



Sustainability Accounting Standards Board (SASB) disclosure topics and accounting metrics

As the first U.S. high production homebuilder to provide an annual sustainability report beginning 17 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 2023-06. All disclosures are for or as of the fiscal year ending November 30, 2023, unless otherwise noted.

SASB Accounting Metrics	KB Home 2023 disclosure
IF-HB-000.A Number of controlled lots	55,976
IF-HB-000.B Number of homes delivered	13,236
IF-HB-000.C Number of active selling communities	242 as of November 30, 2023

	SASB Accounting Metrics	KB Home 2023 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 2023, we delivered 346 homes at redevelopment communities, which we define as sites that were previously developed, including the replacement, remodeling or reuse of existing structures to accommodate new development. For more information, please review page 35.
	IF-HB-160a.2 Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	7,360 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. Further, as of July 2022, homes built in our new communities in Arizona, California and Nevada are designed to meet the EPA’s WaterSense labeled home requirements, helping homeowners use less water and lower their utility bills in these severely drought-affected areas. For more information, please review page 64.
	IF-HB-160a.3 Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	\$0 (zero)
	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, offering certain environmental benefits and helping to 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 64 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) TRIR for calendar year 2023: (a) direct employees: 1.5* (b) contract employees : 0 (2) Work-related injury fatalities (a) direct employees: 0.0 (b) contract employees: 0.0 *The hours worked, which is part of the SASB-defined TRIR calculation, are calculated using a combination of actual and averages.



Sustainability Accounting Standards Board disclosure topics and accounting metrics (continued)

SASB Accounting Metrics	KB Home 2023 disclosure
Design for Resource Efficiency	IF-HB-410a.1 (1) Number of homes that obtained a certified residential energy efficiency rating and (2) average score (1) 100% of homes (13,236 homes) were rated and obtained a RESNET 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 46 by end of 2023, down from 85 when we began tracking this metric company-wide in 2007. For more information, please review page 23.
	IF-HB-410a.2 Percentage of installed water fixtures certified to a water efficiency standard One hundred percent (100%) of indoor water fixtures installed in 2023 are within eligible WaterSense labeled product categories. We installed over 1,100,000+ such fixtures to date. Approximately 60% of irrigation controllers installed in 2023 are WaterSense labeled. For more information, please review page 26.
	IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard 13,161 homes achieved U.S. EPA ENERGY STAR certification and utilized 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 22.
	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 64.
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 35-36.
	IF-HB-410b.2 Number of (1) lots and (2) homes delivered on infill sites In 2023, we delivered 855 homes at infill 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 2023 we delivered over 1,018 homes in higher density communities. The relevant communities had densities of greater than 8 and up to 30 dwelling units per acre. For examples, please review pages 35-36.
Climate Change Adaptation	IF-HB-420a.1 Number of lots located in 100-year flood zones None 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 In alignment with the Task Force for Climate-related Financial Disclosures (TCFD), we have dedicated a section of this report to discussing potential climate risk exposure, opportunities and mitigation strategies. Please review pages 58-60 for information.



Sustainability Accounting Standards Board disclosure topics and accounting metrics (continued)

Note 1

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; proximity to major employment and retail centers; and a detailed proposal for site design and product (home designs and specifications) plans that are, among other things, consistent with our longstanding commitment to building highly energy- and water-efficient homes.

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. 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. However, despite these efforts, there can be no assurance that we will avoid material liabilities relating to the existence or removal of toxic wastes, site restoration, monitoring or other environmental matters affecting properties currently or previously owned or controlled by us, and no estimate of any potential liabilities can be made.

For more information, please review pages 35–36, 40–41.

Note 2

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 designed 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 determine 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, not enhancing the resource efficiency of our homes to the extent feasible may make communities more vulnerable to rising energy and water costs and 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 sustainability is a key differentiator for KB Home in the homebuilding industry. Leveraging our experience and economies of scale, we have identified opportunities to streamline sustainable homebuilding to help make it attainable and developed a number of consumer materials to communicate the benefits of resource efficiency and other sustainable features we have incorporated into our homes to our prospective buyers, 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 (2022-2023) estimated average annual savings of \$1,400 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 Natural Resources Defense Council (NRDC). In 2023, we also established a partnership with The National Forest Foundation to replenish and preserve national forests by replanting thousands of acres of habitat nationwide and protect the future of National Forests. As part of our Responsible Lumber Practices Policy, 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 Sustainable Forestry Initiative (SFI) program. Additionally, we continue to explore use of engineered wood products and panelization to reduce use of natural resources while still maintaining performance and quality.

For more information, please review pages 22–23, 39, 52.