



Task Force for Climate-Related Financial Disclosures (TCFD)

As discussed in our 2023 Annual Report on Form 10-K, we identified as a strategic risk factor that GHG emissions are driving global climate change, a phenomenon expected to have various impacts on our operations, with the potential to significantly disrupt our business as well as negatively affect stakeholders, such as our suppliers, independent contractors and customers. A key, ongoing challenge is balancing the cost of our efforts to mitigate this risk, primarily by offering more resource-efficient products that generate fewer emissions in their use, against our priorities of generating higher returns and delivering homes that are affordable to our core first-time and first move-up customers. In accordance with TCFD recommendations, we present here a high-level assessment of our present climate risks and opportunities.

Governance

We have a number of governance structures with a certain degree of oversight of our climate strategies and actions. For more details regarding our corporate governance, please reference page 43 and our 2023 Annual Report on Form 10-K.

- Our Board of Directors oversees KB Home’s sustainability efforts as part of our overall business strategy. In addition, its Audit and Compliance Committee assesses environmental sustainability, and its Management Development and Compensation Committee evaluates workforce matters.
- Two directors, Arthur R. Collins and Dorene C. Dominguez, are the Board’s liaisons to management on sustainability-related matters.
- For over a decade, our National Advisory Board, a panel of external advisors, has helped shape our sustainability priorities and reporting as well as our stakeholder engagement approach.
- Internally, our sustainability initiatives and external stakeholder interactions are directed primarily through our Sustainability Leadership Team, headed by our President and Chief Operating Officer, and our ESG Steering Committee, which is led by our Senior Vice President for Investor Relations.
- We also have an EMS, as defined by the EPA, through which we focus on continually reducing the GHG associated with our homes’ potential decades of use. This system, described on page 47, provides a framework for planning, implementing, measuring, evaluating and refining these efforts over time.

Strategy

In our business, we acquire land, develop communities on that land and sell homes in those communities. We contract with independent construction service providers to perform all land development and home construction work. As part of our project kickoff meetings, we coordinate with trade partners to establish a team approach for achieving environmental targets. We do not operate manufacturing facilities or a vehicle fleet, or package our products. Various local utilities and their particular power sources supply the energy used in community development. Once a community is sold out, significant development work ceases, and residents use their homes, which can remain occupied for decades. Our climate strategy as outlined here reflects our approach to mitigating impacts and leveraging opportunities.

> Home energy efficiency

As most of a home’s energy consumption occurs after it is delivered to a customer, we have prioritized maximizing our homes’ energy efficiency to the extent possible using advanced, cost-effective products and technology. We believe that this is the best way that we can help reduce the GHG emissions associated with our homes’ daily use and minimize their climate impact. It also aligns with our core first-time homebuyers’ long-term affordability needs through potentially lower utility bills.

> Water conservation

To advance this priority, as of July 2022, homes built in our new communities in Arizona, California and Nevada are RESNET HERS H₂O rated to ensure that they meet the EPA’s WaterSense labeled home requirements and to help homeowners use less water and lower their utility bills in these drought-affected areas.

> Operational context

A discussion of how we integrate environmental considerations into our site selection, site design, and site development and construction processes can be found on page 64. Additionally, we have established an EMS focused on reducing the GHG emissions associated with the use of the homes that we build over their multidecade life cycle. This EMS is assessed annually to identify opportunities to implement efficiency enhancements. More details about our EMS can be found on page 47.

> Industry engagement

We believe that actively participating in the public policymaking process is an important aspect of being a responsible member of the communities in which we build and necessary to pursue our business goals. Our industry leadership in sustainable construction practices and building performance has allowed us to participate in national and regional building initiatives with both governmental and nongovernmental organizations.



Risks Topics & Opportunities

To determine the focus of our climate-related risk areas and opportunities as described below, we assessed – to the extent feasible given practically available technology, information and internal resources – the potential impacts to our ability to conduct our business and solicited input from select stakeholders to determine what mattered most to them. We expect the risk areas, including their severity, scope and urgency, and opportunities will evolve over time as we are able to gather additional and higher quality data and further stakeholder interaction.

Risk Topic	Impact	Opportunities	Our Approach
Severe weather event or natural disaster <ul style="list-style-type: none">Time range*: Medium - LongRisk type: Acute & Chronic PhysicalOpportunity type: Energy Source, Resilience	<p>Potential to disrupt our operations or those of our suppliers or independent contractors</p> <p>Potential to damage or destroy homes</p>	<p>Opportunity to introduce energy innovations and resiliency solutions for customers with the support of our trade partners</p>	<p>To address immediate operational impacts of this risk, KB works closely with trade partners to anticipate and prepare for weather events in order to limit disruptions, prevent potential damages and safely return to work. Following such weather events, we adjust construction activity accordingly and reallocate staff for public safety priorities as needed. Additionally, we have IT disaster recovery mitigation as well as customer service protocols in case either are impacted by significant weather events. See page 29 for more information on our occupational health and safety protocols.</p> <p>To address the impacts of our carbon footprint, 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. We are incorporating more renewable and resilient building strategies in our homes and evaluate new innovations on an ongoing basis. See page 25 for more information.</p>
Drought and water scarcity <ul style="list-style-type: none">Time range: Short - LongRisk type: Chronic PhysicalOpportunity type: Resource Efficiency, Products & Services	<p>Potential to reduce water availability in communities and increase fire risk</p> <p>Potential for municipality actions to restrict or prevent new development to preserve an area’s water supplies</p>	<p>Opportunity to integrate water-saving features for customers and regulatory compliance</p>	<p>As part of our water conservation efforts, we have had a 100% WaterSense labeled fixture commitment since 2009. Additionally, every home built in our new communities in Arizona, California and Nevada since July 2022 has been WaterSense labeled, EPA's highest standard for water efficiency and performance. See page 26 for more information.</p>
Increased regulations and building codes <ul style="list-style-type: none">Time range: Short - LongRisk type: Policy & Legal TransitionOpportunity type: Products & Services, Markets	<p>Potential to increase our costs, or delay or complicate home construction</p>	<p>Opportunity to better/more quickly satisfy higher standards through the performance of a new ENERGY STAR home compared to a typical new home</p>	<p>We engage with public officials and other policymakers at all levels of government in discussions about issues that affect homeownership and support candidates who understand the homebuilding process and champion the broadening of homeownership opportunities. We also monitor legislative and regulatory proposals and rulemaking to anticipate and/or move as quickly as possible to comply with new requirements. See page 49 for more information.</p>
Shifts in consumer preferences <ul style="list-style-type: none">Time range: Short - LongRisk type: Reputation TransitionOpportunity type: Products & Services, Markets	<p>Potential to negatively affect organizational reputation if customer expectations are not met</p>	<p>Opportunity to satisfy demand from increasingly environmentally conscious customers</p>	<p>We have a long history of meeting market demands and evolving our product to address customer expectations. We regularly conduct market research to evaluate consumer preferences in terms of locations and home features. In addition, our Built to Order process gives us the flexibility to offer robust, energy-efficient and environmentally friendly options to homebuyers. This, along with our long-standing commitment to ENERGY STAR certification, enables us to positively differentiate our homes and integrate sustainability into our marketing strategy. See pages 12-16 for more information.</p>

*Time ranges are defined as follows: Short: 0-2 years; Medium: 3-10 years; Long: 10+ years



Metrics & Targets

Metrics	Our Progress	References
ENERGY STAR certified homes	As of 2023, KB Home is proud to have built over 190,000 EPA ENERGY STAR certified homes, more than any other homebuilder since 2000. This is equivalent to approximately 7.4 billion pounds cumulative avoided CO ₂ emissions according to the EPA.	Page 22
WaterSense labeled homes	We have also built more than 21,800 EPA WaterSense labeled and Water Smart homes since 2005, more than any other homebuilder. Additionally, we have achieved an estimated 2.0 billion gallons of water saved each year from our homes and fixtures compared to typical homes without these features.	Page 26

Targets	Our Progress	References
HERS of 45 by 2025	In 2023, we reached an average HERS Index score of 46, the lowest (and therefore the most efficient) publicly reported score among large production homebuilders (average is 57 for all rated homes in 2023).	Page 23
8% reduction in associated annual GHG emissions from the use of our average 2025 KB home compared to a 2020 KB home	<p>With our 2023 national average HERS Index score of 46, we have achieved an estimated 0.2 metric tons of reduction in associated GHG emissions from the use of the average KB home built in 2023 compared to 2022, which is on track with our 2025 goal.</p> <p>Our reported GHG Scope 1, 2 and 3 emissions details are listed on page 56.</p>	Page 23

Climate change is an intrinsically complex global phenomenon with inherent residual risks across its physical, regulatory and adaptation/transition dimensions that cannot be mitigated given their wide-ranging, (sometimes unexpectedly) interdependent and largely unpredictable potential scope, nature, timing or duration. Therefore, though we believe the initiatives we have undertaken, as described in this sustainability report or elsewhere, are appropriate, and those we may undertake in the future may be appropriate, to help us to mitigate climate change-related risks and take advantage of identified opportunities, we cannot provide any assurance that we have prepared or can successfully prepare for, or are or will be able to reduce or manage, any of those risks to the extent they may arise. For instance, we may experience substantial negative impacts to our business if an unexpectedly severe weather event or natural disaster damages our operations or those of our suppliers or independent contractors in our primary markets, such as in California, Florida, Nevada and Texas, or from the unintended consequences of regulatory changes that directly or indirectly impose substantial restrictions on our activities or adaptation requirements.

