Sponsored DOE Solar Decathlon
- First DOE Zero Energy Ready Home, Housing Innovation Award (also won in 2014)

2013

2014

- First RESNET® President's Award (also won in 2015, 2016)
- Received first ENERGY STAR Partner of the Year – Climate Communicator Award (also won in 2015 and 2016)
- Introduced Double ZeroHouse 2.0 and 3.0
- Declared 5-year goal of 55 national HERS score
- Introduced two USGBC LEED Platinum communities in Los Angeles
- Environmental Leader Product of the Year Award
- DOE Zero Energy Ready Home Housing Innovation Grand Award
- Indoor airPLUS Leader Award
- First WaterSense Sustained Excellence Award (also won, 2016–2020)
- 10,000th Water Smart home

2015

2016

- 5,000th solar-powered home
- 100,000th ENERGY STAR certified home
- First KB ProjeKt® concept home
- Introduced HomeKit® option package with Apple®
- Achieved national record for most WaterSense labeled and Water Smart homes
- Opened first Indoor airPLUS community in San Diego
- TecHome Brilliance Award (also won in 2019)
- Environmental Leader Top Project of the Year Award

2017

2018

- Declared 5-year goal of 50 national HERS score
- 7,000th solar-powered home
- Launched KB Smart Home System partnership with Google
- Field-tested RESNET HERSH_2O water-efficiency rating system
- Debuted KB ProjeKt 2.0: Where Tomorrow Lives
- Reached national milestone of building the most ENERGY STAR certified homes
- 10,000th solar-powered home
- Opened first Indoor airPLUS community in Irvine
- Environmental Leader Top Product of the Year Award

2019

2020

- Achieved 50 average HERS score (three years ahead of target)
- Declared 5-year goal of 45 national average HERS score
- Delivered our 11,000th solar-powered home
- The only national builder named to Newsweek's 2021 list of America's Most Responsible Companies
- Named to Forbes' 2021 list of America's Best Midsize Employers, the only national builder to receive this distinction
- First national builder to implement EPA WaterSense Labeled Homes Version 2.0
- First national builder to participate in American Made Solar Prize Connector Network
- First national builder to collaborate with Well Living Lab
- Achieved 49 average HERS score on the path towards our 5-year goal of 45 national average HERS score by 2025
- Built 160,000th ENERGY STAR certified home, more than any other builder
- Delivered our 14,000th solar-powered homes
- The only national builder named to Newsweek's list of America's Most Responsible Companies for two years in a row (2021 and 2022)
- Named to Forbes' list of America's Best Midsize Employers, the only national builder to receive this distinction for two years in a row (2021 and 2022)
- First national builder to earn RESNET's HERS H_2O award for achieving lowest HERS H_2O score of 47 at a KB home built in Las Vegas in 2021
- 11th consecutive ENERGY STAR Sustained Excellence Award
- Seventh consecutive WaterSense Sustained Excellence Award

2021

We believe our numbers speak for themselves

Sustainability Industry Leadership

1st
national builder named to Newsweek's list of America's Most Responsible Companies for two years in a row (2021 and 2022)

11
ENERGY STAR Partner of the Year Sustained Excellence Awards through 2021, more than any other homebuilder

25
ENERGY STAR Certified Homes Market Leader Awards in 2021 among KB's divisions, one in each of our primary markets nationwide

7
WaterSense Sustained Excellence Awards through 2021, the only national homebuilder to receive this award

1
Indoor airPLUS Leader Award, the first production homebuilder to receive this award

15
Sustainability Reports FY 2007–2021

3
sustainability innovation lab concept homes: 2010–11, 2016, 2018–19

Energy Efficiency and Greenhouse Gas Reduction

#1
energy-efficient national homebuilder*

49
average HERS Index energy performance score by the end of 2021, compared to a new-home average HERS Index score of 58 and resale average HERS Index score of 130

100%
ENERGY STAR certified home commitment by KB Home for over a decade; while only 10% of U.S. new homes were ENERGY STAR certified in recent years

160,000+
ENERGY STAR certified new homes built since 2000; 13,404 in 2021

6.3 billion
pounds estimated cumulative CO_2e emission reduction from these homes

$856 million
estimated cumulative utility bill savings

14,000+
total solar homes delivered; 3,081 built in 2021

44
megawatts of solar power installed, producing an estimated 75 million total kilowatt hours of renewable energy annually

Water Conservation

1st
national builder to join the U.S. EPA WaterSense program

100%
WaterSense labeled fixture commitment since 2009

18,000+
cumulative WaterSense labeled and Water Smart homes built, 1,284 in 2021

900,000+
WaterSense labeled fixtures installed

1.6 billion
gallons of water saved each year from KB homes and fixtures

Waste Reduction

13.3 million
sheets of paper saved in 2021 through digital transformation

31,420
pounds of office paper recycled

24%
of office supplies are "Earth Conscious," containing recycled content

100%
of retired electronics were donated to nonprofit organizations, sold for reuse or recycled through e-waste services

* Based on an internal compilation of the nationwide average of publicly reported HERS Scores from June 11, 2021 through April 11, 2022 among large production homebuilders. These are the top 20 U.S. homebuilders ranked by number of closings on the most recent annual Builder Magazine Builder 100 list that Builder Magazine identifies as operating in at least two regions (excluding any company primarily operating a single-family rental, build-on-your-lot or a manufactured home business, or operating as a nonprofit organization).

Keeping Homeownership Attainable

655,000+
total KB homes delivered since 1957

13,472
new KB homes delivered in 2021

62%
first-time buyers in 2021

19%
first move-up buyers in 2021

2,059
average sq. ft. of KB homes in 2021

84%
of KB communities offered 1,800 sq.-ft. plans or less

32%
of KB communities offered 1,400 sq.-ft. plans or less

Customer Satisfaction

#1
Customer-Ranked National Homebuilder based on survey data†

94%
overall customer satisfaction rating in 2021

92%
would recommend KB Home to a friend

4.6
stars out of a possible five nationwide on Trustbuilder†

4.5
stars out of a possible five nationwide on ConsumerAffairs†

Community Development

36+
high-density communities nationwide in 2021

25+
infill/redevelopment communities nationwide in 2021

1,790+
homes delivered at such communities in 2021

Employees and Partners

1st
national builder named to Forbes' list of America's Best Midsize Employers in 2021 for two years in a row; placed in the top 10% of the 500 companies ranked for 2022

2,244
full-time employees as of November 30, 2021

100%
of employees and trade partners required to wear protective equipment at construction sites

100%
of Board members and employees covered by our Ethics Policy. 100% of employees certified on Ethics Policy standards

100%
of our national supplier agreements included obligations to acknowledge our Ethics Policy

100%
of employees are required to complete anti-harassment and anti-discrimination training

26,000+
total training courses completed by our employees in 2021

† Based on an internal compilation of the nationwide average of customers in the above-noted third-party surveys (see page 13) over the prior 12 months through to April 11, 2022 among large production homebuilders. These are the top 20 U.S. homebuilders ranked by number of closings on the most recent annual Builder Magazine Builder 100 list that Builder Magazine identifies as operating in at least two regions (excluding any company primarily operating a single-family rental, build-on-your-lot or a manufactured home business, or operating as a nonprofit organization). Please note that KBH is part owner with other homebuilders of, and has a board seat at, Builder Homesite, Inc. (BHI), whose subsidiary, Builders Digital Experience (BDX), conducts the TrustBuilder® survey through NewHomeSource™. However, BHI has an independent management team, and KBH is not involved in TrustBuilder's collection or reporting of reviews or ratings. No affiliation or sponsorship is intended or implied with Consumer Affairs®. While we strive to be the highest-rated homebuilder in customer satisfaction, ratings are subject to change, and we cannot guarantee that we will be #1 in any given survey or in any given market at any point in time or over any particular period, or that any particular customer will be fully satisfied with their KB home. All trademarks are owned by the respective trademark owners.

Our commitment to sustainability reporting

Our sustainability materiality priorities

Over the course of our 15-year sustainability journey, we have progressively developed a deep and dynamic portfolio of programs and initiatives that we believe is unmatched in our industry in its breadth, strength, flexibility and growth potential. The steady, organic expansion of our sustainability commitment has become fundamental to how we operate and a core element of the distinct value we offer to our customers, trade partners and other stakeholders.

When we set out to formalize our sustainability commitment in our first comprehensive sustainability report, published in 2008, we evaluated the impact of our business operations and solicited input from select stakeholders to determine what mattered most to them among key issues. These findings were used to determine the focus of our sustainability efforts and reporting, each centered around our collaborative evaluation with our stakeholders of how our business can make the most significant positive impact.

Over the years, we have also tracked evolving expectations and gathered input and guidance through external advisors as part of our NAB meetings to adjust our priorities based on our stakeholders' areas of interest within sustainability. Our reporting herein and elsewhere is aligned with the SASB, TCFD, GRI and UN SDG frameworks, and we provide information to help stakeholders track year-over-year performance.

We have two primary sustainability priorities that continue to evolve in service of our goals. In addition to these two priorities, we place high importance on workforce health and safety, product quality and environmental protections at new-home development sites, among other factors that contribute to our ESG profile.

1

Energy efficiency and greenhouse gas reduction

Approximately 85% of the energy consumed during the multi-decade lifecycle of a home – including the initial raw material extraction, manufacturing and construction – comes from the day-to-day living in it. That's why the primary focus of our GHG emissions reduction strategy is to build highly energy-efficient homes that are expected to provide reductions in GHG emissions in their daily operations for decades to come. This also has the benefit of integrating our product sustainability strategy with our customers' needs by lowering the total cost of homeownership through lower utility bills, while also contributing to the greening of housing stock in the markets in which we build to provide social and community benefits. Our highly energy-efficient ENERGY STAR certified homes utilize, on average, half of the energy of a home of the same size built just a decade ago, making a meaningful contribution to GHG emissions reduction over the long term. We are also steadily increasing the number of homes we build with renewable energy capability through solar photovoltaic power systems.

2

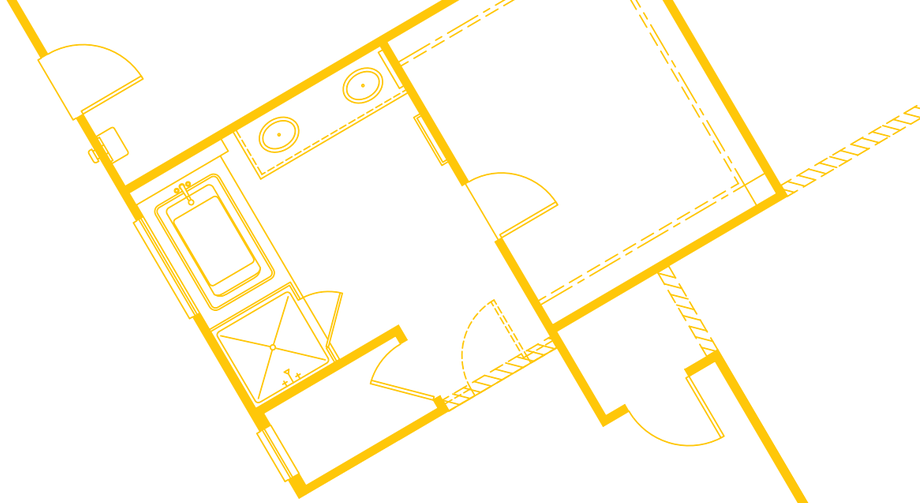
Water conservation

As a builder operating in some of the most water-challenged regions of the U.S., we prioritize water conservation. Water availability is an important consideration for local governments in approving new-home developments. We provide water-saving features in our homes that reduce our customers' water bills and may help to mitigate strain on local communities. Prioritizing water conservation enables us to effectively address water-related concerns and help preserve this critical resource as well as reduce the energy it takes others to pump and treat water (reducing energy usage overall).

Our index of ESG topics

To make it easier for our stakeholders to locate key ESG topics and data in this report, we have created an index pointing to important topics for our business and our industry within this report. We reference certain ESG guidelines and standards, including SASB, GRI and UN SDGs, and provide indices to the information in the Stakeholder Transparency & Data Tables chapter at the back of this report. Historical data tables, UN SDGs alignment charts, and our policies and strategies are included for added reference. We also provided an outline of our approach to sustainability in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in our 2022 Proxy Statement. Additional ESG information and data can be found on our ESG website (www.kbhome.com/esg).

Topic	Page
Climate change, carbon and GHG emission Scopes 1, 2 and 3 disclosures	61–62, 66
Climate change, carbon and GHG reduction strategies, targets and performance against targets	18, 21, 25–29, 61–62, 66
Environmental Management System	56
Energy efficiency practices and impact	19, 21, 25–29, 65–66, 70, 72
Water efficiency practices and impact	19, 21, 31–32, 65, 70
Waste reduction and diversion practices	19, 49, 52, 66
Urban redevelopment, revitalization and infill, and land use practices	20, 40–42, 69–71
Memberships in key green building initiatives and certification programs	14, 20, 26–28, 31–32
Supplier certification standards	50
Product safety, manufacturing, and quality standards and performance	25–29, 31–33, 50–51
Workforce diversity, equity, and inclusion	11–12, 20
Workforce training, quality control and workplace safety	20, 51, 69
Housing affordability	20, 37–38
Customer satisfaction processes and survey results	13, 20
Charitable giving and community involvement	40, 43–44
Governance structure and composition	53–55



Better Homes

We build better homes that we believe can help reduce climate change and protect the world we all share. For 15 years, we have been building sustainable homes that use energy and water efficiently, create healthier indoor environments and offer comfort and well-being, while also reducing the total cost of homeownership. To us, that's a better home.

Ascent at Glen Loma Ranch in Gilroy, CA

Energy efficiency is the cornerstone of our sustainability commitment

Our goal is to bring sustainability to the production home market and model innovation in our industry. When we formalized our sustainability commitment 15 years ago, sustainability was considered a luxury in homebuilding. We saw an opportunity to help protect the environment while reducing the overall cost of long-term homeownership for our customers through lower utility bills. We determined that energy efficiency would be the foundation of our program, helping to keep the dream of homeownership attainable while reducing the impact on our environment. Since then, we have expanded our view of sustainability beyond energy efficiency to encompass water efficiency and healthier indoor environments.

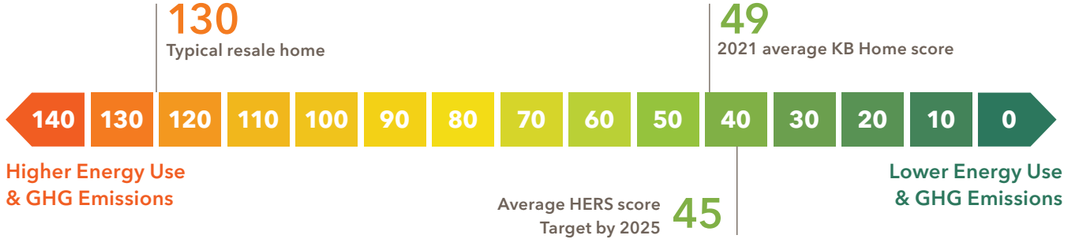
We are the #1 Energy-Efficient National Homebuilder*

In 2021, KB Home reached a national average RESNET Home Energy Rating System (HERS) score of 49 (compared to 58 average for all HERS-rated homes in the U.S.). We're proud to have the lowest (and therefore, the most efficient) publicly reported national average HERS score among large production homebuilders.* This means meaningful savings for our homeowners, with their new homes being twice as energy-efficient as homes built as recently as 2006, and 81% more energy-efficient than a typical resale home today. Not resting on our laurels, we are maintaining our HERS score target for additional energy efficiency – 45 by 2025. We intend to pursue renewable solar energy and advanced technologies, (including those yet to be developed or not yet available at a cost-effective, commercial scale), to achieve this goal and help reduce GHG emissions.

RESNET® EnergySmart Builder
Every Home is a HERS Rated Home

KB Home was the first national homebuilder to achieve this designation.

Home Energy Rating System (HERS) Index



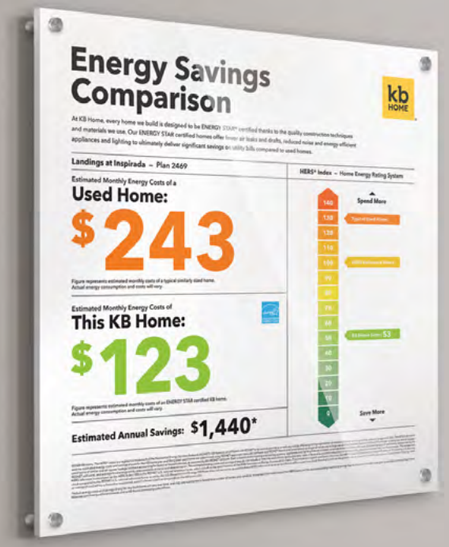
*Based on an internal compilation of the nationwide average of publicly reported HERS Scores from 6/21 through 4/11/22 among large production homebuilders. These are the top 20 U.S. homebuilders ranked by number of closings on the most recent annual Builder Magazine Builder 100 list that Builder Magazine identifies as operating in at least two regions (excluding any company primarily operating a single-family rental, build-on-your-lot or a manufactured home business, or operating as a nonprofit organization).

Les Chateaux in Turlock, CA

We have built more ENERGY STAR certified homes than any other homebuilder

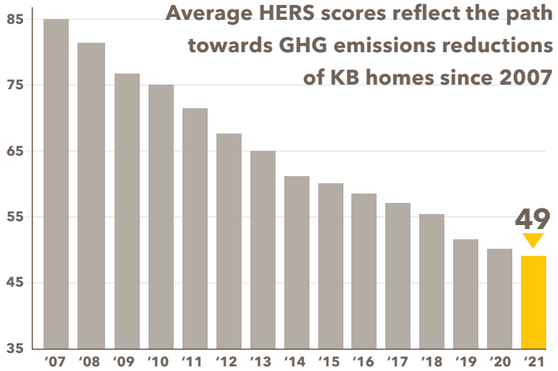
ENERGY STAR is our building science-based platform for energy efficiency and achieving the lowest national average HERS score. KB Home is proud to have been the first homebuilder to commit to building 100% of our homes to this voluntary and rigorous "above code" standard in 2008, and we have maintained this commitment for over a decade. In contrast, just one in 10 new homes built in the U.S. in recent years was ENERGY STAR certified, according to U.S. EPA data. ENERGY STAR certified new homes are independently verified to meet strict guidelines for energy-smart construction set by the U.S. EPA. These homes achieve a 20% energy-efficiency improvement on average compared to homes built to current code and even more compared to resale homes, according to EPA analysis. Each ENERGY STAR certified home is estimated to reduce GHG emissions by approximately 3,287 pounds (1.5 metric tons) per year compared to a typical home. Based on our energy use analysis, KB homes also save our homeowners an estimated average of $1,300 annually on utility bills compared to resale homes. We have built over 160,000 ENERGY STAR certified homes since 2000, cumulatively reducing GHG emissions by an estimated 6.3 billion pounds (2.8 million metric tons), the equivalent, according to EPA, of removing nearly 616,000 gasoline-powered passenger vehicles from the road for one year, and helping homeowners to save a cumulative estimated $856 million on utility bills.

Energy Savings Comparison™ is our consumer education tool displayed at our model homes and on our website. It offers an estimate of monthly energy costs as well as estimated monthly savings when compared to a typical resale home. It is one of many educational efforts we use to increase consumer awareness of the importance and impact of sustainability in selecting a resource-efficient home.



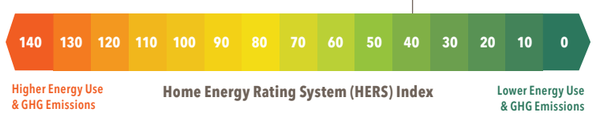
We're reducing carbon emissions through home energy performance

GHG emission reduction targets are an important part of our environmental strategy. Our benchmark to achieve greater energy efficiency and establish our homes' Scope 3 carbon emission reduction targets is RESNET's HERS Index. The HERS Index is the standard by which a home's energy efficiency is measured using an easy-to-understand scale: the lower the number, the more energy-efficient the home and the fewer GHG emissions it generates over its lifetime. According to RESNET, each point reduction in HERS score equates to a 1% improvement in energy efficiency, potentially reducing GHG emissions by an average of 0.1 metric tons (based on the states in which we operate). We are committed to publicly disclosing our national average HERS score for our homes each year so that our stakeholders can see how we are measuring up to our energy efficiency and GHG emission reduction goals and target dates. To date, we have met every national HERS score goal and target date that we have set.



KB Home has a national average **HERS score target of 45 by 2025** and intends to pursue further reductions of GHG emissions.

45



2025 Carbon Emissions Reduction Target*

6

Estimated metric tons/year, national average GHG emissions (Scope 3) of a 2020 KB home (ranging from 3 to 9 metric tons)

0.5

Metric tons, estimated target aggregate reduction in annual per-home GHG emissions by 2025 (based on achieving a national average HERS score goal of 45, down from 50 in 2020)

8%

Estimated target reduction in metric tons/year of a 2025 KB home, compared to a 2020 KB home, in line with achieving a national average HERS score goal of 45

* Targets were set based on the current ANSI/RESNET/ICC 301-2019 Standard. This standard provides a consistent, uniform methodology for evaluating the energy performance of homes. Revisions to this standard, or adoption of different standards, could impact our ability to achieve the planned targets.

Renewable solar energy and other advanced technologies are part of the path forward

Our current and future decarbonization initiatives depend on available energy efficiency technology at a cost-effective scale, as well as renewable solar and energy storage systems and low-embodied carbon materials and products (what some call "Climate Tech"). Availability, cost, ease of application/installation and consumer acceptance will be key factors for success, none of which is guaranteed.

As part of our ongoing decarbonization efforts, KB Home is already building all-electric homes across the country. In 2021, 30% of all homes delivered were all-electric incorporating heat pumps and other energy efficient technology.

Solar leadership

We built our first solar home in 2005 and introduced our first all-solar communities in 2011, taking an early leadership position in our industry. We offer both leasing and mortgage financing options for our homeowners' convenience. In recent years, we have added higher efficiency solar panels that generate more power using the same roof space.

14,000+
total solar homes delivered; 3,081 built in 2021

44
cumulative megawatts of solar power installed

75
million estimated kilowatt hours of renewable energy produced annually by our solar homes

833
million estimated cumulative kilowatt hours of electrical power produced by our solar homes

Leaning into advanced technologies

To further support innovation in the residential solar and smart-energy sector, we became the first production builder to join the National Renewable Energy Laboratory's (NREL) American-Made Solar Prize Challenge as a Connector, mentoring innovators and helping to connect them with potential outside business opportunities in 2020 and 2021.

Also, in 2021 we partnered with SunPower; the Advanced Power and Energy Program (APEP) at the University of California, Irvine; Schneider Electric™; and Southern California Edison® to submit a proposal to the U.S. Department of Energy (DOE) Connected Communities initiative. The project involves the development of two new KB Home communities of 219 all-electric homes designed to meet the DOE's Zero Energy Ready Home criteria. These homes will be connected with a microgrid and feature solar systems paired with energy storage systems (batteries) and smart energy management systems. Our joint proposal was selected by DOE to move forward in 2022. We expect this pilot to provide benefits to the homeowners, while also serving as a test bed for the homes and communities of the future.

Sundance at Park Circle, Plan 2061

SPOTLIGHT

Sundance at Park Circle

Valley Center, California

In 2021, KB Home began building all-electric ENERGY STAR certified homes at the Sundance neighborhood in the Park Circle master-planned community in northeast San Diego County. Each home uses the energy-efficient heat pump technology for water heating and air conditioning systems, supported by a 3.4 kW solar array. An expanded solar array and energy storage systems (batteries) were available to further reduce the need for grid power and enhance the resiliency of these homes. In addition, KB Home was the first builder to partner with Schneider Electric to include their award-winning Square D™ Energy Center at our homes in Sundance. This recent innovation can help homeowners add future solar, EV charging and batteries. The energy management system monitors power supply, storage and usage within one app.

This plan's projected
HERS score is 14
currently one of the lowest HERS scores in our portfolio of homes

Water conservation is essential

From the start of KB Home's sustainability commitment in 2007, water conservation has been a critical issue for housing, and one that does not get enough attention. Building water conservation into our homes reduces use of a precious natural resource, saves our homeowners on utility costs and helps to mitigate drought conditions and the load on aging infrastructure. WaterSense and other water conservation efforts that we undertake help address this infrastructure challenge and can provide us with a compelling differentiator for local municipalities when they are evaluating our proposed new development projects.

Leading the way for water conservation with EPA's WaterSense program

We were the first national homebuilder to join the EPA's WaterSense program, which is a voluntary partnership program that is a label for both water-efficient products and certified homes. According to the EPA, WaterSense labeled products use at least 20% percent less water compared to products that are not labeled. To date, we have built over 18,000 WaterSense and Water Smart homes, more than any other homebuilder, and installed over 900,000 WaterSense labeled fixtures, collectively helping to save an estimated 1.6 billion gallons of water per year. We were the first national homebuilder to implement the new WaterSense Labeled Homes Program, Version 2, which was released in February 2021 and requires homes to be at least 30% more water efficient than a typical new home. We are the only builder to earn EPA WaterSense Sustained Excellence Awards for seven consecutive years.

Proven water savings

In 2021, the EPA and Southern Nevada Water Authority (SNWA) began a study on actual water usage at our WaterSense labeled KB homes in the Las Vegas area, using metered water use data obtained from local water utilities. Currently, there are over 1,000 KB homes in the study. Initial data analysis by EPA and SNWA shows the median water use for these homes was 44,000 gallons per year, compared to an average consumption of 97,000 gallons per year for the area – a 55% reduction in use of this precious natural resource.

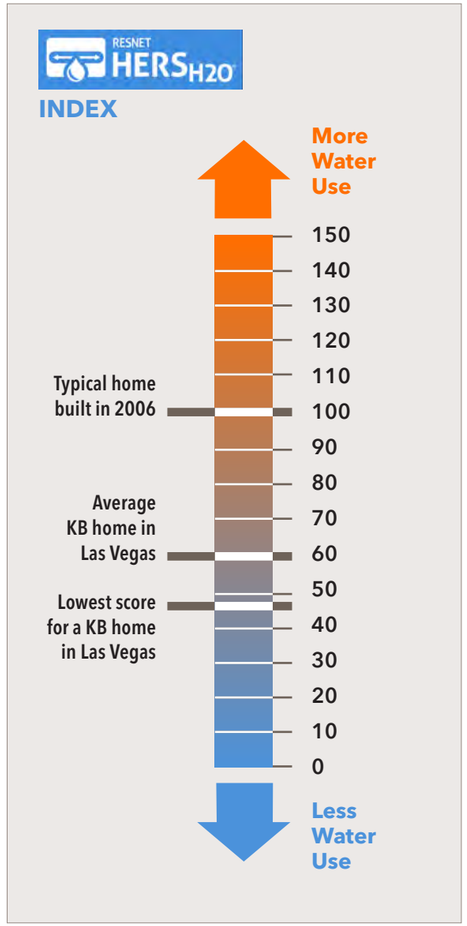
Water consumption of KB homes in the other regions in which we operate will vary. However, a sample set of water-efficiency ratings that we conducted in several of our markets utilizing RESNET's HERS H_2O water-efficiency rating system demonstrated similar estimated results.

The next wave of water efficiency and measurements

Recently, we began offering fixtures that can yield additional water savings without impacting performance.

- Moen®'s Nebia Quattro 1.5 gpm (user-adjustable to 1.2 gpm) showerhead has a unique design that allows users to save water without sacrificing the experience. It uses up to 50% less water compared to a typical 2.5 gpm showerhead.
- Kohler®'s Highline® 1.0 gpf toilet can save up to 2,100 gallons of water annually, compared to a typical 1.28 gpf toilet.

We are expanding our use of the HERS H_2O rating system to measure the water-efficiency of our homes in more markets.



Our operational water use

Along with our yearslong focus on reducing our homes' water usage, we have been attentive to the water used in our own operations. At this time, we can provide only a high-level estimate of this water use and are working to improve our ability to more precisely measure it as we take steps to use less of this critical resource. For 2021, we estimate that we used 70 million gallons of water. This estimate, which currently encompasses water usage only at our community sales offices and model homes, is based on model home utility invoices for three communities in Colorado, coupled with projected water consumption at certain model and production homes in communities in Arizona, California, Florida and Nevada determined over the prior three-year period using RESNET's HERS H_2O Index methodology. We recognize that this is very rough estimate of our operational water use. It reflects the significant challenges we face in collecting, processing and aggregating water usage data across our operations due to the large number of homes we build annually.

Healthier indoor environments support wellness

We believe wellness starts at home, and it's in our homes where we can make the biggest changes to improve our overall well-being.

Every KB home is designed and built with quality construction techniques and features that are guided by the EPA's ENERGY STAR and Indoor airPLUS standards to support wellness and deliver a broad set of health-related benefits compared to homes without these features, including:

Enhanced indoor air quality

Every KB home incorporates high-performance ventilation that regularly introduces fresh outdoor air and helps to reduce indoor air pollutants. MERV 13 rated filters capture 90% of airborne particles as small as 1.0 micron and are designed to remove dust, pollen, mold and certain bacteria and viruses for enhanced indoor air quality.

Elevated level of comfort

All KB homes include a high-efficiency heating and cooling system designed to provide better comfort in every room through every season. We also feature smartphone-controllable ecobee3 lite smart thermostats, which can learn homeowner patterns and help save money on electric bills each year without impacting comfort.

Enhanced pollutant and moisture control

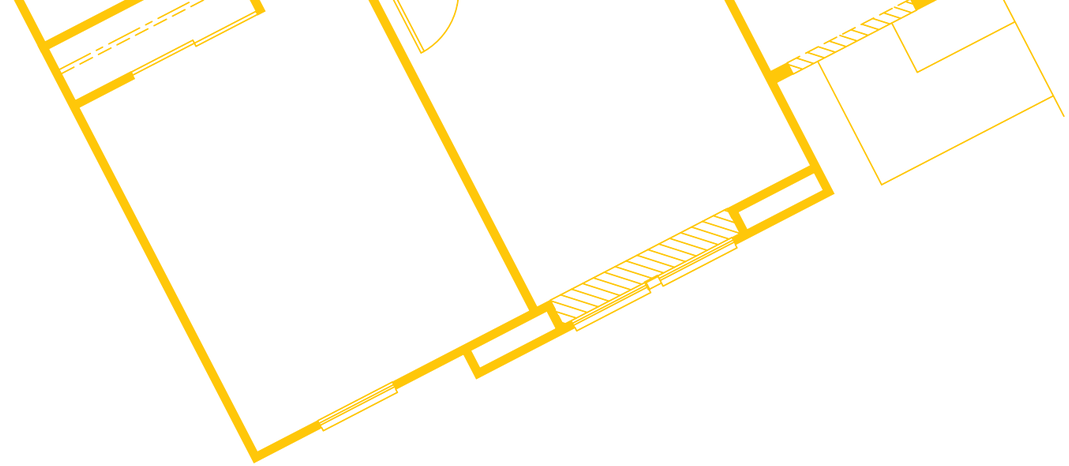
Every KB home is built with comprehensive air sealing to help reduce drafts, moisture, dust and pollen.

Reduced spread of germs

KB homes feature Kwikset® interior door hardware with Microban® 24/7 antimicrobial protection that inhibits the growth of microbes, such as bacteria, mold and mildew, on product surfaces. Additional upgrades like Moen touchless faucets as well as voice-activated light switches and Whirlpool® smart appliances further help reduce the spread of germs.

Features for healthier interiors

KB Home uses environmentally conscious products like Shaw® flooring, Emser tile, Sherwin-Williams® paint and quality cabinetry that have fewer harsh chemicals. We frequently review Health Product Declaration (HPD) or similar documentation before selecting our materials.



Better Communities

We strive to create better communities that support an American dream that's as richly diverse and optimistic as Americans themselves. As a company in the business of building communities not just homes, we believe safe, welcoming and nurturing neighborhoods are the foundation of a positive social and family life. We also believe in supporting the wider communities in which we live, work and build.

Expanding the American dream

Homeownership has long been referred to as "the American dream." It is a gateway to many important personal and financial milestones. A place to build a family, put down roots and establish a community, a place of refuge from the cares of the world where it is possible to rest and rejuvenate, a place to realize our hopes and aspirations through life's stages.

Homeownership and the wealth gap

According to several governmental and economic studies, homeownership has a significant impact on long-term household wealth, and expanding affordable homeownership opportunities can potentially help reduce wealth disparities.

- The Federal Reserve reports that homeowners have on average 40 times higher household wealth than those who rent[1]
- Homeownership offers lower and middle-income Americans of every background an opportunity to lift their economic prospects over time[2]
- Studies show that stable homeownership is associated with better educational performance, higher participation in civic and volunteering activity, improved health care outcomes and lower crime rates[3]

1 Federal Reserve 2019 Survey of Consumer Finances

2 Paper in Journal of Economic Perspectives, supported by the Housing Finance Policy Center at the Urban Institute and the Paul Milstein Center for Real Estate at Columbia Business School, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.31

3 National Association of Realtors, Research Division, "SOCIAL BENEFITS OF HOMEOWNERSHIP AND STABLE HOUSING," December 2016, page 15: https://www.gmar.com/data/resources_files/Social%20Benefits%20of%20Homeownership%20%20Stable%20Housing.pdf

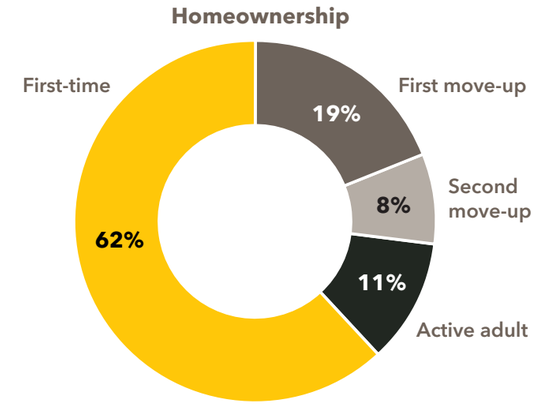
Affordable homeownership supports thriving communities

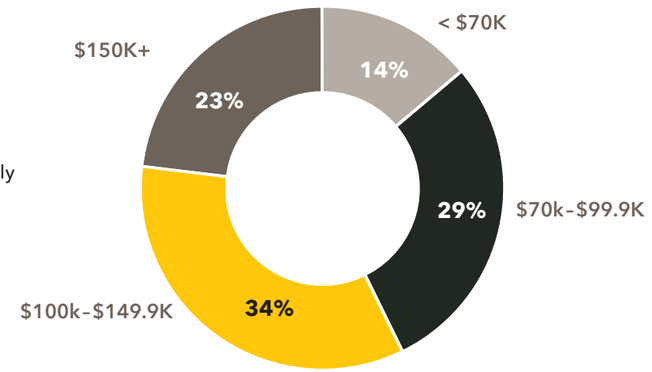
First-time homeownership is the foundation of who we are

KB Home was founded in 1957 on the idea that we could challenge conventional assumptions about homebuilding in order to make homeownership more affordable for more people. First-time homebuyers have long been the heart of our business, and helping them to achieve their goal drives us each day. In 2021, 62% of our KB homebuyers were purchasing a home for the first time.

Building homes for median-income households

As a homebuilder with a focus on helping first-time buyers achieve homeownership, we pay a lot of attention to what affordability means in different parts of the country. We strive to build homes in each of our markets that are generally priced to be affordable for those with household incomes within a range of the local area's median level. We base our evaluations of potential land purchases as well as product design decisions on their potential to serve local median-income households, and carefully weigh sales price increases against affordability. Our data-driven approach to product and design efficiencies allows us to reduce costs through materials and resource conservation efforts, as well as strong trade partnerships that leverage economies of scale. Our focus on energy efficiency helps to lower the total cost of homeownership.





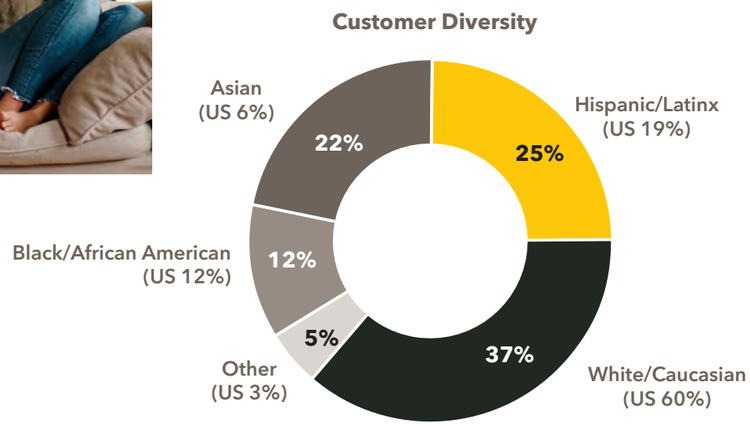
We believe our Built-to-Order homebuying process provides a way to help serve the need for affordable housing. We give each of our homebuyers a highly personalized experience where they can make a wide range of lot location and structural and design choices, enabling them to create their future new home that reflects how they want to live and what they value within their budget.

We are also building additional smaller single family homes, a segment of the market that has been declining in recent decades. According to the U.S. Census Bureau, in 1999, single-family homes under 1,800 square feet made up 37% of new homes. In recent years, that number has been just 23%. We believe this is an important part of the market to serve, as many homebuyers select single-family homes and smaller homes help to address affordability, and because greater variety in housing supports more socially diverse and economically sustainable neighborhoods. In 2021, 84% of KB Home communities offered homes of 1,800 square feet or less, and 32% offered homes that were under 1,400 square feet.

FY 2021 buyer profile data based on gross sales; buyer experience data from KBIT buyer database and based on deliveries

KB homeownership reflects the face of America

We are proud that KB homeownership reflects the many faces that make up America. We believe our Built-to-Order business model, focus on first-time homebuyers and generally pricing our homes to be attainable for those with local median-level household incomes enable us to serve buyers from a diverse range of experiences and backgrounds. In addition, the personalizing options we offer are designed to help make homeownership accessible at a range of price points and reflect a variety of lifestyle and cultural preferences. We are honored to be part of expanding the American dream to make homeownership and all its benefits an achievable goal for more Americans.



KB Home: FY 2021 buyer profile data based on gross sales; buyer experience data from KBIT buyer database and based on deliveries
US: 2020 Census

Community revitalization through new homes

We look for opportunities to help revitalize older neighborhoods or convert underutilized land to productive use with new homes. Creating infill communities and participating in redevelopment projects are among our considerations when evaluating potential land investments. Several of our communities have been built on brownfield, greyfield or infill properties. Often, our homes are the first to be built in these locations in years and can enhance communities with more energy- and water-efficient housing. In addition, we strive to make more effective use of limited land resources by designing high density communities of eight to 40+ dwelling units (du) per acre where zoning permits.

36+
high-density communities nationwide in 2021

25+
infill/redevelopment communities nationwide in 2021

1,790+
homes delivered at such communities in 2021

Row Homes at Lacy Crossing in Santa Ana, CA

SPOTLIGHT

Mitchell Village in Citrus Heights, CA

At Mitchell Village in Citrus Heights, a city outside Sacramento, KB Home transformed a 52-acre former golf course that had been underutilized for years into the site of 255 beautiful homes. Over 40% of the site was dedicated to protecting and preserving greenspace for the community. Mitchell Village was designed to highlight its natural features through a large greenway with a meandering creek, multiple bridges, and plenty of open picnic and play areas.

Some key features of Mitchell Village include:

Investing $1.2 million to restore Arcade Creek: KB Home expects to spend over $1.2 million for trash and debris removal, restoration of healthy vegetation and a five-year monitoring and maintenance plan. This greenway is now a featured amenity for residents and has been dedicated to the Sunrise Recreation and Park District for public use.

Offering options to accommodate our customers: Three different neighborhoods at varying densities were offered at Mitchell Village so that our homes could accommodate residents at diverse life stages. The Canyon featured a density of 10 du/acre; Oaks 8 du/acre; and Heritage 6 du/acre. With a mix of single-family attached and detached home options and a variety of floor plans available within each neighborhood, customers were offered the flexibility to find a home that could support their lifestyles.

Decarbonization: Mitchell Village was one of our recent all-electric communities. Paired with solar systems, these all-electric homes will have a lower operational carbon footprint than a mixed-fuel house for decades to come.

Contributing over $3.1 million to local public services: At buildout, KB Home will have contributed over $3.1 million to local public services, with over $1.8 million of that amount going toward school fees.

Communities that sustain biodiversity

At KB Home, we strive to align our land purchase process to be consistent with our commitment to provide customers with a sustainable home at an affordable cost. KB Home builds across the country in geographically diverse areas and we want to continue building in an environmentally sensitive manner wherever we build. As such, our land purchase policy goes beyond environmental protection and includes considerations for community enhancements. Our decision-making process for land purchase approvals includes an evaluation of past use, environmentally sensitive sites, potentially sensitive wildlife habitats, community green spaces, storm water mitigation needs, culturally sensitive sites, and neighborhood amenities and features. We take these extensive measures as we recognize that we are not just building a home; we are building a community.

In the evaluation of a land acquisition, our priorities include:

Limit impact to local ecosystems – Beyond the thorough environmental assessment we require for all land acquisitions, we additionally look for ways to limit impact or contribute to the local ecosystem. Where possible, we create conservation spaces to preserve existing plant and animal ecosystems; modify or delay our development activities to accommodate migratory, nesting or mating cycles; seek to mitigate our impact through the design of the corresponding community as described above; and assist or make financial or in-kind contributions to nearby dedicated nature conservancy zones or organizations.

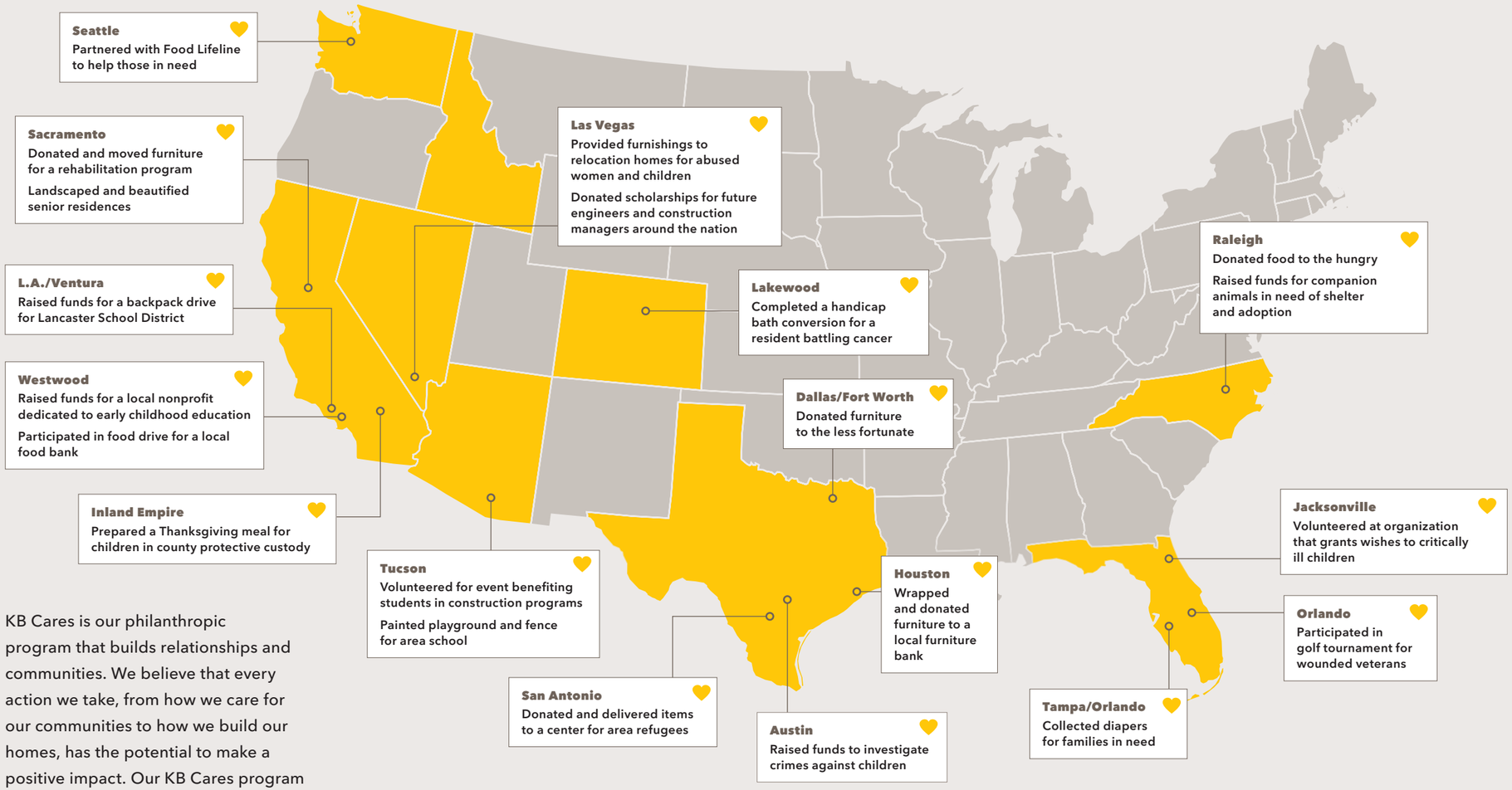
Revitalization of older neighborhoods – We seek out opportunities to develop on previously developed lands and revitalize older neighborhoods. KB Home's portfolio includes a mix of brownfields, greyfields, and infill properties. With limited land resources available in many communities, we strive to maximize available housing stock by making efficient use of land especially when developing in densely populated communities. See the Mitchell Village spotlight on the previous page for a recent neighborhood revitalization example.

Values-aligned partnerships – We prefer working with developers who share our values of sustainable and developments. Many of our developers have their own sustainable development plans on top of conducting environmental assessments.

Riverton at Wallis Ranch in Dublin, CA

Supporting the wider communities we call home

kbcares around the nation



KB Cares is our philanthropic program that builds relationships and communities. We believe that every action we take, from how we care for our communities to how we build our homes, has the potential to make a positive impact. Our KB Cares program is one way we put that ideal into action. Through KB Cares, our divisions make strategic investments in their local communities by acting in the interests of four pillars of caring: shelter, community, sustainability and environment, and construction skills and employment. In 2021, our divisions donated over $1 million and our employees volunteered over 1,200 hours.

SPOTLIGHT

One new home and two new blankets

In 2021, KB Home began welcoming each new homeowner with a blanket through a unique partnership with mission-driven Sackcloth & Ashes, which donates a second new blanket to a person in need. We're donating more than 15,000 blankets to homeless shelters nationwide. It's a meaningful gift that helps make a house a home, and offers comfort to others. After homeowners unwrap their gift, they find instructions on how to fill the empty box with items for a local homeless shelter, completing the cycle of care. No matter where you are in your life, whether putting down roots or in transition, a blanket can represent so much more than warmth. It's security, shelter, comfort and hope. That's why we are so pleased to be contributing this important resource to help those who are struggling as we also welcome our new customers home.

Better Future

The homebuilding business is about the future. Homes are built for generations to come to make memories, grow and build wealth over time. That is why we build with the highest standards and strongest partnerships. We have built a business designed to weather whatever the future may bring and create value for all our stakeholders by operating with integrity and purpose. We believe this includes taking steps to decarbonize our operations and products.

Strong partnerships create better homes

Driving sustainability throughout the value chain is about reducing carbon emissions and managing climate risk.

KB Home works with our industry partners and sustainability leaders on strategies to build sustainable homes at a lower cost and with less environmental impact, by identifying best practices and taking meaningful steps. Our strategies include lowering the embodied carbon of building products, supporting circular solutions and alternatives, and forging greater transparency through environmental product declaration (EPDs).

When we say we're built on relationships as a company, a big part of that is our list of premier partners who help realize our goals and elevate our focus on sustainability. Below are just a few of the ways our premier partners deliver sustainable, healthy, and innovative low-carbon products for our homes.

Healthier Indoor Environments	Emser Tile	Shaw	Sherwin Williams
Energy-Efficient Solutions	Carrier	Generation Lighting	Rheem
Water-Saving Solutions	Kohler	Moen	Whirlpool Corporation
Carbon Emissions Reductions	Owens Corning	Schneider Electric	SunPower
Recycling and Material Conservation	allura	daltile	Kwikset
Responsible Sourcing and Manufacturing	Simpson Strong-Tie	Therma-Tru Doors	Timberlake Cabinetry

Collaboration and innovation go hand in hand

Collaboration, brainstorming and planning with our national strategic suppliers and partners play an important part in continuing to evolve our sustainability initiatives. In 2020 and 2021, due to the pandemic, we convened our annual National Strategic Supplier Conference with suppliers and partners virtually to discuss supply chain issues and reaffirm our shared goals of delivering value for our clients and each other. We also partnered to implement practices to decarbonize the value chain and reduce Scope 3 GHG emissions through lowered embodied carbon solutions, circularity strategies and continued innovation. At KB Home, it has never been more important to collaborate on key sustainability research initiatives that focus on real-world implementation. However, don't take it from us. Take it from our partners.

"Decarbonization is a serious effort for Schneider, and we see our commitment in broad terms, with specific goals to achieve a climate-positive world. Our partners at KB Home share our commitment, and we're proud that their Sundance project is the first new-home community to feature our Square D Energy Center and connected wiring devices."

Esther Finidori
Vice President of Environment, Schneider Electric

"Rheem® applauds KB Home's leadership on energy efficiency, emissions reduction, and conservation. A like-minded partner, Rheem is committed to advancing these goals globally through our sustainable practices and products. We are excited to provide the high-efficiency, grid-connected Rheem ProTerra™ Hybrid Electric Water Heater to KB Home's new microgrid development in California to help reduce household energy use by up to 75%."

Chee Wee Gan
Senior Vice President, Strategy and Sustainability, Rheem®

"Mission Moen commitment means working with KB and other partners towards saving 1 trillion gallons of water by 2030. Our growing stewardship of water now includes products made from ocean-bound recycled plastic. We have ambitious goals, and we know KB will help us get there."

Mark-Hans Richer
Chief Marketing and Innovation Officer, Moen

SPOTLIGHT

Diverting plastic waste from landfills and oceans

With only approximately 9% of the overall 35.7 million tons of U.S. plastic waste recycled in a year (based on EPA data for 2018), we have sought out ways to incorporate into our homes building materials and products that contain recycled plastics diverted from landfills and oceans. In 2021, we teamed up with two partners to implement solutions that meet our quality and performance standards while addressing this important goal.

KB homes built in 2021 used Moen's mixing valves that contain recycled ocean plastics. The new valve has just over an ounce of this green-colored plastic. With an average of 2.5 Moen valves installed per home, Moen estimates we have used almost 2,300 lbs. of recycled plastic.

In 2022, we worked with a road paving company in Southern California to install the first plastic asphalt in a KB community. Plastic asphalt replaces components of a traditional asphalt mix with waste plastic while still producing a similar look and performance. Through our first project, KB Home diverted over 3,100 lbs. of plastic from landfills.

Product and quality certifications provide lasting peace of mind

We seek out products that provide independent sustainability assessment, like the Cradle to Cradle Certified® Products Program (C2C). C2C offers an independent, third-party assessment of a product's performance against rigorous standards and evaluates both a company's products and operations based on material health, material reutilization, renewable energy, water stewardship and social fairness. A number of our national suppliers participate in the C2C certification process, including our flooring partner, Shaw; our solar panel partner, SunPower; and our paint partner, Sherwin-Williams.

Lumber and Forestry

As part of our contracts with lumber suppliers, we require them to certify that the wood they provide us with is not sourced from endangered forests or is certified by recognized sustainable forestry management programs like the Forest Stewardship Council® (FSC) program. We took this early leadership position in our industry more than a decade ago. We have also been a public proponent for the preservation of old-growth national forests in partnership with the National Resources Defense Council (NRDC).

Building Certifications and Memberships

Our homes are backed by third-party, industry-recognized standards and initiatives that promote sustainable construction and provide building performance and quality assurance. Over the years, we have participated in national and regional building initiatives from both governmental and non-governmental organizations, including:

- U.S. EPA ENERGY STAR partner and award winner
- U.S. EPA WaterSense first builder partner and award winner
- U.S. EPA Indoor airPLUS partner and award winner
- RESNET Energy Smart Builders first builder partner and award winner
- U.S. DOE Zero Energy Ready Homes partner and award winner
- U.S. Green Building Council LEED-certified homes builder and award winner
- California Advanced Homes Program participating builder
- Build San Antonio Green participating builder

Quality and safety belong together

We strive to create new homes that our customers are proud to own, and our employees are proud to stand behind. Each of our homes reflects dedication to product quality improvement, workplace safety and customer satisfaction.

Quality construction practices

The construction quality assurance program that we use assesses over 600 checkpoints related to safety, occupant comfort, indoor air quality, and building durability.

Quality Construction Practices

Our construction operations undergo a rigorous annual evaluation by IBACOS®, a nationally recognized expert in home construction quality and performance, against their industry-recognized best practice scorecard.

13.25%

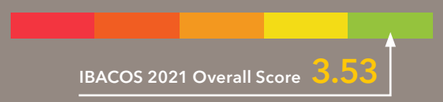
improvement in overall construction quality score from 2014 to 2021

Jobsite Safety Reviews

In addition to measuring quality, IBACOS also reviews safety. Since 2014, we have been conducting annual jobsite safety reviews and maintaining scorecards for each of our divisions in conjunction with IBACOS.

22%

improvement in KB Home's overall jobsite safety score from 2014 to 2021



Workplace safety

Safety is a priority for our employees, our homebuyers and our independent contractors. To get a sense of our independent contractors' compliance with their safety obligations, we track nearly 50 checkpoints across key aspects of jobsite safety, including safety documentation, personal protective equipment, scaffolding and ladders, fall protection, trenching and excavation, hazard assessment protocol, first aid and emergency plan, electrical safety and material safety. Our practices include:

- Management review and update of our field safety manual
- A designated safety representative who has completed the Occupational Safety and Health Administration (OSHA) 30-hour training course at each local operating division
- On-site construction managers who have completed the OSHA 10-hour training course and at least one weekly safety inspection of the sites for which they are responsible as well as online modules from a third-party industry quality and safety expert
- A quarterly safety inspection completed and verified by each local operating division's head of operations and a company-wide safety representative
- Regular employee training is an important component of our quality and safety program. New employees are required to complete training certification on both quality processes and standards as well as sustainability features and standards

SPOTLIGHT

Jobsite pollution prevention practices

Our jobsite management practices include Stormwater Pollution Prevention Plans (SWPPP) at each community. These mitigation efforts include dedicated concrete washouts, paint washouts, silt fencing, and inlet drain protection to prevent runoff into nearby waterways, which also keep debris out of the streets and off neighboring properties.

e-Waste diversion practices

KB Home pollution prevention practices extend beyond our jobsites. We aim to responsibly divert our electronic waste from landfills. Our information technology teams maintain a robust inventory of all electronics issued to employees to help track them and ensure that such items are timely retired. Under our policy, all KB Home electronics are retired through one of the three following methods:

- **Direct donation to non-profit organizations** – If retired electronics have any useful remaining life, we prioritize donating them to local non-profits. This gives these assets a second life while supporting community groups at the same time.
- **Refurbished through secondary sellers** – If there is an opportunity for substantial reuse, retired electronics are sent to be refurbished through a secondary seller. This diverts these assets from waste stream and again gives them a second life.
- **Recycled through certified e-waste centers** – When retired electronics are at the end of their useful life, we work with certified disposal sites that recycle electronic components where possible and properly dispose of any toxic or hazardous materials.

A few of the local groups we supported in 2021 include:

- Arizona Students Recycling Used Technology
- Blind Center of Las Vegas, NV
- Clark County School District in Las Vegas, NV
- Palos Verdes Institute of Technology in Palos Verdes, CA

Corporate Governance Overview

We believe transparency is essential to operating an inclusive, stakeholder-driven business. Publicly disclosing our organizational governance standards and practices in an easy-to-find, easy-to-understand format is part of how we do that. Because strong corporate governance is a key factor in driving long-term stockholder value, our Board of Directors has implemented a robust governance framework and leading practices to oversee the management of our business, as highlighted here.

- All directors, except for our President and Chief Executive Officer ("CEO"), are independent.
- There is a robust Lead Independent Director position with significant responsibilities and authority.
- Only independent directors serve on Board committees.
- During 2021, there were no related party transactions.
- All directors are elected on an annual basis under a majority voting standard.
- We have one class of voting securities that allow each holder one vote for each share held, and no supermajority voting requirements (except per Delaware law, our state of incorporation).
- We proactively engage with our stockholders year round on ESG matters, our business strategy, performance and outlook.
- Directors and senior executives are subject to significant stock ownership requirements, and they and all employees may not pledge or hedge holdings of our securities.
- Executive officers are subject to an incentive compensation claw-back policy, and all unvested employee equity awards require double-trigger vesting in a change in control. Each director attended at least 75% of his or her total Board and committee meetings.
- No directors are over-boarded.

Comments or questions for the KB Home Board of Directors or any individual Board member can be directed in care of our Corporate Secretary at KB Home, 10990 Wilshire Blvd., 7th Fl., Los Angeles, CA 90024. Additional information about our corporate governance practices can be found in our 2022 Proxy Statement through our Investor Relations website.

Strong governance and oversight are the backbone of businesses built for the future

Sustainability is integrated into virtually every function of our organization and is a critical strategy for our business. As such, we have created a number of structures as well as an Environmental Management System (EMS) to oversee and continuously fine-tune these efforts.

Sustainability Oversight Structure

We have a number of governance structures that are specifically tasked with driving our sustainability strategies and actions throughout our entire organization.

Two directors also serve as the Board's liaisons to management on ESG matters:

Dorene C. Dominguez
Chairwoman and CEO
Vanir Group of Companies, Inc.
Vanir Construction, and
Vanir Development Company

Arthur R. Collins
Founder and Managing Partner
theGROUP

Board of Directors Oversight	The Board of Directors oversees sustainability as part of our overall business strategy. In addition, the Board's Audit and Compliance Committee has oversight responsibilities for environmental sustainability matters; its Management Development and Compensation Committee has oversight responsibility for social responsibilities for social matters related to human capital management and employee health and safety; and its Nominating and Corporate Governance Committee has oversight responsibility for governance.
National Advisory Board	As discussed on the following page, nationally recognized leaders meet twice yearly with us to discuss recommendations related to sustainability and other issues.
Sustainability Leadership Team	A group of high-level executives, led by our Chief Operating Officer and Senior Vice President for Sustainability and including select Division Presidents, convenes on a regular basis to discuss sustainability strategies and craft, refine company policies and initiatives, and create buy-in with leaders across all of our operating regions and major functional departments.
ESG Steering Committee	A group of senior executives, led by our Senior Vice President of Investor Relations and Senior Vice President for Sustainability, interacts with various disciplines within KB Home and with key external stakeholders, raising the profile of ESG across the Company and enhancing our transparency and disclosure around our ESG initiatives.
Environmental Management System (EMS)	We have a process for decision-making and continuous improvement for all of our sustainability initiatives, including environmental, which involves all levels of the organization. In 2020, we formalized this process into an EMS process, as outlined on page 56, to continue to expand the transparency of our processes.

National Advisory Board (NAB)

In 2009, we formed our NAB in an effort to formalize our stakeholder engagement. Our members are leaders from diverse disciplines that bring an independent perspective on our sustainability initiatives and progress. They ask insightful questions, challenge our thinking and make us better in the process. Our NAB meets twice a year and includes participation from our Chairman of the Board and our senior sustainability executive. We also consult with members throughout the year on specific issues and emerging topics.

2021 National Advisory Board members

Jacob Atalla
Vice President, Innovation and Sustainability, KB Home

Dan Bridleman
Senior Vice President, Sustainability, Technology & Strategic Sourcing, KB Home

Professor Magali Delmas
Professor of Management, Institute of the Environment and Sustainability, Anderson School of Management, UCLA

Dr. Jonathan Fink
Director, Digital City Testbed Center, Portland State University

Peter Harkness
Former Group Publisher, Governing, Senior Policy Advisor, Pew Center on the States

Sheila Hollis, Esq.
Partner, Duane Morris LLP

Anne Kelly
Vice President, Government Relations, and BICEP Program, Ceres

Nancy LeaMond
Executive Vice President and Chief Advocacy & Engagement Officer, AARP

Rob McGibney
Executive Vice President and Chief Operating Officer, KB Home

Jeffrey Mezger
Chairman, President and Chief Executive Officer, KB Home

Dr. Lou Moret
Former CalPERS Board Member

Andre Pettigrew
Director, Office of Economic and Workforce Development, City of Durham

Sam Rashkin
Founder, Retooling the U.S. Housing Industry
Former Chief Architect, U.S. DOE Building Technologies Office

Daniel Seligman
Director, Clean Energy Solutions, Ceres

Tim Smith
Principal – AIA, AICP SERA Architects, Inc.

Environmental Management System (EMS)

We have established an EMS within the U.S. EPA definition: "a set of processes and practices that enable an organization to reduce its environmental impact and increase its operating efficiency." The main focus of our EMS is reducing the GHG emissions associated with the use of the homes we build over their multi-decade life cycle. Our EMS provides a framework for planning, implementing, measuring, evaluating and refining these efforts over time. The flow chart below demonstrates this framework and the rigorous validation we bring to the process.

Commitment and Strategy

Board of Directors and Its Committees – oversight

National Advisory Board – stakeholder engagement and materiality

Sustainability Leadership Team & ESG Steering Committee – risk and opportunities evaluation; links to business strategy

Targets and Plans

Sustainability Leadership Team – set environmental goals; formalize process and controls.

- New-home energy efficiency targets (average HERS score of 45 by 2025)
- New-home green building certification (ENERGY STAR certified homes)
- Other areas of focus, including increasing water efficiency, adding renewable energy generation and reducing waste

Implementation and Measurements

Home Design

- Internal teams and energy consultants collaborate in an iterative process for each home design.
- Implement a holistic approach to achieve high-performance homes, including thermal comfort and energy and water-efficiency.
- Each home plan receives a list of specifications and HERS target score.
- An ESC guide (like cars' MPG stickers) is published for each home.

Home Construction

- Project kickoff meetings include trade partners to establish a team approach for achieving set targets.
- Independent third-party inspectors and raters inspect and test every home.
- Each home's as-built HERS score must meet or exceed target set during design.
- Inspectors also document the ENERGY STAR certification.
- Select homes are also HERS H_2O rated and receive WaterSense label.

Performance Review

Data collection systems track ratings and certifications as well as homeowners' satisfaction with energy efficiency performance.

Data is reviewed by:

- Operating divisions (weekly & monthly)
- Sustainability leadership team (monthly)
- Internal audit team (quarterly)
- NAB (semi-annually)

Process and Product Improvement

Our data-driven approach helps us identify and implement continual improvements for our processes and homes.

Internal and external research and development also inform our plans.

Annual Reporting

Measuring environmental impact is the final step.

We utilize the GRI and other sustainability disclosure frameworks to communicate with our stakeholders on our progress, including GHG reductions.

Social Standards and Policies

Ethical Standards

KB Home is committed to achieving its business goals by acting with integrity, high ethical standards and in compliance with the law. This is essential to building lasting relationships with our customers, business partners and investors that are based on trust. Our KB Home Ethics Policy is a guide for all KB Home employees to follow when facing questions of business ethics. Every year, all KB Home employees must certify that they have read and understood the policy.

We have established an Ethics Reporting Process, which allows for reporting concerns either using an anonymous telephone hotline (800-304-0657) or an anonymous reporting website (kbhome.ethicspoint.com) administered by an independent third party to ensure maximum possible confidentiality and neutrality. Our Ethics Reporting Process is intended to be used as a communication channel for reporting compliance concerns, violations of policies and procedures as well as fraud, illegal or unethical conduct or suspected criminal activity, but is not intended for submitting general customer service issues.

Print copies of our Corporate Governance Principles and Ethics Policy are available free of charge by written request to our Corporate Secretary as well as on our website (kbhome.com/ethics).

Supplier Code of Conduct

We recognize that our procurement decisions can have important economic, environmental and social impact in the communities we serve and beyond. We have developed a Supplier Code of Conduct (kbhome.com/supplierconduct) to establish principles, guidelines and standards with respect to the supply of the products and materials we use in our business.

These principles, guidelines and standards build on those contained within our Ethics Policy and are intended to help us address certain supply chain risks. We expect our covered suppliers and service providers to respect the principles, guidelines and standards in this Code as well as in our Ethics Policy. We also expect our covered suppliers and service providers to follow best industry practices.

Responsible Marketing Policy

As a company built on relationships, we are committed to using responsible sales and marketing practices (kbhome.com/marketingpolicy) to communicate the value of our products and services to consumers in accordance with applicable law. In conducting our sales and marketing activities, we strive to be clear, consistent, accurate, honest, customer-driven, trustworthy, attentive and fair.

Human Rights Standards

We recognize the importance of respecting and promoting human rights, and have adopted principles, guidelines and standards within our Ethics Policy that operationalize them (kbhome.com/humanrights). These principles, guidelines and standards are grounded in fundamental human rights that have been advanced under international conventions, such as the United Nations Universal Declaration of Human Rights, and apply to all of our employees, whether full-time or part-time, and directors and to our relationships with our service providers, customers and business partners across our operational footprint within the U.S.

Public Policy Participation

We believe that actively participating in the public policy–making process is an important aspect of being a responsible member of the communities in which we build and necessary to pursue our business goals. To this end, we:

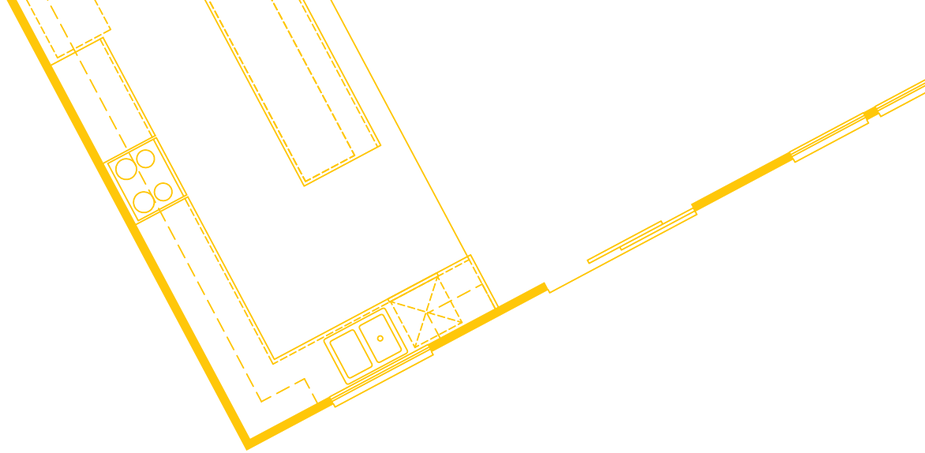
- Engage with public officials and other policy makers at all levels of government in discussions about issues that affect homeownership.
- Make contributions to candidates for public office, irrespective of political party affiliation, and to certain ballot initiatives.
- Support candidates who understand the homebuilding process and champion the broadening of homeownership opportunities.
- Support ballot initiatives that enhance community development and services – primarily bond measures for schools, parks, transportation, water and environmental protection.
- Commit to complying with all laws applicable to the making and public reporting of political campaign contributions. Contributions to federal campaigns are made only by the KB Home American Dream Political Action Committee.
- Contribute to state and local campaigns as permitted by applicable law.
- Put in place an internal management approval process for political campaign contributions and a reporting process to our Board of Directors' Nominating and Corporate Governance Committee.

- In 2021, we contributed $484,850 to campaigns for state and local offices in California, Idaho and Nevada, and to California and Colorado campaign committees.

The California contributions can be found on the California Secretary of State's website at www.sos.ca.gov. The Colorado contributions can be found on the Colorado Secretary of State's website at www.sos.state.co.us. The Idaho contributions can be found on the Idaho Secretary of State's website at https://sos.idaho.gov. And the Nevada contributions can be found on the Nevada Secretary of State's website at https://www.nvsos.gov/sos.

BICEP
BUSINESS for INNOVATIVE CLIMATE & ENERGY POLICY
a project of Ceres

We are proud members of the Ceres BICEP Network, a group of leading consumer brands and Fortune 500 companies. Members support three principles: increased adoption of renewable energy and energy efficiency; increased investment in a clean energy economy; and increased support for climate change resilience.



Stakeholder Transparency & Data Tables

Since our inaugural Sustainability Report, published in 2008, we have consistently demonstrated our commitment to transparency and accountability. We lead the way for our industry in the breadth and depth of our public data dating back 15 years, which we believe demonstrates that, for us, sustainability and robust ESG practices are the foundation for a business that does well by doing good.

We provide all our stakeholders visibility into our business and sustainability goals, as well as our GHG emissions and carbon reduction efforts

Since 2008, we have provided comprehensive data tables of key ESG and business metrics for both the most recent fiscal year and historical comparisons (subject to available data). We report such information below and we provide relevant subsets in other reports and on our website in alignment with the SASB, TCFD, GRI and UN SDG frameworks. We intend to continue this reporting in the normal course of our business. We also describe certain climate change-related risks to our business in our periodic reports to the SEC, including in our 2021 Annual Report on Form 10-K.

This chapter contains SASB and GRI indices as well as a chart demonstrating alignment between select UN SDGs and KB Home policies and strategies. This section contains information on the carbon footprint impact of our business, which encompasses Scope 1, 2 and 3 emissions. Additional information on salient sustainability items can be found in the SASB Sustainability Disclosure Topics and Accounting Metrics, Note 2 section of this report.

GHG emissions and carbon reduction

We use the data we report year over year in considering potential actions to address our organization's carbon footprint, especially with respect to the homes we build. As the largest portion of our business' carbon footprint comes from residents' day-to-day living in our homes, for the past 15 years we have focused on constructing highly energy-efficient homes that are designed to generate fewer GHG emissions in their daily operation over their expected multi-decade lives. Our energy efficiency benchmark – the HERS Index – also serves as the basis for our GHG emission reduction targets, as discussed on page 28. We have set three prior HERS Index national average score targets since 2014 and have met each past target. Our current target of 45 by 2025 was established in 2020, when our national average HERS Index score was 50. We are on our way to achieve this target and expect to set new targets in the future as we also pursue to the extent possible additional reductions in Scope 3 GHG emissions.

To support our efforts to minimize our business' carbon footprint, KB Home in April 2022 became the first national homebuilder to participate in the Science Based Targets initiative (SBTi). SBTi is a global coalition of organizations that have joined together to set ambitious corporate climate action. Moving forward, KB Home plans to continue disclosing emissions annually and monitoring progress as we assess our SBTi targets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Scope 1

We determined that our Scope 1 GHG emissions are low when compared to other aspects of our business activities. In this year's report, we have moved natural gas purchases (for heating of our offices, Design Studios, and model homes) from Scope 2 to Scope 1. This change to our calculation method has led to an increase in value for our Scope 1 emissions compared to our reporting in prior years.

Scope 2

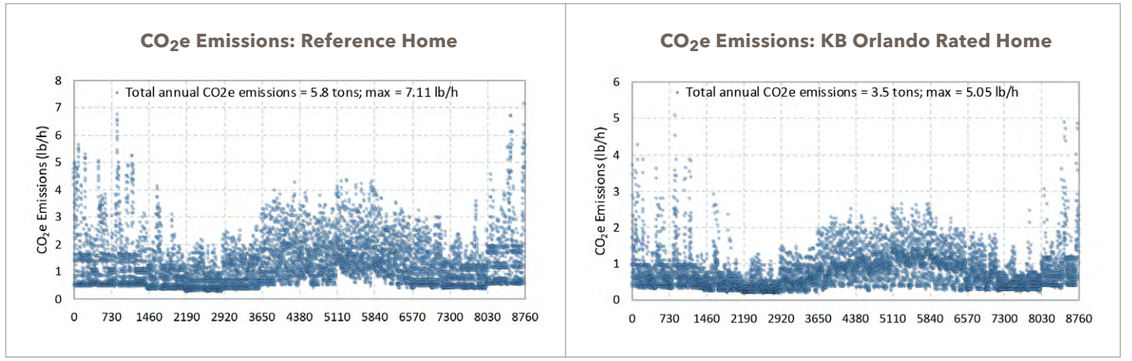
We believe that the Scope 2 GHG emissions of our operations are significant and important to measure and report. Our Scope 2 GHG emissions come from three major areas: our production homes, our model homes and our Design Studios and offices. One of the key challenges in measuring our Scope 2 GHG emissions is that our business spans the country, and regional variables significantly affect the accuracy of these estimates. While we do not have a policy to specifically require the use of energy from renewable sources, 72% of our model homes in California are equipped with solar energy systems, which reduce the amount of electricity that we buy from the local utility companies. To help address the above challenges, the Scope 2 GHG emissions measurement system we have been utilizing for over a decade to estimate our GHG emissions is based on a broad sample that reflects specific monthly energy consumption tracking from multiple premises in each of our divisions company wide and considers regional variations in energy source and consumption.

2021 Scope 1 & 2 Carbon Footprint Disclosure The Environmental Performance Overview table on the following pages shows carbon footprint data for the past 10 years.		
	Estimated Scope 1 GHG emissions	**1,844 CO_2e** in metric tons
	Estimated Scope 2 GHG emissions	**13,662 CO_2e** in metric tons
	Total estimated Scope 1 & 2 GHG emissions for KB Home operations	**15,506 CO_2e** in metric tons
	Estimated GHG emission financial intensity	**0.0000027**
	Estimated GHG emission activity-related intensity	**1.2 CO_2e** in metric tons per delivered home

Scope 3

We believe Scope 3 represents the largest segment of GHG emissions from our business operations and products. However, many of the impacts derived from our supply chain are currently beyond our capabilities to reasonably measure. In addition, we are not able to directly measure the Scope 3 GHG emissions of our production homes after delivery to buyers because we do not have direct access to our customers' utility usage. Therefore, we utilize the U.S. EPA's estimates for GHG emissions associated with day-to-day living in ENERGY STAR certified homes compared to those built to current standard codes to provide reasonable estimates of these Scope 3 GHG emissions.

While we are not able to calculate GHG emissions for each our homes, our team has undertaken limited assessments of our newest homes. We recently analyzed data through an early model of the proposed RESNET's CO_2 Rating Index, developed by one of our long-time partners. The KB home selected for study was built in Orlando, Florida and received a HERS Index score of 55 in 2021, using the RESNET-accredited EnergyGauge® USA software tool. The assessment estimated hourly carbon emissions for a full year of occupancy. An average Orlando reference home of similar size was estimated to have total annual carbon emissions of approximately 5.8 tons. In comparison, the KB home we tested was estimated to have total annual carbon emissions of approximately 3.5 tons, corresponding to a total savings of approximately 2.3 tons each year for the years the house is occupied. While this was an informal utilization of RESNET's proposed carbon rating index, we are pleased to see a further indication that our efforts to reduce GHG emissions can have an impact. We plan to continue incorporating new tools and resources as they become available, like this RESNET carbon rating index, on our path toward minimizing our carbon footprint.



2021 Scope 3 Carbon Footprint Disclosure

Based on currently available data, including our 2021 national average HERS score of 49, we estimate the Scope 3 GHG emissions from the use of homes we delivered in 2021 to be around 7,948,480 metric tons, with a typical 2021 KB home producing about 5.9 metric tons/year (national average level).

The Enclave in Eastvale, CA

Laterra in San Diego, CA

Alignment with United Nations' Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs), are a set of goals for all organizations and governments worldwide to aspire to in order to achieve a better and more sustainable future by 2030. Below, we have mapped our evaluation of our current ESG efforts against the UN SDGs in the three major areas of sustainability (environmental, social and economic) in order to demonstrate how these priorities align with our business activities.

Environmental Alignment

- Energy efficiency and GHG reduction
- Third-party HERS testing and rating
- 100% ENERGY STAR certified new homes
- Solar leadership
- Elevating water conservation and waterway protection
- Designing homes that are intended to be healthier for residents
- Integrating sustainability technology for increased comfort
- Working to protect local ecosystems with responsible land development practices

Social Alignment

- Increasing supply of affordable housing
- Becoming the employer of choice
- Maintaining industry-leading customer satisfaction
- Revitalizing older neighborhoods with infill homes
- Creating local community partnerships
- Increase gender equity in workforce diversity
- Upholding human rights standards
- Provide inclusive and equitable employee technical and vocational training

Economic Alignment

- Lowering the total cost of homeownership
- Reducing cost to build
- Preserving the environment and natural resources for long-term value
- Engage in public-private partnerships to promote sustainable development
- Adhering to quality and safety standards
- Maintaining workplace safety
- Promoting responsible marketing policy
- Upholding supplier code of conduct
- Convening NAB

Environmental Performance Overview

PERFORMANCE INDICATOR	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total # of homes delivered	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672	13,472
Energy Efficiency										
Number of ENERGY STAR® certified homes delivered[1]	6,207	7,078	7,168	8,099	9,768	10,736	11,176	11,797	10,668	13,404
% of total homes delivered that were ENERGY STAR certified	99%	99%	99%	99%	99%	98%	99%	99%	99%	99%
% of KB Home divisions building at least some homes to ENERGY STAR specifications	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of ENERGY STAR certified appliances installed[2]	9,065	9,695	9,789	11,181	13,261	15,276	15,960	17,083	13,507	15,315
Homeowner satisfaction ratings on the energy efficiency of their KB home[3]	93.10%	92.80%	91.50%	91%	91%	89%	89%	93%	93%	93%
Water Conservation										
Number of KB homes built to EPA's WaterSense specifications[4]	85	61	96	233	265	170	134	147	270	1,284
Number of Water Smart homes built[5]	438	503	400	589	807	854	1,132	950	449	0
Number of EPA WaterSense labeled fixtures installed in KB homes:[6]										
Bath faucets	22,500	23,500	23,800	28,700	34,400	40,000	42,000	44,000	39,500	49,846
Toilets	18,100	20,000	20,200	23,000	27,600	33,800	35,000	36,800	33,100	40,416
Showerheads	13,700	15,000	15,150	16,400	19,700	23,400	24,300	25,600	22,950	28,965
Sustainable products and options										
Total number of sustainable products and options installed[7]	20,039	33,582	35,373	46,717	52,094	59,454	61,585	64,697	64,032	72,449

[1] Project site conditions and development requirements as well as factors outside of our control can restrict our ability to build ENERGY STAR certified homes in certain communities.
[2] Began tracking in 2008.
[3] Began tracking in 2010, from a 12-month post-closing survey on a scale of 0–100% satisfaction.
[4] Construction commenced in late 2010.
[5] The Southern Nevada Water Authority sunsetted the Water Smart program in mid 2020. The EPA WaterSense program has replaced it.
[6] Figures are estimated based on average number of fixtures per home.
[7] Began tracking in 2009. Optional upgrades include appliances, HVAC equipment, WaterSense labeled fixtures, ENERGY STAR certified doors and low-E windows. Figures are estimated.

Environmental Performance Overview *(continued)*

PERFORMANCE INDICATOR	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Office Sustainability Practice										
% of office supplies purchased that are earth conscious	22%	15%	20%	19%	22%	22%	26%	33%	33%	24%
Sheets of paper saved through process improvement and reduction of paper in homebuying process, estimated[1]									55,000,000	13,300,000
Recycled paper (office grade) processed through our national service provider, which recycles the paper after shredding (lbs.)[2]	94,703	123,637	66,114	203,341	165,606	335,526	181,981	329,900	92,620	31,420
Trees saved	805	1,051	555	1,706	1,389	2,815	1,527	2,768	6,715	1,778
Our Carbon Footprint										
Scope 1 & 2 estimated GHG emission for KB Home operations (CO_2e in metric tons)	13,468	14,092	16,078	19,186	22,961	25,062	24,992	24,025	19,744	15,506
Estimated GHG emission financial intensity[3]	0.0000086 (13,468 metric tons/US $1,560,115,000 total revenue)	0.0000068 (14,092 metric tons/US $2,084,978,000 total revenue)	0.0000067 (16,078 metric tons/US $2,400,949,000 total revenue)	0.0000063 (19,186 metric tons/US $3,032,030,000 total revenue)	0.0000064 (22,961 metric tons/US $3,582,900,000 total revenue)	0.0000057 (25,062 metric tons/US $4,368,529,000 total revenue)	0.0000055 (24,992 metric tons/US $4,547,002,000 total revenue)	0.0000053 (24,025 metric tons/US $4,552,747,000 total revenue)	0.0000047 (19,744 metric tons/US $4,182,174,000 total revenue)	0.0000027 (15,506 metric tons/US $5,724,930,000 total revenue)
Estimated GHG emission activity-related intensity (CO_2e in metric tons per delivered home)	2.1 (13,468 metric tons/ 6,282 homes)	2.0 (16,078 metric tons/ 7,145 homes)	2.2 (16,078 metric tons/ 7,215 homes)	2.3 (19,186 metric tons/ 8,196 homes)	2.3 (22,961 metric tons/ 9,829 homes)	2.3 (25,062 metric tons/ 10,909 homes)	2.2 (24,992 metric tons/ 11,317 homes)	2.0 (24,025 metric tons/ 11,871 homes)	1.8 (19,744 metric tons/ 10,672 homes)	1.2 (15,506 metric tons/ 13,472 homes)
Scope 3 estimated GHG emission for customer occupancy of KB homes (CO_2e in metric tons)										7,948,480
Waste Reduction and Recycling										
% of KB homes built with preconstructed panels[4] (est.)	98%	85%	85%	85%	85%	85%	85%	85%	90%	90%
% of KB Home communities incorporating recycling into their standard jobsite processes (est.)	64%	70%	80%	85%	85%	85%	85%	85%	85%	85%

[1] We began our digital transformation and documents simplification process improvement in 2019 and continued in 2020. New metric introduced in 2020 to track going forward. The reductions in years following 2020 will show a smaller amount of savings, as we are only counting the impact of digital transformation without accounting for the impact of the initial documents simplification.
[2] This service provider also calculated the environmental benefits in the related rows below. This figure does not include the recycling programs we have established in the majority of our local offices.
[3] Based on the methodology identified by the Carbon Disclosure Project.
[4] Preconstructed panels help to minimize waste and increase durability and are constructed off site for greater precision. Using these panels results in more airtight, better insulated building envelope and helps reduce energy bills.

Social Performance Overview

PERFORMANCE INDICATOR	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total # of homes delivered	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672	13,472
Stakeholder and Community Involvement										
NAB	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Infrastructure development – approx. school-related fees paid	$22 million	$26 million	$25 million	$28 million	$34 million	$40 million	$44 million	$49 million	$42 million	$67 million
Employees, Training and Labor Practices										
Number of full-time employees	1,172	1,422	1,605	1,710	1,797	1,936	2,025	2,157	1,752	2,244
Number of collective bargaining agreements with employees	0	0	0	0	0	0	0	0	0	0
Average online training certifications per employee[1]	12	17	13	14	10	7	8	13	10	12
Average online training hours per employee[2]	12	13	10	11	8	5	6	11	8	10
Employee injuries by region:										
West	4	8	6	7	14	12	17	10	12	19
Southwest	1	1	7	6	8	16	9	7	3	4
Central	14	5	5	10	11	6	6	7	6	6
Southeast	1	6	5	6	8	3	4	8	0	9
Annual Core Training Certification Rate										
KBEdge white papers[3]	90%	83%	87%	83%	66%	70%	80%	92%	96%	96%
Ethics Policy	99%	99%	98%	96%	97%	100%	98%	98%	99%	100%
100% complete/100% satisfied[3]	97%	100%	90%	85%	75%	77%	83%	94%	95%	97%
Sustainability certification[3]	83%	85%	85%	81%	64%	70%	77%	93%	96%	95%
Number of safety certifications	235	894	1,045	901	861	199	315	1,408	2,447	2,210

[1] Decline is due in large part to our lower numbers of new employees, who are required to complete a large number of certifications as part of our new-hire orientation.

[2] Decline is due in large part to lower numbers of new employees, who are required to complete more hours of training as part of our new-hire orientation. In addition to online training and certifications, we conduct on-site field training of employees that is not reflected in these numbers.

[3] Decline in 2016 is due to transition to a new learning management system. These white pages were formerly known as KB2020.

Economic Performance Overview

Below are key financial and overall customer satisfaction performance indicators. Additional operational results for fiscal year 2021 and prior years as well as additional information about our financial performance and business operations, including discussion of the material risk factors, are available in the periodic and other reports we file with the SEC, which can be found on our website at www.kbhome.com/investor or at www.sec.gov.

PERFORMANCE INDICATOR	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total # of homes delivered	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672	13,472
Financial Performance										
Financial total revenue (in thousands)	$1,560,115	$2,084,978	$2,400,949	$3,032,030	$3,594,646	$4,368,529	$4,547,002	$4,552,747	$4,183,174	$5,724,930
Net income/loss (in thousands)	($58,953)	$39,963	$918,349	$84,643	$105,615	$180,595	$170,365	$268,775	$296,243	$564,746
Net orders	6,703	7,125	7,567	9,253	10,283	10,900	11,014	12,841	13,404	16,206
Backlog units	2,577	2,577	2,909	3,966	4,420	4,411	4,108	5,078	7,810	10,544
Backlog value (in thousands)	$618,626	$682,489	$914,025	$1,281,478	$1,519,089	$1,660,131	$1,434,368	$1,813,707	$2,962,403	$4,951,725
Average selling price	$246,500	$291,700	$328,400	$354,800	$363,800	$397,400	$399,200	$380,000	$388,900	$422,700
Housing gross margin	14.90%	16.70%	18.10%	16.30%	16.20%	16.30%	17.50%	18.30%	18.90%	21.6%
Customer Satisfaction										
Customer satisfaction rating[1]	9.4	9.2	9.1	9.1	9.2	9.2	9.4	9.5	9.5	9.4
Customer recommendation rating[2]	9.4	9.1	9	8.9	8.9	9	9.2	9.4	9.4	9.2

[1] From a 30-day post-closing survey on a scale of 1–10.

[2] From a 30-day post-closing survey on a scale of 1–10; began tracking in 2010.

SASB Sustainability Disclosure Topics and Accounting Metrics

As the first U.S. high production homebuilder to provide an annual Sustainability Report beginning 15 years ago, we have embraced transparency as a core component of our sustainability efforts. For interested stakeholders, we are providing disclosures against activity metrics in line with the SASB Home Builders Industry Standard, Version 2018-10. All disclosures are for or as of the fiscal year ending November 30, 2021, unless otherwise noted.

SASB Activity Metric	KB Home 2021 Disclosure
IF-HB-000.A Number of controlled lots	**86,768 lots**
F-HB-000.B Number of homes delivered	**13,472 homes delivered**
F-HB-000.C Number of active selling communities	**217 communities**

SASB Accounting Metric	KB Home 2021 Disclosure
Land Use & Ecological Impacts	
IF-HB-160a.1 Number of (1) lots and (2) homes delivered on redevelopment sites	Some of our communities are built on previously developed sites. This varies widely by market and reflects both availability and our focus on affordability for our core first-time and first move-up homebuyers. In 2021 we delivered **857 homes** at infill communities, which we define as communities in established urban settings and consider to be similarly situated to SASB's definition of "redevelopment sites." For more information, please review pages 40–42.
IF-HB-160a.2 Number of (1) lots and (2) homes delivered in regions with High or extremely high baseline water stress	**1,309 homes delivered** in regions with High or Extremely High Baseline Water Stress, as delineated by the World Resources Institute's (WRI) Water Risk Atlas (Aqueduct) tool. As every KB home is built using WaterSense labeled products and landscaped according to water conservation principles, our homes delivered in water-stressed areas have less relative impact than homes delivered in those locations without similar water-efficient features. For more information, please review pages 31–32.
IF-HB-160a.3 Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	**$0**
IF-HB-160a.4 Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Developable land for the production of our homes is a core resource for our business. We carefully seek out what we believe are the best places for our new-home communities based on a variety of factors. Several of our communities are transit-friendly, which offers certain environmental benefits and helps foster social connections among residents. Our land acquisition, design and development processes incorporate environmental considerations relating to site selection, layout, amenities, conservation features and construction, among other elements. Please see Note 1 on page 71 for more details.
Workforce Health & Safety	
IF-HB-320a.1 (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) Total recordable incident rate (TRIR) for calendar year 2021: Work-related injuries (a) direct employees: 1.7* (b) contract employees: 0 (2) Work-related injury fatalities (a) direct employees: 0 (b) contract employees: 0 * The hours worked, which is part of the SASB-defined TRIR calculation, are calculated using a combination of actual and averages.

SASB Sustainability Disclosure Topics and Accounting Metrics *(continued)*

SASB Accounting Metric	KB Home 2021 Disclosure
Design for Resource Efficiency	
IF-HB-410a.1 (1) Number of homes that obtained a certified HERS Index Score and (2) average score	(1) **99.5% of homes (13,404 homes*)** were rated and obtained a HERS Index Score, or equivalent. (The State of California uses a different, but equivalent, rating system called Energy Design Rating.) (2) **National Average HERS Index Score was 49** by end of 2021, down from 85 when we began tracking this metric company-wide in 2007. For more information, please review pages 25–30. * Industry-wide supply chain disruptions delayed the final rating for 68 homes. Without these delays, 100% of our 2021 homes would have been rated.
IF-HB-410a.2 Percentage of installed water fixtures certified to WaterSense® specifications	**100% of indoor water fixtures** installed in 2021 are within eligible WaterSense product categories. We installed over 900,000 such fixtures to date. Approximately 60% of irrigation controllers installed in 2021 are WaterSense labeled. For more information, please review pages 31–32.
IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard	**13,404 homes** achieved U.S. EPA STAR certification and utilize WaterSense labeled fixtures. We also build a limited number of WaterSense labeled new homes and participate in EPA's Indoor airPLUS program, which we consider to be applicable third-party multi-attribute green building standards. For more information, please review page 50.
IF-HB-410a.4 Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	See Note 2 on page 72.
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 decisions	Proximity and access to infrastructure, services and economic centers are among the considerations when we evaluate potential land purchases for new communities. For examples, please review pages 40–42.
IF-HB-410b.2 Number of (1) lots and (2) homes delivered on infill sites	In 2021 we delivered **857 homes** at infill/redevelopment communities.
IF-HB-410b.3 (1) Number of homes delivered in compact developments and (2) average density	We strive to make more efficient use of limited land resources by designing compact communities where zoning permits. Although we did not deliver any homes in compact developments as SASB defines that term, in 2021 we delivered over **1,512 homes** in higher density communities. The relevant communities had densities of **8 to 30 dwelling units per acre**. For examples, please review pages 40–41.
Climate Change	
IF-HB-420a.1 Number of lots located in 100-year flood zones	**0 of our buildable lots are in 100-year flood zones.** From time to time, we purchase land that may include areas designated by the U.S. Federal Emergency Management Agency (FEMA) as special flood hazard areas (SFHA). Typically, we work with FEMA to prepare studies, grade the land and install necessary drainage facilities to obtain a letter of map revision (LOMR) and an update to the flood insurance rate map (FIRM) to remove the property from a flood plain before we move on to the next phase of community development.
IF-HB-420a.2 Description of climate change risk exposure analysis, degree of systematic portfolio exposure and strategies for mitigating risks	Please review pages 25–32, 42, 61–62 for information.

SASB Sustainability Disclosure Topics and Accounting Metrics *(continued)*

Note 1

IF-HB-160a.4

Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction

We continuously evaluate land acquisition opportunities against our investment return standards, while balancing competing needs for financial strength, liquidity and land inventory for future growth. When we acquire land, we generally focus on parcels with lots that are entitled for residential construction and are either physically developed to start home construction (referred to as "finished lots") or partially finished. However, depending on market conditions and available opportunities, we may acquire undeveloped and/or unentitled land. We may also invest in land that requires us to repurpose and re-entitle the property for residential use, such as urban infill developments. We expect that the overall balance of undeveloped, unentitled, entitled, partially finished and finished lots in our inventory will vary over time, and in implementing our strategic growth initiatives, we may acquire a greater proportion of undeveloped or unentitled land in the future if and as the availability of reasonably priced land with finished or partially finished lots diminishes.

As part of the decision-making process for approving a land purchase, our senior executive Land Committee reviews extensive information about a proposed project, including past use; assessment of environmentally sensitive areas and areas that may be suitable for parks, trails and open space preservation areas; assessment of site development required, including any work needed to comply with storm water regulations; distance to major employment and retail centers; and a detailed proposal for site design and product (home designs and specifications) consistent with our commitment to building 100% ENERGY STAR certified homes using 100% WaterSense labeled fixtures.

Our strategies for mitigating risks include the use of third-party environmental consultants to investigate potential environmental risks in our due diligence process for land acquisitions. We also require disclosures, representations and warranties, and indemnities from land sellers regarding environmental risks. As we are subject to federal, state and local rules that can require us to undertake extensive measures to prevent or minimize discharges of stormwater and other materials from our communities and to protect wetlands and other designated areas as part of our due diligence process for land acquisitions, we often use third-party environmental consultants to investigate potential environmental risks, and we require disclosures, representations and warranties from land sellers regarding environmental risks. We also take steps prior to our acquisition of the land to gain reasonable assurance as to the precise scope of any remediation work required and the costs associated with removal, site restoration and/or monitoring. To the extent contamination or other environmental issues have occurred in the past, we will attempt to recover restoration costs from third parties, such as the generators of hazardous waste, land sellers or others in the prior chain of title and/or their insurers.

For more information, please review pages 20, 40–42.

SASB Sustainability Disclosure Topics and Accounting Metrics *(continued)*

Note 2

IF-HB-410a.4

Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers

The major risk with incorporating resource efficiency into our home designs is the increased cost associated with doing so, which we weigh carefully as part of our focus on serving our core first-time and first move-up homebuyers. This is one reason that we have chosen to build all of our homes to meet the standards of the ENERGY STAR certification program. ENERGY STAR certification is not a prescription with only one way to achieve it; it identifies performance targets and allows builders to identify the most cost-effective ways to achieve them.

In addition to the risks associated with incorporating resource efficiency into our homes, we feel there are risks with not doing so; including with respect to entitling new communities and offering homes for sale to a consumer base that is becoming increasingly conscious of its environmental impact. Also, in taking the long-term perspective inherent with our business, not prioritizing the resource efficiency of our homes to the extent feasible may make communities more vulnerable to rising energy and water costs and potentially subject use restrictions.

As one of the earliest adopters of sustainable homebuilding, we see opportunities related to resource efficiency as a key part of our business strategy for long-term value creation. Our leadership in this area has allowed us to identify opportunities to streamline sustainable homebuilding and leverage economies of scale.

With our leadership in this area, sustainability has become a key differentiator for KB Home in the homebuilding industry. Leveraging our experience, we have developed a number of consumer materials to communicate the benefits of resource efficiency and other sustainable features to our prospective homebuyers, including online advertising, consumer website materials and email campaigns and social media. Most notably, our Energy Savings Comparison (ESC) estimates the specific energy performance and potential utility cost savings of every KB home design, and which is prominently displayed for use as a consumer education tool in every model home and as part of our home design selection process as well as on our consumer website. This allows prospective homebuyers to understand how choosing an energy-efficient new KB home can personally benefit them, with a current (2020–2021) estimated average annual savings of $1,300 on energy utility bills. We also provide a personalized email to our new KB homeowners with the individual as-built HERS score for their unique home wherever the HERS system is used. We are currently working to identify a similar process for California, which does not currently use the HERS system.

We have also found our emphasis on both resource conservation and waste reduction to be important for local government planning boards and other local officials and can make the difference in receiving approval for a proposed new-home community. We have long advocated for the protection of old-growth national forests and have been recognized for our efforts by the NRDC. KB Home requires our lumber suppliers to provide us with wood that is not sourced from endangered forests or is certified by recognized sustainable forestry management programs like the FSC program.

For more information, please review pages 19, 25–32.

Global Reporting Initiative Index of Indicators

From our inaugural 2007 Annual Sustainability Report, we have referenced certain Global Reporting Initiative (GRI) guidelines and standards and published an annual index of where information relevant to these GRI standards can be found within our report. We did not pursue external assurance for this report; however, there are no restatements in information presented in this or previous reports.

Disclosure Number	Disclosure Title	Location
GRI 102: General disclosures organizational profile		
102-1	Name of the organization	pages 1, 7–8
102-2	Activities, brands, products, and services	page 7, 10-K
102-3	Location of headquarters	page 53, 10-K
102-4	Location of operations	page 7, 10-K
102-5	Ownership and legal form	10-K
102-6	Markets served	page 7, 10-K
102-7	Scale of the organization	pages 7, 67–68, 10-K
102-8	Information on employees and other workers	pages 11–12, 67, 10-K
102-9	Supply chain	pages 48–50
102-10	Significant changes to the organization and its supply chain	pages 48–50, 10-K
102-11	Precautionary principle or approach	10-K
102-12	External initiatives	none
102-13	Membership of associations	Leading Builders of America
Strategy		
102-14	Statement from senior decision-maker	pages 1–2, Proxy
102-15	Key impacts, risks and opportunities	10-K
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	pages 8–9, 11–12, 15–16, 21, 53–54
Governance		
102-18	Governance structure	pages 9, 53–55, 10-K, Proxy
102-31	Review of economic, environmental, and social topics	pages 65–68, 10-K, Proxy
Stakeholder Engagement		
102-40	List of stakeholder groups	page 9, Proxy
102-41	Collective bargaining agreements	page 67
102-42	Identifying and selecting stakeholders	pages 9, 53–55
102-43	Approach to stakeholder engagement	pages 53–55, 10-K, Proxy
102-44	Key topics and concerns raised	pages 53–55, 10-K
Reporting Practice		
102-45	Entities included in the consolidated financial statements	pages 9, 10-K
102-46	Defining report content and topic boundaries	pages 3, 21
102-47	List of material topics	pages 16, 21, 10-K
102-48	Restatements of information	N/A
102-49	Changes in reporting	10-K
102-50	Reporting period	page 3
102-51	Date of most recent report	page 3
102-52	Reporting cycle	page 3
102-53	Contact point for questions regarding the report	page 3

Global Reporting Initiative Index of Indicators *(continued)*

Disclosure Number	Disclosure Title	Location
Reporting Practice		
102-54	Claims of reporting in accordance with GRI standards	pages 3, 21–22, 56, 61, 73–74
102-55	GRI content index	pages 73–74
102-56	External assurance	N/A
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	pages 21, 25–29, 31–32, 61–62, 73–74
103-2	The management approach and its components	pages 15–16, 25–29, 31–32, 56
103-3	Evaluation of the management approach	pages 28, 56, 61–62
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	pages 7, 68, 10-K
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Fifteen Years of
Sustainability

We encourage you to review our previous 14 Sustainability reports to learn more about our consistent, long-term approach and all of the work that lies behind our 2021 sustainability results.

To access all of our Sustainability reports, visit:
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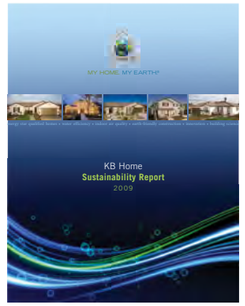

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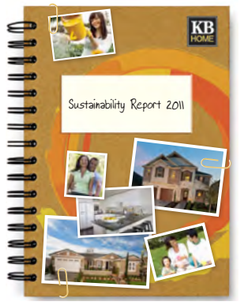

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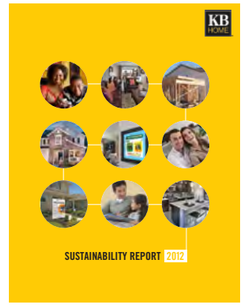

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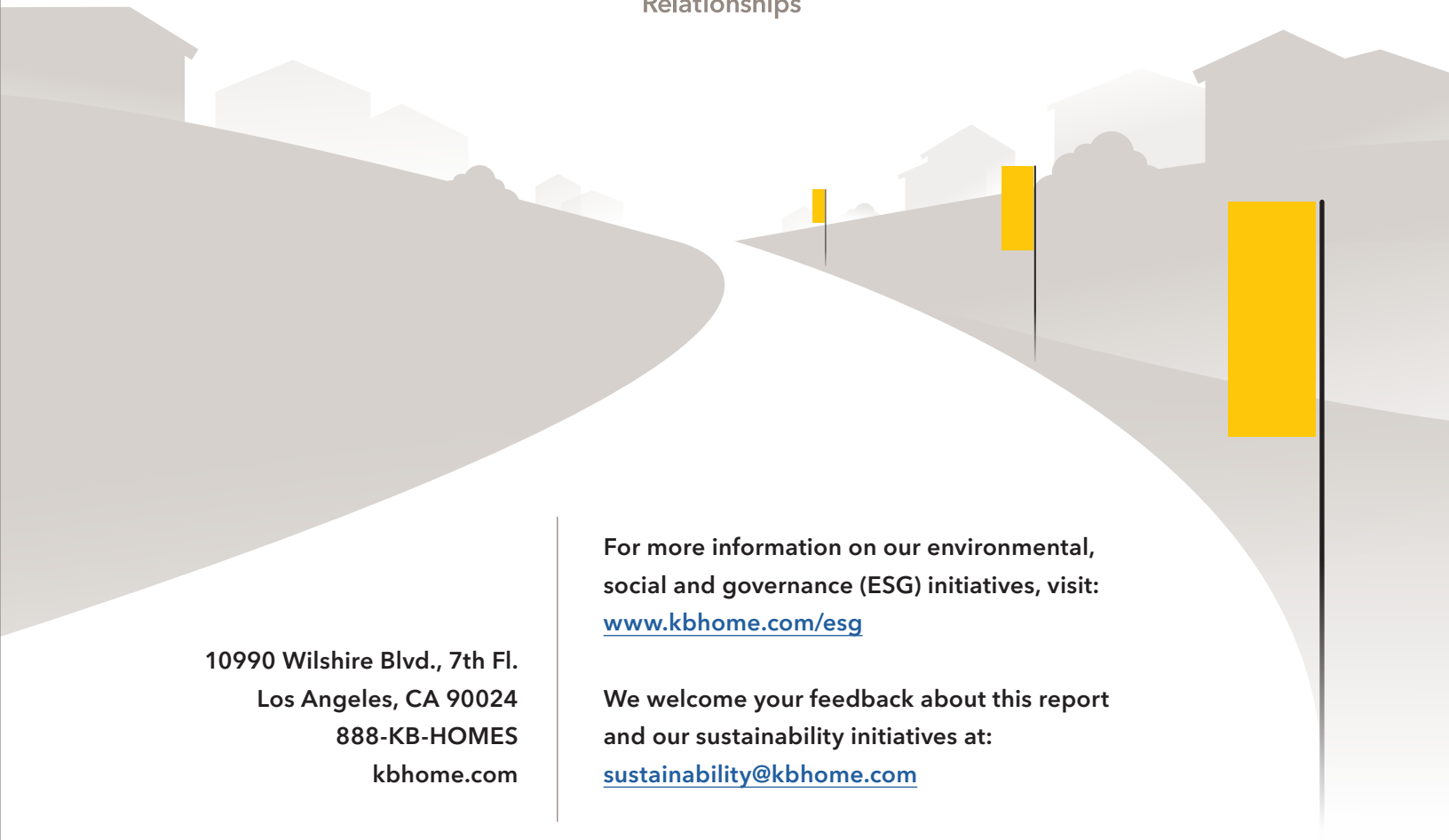

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