



2022  
**Sustainability  
Report**



Built on  
Relationships<sup>®</sup>



CEO Letter	2
KB22 Executive Summary	3
Our Company	10
People-Driven	14
Better Homes	25
Strong Communities	36
Our Foundation	47
Stakeholder Transparency & Data Tables	57

## Letter from Jeffrey Mezger

KB Home Chairman, President and Chief Executive Officer

In the year since our last report, we have seen substantial changes in the housing market and uncertainty in the global economic outlook. Yet, as I introduce this report for the 16th consecutive year, I reflect on how much remains constant. Our company continues to be built on a customer-driven operational model designed to align our business with consumer demand, preferences and affordability. Our core product offering remains steadfast: a uniquely personalized, sustainable and attainable home. For over 65 years, that product has driven an enduring business, providing the place for more than 670,000 new homeowners to build their own lives and their communities of family, friends and neighbors.

We believe that this operational resilience and adaptability in the face of change is fundamental to what it means to be a truly sustainable business, and these principles are at the heart of our environmental, social and governance commitments and practices.

KB Home has maintained a course toward sustainability for over two decades, innovating and iterating in pursuit of industry-leading goals and the continuous quest to build a better home. Sustainability has been a means for us to reduce the total cost of homeownership and expand our reach with our core first-time and first move-up homebuyers, while also striving to do the right thing for the planet and our business. We believe our sustainability initiatives and social impact are unique strengths and important to our customers, employees, partners and stockholders.

Our goal is to get out ahead of evolving market conditions and federal and local regulations. We do this by innovating, developing and refining best practices and learning how to deliver tomorrow's homes better, faster and more cost-effectively and sustainably than other builders. It's what drove

our industry-leading commitment to ENERGY STAR® certified new homes 16 years ago – a platform we have continued to build on with more than 175,000 ENERGY STAR certified new homes to date – and it's what drove us this past year in our major sustainability and social impact achievements.

We maintained our industry leadership position in sustainability in 2022 with outcomes that demonstrate our priorities in action:

- **We launched the first residential microgrid communities of all-electric, energy-smart homes in California.** Homes in these communities serve as decentralized energy resources that can act as part of a virtual power plant and create a self-reliant, energy-efficient neighborhood independently powered through solar + storage. The microgrid communities will serve as a working laboratory over the next five years to help explore and guide how the future may be powered. (See pages 4-5 to learn more.)
- **We became the first national homebuilder to commit to the U.S. Environmental Protection Agency's (EPA) highest water-efficiency standards in drought-impacted Arizona, California and Nevada.** Every KB home built in future communities in these states will be WaterSense® labeled, the EPA's highest standard for water efficiency and performance, a strong commitment to water conservation that we are proud to make. (See page 6 to learn more.)
- **We continued to contribute to meaningful social impact through a company culture that aims to create satisfying work for our employees while building homes for a diverse range of homeowners who reflect the face of America.** For us, offering equal opportunity is a core value and a strength in helping to create a business that can withstand challenge. (See pages 7-8 to learn more.)

These achievements, in combination with our rigorous management practices and industry leadership in sustainability, have earned us a place on the 2023 Newsweek® list of America's Most Responsible Companies, The Wall Street Journal® and Drucker Institute's Management Top 250 list and Fortune's World's Most Admired Companies list as well as Forbes' 2022 list of America's Best Midsize Employers. We continue to expand these practices and leverage a governance framework that supports a resilient, sustainable business built for the long term. (See page 9 to learn more.)

This progress across every major pillar of sustainability – environmental, social and governance – demonstrates the strength, flexibility and fortitude of our purpose-driven commitment. We may not know how economic conditions will impact housing market fundamentals in 2023 and beyond, but we do know that the future will continue to evolve and expand. Our business and many others that, like ours, are committed to doing well by doing good, will strive to address environmental and social challenges in support of a more sustainable world – one where we can afford to dream, to connect and to achieve our most meaningful goals.

We recognize that there is more work to be done and the road is not always easy. Thank you for continuing to be part of our journey.



“KB Home has maintained a course toward sustainability for over two decades, innovating and iterating in pursuit of industry-leading goals and the continuous quest to build a better home.”



# KB22 Executive Summary

Our decades of sustainable homebuilding have been a series of evolutions and revolutions. This year saw both. We took bold steps in building homes and neighborhoods that we believe represent the future of energy independence and interdependence as well as making an industry-leading commitment to water conservation in support of communities in Arizona, California and Nevada. We also witnessed the consistent, incremental progress of our business toward greater sustainability and long-term value for all our stakeholders. One thing that all our major efforts in 2022 share: they deepened our resilience and skills to build for tomorrow, today.

# Helping to create a more resilient power grid

In 2022, we launched the first residential microgrid communities in California in a groundbreaking partnership intended to provide cutting-edge research for developing a more resilient and resourceful power grid.



Durango at Shadow Mountain in Menifee, CA

At their completion, these two KB Home energy-smart connected communities will deliver 219 all-electric, solar- and battery-powered homes.

## Homes as virtual power plants

These new KB homes could serve as “virtual power plants” in a decentralized network that is seen as a potential backbone of grid modernization.

In this system, every home becomes an asset on the grid, employing the latest power management technologies to increase reliability and optimize performance and cost. For example, homes’ controllable loads – including heating, ventilation and air conditioning systems (HVAC), water heaters and electric vehicle (EV) charging – can be managed or shifted to off-peak hours to help the grid level its overall load.

Microgrids – local electricity networks that connect homes within their neighborhoods, and in turn, connect these neighborhoods to the larger power grid – are designed to exchange energy with the traditional power grid to optimize performance on both sides. They can also operate as “energy islands” disconnected from the grid at times when the larger system may be overloaded, unstable or unavailable.

## An innovative research lab building the future of smart energy

Funded by a nearly \$7 million grant from the U.S. Department of Energy (DOE), this project will offer a working laboratory environment to conduct leading-edge research on a more resilient and resourceful power grid and help guide the future of net-zero energy homes.

The three-year research effort in conjunction with these new communities will study actual usage data and consumer experience in an area with historic power-grid stability challenges. The insights will be applied to ready our company, our partners’ businesses and the DOE for the next generation of energy storage and management.

## Powerful partnership

We are proud to build on our long-standing clean and renewable energy relationships – some of them stretching back over a decade – to create this innovative public-private partnership, while also welcoming a new partner from the automotive industry.



## Using your car to power your home

In an innovative partnership with Kia, our new microgrid communities are using vehicle-to-home (V2H) technology, which allows electric cars to plug in both to recharge and to power the home itself, potentially adding stability to the larger power grid.

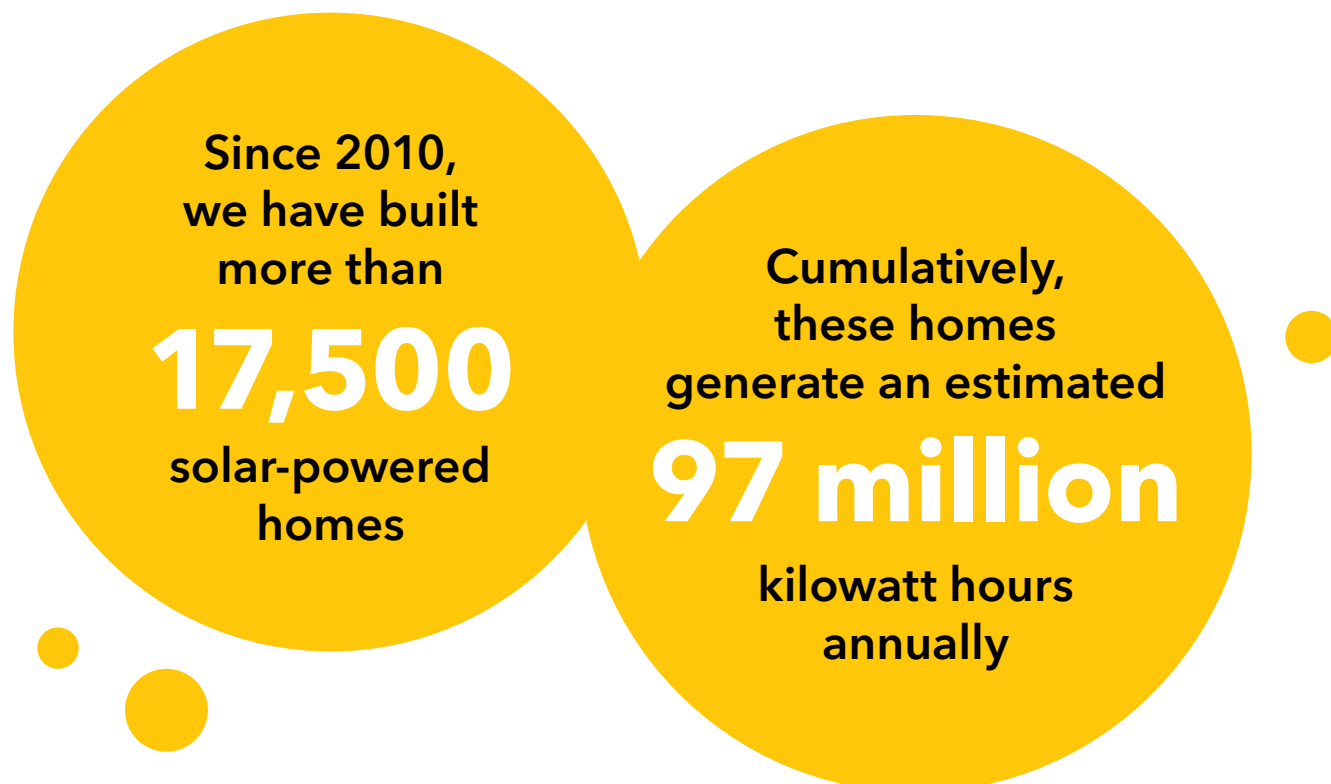
Select KB homeowners are planned to have access to Kia vehicles using next-generation bidirectional EV chargers not yet available to the general public to demonstrate the future of vehicle-home-grid integration.

V2H is expected to complement the stationary home battery during both normal grid-connected and “energy islanded” operations:

- During grid-connected operations, V2H will help to avoid or minimize imports from the utility during peak times.
- During “energy islanded” operations, V2H will extend the capability to operate during an outage, with the length depending on the state of charge of the vehicle. At full charge, the V2H can provide up to 50kWh (compared to 13kWh from the home stationary battery).



To find out more about our energy-efficiency leadership and all the features that are built into our homes today, see pages 26-29.



# Leading water-efficient homebuilding in the drought-impacted Southwest

In July 2022, we made the industry-first commitment to build all future communities in Arizona, California and Nevada to the EPA’s highest water-efficiency standard, WaterSense.



Sage at Valencia in Valencia, CA

## Offering water solutions rather than problems

As a builder headquartered in Los Angeles and with a footprint across the Sun Belt, we believe that it’s important to build homes that help to meet the growing imperative for water efficiency and water conservation. Building all homes in our newest communities in Arizona, California and Nevada to meet EPA’s WaterSense label standard will save at least 30% more water compared to a typical home and may save a household 50,000 gallons of water annually, on average, according to EPA.



To find out more about our water conservation and efficiency leadership and all the features that are built into our homes today, see pages 30-31.



## Saving water saves energy and reduces greenhouse gas (GHG) emissions

We estimate that for every 200 WaterSense labeled homes that we build in Arizona, California and Nevada, we eliminate the need to heat over one million gallons of water per year. When combined with the energy required to extract, treat and deliver water and wastewater, this equates to over 177 MWh per year.

This adds up to nearly 43 metric tons of CO<sub>2</sub> emissions prevented per year.

We have built over **19,000** WaterSense labeled and Water Smart homes – more than any other homebuilder

We have also installed over **1 million** WaterSense labeled fixtures

Cumulatively, these efforts conserve an estimated **1.7 billion** gallons of water annually

# A people-driven business

People are at the heart of our business. The bond between our employees and our customers is an essential component of the exceptional, personalized homebuying experience that we aim to deliver every day. We believe that creating this bond takes satisfied employees who are valued for who they are and homebuyers who know that we are committed to making their dream – a dream as unique as they are – come true.



## A place where people can earn a living, grow a career and build a life

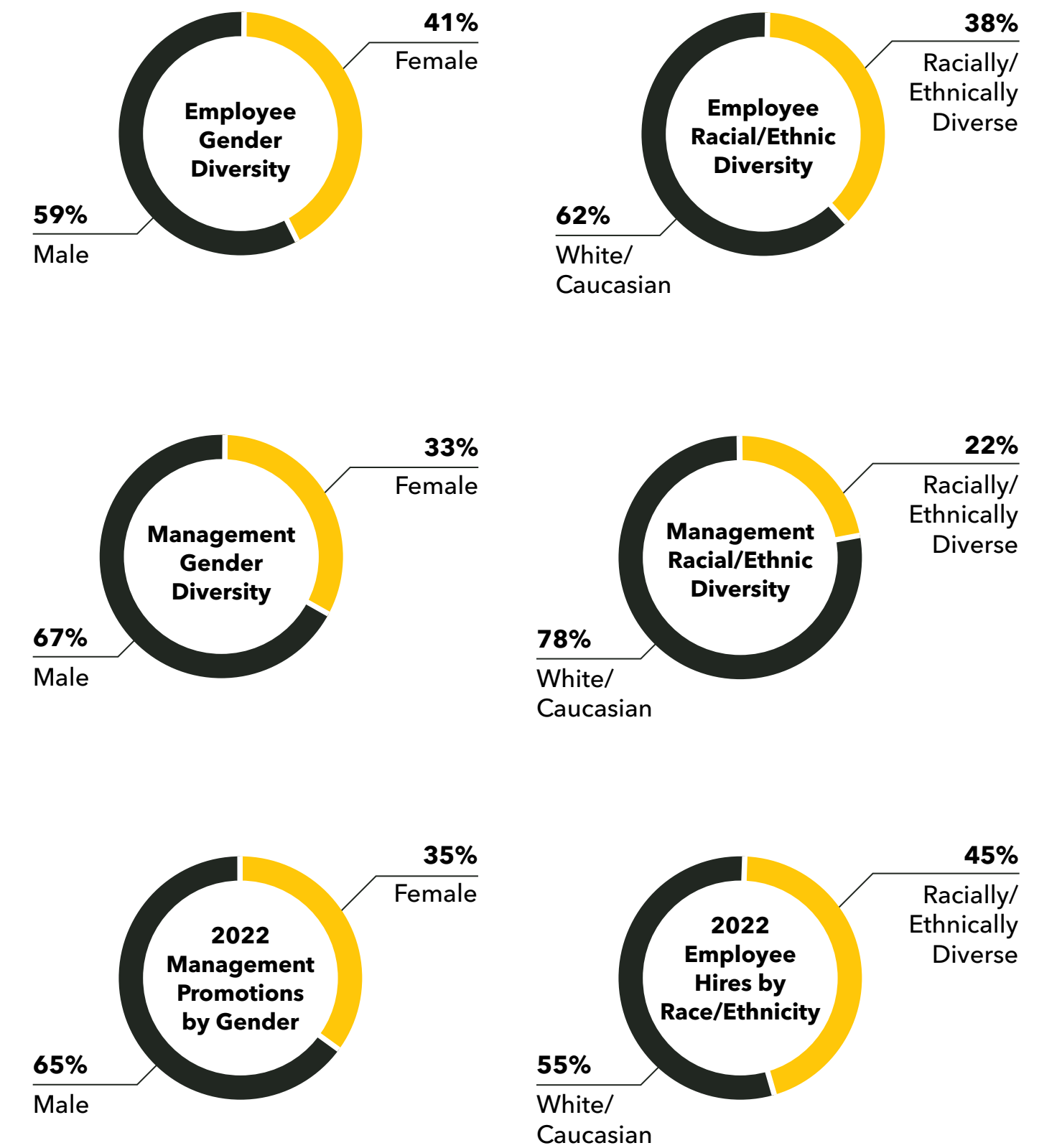
### We believe that satisfied employees create satisfied customers

We believe that people who love what they do are the best endorsement for a brand, and that this comes from employees who feel that their perspective and experiences are valued and respected, and extend that same courtesy to their colleagues. Ours is a diverse and inclusive workforce, and we strive to create an engaging and respectful company culture that offers equal opportunity for professional growth and advancement based on merit.

Female leaders have played key roles throughout our company's history, and at present, fully one-third of our management team is composed of women. In addition, the average tenure of our current female leaders is more than 12 years, exceeding the average tenure of their male counterparts. Women make up 41% of our overall workforce.

The percentage of racial and ethnic minorities in our workforce, overall and in management, has continued to expand in recent years. In 2022, 30% of our managerial new hires came from racially or ethnically diverse backgrounds, increasing our overall percentage of racially or ethnically diverse leaders to 22%. Also in 2022, 45% of overall company new hires were racially or ethnically diverse compared with 37% of our new hires in 2021.

We believe that a great measure of a company's ability to create growth opportunities for its employees is the tenure of its managerial level leaders. On average, our leadership-level employees have been with us for more than 11 years, which includes a decade-long average tenure for racially or ethnically diverse leaders as well as our 12-year-plus average for women in leadership roles.



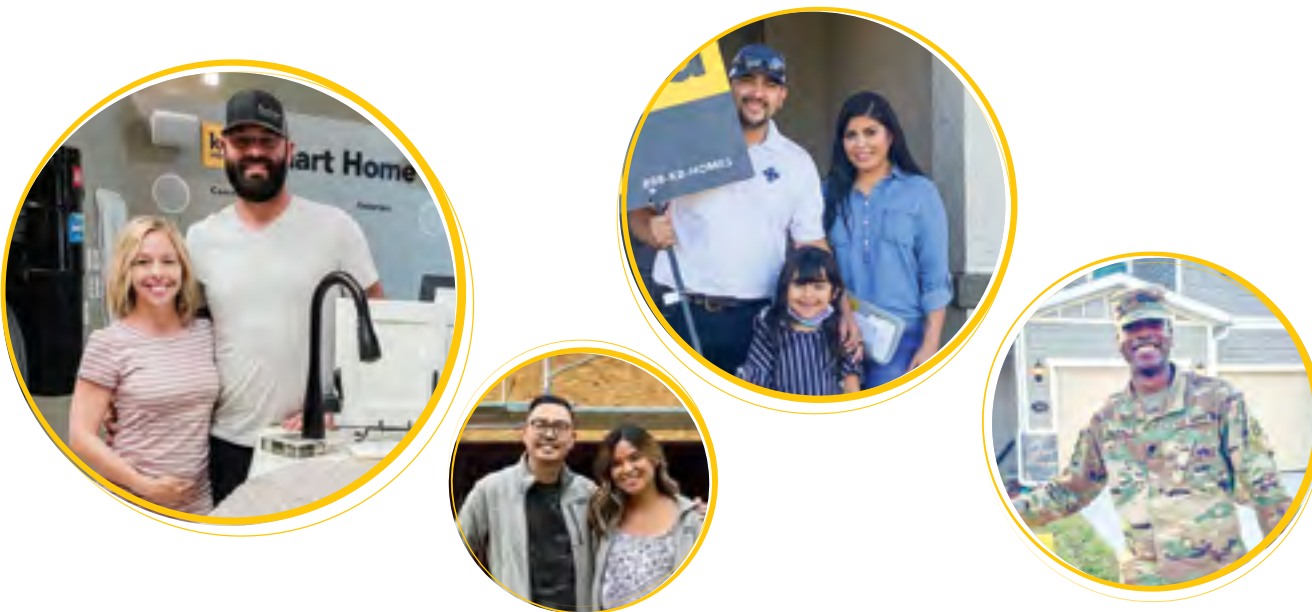
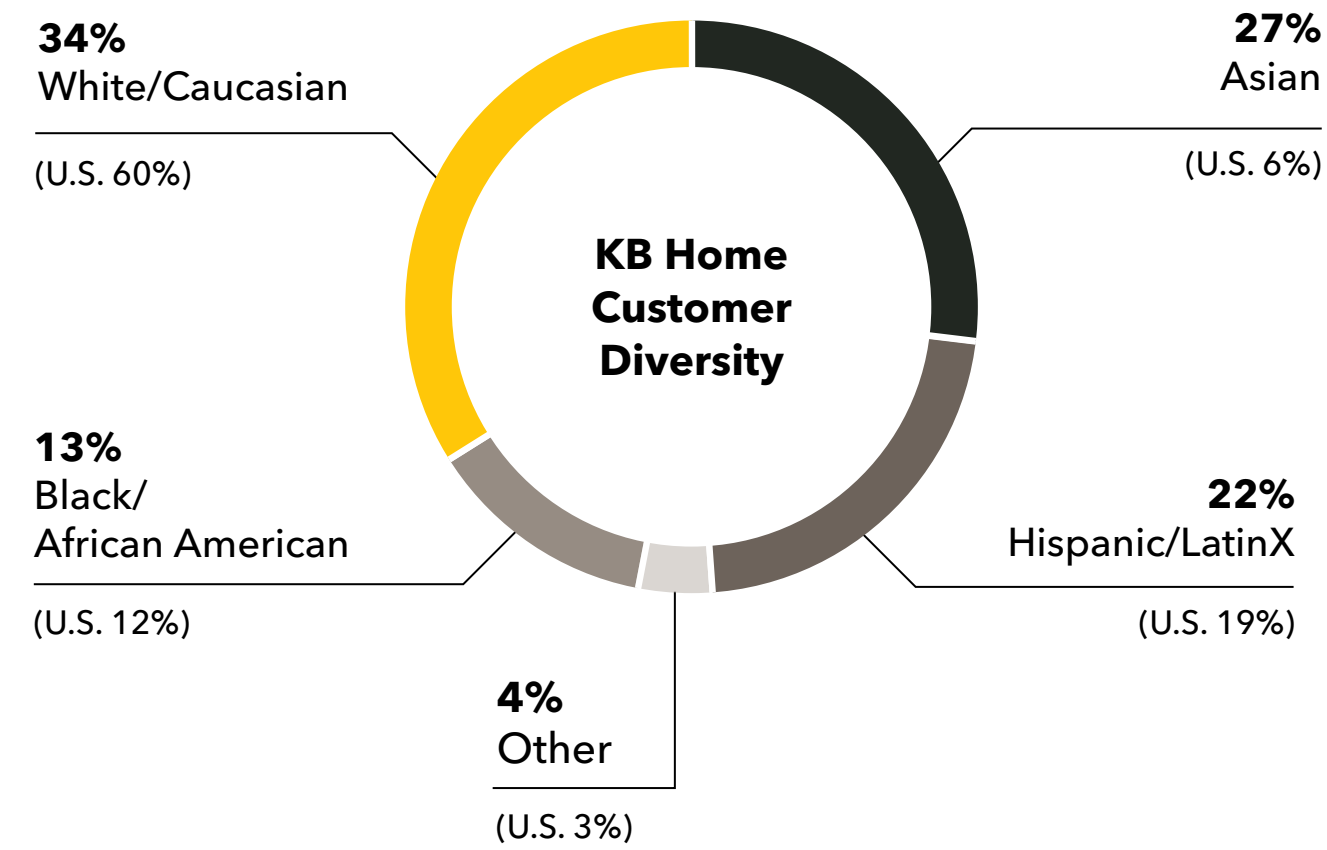
KB Home is the only national homebuilder to have been named to Forbes' list of America's Best Midsize Employers for 2021 and 2022

All statistics as of November 30, 2022



# KB homeownership reflects the face of America

In a year when buying a first home became more challenging, we are proud that we continued to keep the dream of homeownership – and its potential to build family and household wealth – within reach of people from nearly every walk of life and background. And we are also proud that the face of KB homebuyers organically reflects the face of America.



Sources: KB Home: FY 2022 buyer profile data based on gross sales; buyer experience data from KBIT buyer database and based on deliveries; US: 2020 Census



## Homeownership: the foundation for household wealth

According to the U.S. Federal Reserve, household wealth for those who own homes is approximately 40 times higher than those who rent.<sup>1</sup> This makes the American Dream an important individual aspiration as it can potentially lift up people from every background, race and walk of life and reduce household wealth disparities. We are proud to be part of helping people achieve this meaningful goal.

<sup>1</sup> Federal Reserve 2019 Survey of Consumer Finances



Belterra in Apex, NC



# Strong governance: the framework upon which we build a sustainable business

Governance is the essential scaffolding for our business, supporting and strengthening the resilience of the whole. It is the policies and structures that hold it up and enable us to effectively move our initiatives and goals forward.

With this report, we are enhancing our disclosures by publishing several additional guiding principles along with long-established business standards and practices, including:

- Biodiversity
- Responsible lumber practices
- Alignment with the Task Force on Climate-Related Disclosures (TCFD) Framework
- Cybersecurity and data privacy



## Awards and recognition

In 2022 and early 2023, we were recognized for our environmental, social and governance leadership by a number of organizations, including:

- **Fortune 2022 list of World’s Most Admired Companies**  
For demonstrating corporate effectiveness across nine key attributes, including quality of products/services and social responsibility
- **The Wall Street Journal 2022 Management Top 250 list**  
For demonstrating corporate effectiveness in the areas of customer satisfaction, employee engagement and development, innovation, social responsibility and financial strength
- **Newsweek 2022 and 2023 lists of America’s Most Responsible Companies**  
For demonstrating leading ESG practices, specifically, our industry-leading environmental initiatives, dedication to social responsibility and strong corporate governance standards
- **Newsweek 2022 and 2023 lists of America’s Most Trustworthy Companies**  
For demonstrating long-standing focus on customer trust, investor trust and employee trust
- **Forbes 2022 list of America’s Best Midsize Employers**  
Also listed among the top 10% of recognized companies in 2022

We also received industry-leading awards from EPA:

- **2022 and 2023 EPA ENERGY STAR Partner of the Year – Sustained Excellence Award**  
Our 12th and 13th consecutive awards for demonstrating leadership in energy-efficient construction
- **2022 EPA ENERGY STAR Certified Homes Market Leader Awards**  
A record 28 awards in all, one in each of our primary markets nationwide, recognizing our excellence in energy-efficient homebuilding
- **2022 EPA WaterSense Sustained Excellence Award**  
Our eighth consecutive award for our achievements in constructing water-efficient homes, and our 12th consecutive year being recognized by WaterSense





## Our Company

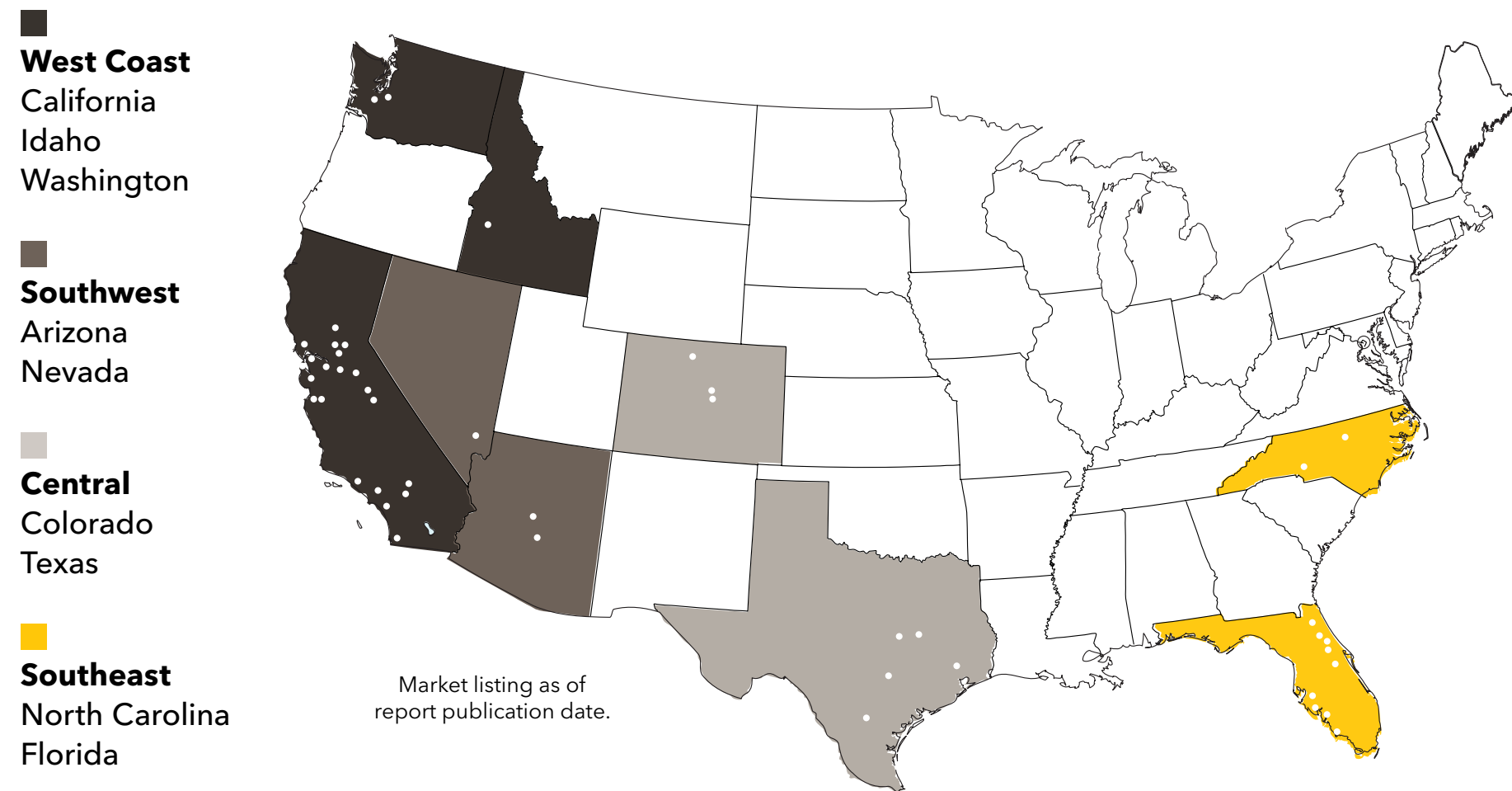
Our business was founded in 1957 on the idea that we could challenge conventional assumptions about homebuilding in order to make homeownership more affordable for more people. That willingness to ask questions, think differently, listen to our customers and innovate in the quest to expand the American Dream have been driving forces for us ever since.

These principles also explain how sustainability has come to be such an intrinsic part of our business. In looking differently at age-old challenges, we have identified and executed on opportunities, as described in this and prior reports, to upend industry expectations by putting sustainable homes within reach of mainstream homebuyers and making positive social and economic impact in the process.



## KB Home at a glance

KB Home is one of the largest and most recognized homebuilders in the United States, operating in 47 markets from coast to coast, and building over 670,000 quality homes in our more than 65-year history.



- Founded:** 1957
- Chairman, President and CEO**  
Jeffrey T. Mezger
- 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
- 2022 revenue**  
\$6.90 billion
- NYSE Ticker Symbol:** KBH  
(First homebuilder listed on NYSE)

## A clear vision for the future and the values to reach it

Our vision, mission and values are key guideposts by which we operate our business every day and give purpose to our efforts to build more homes that support greater sustainability across all three pillars: environmental, social and economic.

### Our Vision

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

### Our Mission

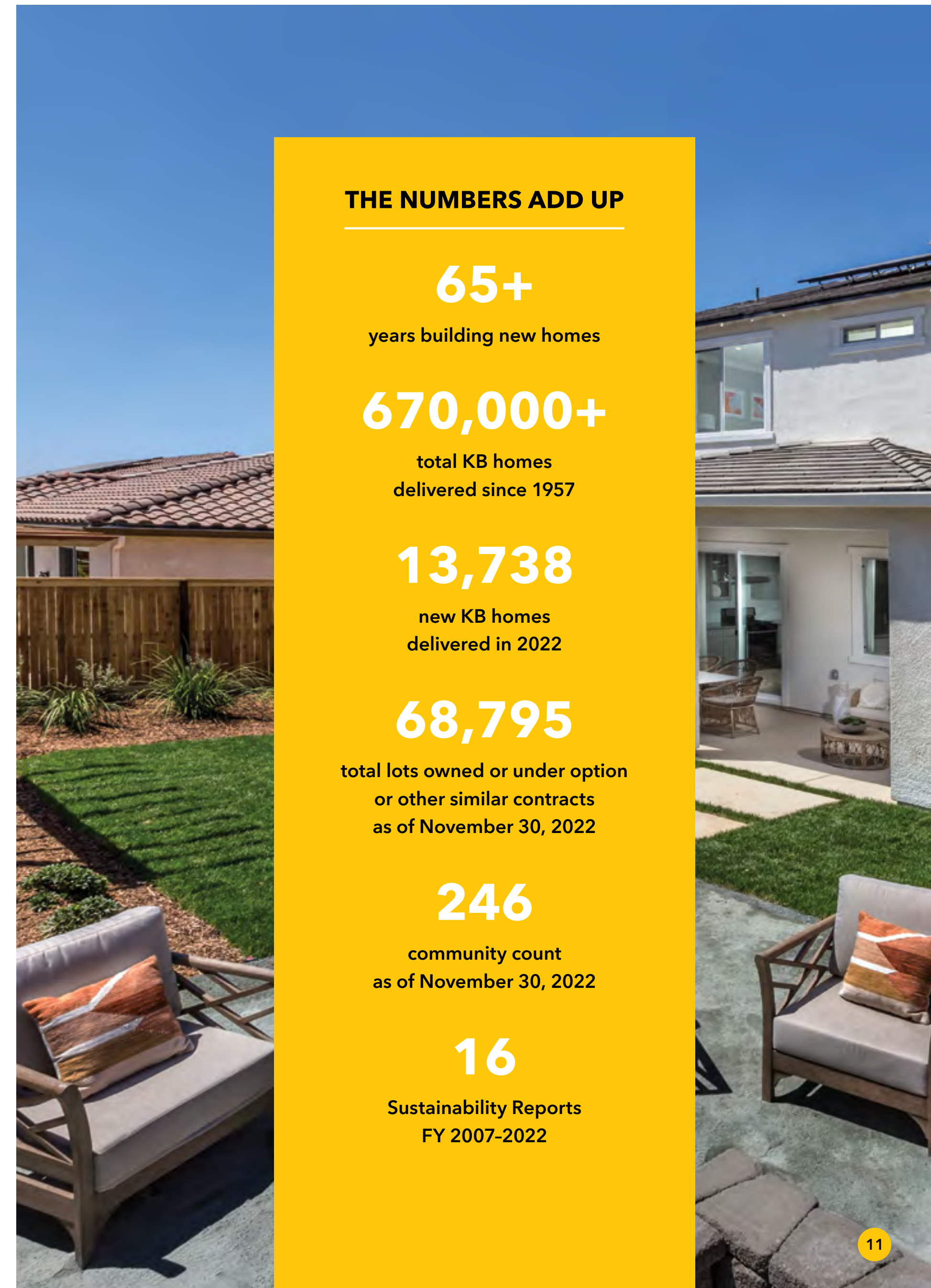
Give our customers the ability to purchase a new home that reflects what they value and how they want to live, at a price they can afford.

### Our Values

- We make relationships the foundation for all we do.
- We build homes that make lives better.
- We believe that everyone deserves a home that's as unique as they are.
- We deliver more for less.
- We strive for a better shared future.

### THE NUMBERS ADD UP

- 65+**  
years building new homes
- 670,000+**  
total KB homes delivered since 1957
- 13,738**  
new KB homes delivered in 2022
- 68,795**  
total lots owned or under option or other similar contracts as of November 30, 2022
- 246**  
community count as of November 30, 2022
- 16**  
Sustainability Reports FY 2007-2022



# Sustainability

## It's not just the right thing to do – it's also right for our business

We think that sustainability is both the right thing to do and the right thing for our business, providing 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.

We are also aware of the importance of our company's social impact as both a builder of choice for homebuyers putting down roots and as an employer of choice for people looking to grow their careers and their futures. We believe this is both a privilege and a strength for the long-term future of our business.



### Increasing New-Home Affordability

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



### 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.



### 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.



### 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.



### 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.



### 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.



### 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.



### 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.



### 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.



### 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

KB Home has a proud history of being a leader in sustainability in the homebuilding industry and beyond. For over two decades, we have been building energy- and water-efficient homes and applying innovation toward a more sustainable future. In addition, we have expanded social sustainability as an employer of choice and by supporting the expansion of the American Dream, while also creating a leading example of corporate governance for our industry. 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. Here we share a brief chronology of 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

## 2007

- Committed to 100% ENERGY STAR certified appliances
- Built 50,000th ENERGY STAR certified home
- Instituted leading governance practices, including having an independent lead director

## 2008

- Published first annual sustainability report
- Makes broad commitment to building EPA ENERGY STAR certified new homes

## 2009

- Received first ENERGY STAR Award for Excellence
- Launched National Advisory Board (NAB)

## 2010

- Built first WaterSense labeled homes
- Built first U.S. Green Building Council (USGBC) LEED Platinum net-zero energy concept home

## 2018

- Participated in development of RESNET HERS H<sub>2</sub>O® water-efficiency rating system

## 2017

- Achieved national record for most WaterSense labeled and Water Smart homes
- Opened first Indoor airPLUS community
- Received TecHome Brilliance Award
- Earned first Environmental Leader Top Project of the Year Award
- Formalized KB Cares companywide giving program

## 2016

- Built 5,000th solar-powered home
- Built 100,000th ENERGY STAR certified home
- Built first KB ProjeKt® concept home

## 2015

- Received Environmental Leader Product of the Year Award
- Received DOE Zero Energy Ready Home Housing Innovation Grand Award
- Received Indoor airPLUS Leader Award
- Received first WaterSense Sustained Excellence Award
- Built 10,000th Water Smart home

## 2014

- Received first RESNET® President's Award
- Earned first ENERGY STAR Partner of the Year - Climate Communicator Award

## 2013

- Received first DOE Zero Energy Ready Home, Housing Innovation Award

## 2012

- Built 1,000th solar-powered home

## 2011

- Introduced Energy Performance Guide® (EPG®), now renamed Energy Savings Comparison™ (ESC™)
- Established first 100% LEED Platinum community
- Earned first DOE Builders Challenge Award
- Received USGBC LEED for Homes Award
- Earned first ENERGY STAR Sustained Excellence Award
- Earned first WaterSense Partner of the Year Award

## 2019

- Built KB ProjeKt 2.0: Where Tomorrow Lives concept home
- Reached national milestone of building the most ENERGY STAR certified homes
- Built 10,000th solar-powered home
- Partnered with Jared Allen's Homes for Wounded Warriors

## 2020

- Became first national builder to implement EPA WaterSense Labeled Homes Version 2.0
- Adopted a human rights statement; a responsible marketing policy; and a supplier code of conduct
- Helped to launch Leading Builders of America's Building Talent Foundation to advance young and underrepresented groups in construction careers
- Became first national builder to participate in American-Made Solar Prize Network
- Declared 5-year goal of 45 national average HERS score

## 2021

- Became only national builder named to both Newsweek's list of America's Most Responsible Companies and Forbes' list of America's Best Midsize Employers two years in a row
- Received inaugural RESNET's HERS H<sub>2</sub>O award for achieving lowest HERS H<sub>2</sub>O score
- Formally established Audit and Compliance Committee oversight regarding environmental sustainability; and Management Development and Compensation Committee oversight regarding HR policies
- Launched partnership with Sackcloth & Ashes for double-impact homeowner gift that also supports people experiencing homelessness

## 2022

- Launched first residential microgrid communities in California
- Committed to building all future communities in Arizona, California and Nevada to WaterSense labeled standard
- Achieved 48 average HERS score toward our 5-year goal of 45 by 2025
- Reached milestone of \$1 billion in cumulative estimated savings for our homeowners on their utility bills
- Received prestigious awards, including Newsweek's 2023 list of America's Most Responsible Companies, The Wall Street Journal and Drucker Institute's Management Top 250 list and Fortune's World's Most Admired Companies list
- Received 12th consecutive ENERGY STAR Partner of the Year - Sustained Excellence Award
- Earned eighth consecutive WaterSense Sustained Excellence Award
- Built 175,000th ENERGY STAR certified home, more than any other builder
- Installed our 1,000,000th WaterSense labeled fixture



# People-Driven

At KB Home, people are the foundation of what we do. We have built a business where people can create their dream home and a lifetime of memories, and also where people can find a workplace they can call home.

Our people-focused approach to doing business also incorporates our stakeholders, including our suppliers and trade partners, our stockholders, local governments and community organizations, and environmental and nongovernmental organizations. Considering the priorities of our stakeholders is important to our continued success in sustainability, social impact and business.



## Our stakeholder relationships

The people behind our homes and the business that builds them include:



### Our Employees

We strive to create a culture of excellence and safety, where our employees can build careers and where we are an employer of choice through our focus on inclusion, diversity and equal opportunity.

*See pages 19-22 to find out more about our competitive benefits, retention programs, safety compliance and recognition for being one of the best places to work.*



### 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.

*See pages 48 and 53 to find out more about our governance practices, policies and disclosures as well as our data transparency.*



### Local Government and Community Organizations

We have partnered with local governments and community organizations to contribute to the long-term social fabric of the areas in which we build in ways that intersect with our business.

*See pages 37-38 to find out more about our contributions to help strengthen communities.*



### Our Board of Directors

We are proud of the diversity of background and experience of our Board of Directors, which provides independent oversight for our company and the interests of our stockholders and potential investors.

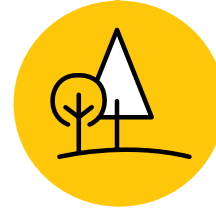
*See pages 49-50 to find out more about our Board of Directors and their role in our governance.*



### Our Suppliers and Trade Partners

Effective collaboration with our trade partners is part of the engine that has driven our progress. We work to cultivate long-term relationships that allow us to create innovation and new solutions.

*See pages 23 and 54 to find out more about our partners and our ethical and sustainability requirements for them.*



### Environmental and Nongovernmental Organizations

We partner with national and local environmental and nongovernmental organizations, both to learn from perspectives outside our industry and to join together on advocacy and awareness initiatives about important environmental and sustainability issues.

*See page 56 to find out about some of these partnerships.*

## THE NUMBERS ADD UP

**2,366**

full-time employees as of November 30, 2022

**1st**

national builder named to Forbes' list of America's Best Midsize Employers for two years in a row (2021 and 2022)

**13,738**

new KB homeowners in 2022

**91%**

overall customer satisfaction rating in 2022

**89%**

of these customers would recommend KB Home to a friend

**4.5**

stars out of a possible five nationwide on TrustBuilder®

### Independent Guidance

Since 2009, our National Advisory Board, a panel of external advisors, has helped to shape our sustainability priorities and reporting and stakeholder engagement approach. See page 51 for more information.





## Our customers

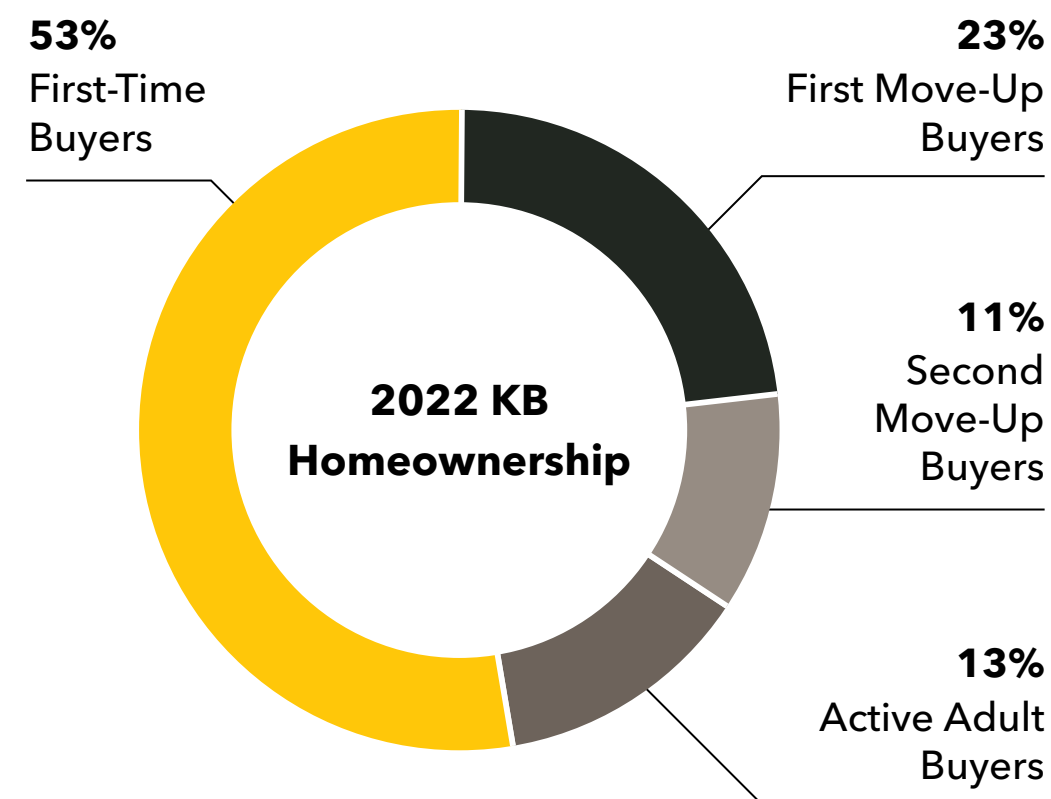
A home is the largest purchase that most of our customers make in their lifetimes. We take seriously the responsibility that goes with helping our buyers achieve their dreams.

### First-time homeownership is our core focus

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. Our customers represent a wide range of backgrounds and experiences, and first-time homebuyers have long been the core of our business. Helping them drives us each day.

In 2022,  
**53%**

of our KB homebuyers were purchasing a home for the first time

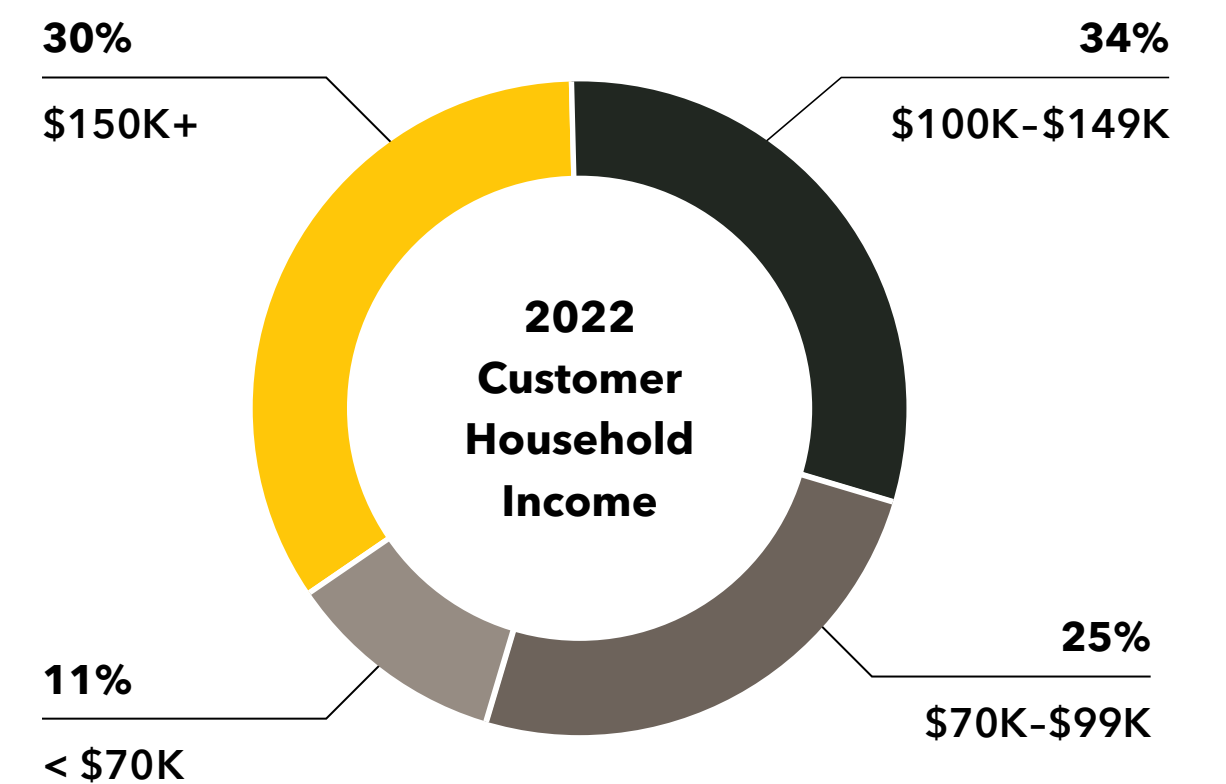


### Building homes that are attainable for buyers in each of our markets

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.

Our goal is to build homes in each of our markets that are generally priced to be affordable for people with household incomes within a range of the local area's median level. To meet that goal, we evaluate potential land purchases and product design decisions on their potential to serve local median-income households and carefully balance sales prices with affordability for these households.

We try to maintain affordability by reducing our costs through our data-driven approach to product and design efficiencies, materials and resource conservation efforts, and strong trade partnerships that leverage economies of scale. At the same time, our focus on energy efficiency helps to lower the total cost of homeownership after our buyers get their keys.



**With our Built to Order™ approach, personalization and affordability go hand in hand**

That’s because we give our homebuyers a wide array of choices to craft the new home that fits their particular lifestyle and priorities, including homesite, floor plan, elevation and structural options. Our homebuyers can visit our KB Home Design Studio, where they get both advice and the opportunity to select from a broad range of included features, design options and upgrades that will help personalize their home. When customers build a new home with us, they also enjoy choosing exactly what they want and paying only for what matters most to them. This helps to meet homebuyers’ priorities at price points attainable to them.

**A broad product mix, including traditional smaller single-family new homes, expands attainability**

Our home designs, just like our customers, consist of a broad mix that includes traditionally 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, according to the U.S. Department of Housing and Urban Development, home sizes have increased significantly. We believe that traditional smaller single-family homes are an important part of the market to serve because they help to address affordability for buyers who prefer single-family homes, and because greater variety in housing supports more socially diverse and economically sustainable neighborhoods.

In 2022, 86% of KB Home communities offered homes of 1,800 square feet or less, and 33% offered homes that were under 1,400 square feet.



**We are proud that the face of KB homeownership organically reflects the face of America**

Everyone is welcome home at KB Home. See page 8 to find out more.



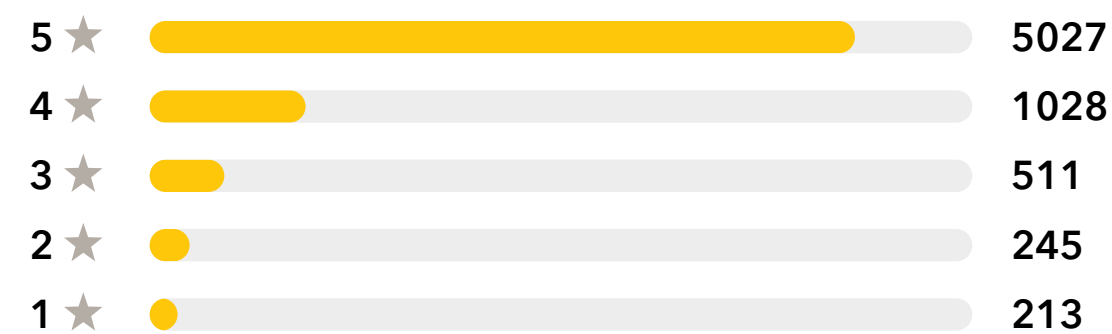
# We are honored to be the #1 customer-ranked national homebuilder\*

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. That's why we are especially proud to have earned the distinction of being the #1 customer-ranked national homebuilder based on homebuyer satisfaction surveys from TrustBuilder®, a leading third-party review site.



**KB Home**  
has 4.5 out of 5 stars in all areas  
★★★★★  
7024 reviews in all areas

### Star Rating Breakdown



### Ratings by Category

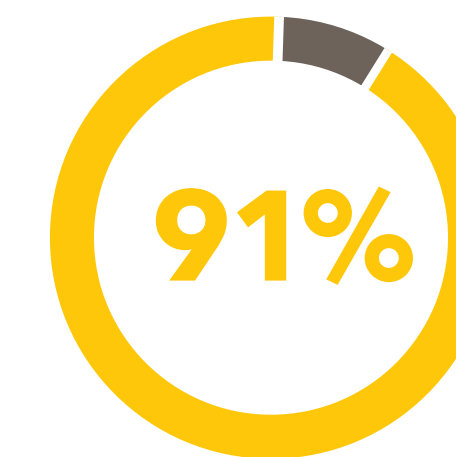
Overall	★★★★★	4.5
Quality	★★★★★	4.4
Trustworthiness	★★★★★	4.5
Value	★★★★★	4.5
Responsiveness	★★★★★	4.5



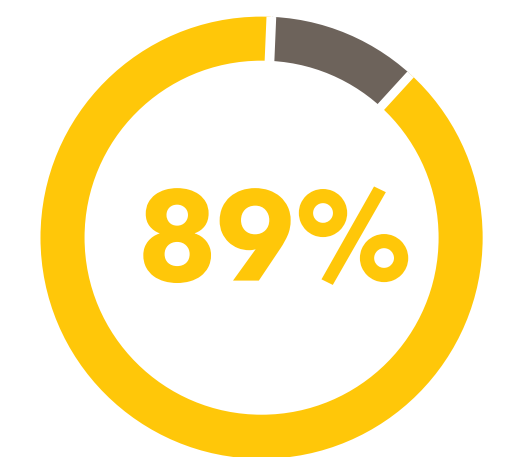
## We ask every customer to tell us about their experience

In addition to these independent rankings, 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 70% responding to our 30-day survey and 46% to our 11-month survey. Our average 2022 11-month customer satisfaction rating was 91%, and 89% 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 2013 can be found at the end of this report.



**91%**  
11-month satisfaction



**89%**  
would recommend KB Home to a friend

\* Based on an internal compilation of the nationwide average of large-production homebuilder customers surveyed by TrustBuilder® through to December 2022. 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. 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, nor that any particular customer will be fully satisfied with their KB home.



## Our employees

We seek to create a workplace where employees can shape fulfilling careers in a respectful environment as part of an employee team that can deliver exceptional customer experiences and build a durable brand.



### A place where our employees can create a career on which they can build a life

We believe that we would not be able to deliver the exceptional customer experience we do without a dedicated team with a wide range of skills and expertise, working in an environment that is designed to provide them with significant professional growth opportunities.

That's why we are proud that we attract and retain a diverse workforce of talented individuals, some of whom choose to spend the majority of their careers with us. We also foster our employees' growth and development through both formal and informal mentoring programs and regular performance and career development reviews, which have contributed to the internal promotions of over 300 of our employees into management-level or above positions over the past two years. In fact, both our Chief Executive Officer and Chief Operating Officer began their KB Home careers within one of our local homebuilding divisions, and many of the members of our division leadership teams have been with us for a decade or more.

Of course, part of that loyalty comes from the business we are in. We build the places our customers will call home and help families from all backgrounds and walks of life achieve the dream of homeownership. It's important, purpose-filled work that our team members can build their own lives on.



## Living Well

Built on Health



Our employee wellness program, Living Well: Built on Health, is complimentary for all KB Home employees to support their mental, physical, financial and social health through fitness classes and interactive webinars and meetings.

In 2022, wellness activities were consistently offered throughout the year:

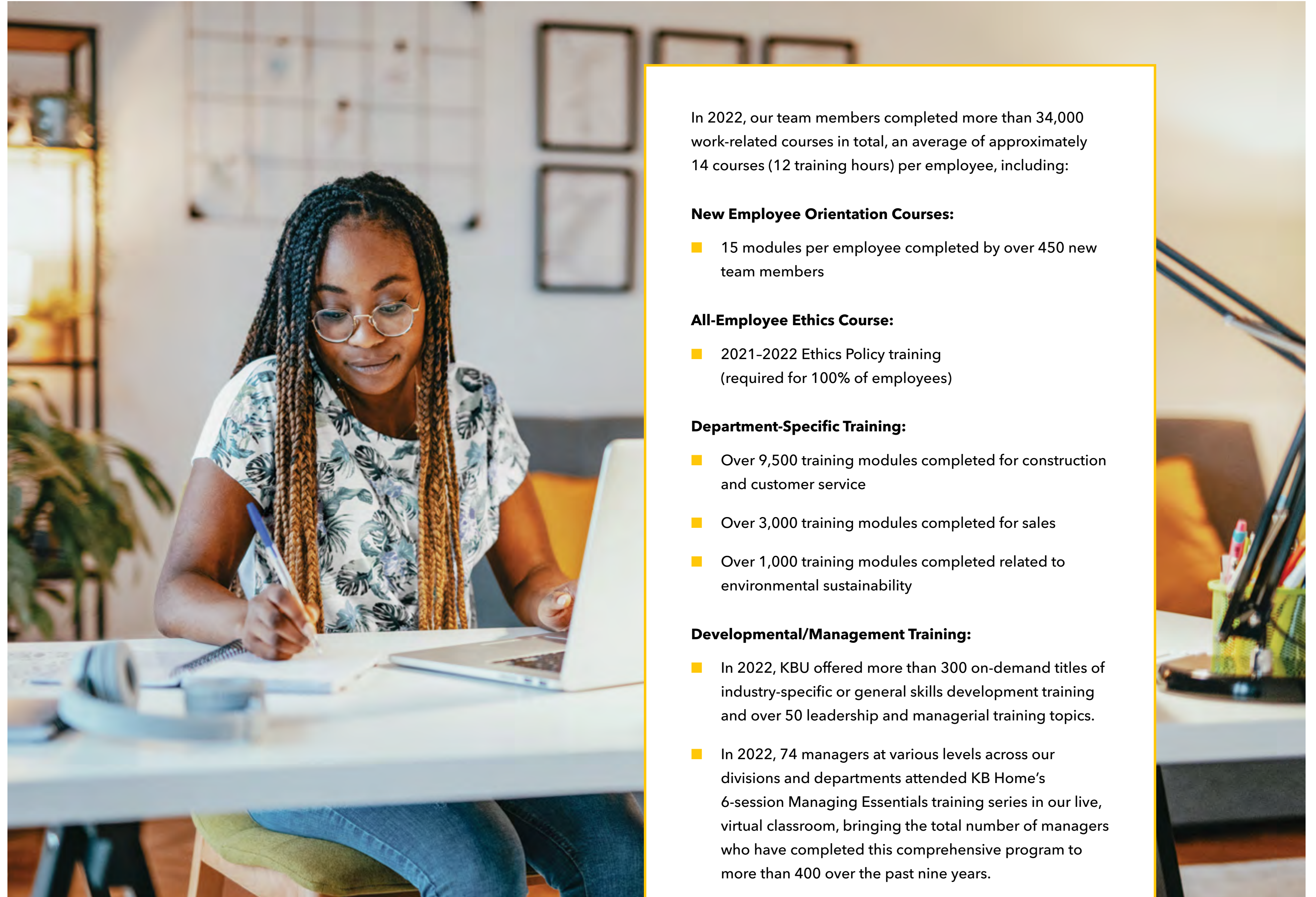
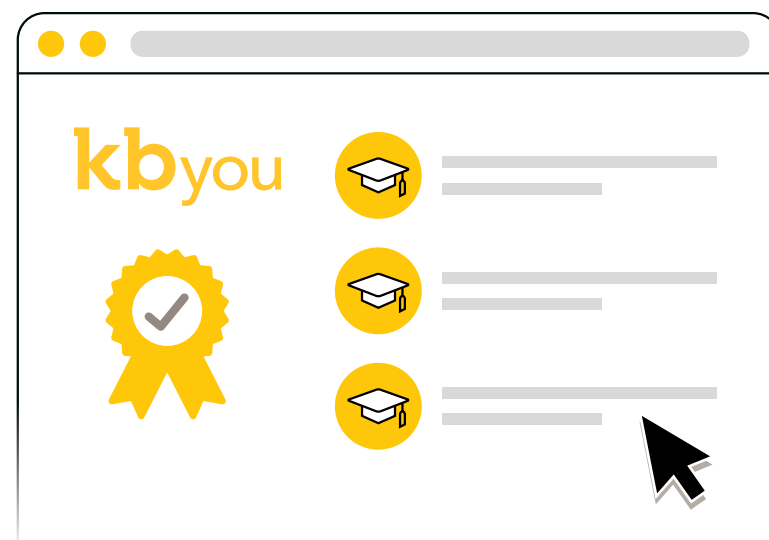
- Annual fitness challenge with 511 participants who logged more than one million minutes of movement
- Weekly stretch and yoga classes with over 1,650 individual sessions
- End-of-year sugar cleanse challenge with 110 participants



## Training and talent development

Training and development for employees has been a distinguishing feature of the KB Home culture throughout our history, and especially since 1999, when we launched our online employee training platform, KB University (KBU). More than two decades later, KBU continues to provide training programs, compliance certifications and performance tools. Visited by our team members over a half million times in 2022, KBU provides all employees with access to training, development and resources that elevate their performance and their careers.

Training through KBU not only supports employee job performance and development but also sustains and enhances our inclusive culture and strengthens our brand. These programs, which include environmental sustainability programs, ethics training and more, define the high standards that KB Home has set and helps our team work better together.



In 2022, our team members completed more than 34,000 work-related courses in total, an average of approximately 14 courses (12 training hours) per employee, including:

**New Employee Orientation Courses:**

- 15 modules per employee completed by over 450 new team members

**All-Employee Ethics Course:**

- 2021-2022 Ethics Policy training (required for 100% of employees)

**Department-Specific Training:**

- Over 9,500 training modules completed for construction and customer service
- Over 3,000 training modules completed for sales
- Over 1,000 training modules completed related to environmental sustainability

**Developmental/Management Training:**

- In 2022, KBU offered more than 300 on-demand titles of industry-specific or general skills development training and over 50 leadership and managerial training topics.
- In 2022, 74 managers at various levels across our divisions and departments attended KB Home’s 6-session Managing Essentials training series in our live, virtual classroom, bringing the total number of managers who have completed this comprehensive program to more than 400 over the past nine years.

## Talent acquisition and workforce development

In addition to our strong talent and career development programs that drive a high rate of internal promotions within KB Home, we are constantly working to attract the best possible candidates to add to our employee team. Through our efforts to engage top talent, we have proactively increased the diversity of our workforce while adding specialized skills and experiences to our team.

In addition to recruiting experienced homebuilding industry candidates, we have invested in several programs with

the objectives of deepening our bench of talent at the company to bring new ways of thinking into the mix and expanding the ethnic and gender diversity of our team. As outlined below, in recent years, we have invested in both our college/university and military veteran recruiting programs. We are also a founding supporter of the Building Talent Foundation, which was established by the Leading Builders of America to address the severe and persistent labor shortage across skilled trades by creating a sustainable workforce in residential construction.



We are a founding partner of the **Building Talent Foundation**, which works to build a sustainable residential construction workforce.

### Talent acquisition and workforce development outreach programs

#### College/university recruiting:

- Actively participated in career fairs and recruiting events on college and university campuses throughout our footprint
- Formed long-standing partnerships with several universities
- Recruited summer interns as well as graduates for roles in construction, land, sales and marketing and others

#### Military veteran recruiting:

- Through specialized organizations and internal resources, we targeted discharging Non-Commissioned Officers (NCOs) and other military veterans for roles in operations, land, purchasing and other functions
- Recruited veterans from multiple branches, including Air Force, Army, Marine Corps and Navy
- Hired more than a dozen NCOs over the past two years

## Commitment to safety

We acknowledge that construction is a potentially dangerous job, which is why it's important to us that our homebuilding jobsites maintain extensive workplace safety standards. These safety standards apply to both our employees and independent construction service providers who work on our sites. We strive to lead our industry in safety practices.

To get a sense of our employees' and 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 companywide safety representative
- Regular employee training is an important component of our quality and safety program. New employees in relevant roles are required to complete training certification on both quality processes and standards as well as sustainability features and standards.

### Jobsite Safety Reviews

Since 2014, we have partnered with IBACOS®, a nationally recognized expert in home construction quality and performance, to conduct annual jobsite safety reviews and maintain scorecards for each of our divisions.

**33%** improvement in KB Home's overall jobsite safety score from 2014 to 2022

**3.52** IBACOS 2022 Overall Score



### Division safety spotlight

#### Partnering with the Occupational Safety and Health Administration

Our Colorado division joined the Home Builders Association® Jobsite Safety Committee, which meets monthly and invites OSHA inspectors as a resource to discuss best practices. This division also belongs to the Colorado HomeSafe® program, which requires rigorous voluntary OSHA training and inspections. We are hosting training sessions for local team members and trade partners for the opportunity to achieve a "Master Builder" designation by early summer 2023.





## Our suppliers and trade partners

Our partners help us to elevate our focus on sustainability and realize our goals. They are part of our extended family, and we have worked with many of these brands – and their people – for a decade or more to deliver sustainable and innovative products for our homes.

We work with our industry partners and sustainability leaders on strategies to drive sustainability throughout the value chain, helping to reduce carbon emissions and manage climate risk. With their partnership, we are able to build sustainable homes at a lower cost and with less environmental impact. Our strategies include lowering the embodied carbon of building products and supporting circular solutions. For example, we seek out products that provide independent sustainability assessment, like the Cradle to Cradle (C2C) Certified® Products Program. 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. Several 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®.

### Healthier Indoor Environments



### Energy-Efficient Solutions



### Water-Saving Solutions



### Carbon Emissions Reductions



### Recycling and Material Conservation



### Responsible Sourcing and Manufacturing



### THE NUMBERS ADD UP

**100%**

of independent construction service providers required to wear protective equipment at construction sites

**100%**

of our national supplier agreements include an obligation to acknowledge our Ethics Policy

**100%**

of our new national supplier agreements entered into after April 2021 reference our Supplier Code of Conduct, which sets environmental and social principles, guidelines and standards with respect to the supply of the products and materials that we use in our business



## Partner spotlight

### Partnership with Weyerhaeuser for more sustainably sourced lumber

For almost two decades, KB Home has been an advocate for the protection of old-growth forests. We think it is imperative for the homebuilding industry, not just environmental organizations, to speak on behalf of maintaining this valuable natural resource. While forests of all kinds are critical natural resources, intact, old-growth forests are an increasingly rare and immensely valuable biological resource that must be protected, and we firmly believe that it is unnecessary to tap them for raw materials. There are plenty of managed forests that can provide wood for homebuilding.

Accordingly, we are committed to responsibly sourcing our wood products by selecting partners who practice sustainable forest management. One example is Weyerhaeuser, a longtime partner of KB Home, who supplied nearly 40% of our lumber and engineered wood in 2022.

Weyerhaeuser has shown that they are a leader in sustainable forestry. One hundred percent of their timberlands are managed to the Sustainable Forestry Initiative (SFI) Forest Management Standard, the largest forest certification standard backed by third-party verification audits. The wood products that they provide come from managed forests where trees are harvested in a responsible way, and new trees are planted to replace those that were cut down. Their lands and the wood products store significantly more carbon than their operations emit. In addition, 95% of every log they bring into their facilities is used, and 99% of potential waste is reused, recycled or repurposed. <sup>1</sup>

We are pleased to collaborate with partners like Weyerhaeuser who share our climate ambition and continue to innovate with us to find more opportunities to address our environmental impact. These partnerships help KB Home to fulfill our vision of building more affordable, sustainably built homes.

<sup>1</sup> [Weyerhaeuser Environmental Stewardship](#)





## Better Homes

We believe a KB home is a better home. One that is thoughtfully designed with open, light-filled spaces and flexible rooms that serve multiple needs. One that is uniquely personalized for each homebuyer's lifestyle, dreams and budget. And one that is energy- and water-efficient at an attainable price. A home that is designed for increased comfort and well-being, using modern building materials and construction methods that conserve natural resources.

We don't ask our homebuyers to choose between the home they love, the home they can afford and the home that's right for the environment. A KB home is designed to deliver all three with an integrated, customer-driven approach that has helped to earn us a position as a leading sustainable national homebuilder. To us – and, more importantly, our homeowners – that's a better home.



## Energy efficiency

### Energy efficiency is the cornerstone of our sustainability commitment

Sixteen years ago, we determined that energy efficiency would be the basis for our environmental sustainability efforts. We have led the way in building highly energy-efficient new homes because we see it as the right choice for our customers, the environment and our business. We strive to bring sustainability to the production homebuilding sector and model innovation for our industry. We are proud that our early focus on sustainability has elevated the conversation in our industry and with new homebuyers, demonstrating that a more sustainable, highly energy-efficient new home can also be a better home.

**About 21% of total energy use in the U.S. is due to daily residential living.<sup>1</sup>**

We consider building a more energy-efficient home to be our most effective opportunity to positively impact the environment and our customers, potentially delivering significant energy savings and reducing the total cost of homeownership over the multidecade life span of a home.

<sup>1</sup> [U.S. Department of Energy, Energy Data Facts](#)



#### THE NUMBERS ADD UP

**175,000+**

cumulative ENERGY STAR certified new homes built

**13,549**

ENERGY STAR certified new homes built in 2022

**48**

average 2022 HERS score – 82% more efficient than a typical resale home

**17,500+**

solar-powered new homes built since 2010

**3,530**

solar-powered new homes built in 2022

**19,000+**

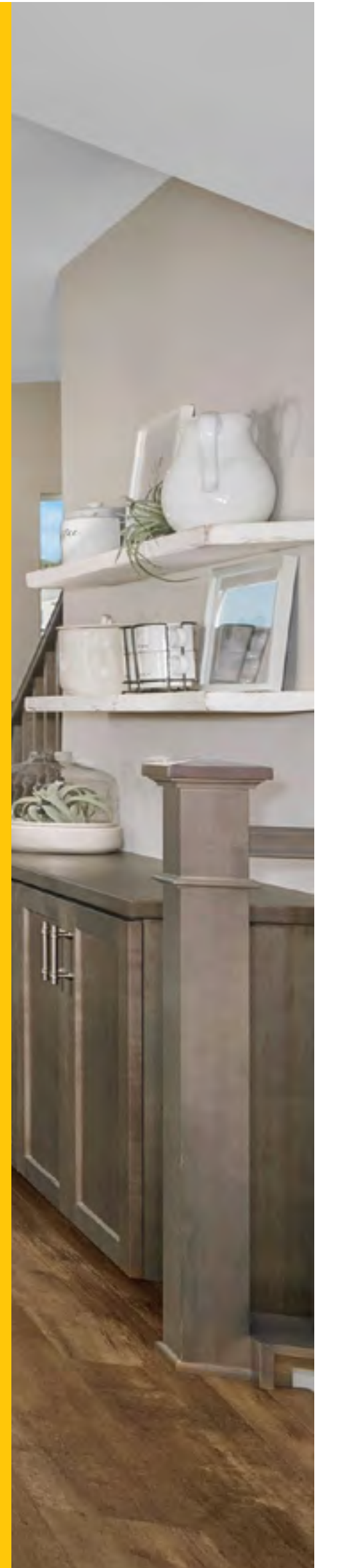
cumulative Water Smart and WaterSense labeled new homes built

**1,760**

WaterSense labeled new homes built in 2022

**1,000,000+**

total WaterSense labeled fixtures

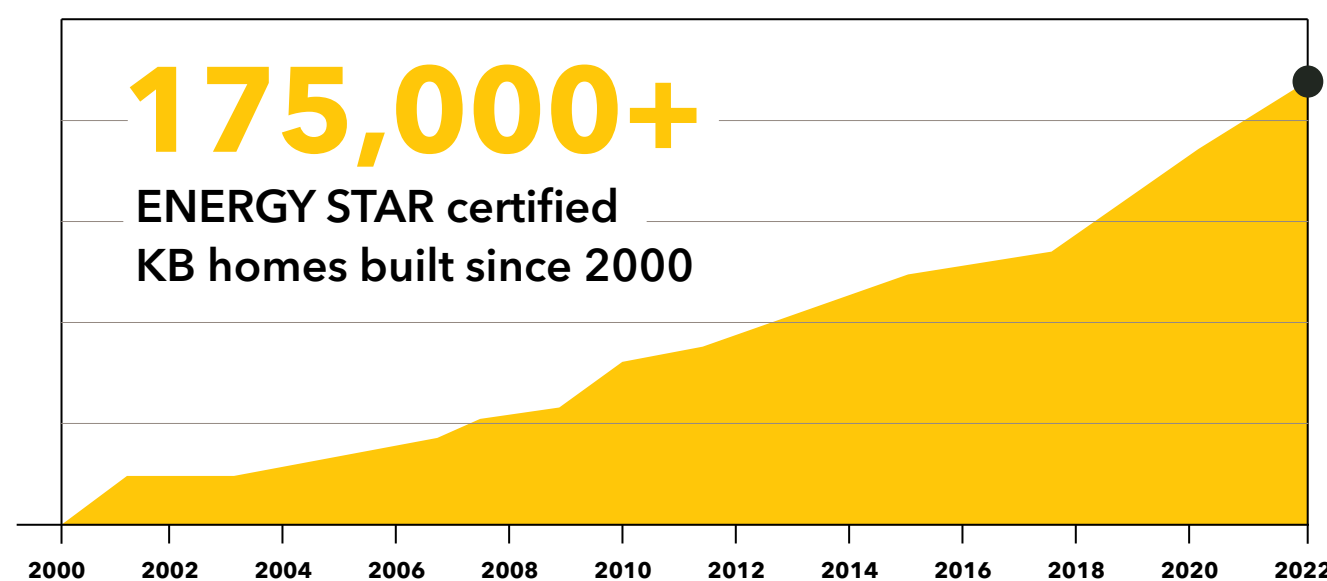


# ENERGY STAR: the platform on which we build

ENERGY STAR certification is the foundation for our energy-efficiency commitment and has been since 2008, when we became the first national homebuilder to make a broad commitment to building ENERGY STAR certified homes

**Just 10%**  
of new homes built in the U.S. in 2022 were ENERGY STAR certified.

An ENERGY STAR certified new home must meet strict criteria across every major aspect of the home’s construction, resulting in a home with a tighter building envelope, upgraded insulation, high-performance HVAC equipment and modern building materials. And the same features that drive energy savings also result in a more comfortable and durable home. Because an ENERGY STAR certified new home is already highly efficient, it also creates a platform that facilitates an introduction of additional energy-efficiency initiatives more cost effectively. And since ENERGY STAR certified homes are at least 10% more efficient than homes built to local energy codes, we can stay ahead of the code requirements by leveraging our experience, vendor relationships and efficiencies to deliver what’s next. For this and many other reasons, we remain committed to ENERGY STAR as the standard on which we build.



We are recognized by the U.S. EPA as an ENERGY STAR certified new-home leader, having built over 175,000 such certified homes, more than any other national homebuilder. Our consistent commitment to ENERGY STAR has added up to real benefits for our homeowners and the environment:

**6.9 billion**

cumulatively reduced CO<sub>2</sub> emissions by 6.9 billion pounds

**\$1 billion**

cumulatively reduced utility bills for our homeowners by an estimated \$1 billion

**674,000+**

equivalent to removing over 674,000 gasoline-powered passenger vehicles from the road for one year

# We are the #1 energy-efficient national homebuilder

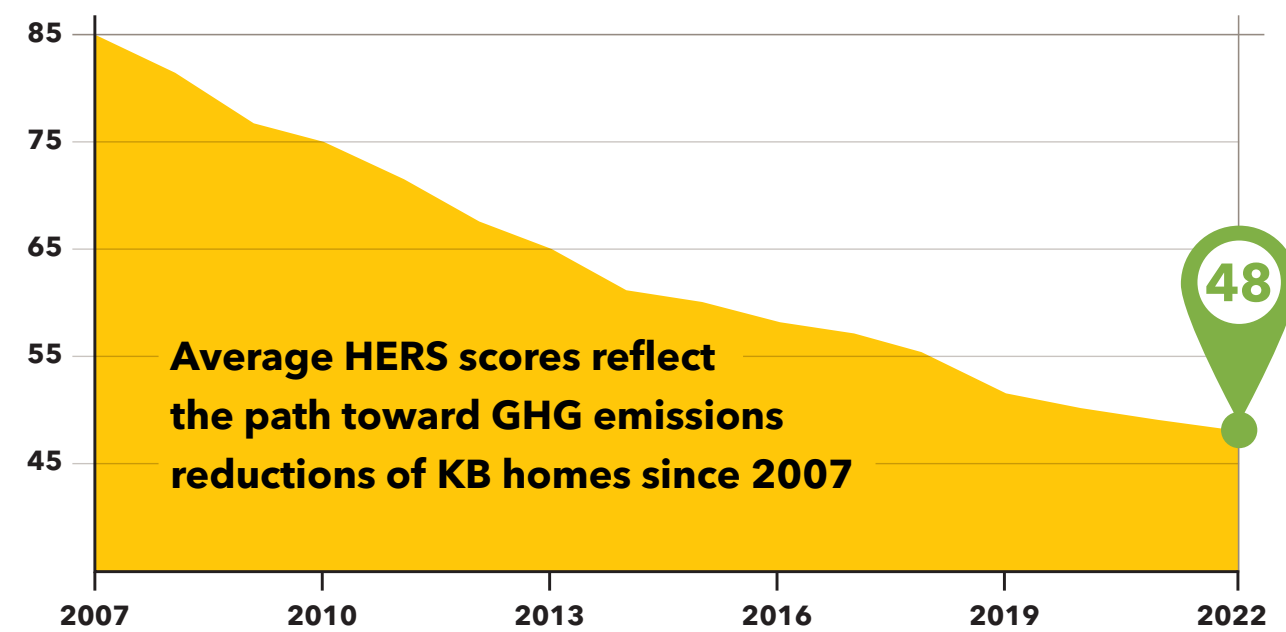
We're proud to have the lowest (and therefore most efficient) publicly reported national average HERS® (Home Energy Rating System) score among large production homebuilders.\* In addition, our national average HERS score of 48 in 2022 was a full 10 points below the 58 average for all HERS-rated homes in the U.S.

## HERS Energy Performance Rating: Measurable, independent home energy scores

The HERS Index is the industry standard by which a home's energy efficiency is measured. Created by the Residential Energy Services Network® (RESNET), the HERS Index is the nationally recognized system for inspecting and calculating a home's energy performance. With one number, homeowners and buyers can tell how energy efficient a home is.

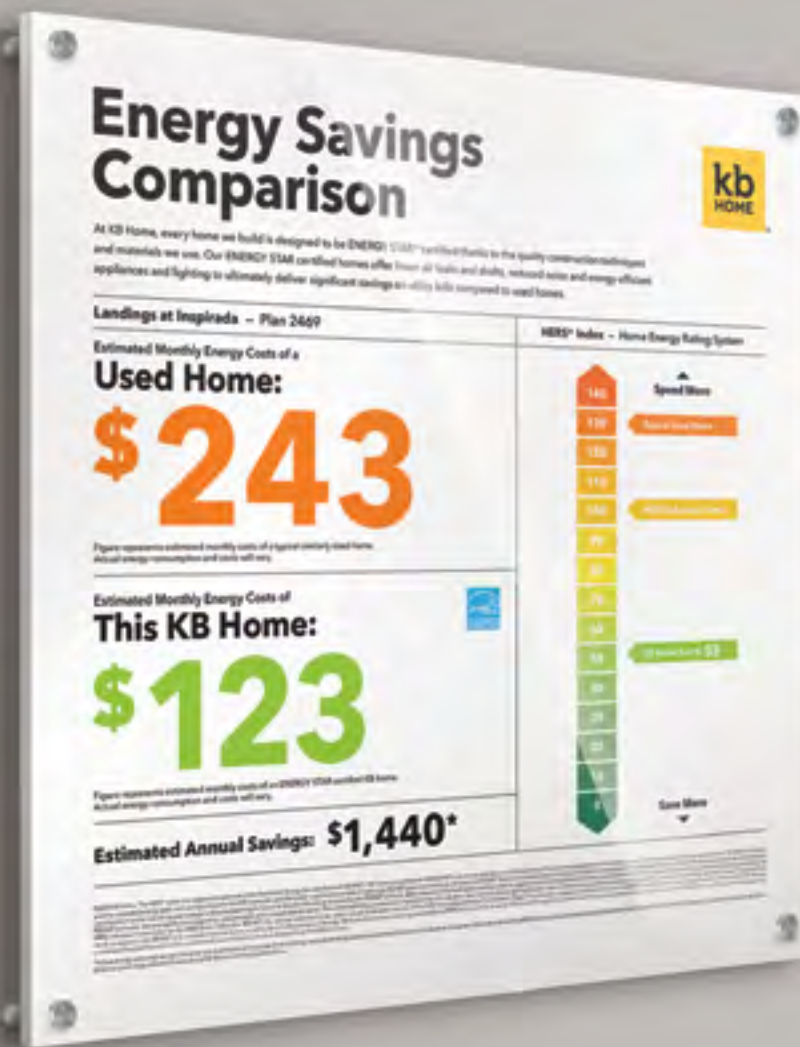
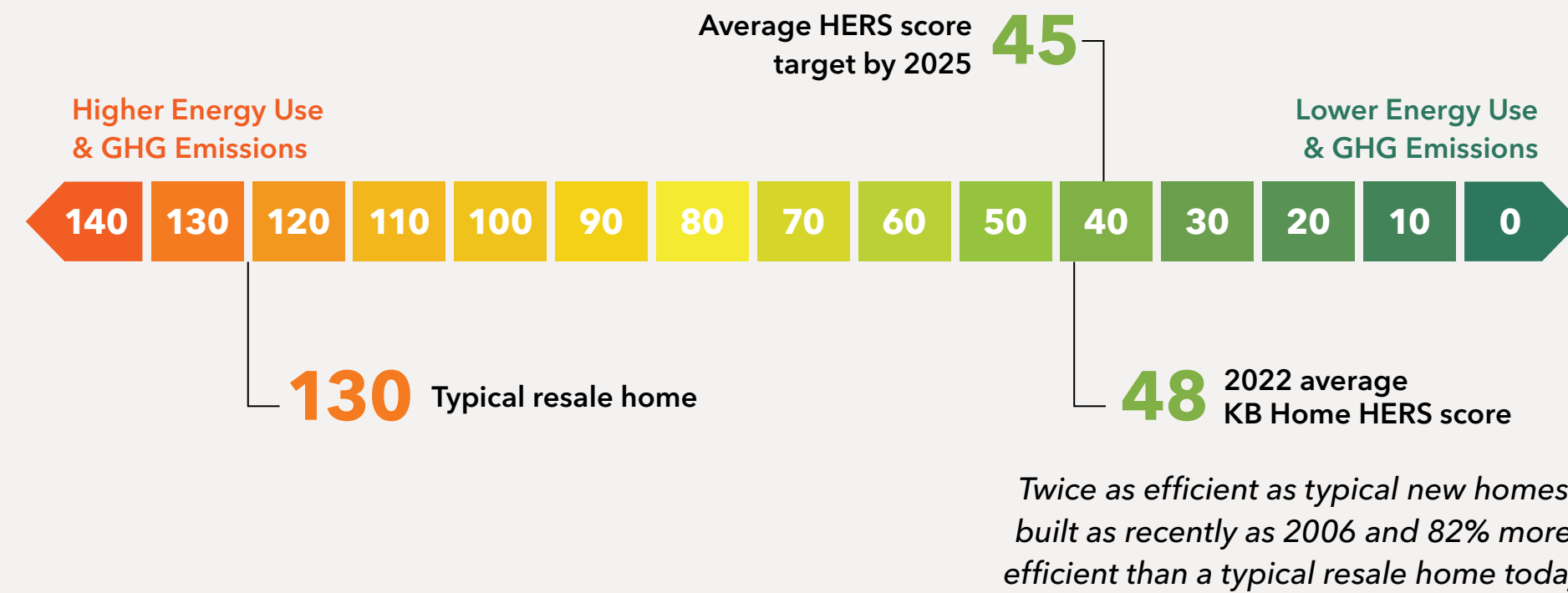


KB Home was the first national homebuilder to be designated a RESNET Energy Smart Builder.



\*Based on an internal compilation of the nationwide average of publicly reported HERS Scores from 6/21/22 through 4/21/23 among large production homebuilders. These are the top 20 U.S. homebuilders ranked by number of closings on Builder Magazine's most recent annual 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).

## The lower the score, the better the energy performance and the fewer GHG emissions generated from the operation of the home



Our Energy Savings Comparison™ (ESC™), posted in every model home, displays the home's HERS score along with projected energy and utility bill savings. This consumer education tool allows homebuyers to make comparisons with other builders who publicly disclose their HERS scores. It is one of many educational efforts that we use to increase consumer awareness of the importance and impact of sustainability in selecting a resource-efficient home, similar to auto manufacturers posting the miles per gallon (MPG) for new cars.

We also publicly disclose our national average HERS score for our homes each year so our stakeholders can see how we are measuring up to our energy efficiency and GHG emission reduction goals and target dates.

## THE NUMBERS ADD UP

### Measuring Carbon Reduction†

The RESNET HERS Index is our benchmark to establish and monitor progress toward our homes' Scope 3 carbon emission targets.

**45** 2025 HERS score target

**6.0** 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 KB home built in 2025, compared to a KB home built in 2020, in line with achieving our 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, if at all.

## Solar and clean energy

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 on the importance of renewable energy.

### Putting solar within reach

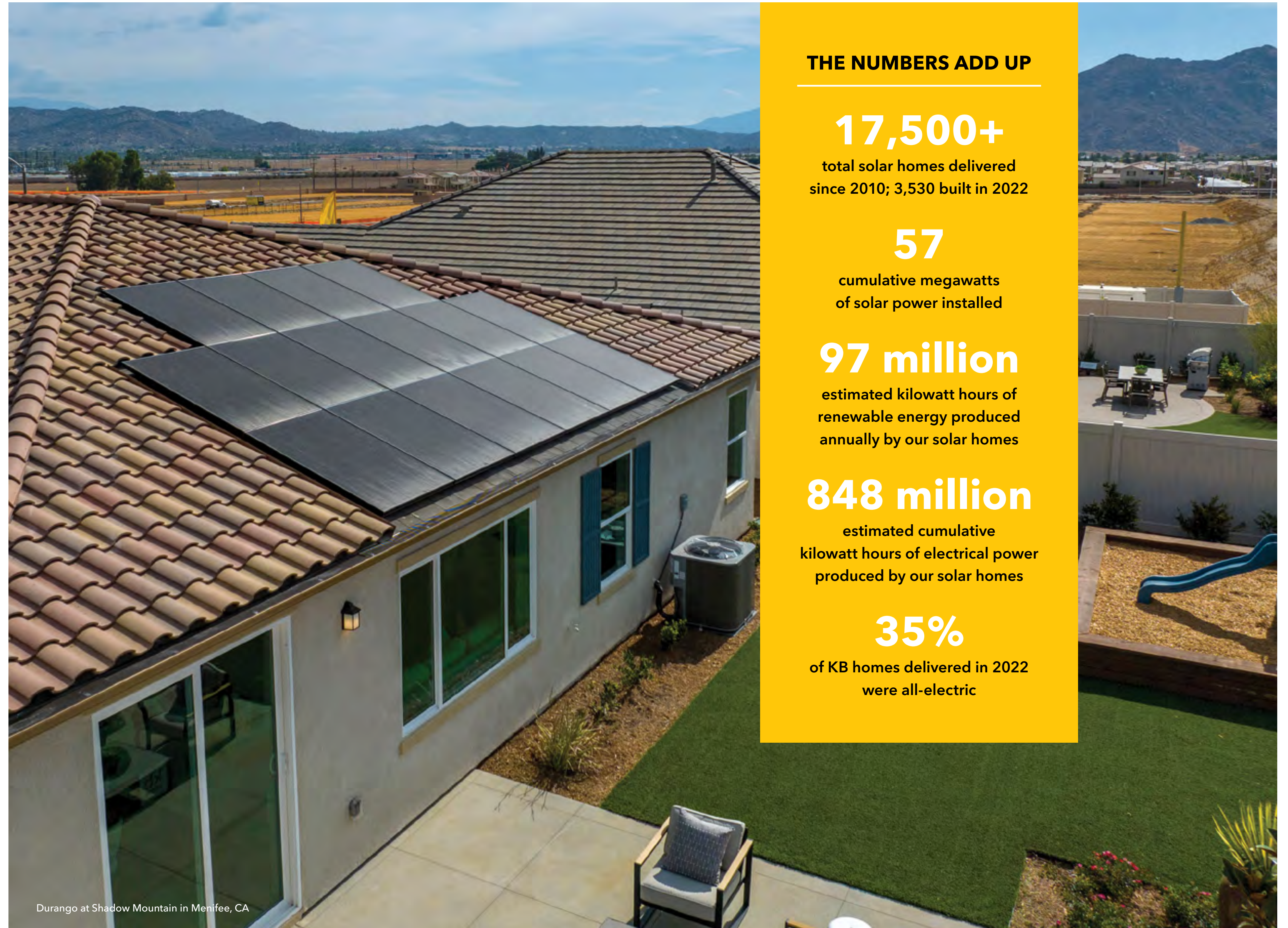
In order to make solar renewable energy more attainable for more homebuyers, we offer both leasing and mortgage financing options for solar power systems. In addition, we have added higher efficiency solar panels in recent years that generate more power using the same roof space.

### Supporting advanced technology development

We use newer technology heat-pump water heaters and air conditioners to save energy. Our size and scale are supporting these advanced technologies in gaining market share. Also, we were the first production builder to join the National Renewable Energy Laboratory's (NREL) American-Made Solar Prize Network as a Connector, mentoring innovators and connecting them with potential business opportunities in 2020, 2021 and 2022.

### Increasing all-electric homes

KB Home is building all-electric homes in many areas across the country in response to consumer demand, and in some cases, local building code requirements. Each all-electric home saves approximately 3,800 pounds of CO<sub>2</sub> per year compared to dual-fuel homes, making a significant impact on GHG emissions over the life cycle of our homes. In 2022, 35% of our total homes delivered were all-electric, incorporating heat pumps and other energy-efficient technology, up from 30% in 2021.



Durango at Shadow Mountain in Menifee, CA

### THE NUMBERS ADD UP

**17,500+**

total solar homes delivered since 2010; 3,530 built in 2022

**57**

cumulative megawatts of solar power installed

**97 million**

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

**848 million**

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

**35%**

of KB homes delivered in 2022 were all-electric



## Water conservation

### Water: an emerging imperative

Water conservation has long been a critical issue for housing. For nearly 20 years, we have been building water-efficient new homes to address this issue. In many of the areas in which we build, including in our West Coast and Southwest regions, periodic drought conditions are a way of life and water conservation is an imperative.

### Water is not something we can take for granted

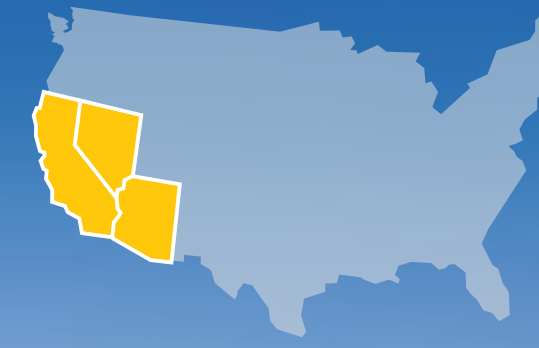
We consider water a fundamental human right. As many areas of the U.S. experience an increasing frequency, intensity and duration of drought events, building water-efficient new homes can help preserve this vital natural resource as well as save our homeowners on utility costs.

### Water conservation is emerging as a condition of doing business in the Southwest U.S.

Some municipalities in the Southern Colorado River Basin that may be facing lower allotments of water from the river amid more frequent droughts are considering requiring homes to be WaterSense labeled to permit new residential communities. This is why we believe that building WaterSense labeled homes is the right thing to do for our homeowners, the environment and our business, giving us, among other things, a potential advantage with local governments looking for experienced partners.

### Expanding WaterSense across the drought-impacted Southwest

In July 2022, we announced that new KB homes in all future communities in Arizona, California and Nevada will be WaterSense labeled. (See Executive Summary, page 6 for more information.)



Inspirada in Henderson, NV

### An early leader in water-efficient homes

We were the first national homebuilder to join the EPA's WaterSense program in 2010 and have been a strong proponent of this important water-efficiency standard ever since. WaterSense labeled homes use at least 30% less water than a typical home and can save a household 50,000 gallons of water annually, on average, according to EPA.

We have built over 19,000 WaterSense and Water Smart homes, more than any other homebuilder, and installed over 1,000,000 WaterSense labeled fixtures, collectively helping to save an estimated 1.7 billion gallons of water per year.

In 2022, we built 1,760 WaterSense labeled homes. These homes were rated using the RESNET HERS H<sub>2</sub>O water efficiency rating system. Our average RESNET HERS H<sub>2</sub>O Index score was 61, which is 39% more water efficient than a home built to 2006 standards.



## Proven water savings

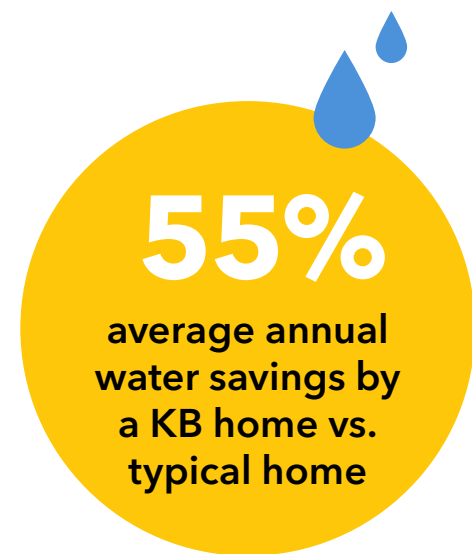
KB Home participated in a research study of WaterSense labeled homes to verify water savings under real-world conditions in 2020-21. EPA's study was published in the May 2022 issue of the American Water Works Association®'s Journal AWWA.



- 568 WaterSense V2 labeled homes included in the research
- Filtered for at least nine months of water use data
- Mapped certification data to water purveyor data
- Final dataset: WaterSense certification information and annual water use for 160 homes

### Water use study of KB Home's WaterSense labeled homes in Las Vegas

"Median water use for these homes was 44,000 gal./year compared to average consumption of 97,000 gal./year for the area."



### Our operational water use

We believe that our greatest potential water conservation opportunity is in building more efficient homes that reduce the use of this critical natural resource in daily operation over their multidecade life cycle. However, we recognize that it is important to be attentive to the water used in our operations as well. At this time, we are working to improve our ability to measure this water use more precisely. For 2022, we estimate that we used approximately 80 million gallons of water, compared to approximately 70 million gallons in 2021, our first year estimating this measure. This estimate encompasses water usage at our community sales offices and model homes, based on projections from multiple model home utility invoices, for one year, from each region: West Coast, Southwest, Central and Southeast. The year-over-year change in 2022 reflects refinements that we have made to our estimation process to include invoices from more regions. This rough estimate of our operational water use reflects the significant challenges in collecting, processing and aggregating water usage data across our operations due to the large number of homes that we build annually.





## Healthier homes

### Healthier indoor environments support wellness

We believe that wellness starts at home, and that's where we can make meaningful changes to improve overall well-being.

Our homes are designed 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 new 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 comfort through every season.
- We also feature smart thermostats, which can learn homeowner patterns and help reduce 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 interior door hardware with antimicrobial protection that inhibits the growth of microbes, such as bacteria, mold and mildew, on product surfaces.
- Additional upgrades like touchless faucets, voice-activated light switches and smart appliances help to further reduce the spread of germs.





## Waste reduction

### Conserving natural resources and reducing waste

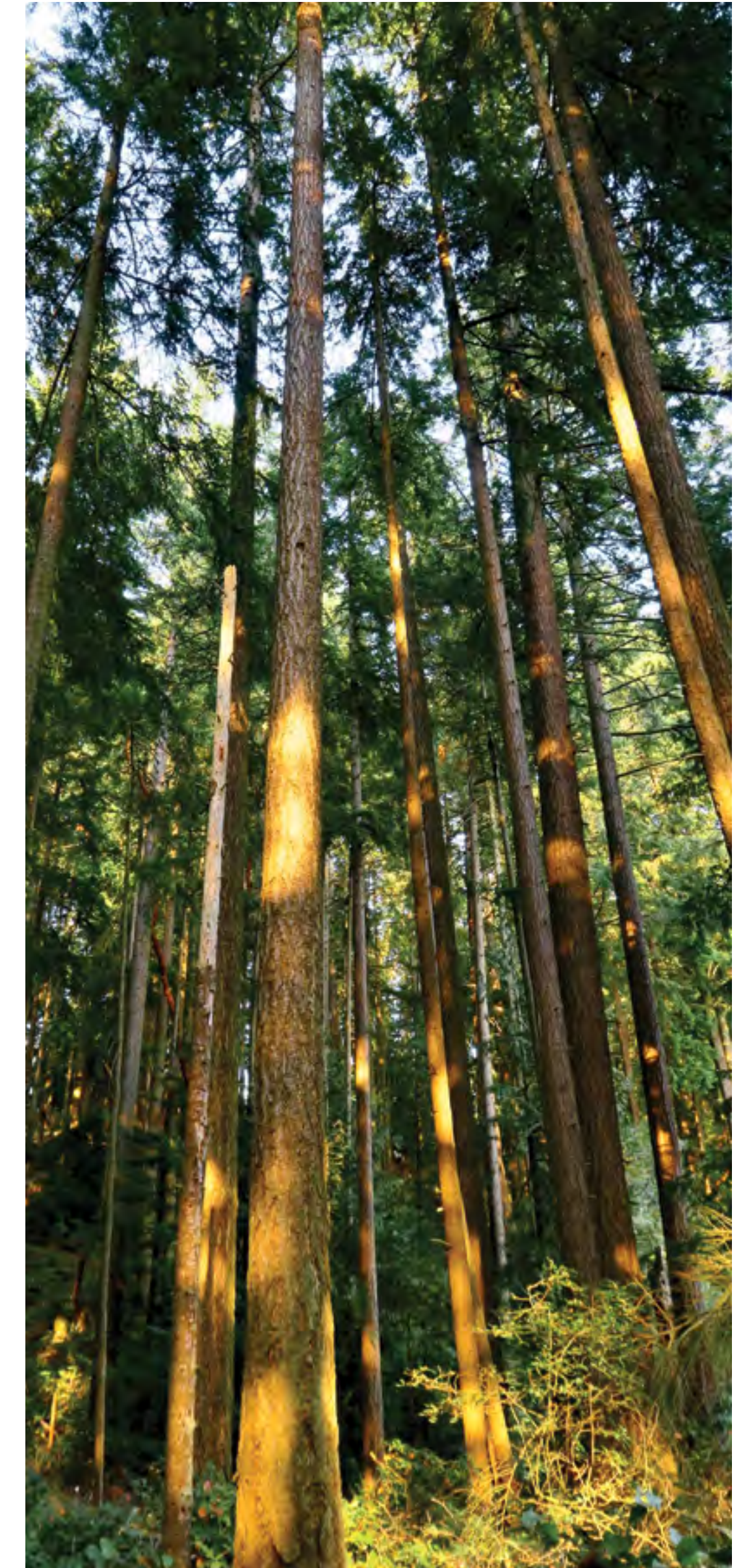
We strive to use natural resources and building materials in the most efficient manner possible, which not only conserves precious natural resources but also reduces costs for our business. We seek to reduce waste on our construction jobsites and in our offices, along with mitigating or diverting potential pollution and e-waste. We also work closely with our suppliers to create a more sustainable and environmentally responsible supply chain. By prioritizing sustainable practices and encouraging suppliers to do the same, we may be able to reduce our environmental impact. Publicly disclosing our policies and intentions is an important part of this process.

We took an early leadership position in our industry 15 years ago by becoming a public proponent for the preservation of old-growth national forests in partnership with the National Resources Defense Council (NRDC), who recognized KB Home for our leadership in supporting the protection of old-growth forests and our commitment not to use lumber from those forests.

### Responsible lumber practices

As wood products are a primary component in the homes that we build, we recognize the importance of sourcing lumber responsibly. We took the initiative nearly two decade ago to adopt preservation standards for trees growing in environmentally sensitive areas. Since then, we have built on these standards while still focusing on maintaining affordability for our buyers even during times of severe shortages, such as during 2020-2022. Some highlights of our lumber sourcing standards include:

- **Protecting Endangered Forests** - Our lumber suppliers are required to certify that wood will not be directly or indirectly sourced from endangered forests. This includes places such as tropical rainforests; habitats that contain rare or endangered species, trees or other plants; or sites that exhibit rare ecological or evolutionary phenomena.
- **Engineered Wood Products** - We continue to explore the expansion of our use of engineered wood products and other sustainable alternatives while balancing the costs for our customers. For example, floor systems for two-story homes are primarily constructed of manufactured "I" joists rather than nominal lumber. In addition, most structural beams are either engineered products or laminated from smaller members. Engineered wood products are made from recycled lumber, often stronger than products made from virgin trees, and minimize the cutting of new trees.
- **Value Engineering and Panelization** - Many of our home designs are built around a central module engineered to provide construction efficiency so fewer raw materials are used. By optimizing our home design to use more manufactured framing components, we can reduce the amount of lumber used, thereby reducing the number of trees needed to build a KB home. According to our supplier partner, Builders FirstSource®, our use of their precut framing packages and trusses has resulted in an estimated 22,000 trees saved when compared to traditional stick-framed homes in 2022. Additionally, this approach reduces waste compared to on-site construction, allows work to progress regardless of weather conditions and minimizes the transportation of materials to construction sites. It also helps us build more airtight homes, which means better energy efficiency and lower utility bills.
- **Third-Party Certification** - Our suppliers offer certified products through sustainable forestry management programs or organizations like the SFI or the Forest Stewardship Council® (FSC).
- **Legal Compliance** - All KB Home wood suppliers commit to comply with all local, national and international laws applicable to wood or wood merchandise.



## Pollution prevention practices

Maximizing the efficient use of materials and reducing waste lessen our impact on the environment and our cost to build, which helps us keep homeownership more affordable. Both in building our neighborhoods and operating our offices, we strive to implement practices to enhance our pollution prevention and waste reduction impact. We are committed to significantly reducing or eliminating our landfill waste over time.

### Jobsite waste tracking enhancements

One of the initiatives we undertook in 2022 was an assessment of our jobsite waste data tracking platform. Over the course of the year, we met with divisional teams to evaluate how they were collecting jobsite waste data and redesigned our internal data collection platform in response to the feedback gathered. The new version of our platform was launched in early 2023, and we expect to share more detailed information on jobsite waste in future reports. As our waste diversion efforts continue to grow, we have reached over 60% jobsite waste diversion at some of our divisions in California and Washington.

### Storm water pollution prevention practices

Each community site has a specific Storm Water Pollution Prevention Plan (SWPPP). 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 neighboring properties. SWPPPs include inspection protocols to help ensure that our controls are in place and working and we can proceed in a way that protects the communities' clean water and surrounding environment. Last year, over 24,000 documented inspections were performed on KB Home sites nationwide.

### 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 ways to incorporate building materials and products that contain recycled plastics diverted from landfills and oceans into our homes. KB homes built in 2022 continued to use Moen®'s mixing valves, which contain recycled ocean plastics. With an average of 2.5 valves installed per home, Moen estimates that we used almost 2,300 lbs. of recycled plastic in 2022.

### e-Waste diversion practices

We also aim to responsibly divert our electronic waste from landfills. Our information technology team maintains a robust inventory of all electronics issued to employees to help track 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 nonprofit organizations** - If retired electronics have any remaining useful life, we prioritize donating them to local nonprofits. This gives these assets a second life while supporting community groups at the same time. In 2022, we donated over 110 electronic devices, including laptops, desktops, copiers, televisions and more.
- **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 the waste stream and 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.



KB Home donated five developer laptops to Walnut High School's independently run robotics team. We are proud to support these students and their shared passion for science and engineering.



## Quality standards

### Quality construction

We believe that our commitment to quality standards is an essential part of building a better, more sustainable home. Exceptional quality doesn't happen by chance; we strive to build it into the way that we do business.

We partner with IBACOS® to provide a comprehensive annual evaluation that serves as an objective measure of our homes' performance against their recommended best practices scorecard. IBACOS also informs our safety performance at our construction jobsites (see page 22).

# 32%

increase in IBACOS performance scores for Drainage Plane and Flashing System – a key building durability metric – since 2016

#### 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.

**19%** improvement in overall construction quality score from 2014 to 2022

**3.32** IBACOS 2022 Overall Score



### 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 nongovernmental 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





# Strong Communities

We don't just build neighborhoods, we build communities, the physical places and social spaces where people can create lives. Our neighborhoods are thoughtfully designed to mature well and located in the places where people want to live. We also contribute to the revitalization and expansion of older neighborhoods by redeveloping infill locations and former commercial spaces into vibrant new areas. We do all of this while striving to maintain appreciation for the land on which we build and working to preserve existing natural features and biodiversity as part of the design and benefits of our communities.

The social communities in and around our new-home neighborhoods are equally important. We believe that homeownership encourages our new homebuyers to put down roots and build long-term community ties with both neighbors and the wider community around them. It also promotes a personal investment in the neighborhoods in which they live, and we believe that this creates stronger, more resilient communities for everyone.



## Community building

### Building social communities

Home is the foundation of family life and community for many of us. Social ties with neighbors and the wider community can be one of the important yet often-forgotten benefits of homeownership. Studies show that social connectedness isn't just "nice to have," it's important for health and well-being.<sup>1</sup>

### Personal investment in local community

By building new neighborhoods where people come together with a shared experience of creating their dream home from the ground up, we can give our homeowners a feeling of personal investment in their new neighborhood, which can be the foundation for lasting bonds.

### Recreational facilities promote community bonding and a healthier lifestyle

To support these goals, we design, on both a required or voluntary basis, community amenities like shared recreational facilities, parks, playgrounds, gardens and/or walking trails into many of our neighborhoods, which provide opportunities for engagement with neighbors as well as promote a healthier lifestyle. This can be particularly attractive to first-time homeowners coming from apartments without easy access to the outdoors.

<sup>1</sup> Martino J, Pegg J, Frates EP. The Connection Prescription: Using the Power of Social Interactions and the Deep Desire for Connectedness to Empower Health and Wellness. Am J Lifestyle Med. 2015 Oct 7



Photo courtesy of Weiland Design Group, Inc.

## Creating community play spaces that work with nature

Our Willowmore at Park Place community in Ontario, California features open space paseos throughout the neighborhood and showcases an ecologically diverse landscape design that utilizes recycled water and regionally appropriate pollinator plants and embraces natural materials. The community is also recognized as a Pathways for Play<sup>®</sup> National Demonstration Site for infusing pathways with play opportunities to promote healthy lifestyles.

### THE NUMBERS ADD UP

**246**

KB Home communities actively selling as of November 30, 2022

**670,000+**

total KB homes delivered since 1957

**13,738**

new KB homes delivered in 2022

**53%**

first-time buyers in 2022

**23%**

first move-up buyers in 2022

**40+**

high-density communities nationwide in 2022

**50+**

infill/redevelopment communities nationwide in 2022

**\$121+ million**

in fees paid to local governments to build schools, roads, parks and more (both voluntary and required) in 2022

## Investing in the long-term success of the communities in which we build

Community building goes beyond strengthening an area’s social fabric. Strong communities require the physical and systems infrastructure to support both current and future residents. We are proud to work with local governments, school districts, utilities and community organizations to contribute toward building schools, roads, utilities and other key infrastructure. Many of these are required, while others are voluntary aspects of our community development and design. Each demonstrates to local stakeholders that we are making a durable investment in their community. We believe that this makes us better citizens of the areas in which we build and also may provide us with an advantage when local land sellers and governments are considering project approvals.

### Contributing to local economic resiliency

New-home communities and new homeowners also support the communities surrounding their neighborhoods in being more economically resilient and socially supported places in which to build lives and families.<sup>1</sup> Both the job growth associated with the construction of new homes and the economic impact of new homeowners, often with growing families, help to create thriving local communities.

The housing market is a key engine of growth for both the national and local economies. We see building new housing stock as a form of community investment and infrastructure that contributes to long-term social and economic benefits, including:

- Each new single-family home built is estimated to create the equivalent of approximately three new jobs for a year.<sup>2</sup>
- New homeowners spend, on average, an additional \$4,500 on home-related purchases like furniture and other household goods in the first two years compared to non-moving homeowners.<sup>3</sup>
- New homebuyers support the local economy, becoming new customers for area businesses, including grocery stores, restaurants, dry cleaners and gardening services.

<sup>1</sup> National Association of Realtors®, Research Division, Social Benefits of Homeownership and Stable Housing, December 2016

<sup>2</sup> National Association of Home Builders, Eye on Housing, How Home Building Can Lead a Recovery by Generating Jobs, April 2020

<sup>3</sup> Source: National Association of Home Builders study, 2015



### We invest in our communities and their long-term success

In 2022, we made significant voluntary and required contributions to local infrastructure in many of the communities in which we build, including:

**\$81,677,000**

to school fees

**\$16,853,000**

to water, sewer and stormwater infrastructure

**\$22,482,000**

to other community enhancements, such as parks

## When residents are stronger, communities are stronger

Homeownership is often referred to as the American Dream because it is the foundation for so many of the goals that many of us hold for ourselves and our futures. This dream can include providing a stable financial platform on which we can grow families, build careers and businesses, and generally move in an upward trajectory in our own generation and beyond.

### Homeownership can support greater stability and opportunity

Numerous studies have linked homeownership with greater stability in neighborhoods, lower crime rates and a variety of improved social and educational outcomes:

- A 2016 Federal Reserve Bank of San Francisco analysis of “Homeownership and the Stability of Middle Neighborhoods” found significant support for higher homeownership rates being “an important element in neighborhood health,” resulting in greater residential stability, higher community involvement and lower crime rates.<sup>1</sup>
- The Federal Reserve Bank analysis also found that successful homeownership is associated with increased physical health and mental well-being and overall life satisfaction.
- The same analysis found a strong link between homeownership and better educational outcomes for the children of those families, including achieving higher levels of education and subsequent earnings.

<sup>1</sup> [Homeownership and the Stability of Middle Neighborhoods, 2016](#)

<sup>2</sup> [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](#)



### Homeownership is the foundation for household wealth

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.
- Homeownership offers lower- and middle-income Americans of every background an opportunity to lift their economic prospects over time.<sup>2</sup>





## Community giving

### Supporting the wider communities we call home

KB Cares is our philanthropic program that builds relationships and communities. We believe that every action we take, from how we build our homes to how we care for our communities, has the potential to make a positive impact. Our KB Cares program is one way that we put that ideal into action. Through KB Cares, our divisions make targeted investments in their local communities by acting in the interests of four key areas of caring: shelter, community, sustainability and environment, and construction skills and employment.

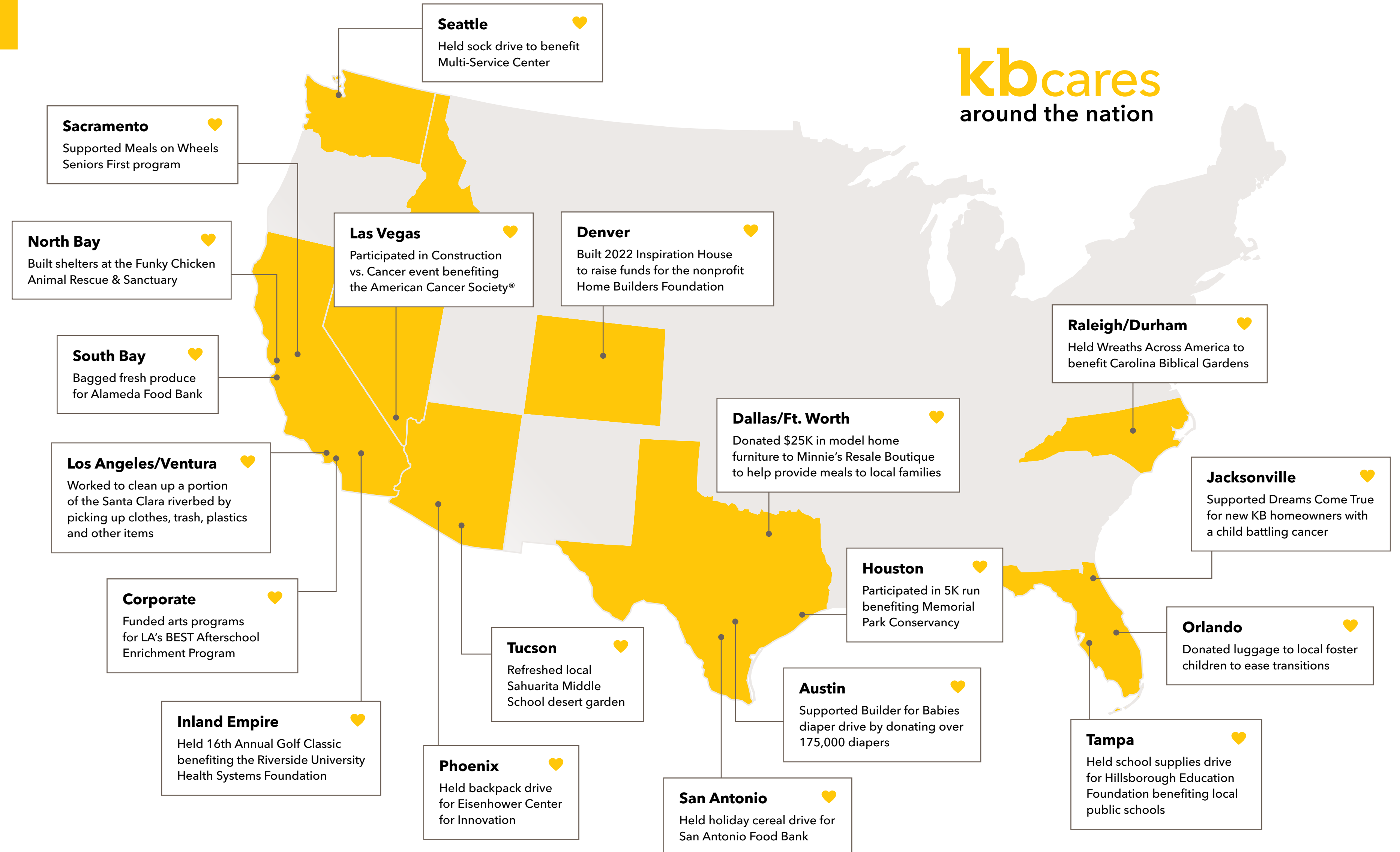
# \$1.94+ million

combined donations from all KB Home divisions in 2022

# 3,779

total volunteer hours of KB Home employees in 2022

## kbcares around the nation



## One new home and two new blankets

Sackcloth & Ashes is a mission-driven company that donates a blanket to a homeless shelter for each one purchased. They work to highlight grassroots organizations that are creating solutions to help the homeless. Nearly two years ago, KB Home formed a relationship with Sackcloth & Ashes. As part of this partnership, we provide a blanket in a customized box as a housewarming gift to all new KB homeowners, and in turn, we donate blankets to local homeless shelters across our footprint. Additionally, the housewarming blanket's customized box includes a note encouraging the homeowner to get involved in their community by filling the box with donations of needed items and taking it to their local shelter.

Our initial goal was to donate over 15,000 blankets in a 2-year period, and we have donated over 22,000 since starting the partnership.

Employees have participated in "blanket events" at local shelters in several divisions across the company and will continue to do so in 2023.

**22,000+**  
total blankets  
donated and  
counting



## Bringing the community together in support of local healthcare

For 16 years, KB Home’s Inland Empire team has partnered to support the Riverside University Health Systems Foundation, raising a cumulative \$2.4 million to support local community health care services. This year’s 16th Annual Golf Classic raised an all-time high of \$230,000. Support was so strong that they not only reached this year’s goal but also next year’s as well.

The focus for 2022 was to raise funding to support the hospital’s updated Cancer Infusion Center and begin working toward the 2023 goal, a Serenity Pathway that will serve as a place for family members to reflect and recharge with their loved ones.

**\$2.4M**  
cumulative donations raised to support local healthcare services.

### Past tournaments have raised funds to support:

- A mobile medical unit to serve the community
- Panda bed warmers for NICU infants
- New MRI and CT scanners
- The first Regional Cardiac Cath Lab in the area
- An expanded Child Abuse & Neglect Center serving 1,500 children annually

We are honored to participate in supporting this critical piece of community infrastructure to aid the health and well-being of all our Inland Empire neighbors.



## When healing is supported by a new place to call home

In 2022, as part of our continued partnership with Jared Allen's Home for Wounded Warriors, we completed a personalized, mortgage-free home for Corporal Jonny Flores, his wife Nia and son Jonathan at our Williams Pointe community in the Tampa area.

Jonny, a decorated, retired U.S. Army veteran, was deployed to Baghdad, Iraq in 2006 and subsequently injured when his vehicle was hit with an IED and small arms fire while conducting routine combat patrol. Jonny sustained multiple injuries and is now wheelchair dependent. Jonny and Nia were living in a home that was not wheelchair accessible and did not meet the family's needs.

Our Tampa team built a strong relationship with Jonny and his family. This helped us understand the family's goals, so we could design a dream home around their day-to-day lives. The home we built includes accessibility features that meet the needs of the Flores family.





## Community revitalization

### Revitalizing and reimagining older communities

In many of the land-constrained areas in which we build, we use our expertise in community design to reimagine the potential of underutilized land and revitalize older neighborhoods with new housing stock. This can help bring in new residents and new energy, giving many of these places a new start. The land sellers and local governments with which we collaborate know that we have the experience to work with them to design new homes and new neighborhoods that contribute to the overall well-being of the community.

Creating these infill communities in established areas and participating in redevelopment projects are among our considerations when evaluating potential land investments. Often when we build in these areas, our homes are the first residential new construction in years and can enhance communities with more energy- and water-efficient housing that contribute to the overall financial and environmental resiliency of the local community.

A number of our neighborhoods have been built on redeveloped or infill locations, including 10+ redevelopment and 40+ infill communities in 2022. In addition, we strive to make more effective use of limited land resources by designing high-density communities of greater than eight and up to 40 dwelling units per acre where zoning permits.

**40+**

high-density communities nationwide in 2022

**10+**

redevelopment communities nationwide in 2022

**40+**

infill communities nationwide in 2022



**Redevelopment spotlight**

#### Magnolia Square in Buena Park, California

Magnolia Square is a redevelopment project located on the former site of a telecommunications facility that was discontinued due to structure age. The neighborhood consists of 108 attached three-story homes on 5.5 acres. Situated in a desirable, commuter-friendly area, the community also achieves good walkability and bikeability scores.



**Infill spotlight**

#### Lacy Crossing in Santa Ana, California

This 117-unit infill project consists of three-story townhomes on approximately 6.14 acres of previously unused land in the heart of Downtown Santa Ana (DTSA). Comprised of two distinct planning areas consisting of 84 three-story detached townhomes and 33 attached townhomes, Lacy Crossing has brought new housing options to the popular DTSA area.





## Biodiversity conservation

### Communities that sustain biodiversity

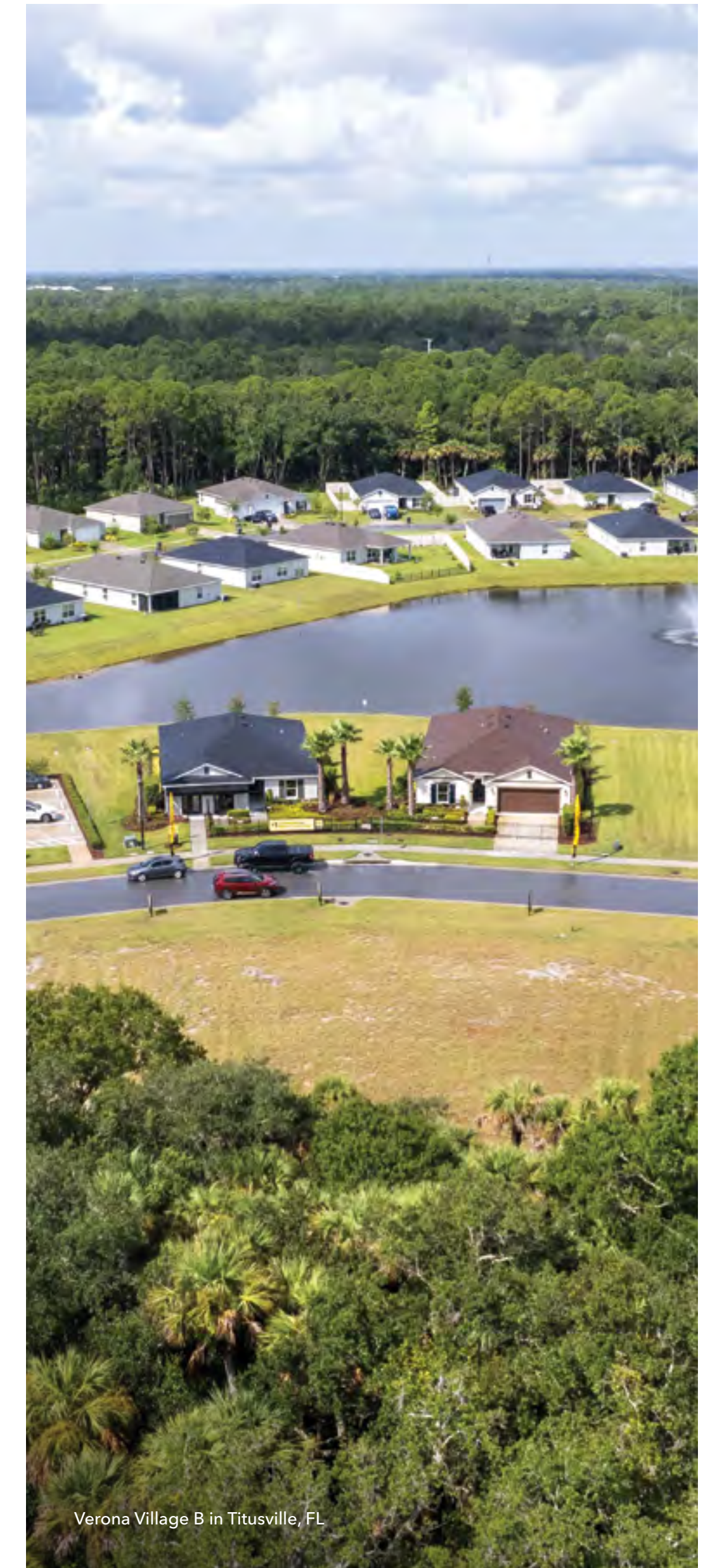
At KB Home, we recognize that our business and homes inherently use natural resources and impact the environment.

Our identified areas of nature-related risk and opportunities are:

- **Deforestation:** The use of lumber, a key construction material in homebuilding practices, has the potential to contribute to deforestation and the loss of biodiversity. To address this concern, KB Home has adopted responsible lumber standards that outline environmental standards for all wood products sourced (see page 33).
- **Water overuse:** In our operations in some of the most water-challenged regions of the U.S., we see firsthand the growing concern around water availability in the communities in which we build. KB Home was the first national homebuilder to join the EPA's WaterSense program in 2010. Further, every home built in our new communities in Arizona, California and Nevada since July 2022 has been WaterSense labeled, helping homeowners use less water and lower their utility bills in these severely drought-affected areas (see pages 30-31).
- **Water pollution:** Since homebuilding operations have the potential to contribute to water pollution from jobsite runoffs to nearby waterways, our jobsite management practices include SWPPPs at each community. These mitigation efforts include dedicated concrete washouts, paint washouts, silt fencing and inlet drain protection (see page 34). Within our homes, we have also incorporated products made from recycled ocean plastics (see page 34).
- **Waste generation:** Since construction operations generate significant waste that can accumulate in our landfills, we constantly evaluate our product designs to assess new opportunities to use natural resources more efficiently. Our approach to waste reduction includes updates to our Get Rid of Waste (GROW) internal initiatives to address jobsite waste (see page 34) and our value engineering and panelization work (see page 33).

In addition to the risks and opportunities already addressed above, other approaches that we take to minimize our environmental footprint include the following:

- **Biodiversity protections:** Beyond the thorough environmental assessment that we require for all our developments, we look for ways to contribute to or limit the impact on the local ecosystems. Wherever required and possible, we create conservation spaces; modify or delay our activities to accommodate migratory cycles; and assist or make financial contributions to nearby dedicated nature conservancy zones or organizations (see page 46).
- **Community revitalization:** We evaluate opportunities to build our new-home communities 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 page 44).
- **Strategic partnerships:** We seek out opportunities to multiply our impact by selecting developers who integrate sustainability into their own practices wherever possible. Many of our developers have their own sustainable development plans in addition to conducting environmental assessments.
- **Technological innovations:** We cultivate technological innovations that reduce our impact on the environment through supplier partnerships and mentorship of emerging innovators. We collaborated with suppliers to integrate products made from diverted plastic waste into the communities in which we build without sacrificing performance (see page 34). Additionally, we have served as an advisor to clean energy and greywater treatment innovators in early stages of development for the past couple years.



Verona Village B in Titusville, FL

## Biodiversity spotlight

### The Foothills and Ridgeview in San Marcos, California

When building near potentially sensitive habitats, we integrate preservation and restoration initiatives into our development plans and ensure compliance with applicable environmental regulations. Last year, we began delivering homes in The Foothills and Ridgeview communities in San Marcos, California. As these communities are located near the Aqua Hedionda Creek, we knew it was important to ensure that an appropriate mitigation plan was in place to preserve the wetlands and address impacts to sensitive species. To maximize biodiversity opportunities, the following features are integrated into the community development plans:

- **Enhancing local habitats** - Over 200 acres of Diegan coastal sage scrub will be preserved. These native plants are known to encourage biodiversity by providing habitats to local species. Additionally, we plan to offer restored and enhanced riparian zones along the Aqua Hedionda as we recognize these spaces are important to prevent habitat loss for the endangered local bird species, the Least Bell's Vireo.
- **Reintroducing native vegetation** - Initial site development involved removing over 2 acres of dense non-native vegetation, trash cleanup and weed control. A mix of native Californian plants will soon be planted to revegetate these areas. Additionally, as part of our long-term management plan, restoration areas will be maintained and monitored for five years after installation.
- **No net loss of wetlands** - Mitigation measures along the Aqua Hedionda Creek will include restoration of 7 acres of degraded riparian areas to help ensure that this community development will have no net loss of wetlands. This restoration effort will also enhance the streambed and establish connective flow from the creek.
- **Maintaining wildlife access** - As part of the development, an off-site easement adjacent to the property was included to provide a minimum 400-foot wide wildlife corridor. This is to allow local wildlife continued access to their habitats without disruption from human activities.



The Foothills in San Marcos, CA



Ridgeview in San Marcos, CA





# Our Foundation

Our sustainability goals have remained clear and our direction consistent for the past 16 years, part of the platform upon which we have grown our business and strengthened stakeholder relationships. Our progress toward these goals is purposeful and we continue to expand our governance policies and practices as an essential framework for including our stakeholders and guiding us forward.

We believe that transparency is essential to operating an inclusive, stakeholder-driven business. Publicly disclosing our organizational and governance standards and practices in this chapter in an easy-to-find, easy-to-understand format is part of how we do that. Our management and oversight personnel and structures support a business that adheres to the highest principles while continuing to support innovation and expansion across all three pillars of sustainability: environmental, social and governance.





## Corporate governance overview

### Strong governance and oversight are the backbone of sustainable businesses

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:

- **Arthur R. Collins**  
Founder and Managing Partner,  
theGROUP
- **Dorene C. Dominguez**  
Chairwoman and Chief Executive Officer,  
Vanir Group of Companies, Inc.

#### 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 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 page 51, nationally recognized leaders meet twice yearly with us to discuss recommendations related to sustainability and other issues.

#### Sustainability Leadership Team

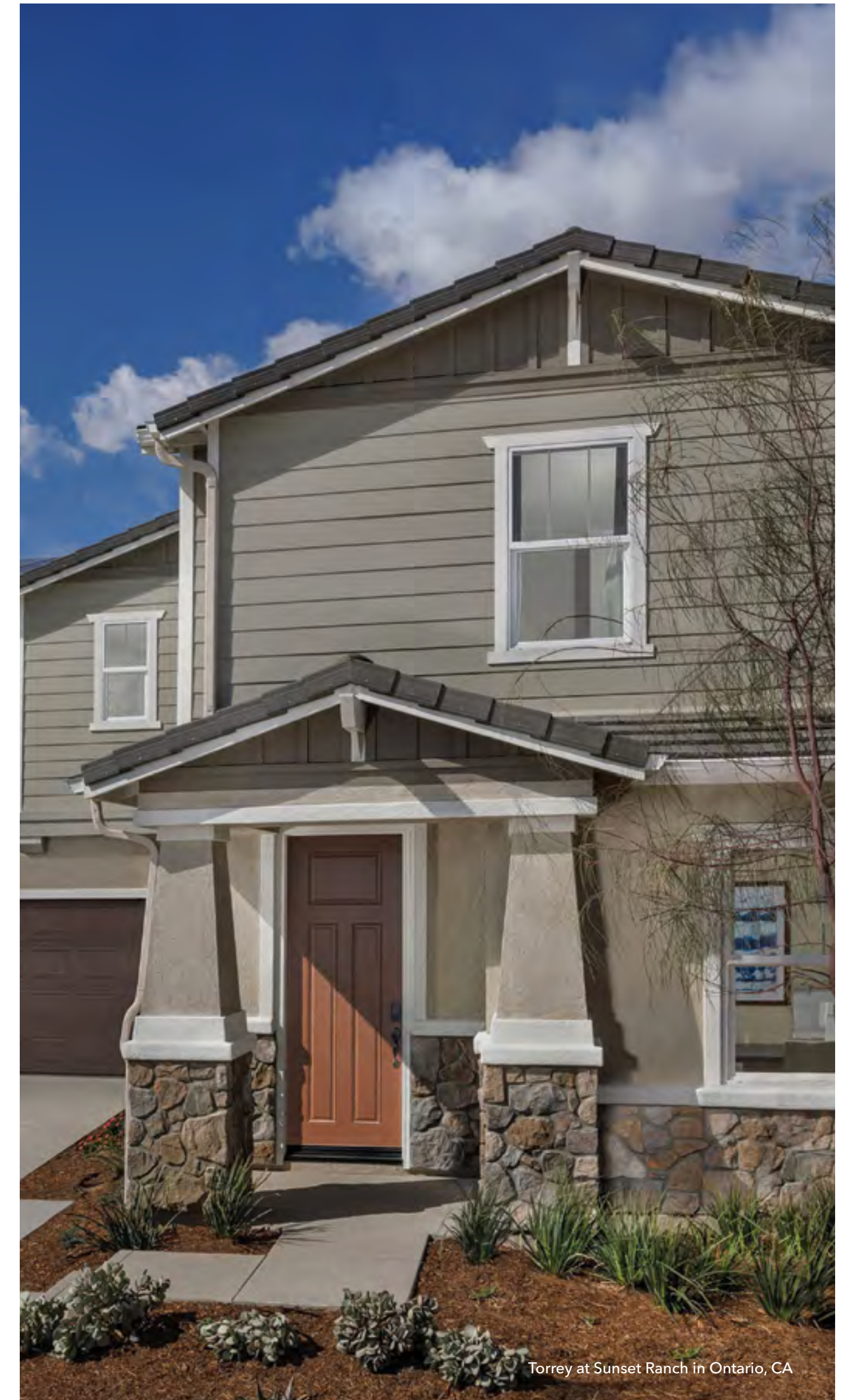
A group of high-level executives, led by our Chief Operating Officer and Senior Vice President for Sustainability and including select Division Presidents, convenes on a regular basis to discuss sustainability strategies and craft and refine company policies and initiatives, and create buy-in with leaders 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 sustainability across the company and enhancing our transparency and disclosure around these initiatives.

#### Environmental Management System

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 51, to continue to expand the transparency of our processes.



Torrey at Sunset Ranch in Ontario, CA

## Board of Directors oversight summary

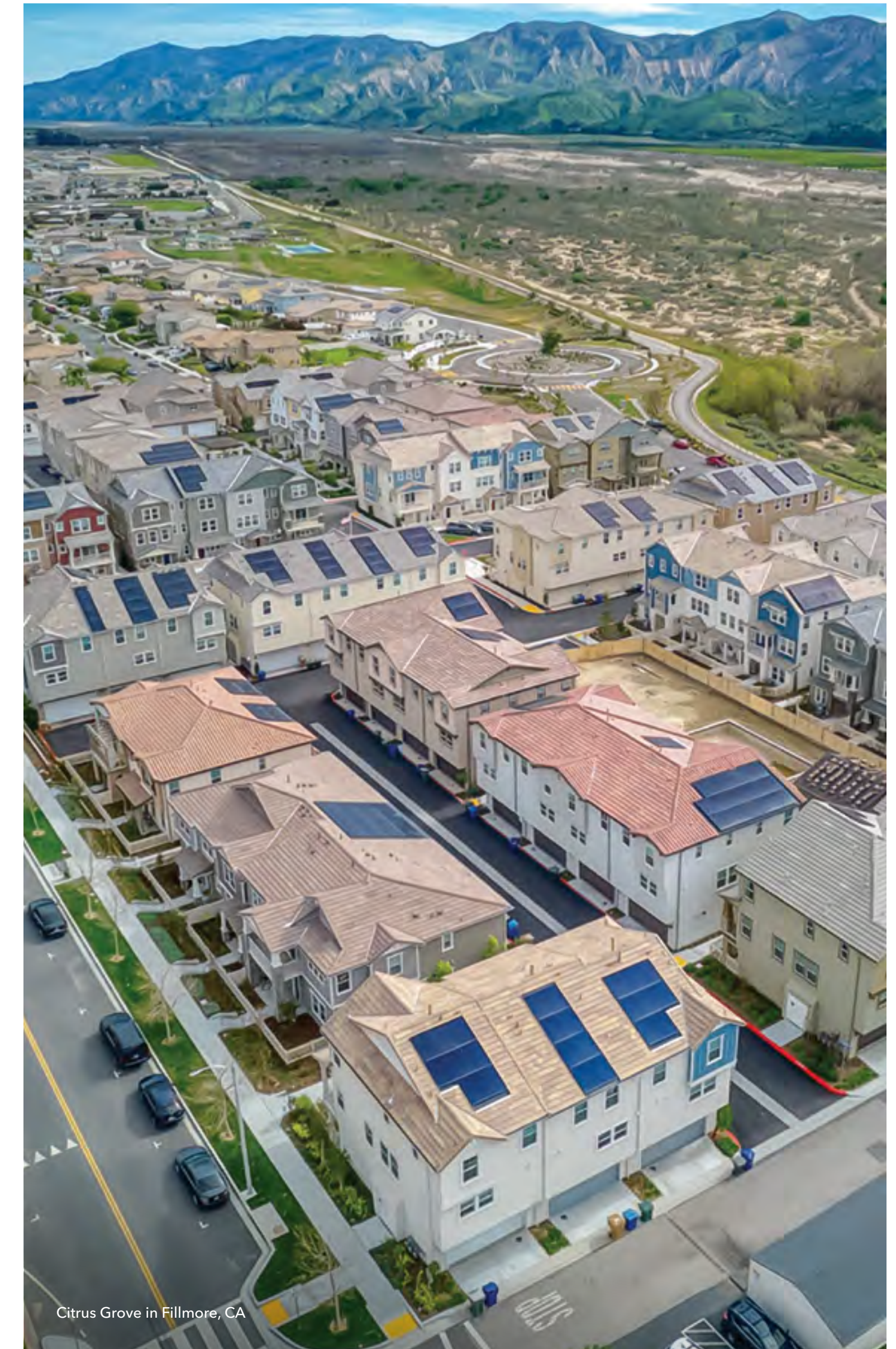
Because strong corporate governance is a key factor in driving long-term stockholder value, our Board of Directors has implemented a robust governance framework and leading practices to oversee the management of our business, as highlighted here.

- All directors, except for our President and CEO, are independent.
- There is a robust Lead Independent Director position with significant responsibilities and authority.
- Only independent directors serve on Board committees.
- During 2022, 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 allows 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 made since 2017 require double-trigger vesting in a change in control.
- 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.

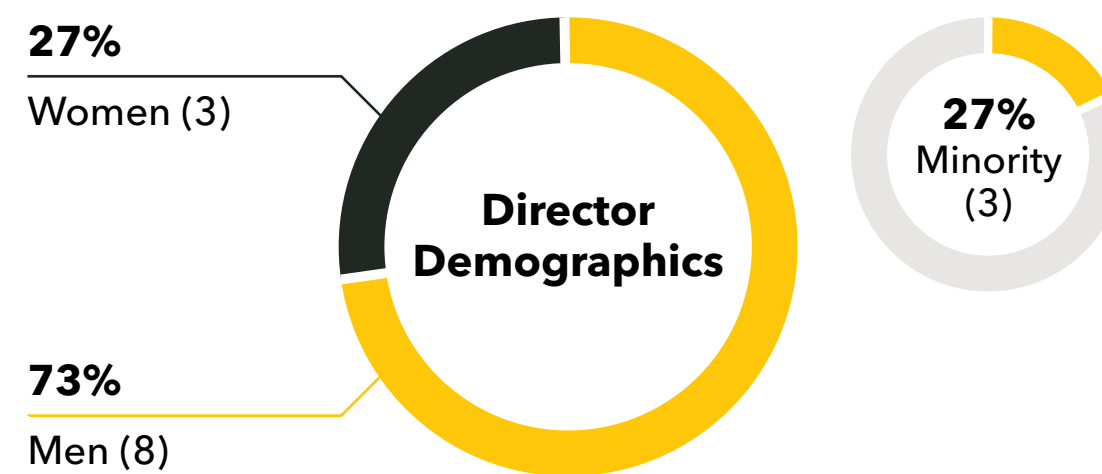
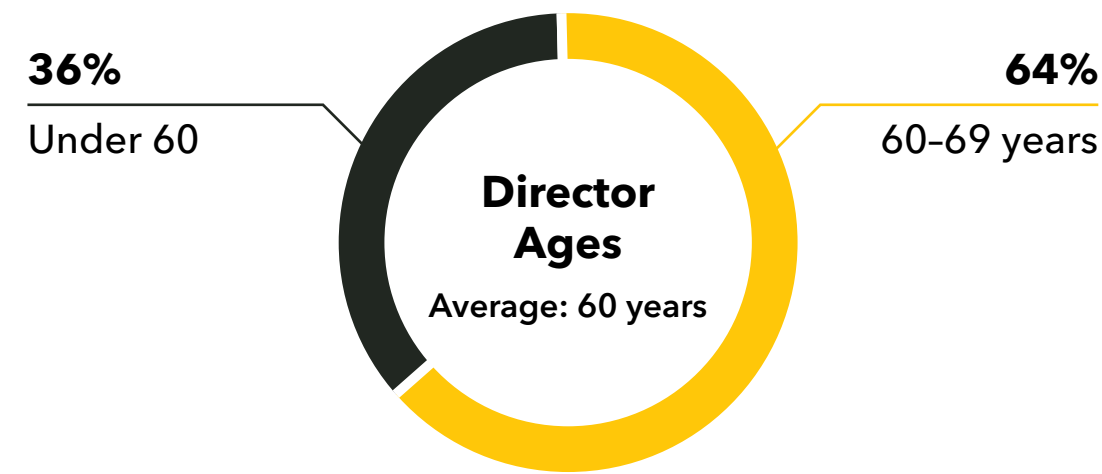
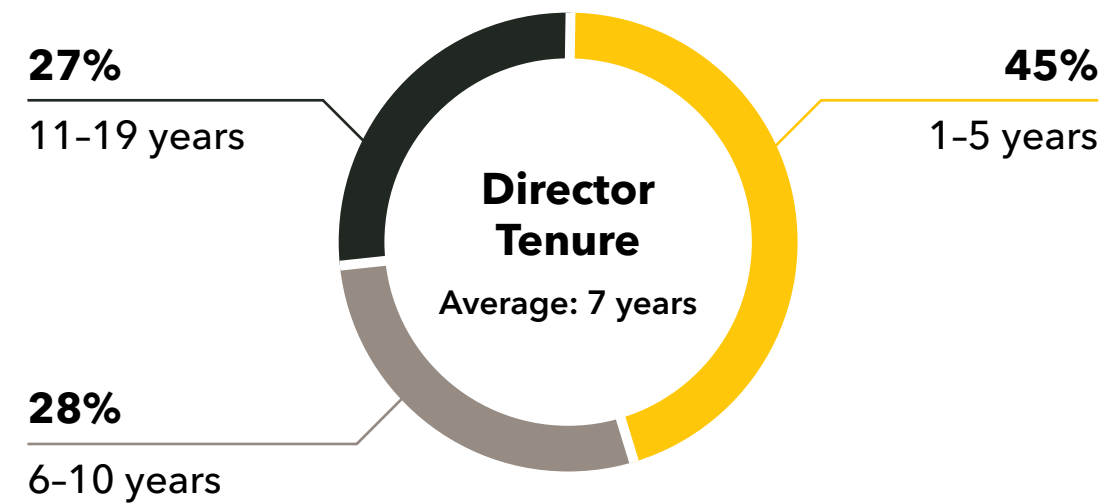
Additional information about our corporate governance practices can be found in our 2023 Proxy Statement through our Investor Relations website, <https://investor.kbhome.com>.



Citrus Grove in Fillmore, CA

# Our Board of Directors

Our Board of Directors is an exceptional group of professionals who bring a diversity of experience, background, ethnicity, race and gender that helps to bring depth and breadth to their oversight of our business. With an average tenure of approximately 7 years as of their election at our 2023 Annual Meeting, they are committed to delivering long-term value to our stockholders, employees, homeowners and all our stakeholders.



**Jose M. Barra**

Senior Vice President, Merchandising Décor, The Home Depot, Inc.

- Director Service Beginning 2023



**Dr. Stuart A. Gabriel**

Director, Richard S. Ziman Center for Real Estate at UCLA  
Distinguished Professor of Finance and Arden Realty Chair, UCLA Anderson School of Management

- Director Service Since 2016



**Jeffrey T. Mezger**

Chairman, President and Chief Executive Officer, KB Home

- Director Service Since 2006  
- Chairman Service Since 2016



**Arthur R. Collins**

Founder and Managing Partner, theGROUP

- Director Service Since 2020



**Dr. Thomas W. Gilligan**

Emeritus Senior Fellow, The Hoover Institution on War, Revolution and Peace  
Clinical Professor of Finance and a Senior Scholar at the McCombs School of Business Salem Center for Policy

- Director Service Since 2012



**Brian R. Niccol**

Chairman and Chief Executive Officer, Chipotle Mexican Grill, Inc.

- Director Service Since 2021



**Dorene C. Dominguez**

Chairwoman and Chief Executive Officer, Vanir Group of Companies, Inc.

- Director Service Since 2017



**Jodeen A. Kozlak**

Founder and Chief Executive Officer, Kozlak Capital Partners, LLC

- Director Service Since 2021



**James C. Weaver**

Chief Executive Officer and Chairman, CW Interests, LLC

- Director Service Since 2017



**Kevin P. Eltife**

Founder and Owner, Eltife Properties, Ltd.

- Director Service Since 2020



**Melissa Lora**

Former President, Taco Bell International

- Director Service Since 2004  
- Lead Independent Director Service Since 2016

## National Advisory Board

In 2009, we formed our National Advisory Board (NAB) in an effort to formalize our stakeholder engagement. Our members are leaders from diverse disciplines who 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/or our Chief Operating Officer. We also consult with members throughout the year on specific issues and emerging topics. In 2022, the NAB met twice, reviewing our progress on sustainability and ESG initiatives, providing advice on stakeholder priorities and suggesting actions that could improve our sustainability initiatives.



NAB members and guests gathered in Washington, D.C. for the Fall 2022 meeting. U.S. EPA Deputy Assistant Administrator Bruno Pigott addressed the group on the importance of water efficiency.

### 2022 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

**Nancy LeMond**  
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

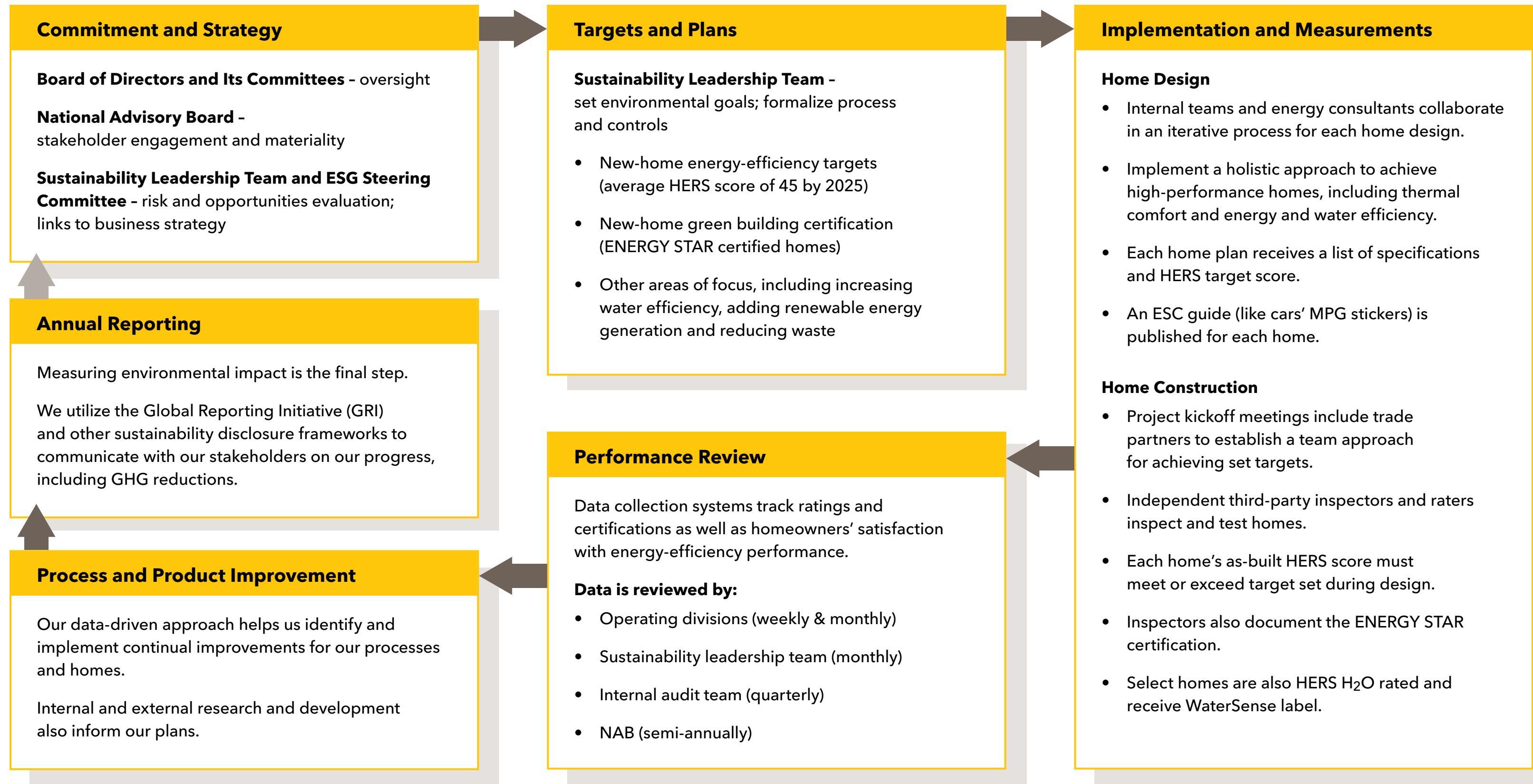
**Sam Rashkin**  
Founder, Retooling the U.S. Housing Industry  
Former Chief Architect, U.S. DOE Building Technologies Office

**Daniel Seligman**  
Director, Clean Energy Solutions, Ceres

**Tim Smith**  
Principal - AIA, AICP SERA Architects, Inc.

# Environmental Management System

We have established an EMS aligned with the EPA definition: “a set of processes and practices that enable an organization to reduce its environmental impact and increase its operating efficiency.” The focus of our EMS is to reduce the GHG emissions associated with the use of the homes that we build over their multidecade life cycle. We do this by proactively ensuring operational controls are in alignment with our organization commitments and regulatory requirements. Our EMS, which is documented in an EMS manual, provides a framework for planning, implementing, measuring, evaluating and refining these efforts over time. Additionally, we assess the effectiveness of our EMS annually to identify opportunities to implement efficiency enhancements. The flow chart below demonstrates this framework and the rigorous validation that we bring to the process.





## Disclosure and reporting

### Our commitment to sustainability reporting

#### Our sustainability materiality priorities

Over the course of our decades-long 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 that 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 Sustainability Accounting Standards Board (SASB), TCFD, Global Reporting Initiative (GRI) and United Nations Sustainable Development Goals (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 multidecade life cycle of a home – including the initial raw material extraction, manufacturing and construction – comes from the day-to-day living in it. That's why, as discussed on page 28, 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 that we build with renewable energy capability through solar photovoltaic power systems.

#### 2. Water conservation

As discussed on page 30, 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, including WaterSense labeled fixtures, and build WaterSense labeled homes in areas of high water stress. 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).



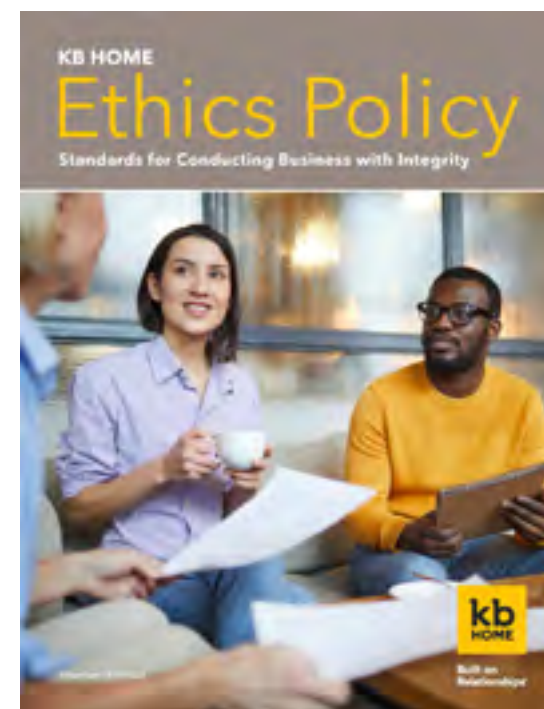
## Social standards and policies

### 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](https://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](https://kbhome.com/ethics).



### Supplier Code of Conduct

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



## Cybersecurity and data privacy

We take data privacy and security seriously. We maintain policies and procedures designed to comply with applicable state and federal rules as well as employ the following measures:

### Information security

Our technical defense layers provide multiple, redundant measures to help protect against vulnerabilities or if one security control fails. We have procured third-party programs and tools that provide or use, among other things, artificial intelligence, machine learning, computer network monitoring, firewall and intrusion detection and cloud service defenses.

### Customer privacy

We do not sell our mailing or contact lists to unaffiliated third parties. KB Home may share customer email address and contact information with our selected service providers for home-related offers and other information that we believe may be of interest to our customers; however, customers are able to indicate on the guest information, registration card or other materials that they do not wish to be contacted.

### Employee education and awareness activities

All KB employees are required to complete training on computer and data security, with extra training required for employees handling customer personal information. Additionally, monthly cybersecurity newsletters and phishing tests provide ongoing awareness and real-time training for all employees.

### Email security

We retain a third-party provider for email security and protection services. Since email is a frequent entry point for cyber threats, we have implemented these additional security measures in an effort to provide greater threat protection.

### Leadership oversight

Our Board of Directors, largely through its Audit and Compliance Committee, oversees cybersecurity risks and our evolving physical, electronic and other protection strategies and initiatives. Our senior information technology executives periodically update the committee on our cybersecurity practices and risks, most recently in October 2022.

### Annual risk assessment

We perform an annual cybersecurity assessment based on the National Institute of Standards and Technology framework to identify potential areas of focus.



Greenland Place Townhomes in Jacksonville, FL





## 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 2022, we contributed \$98,500 to campaigns for state and local offices in California and Nevada, and to California campaign committees.

The California contributions can be found on the California Secretary of State's website at <https://www.sos.ca.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 Business for Innovative Climate & Energy Policy (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 to that first report,, which we believe demonstrates that, for us, robust environmental, social and governance practices are essential for a business that does well by doing good.

# A comprehensive approach to disclosure and data sharing

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. New to this year’s report is an expanded TCFD disclosure to outline climate change-related risks and opportunities to our business. We also describe these topics in our periodic reports to the Securities and Exchange Commission (SEC), including in our 2022 Annual Report on Form 10-K.

This chapter contains TCFD, SASB and GRI indices as well as a chart demonstrating alignment between select UN SDGs and KB Home policies and strategies.

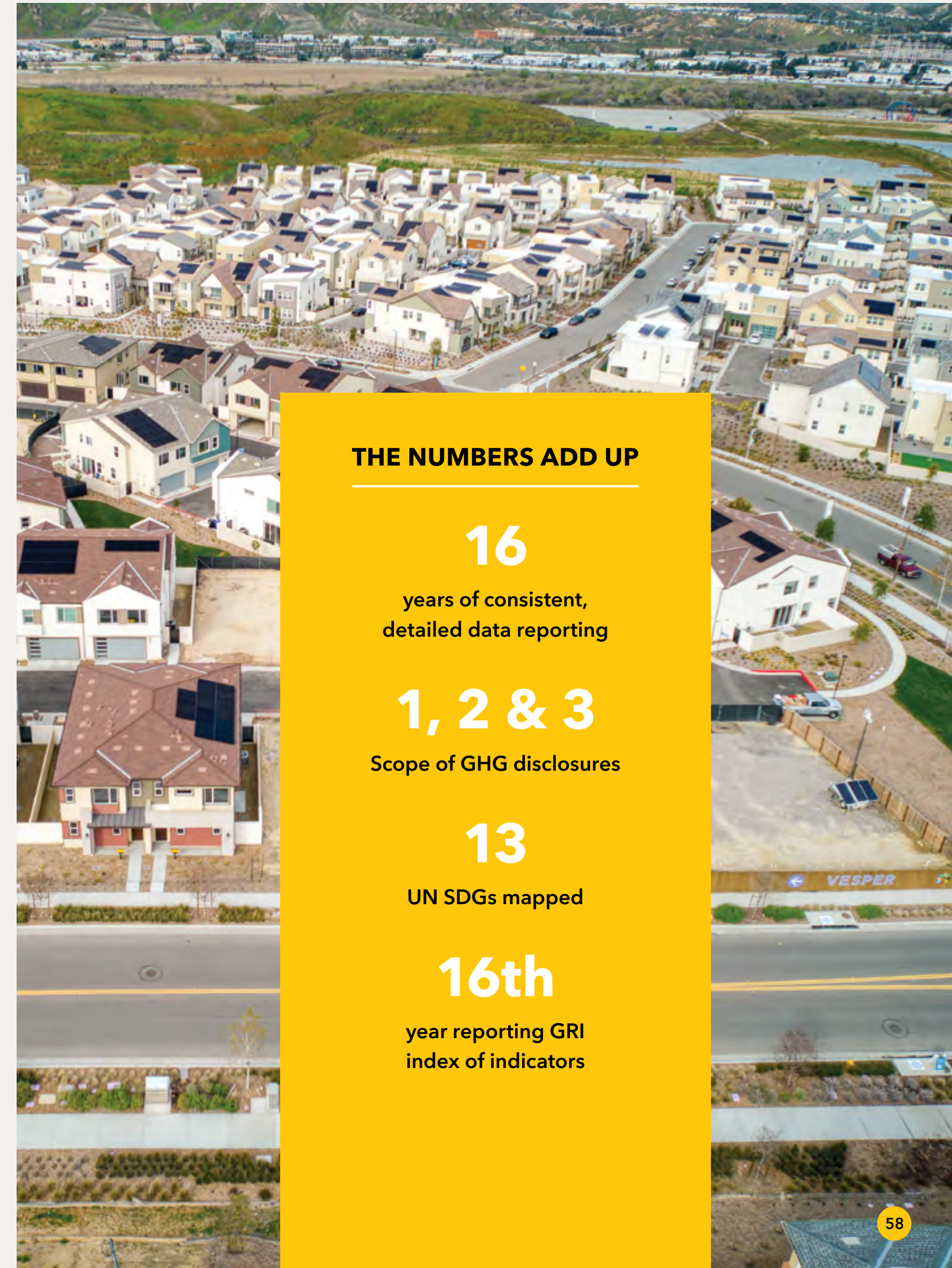
## GHG emissions and carbon reduction

This section contains information on the carbon footprint impact of our business, which encompasses Scope 1, 2 and 3 emissions. We use the data that we report year over year in considering potential actions to address our organization’s carbon footprint, especially with respect to the homes that we build. As the largest portion of our business’ carbon footprint comes from residents’ day-to-day living in our homes, for the past 16 years, we have focused on constructing highly energy-efficient homes that are designed to generate fewer GHG emissions in their daily operation over the expected multidecade life cycle. Our energy-efficiency benchmark – the HERS Index – also serves as the basis for our GHG emissions 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. To date, we estimate that our efforts to reduce the emissions associated with KB homes has led to an estimated 6.9 billion pounds (3.1 million metric tons) of avoided GHG emissions.

We believe Scope 3 represents the largest segment of GHG emissions from our business operations and products. In our 2021 report, we reported our Scope 3 Category 11 emissions, “Use of sold products,”

for the first time. Since we estimate our organization’s most significant emissions comes from the use and occupancy of our homes (page 53), the initial focus of our Scope 3 calculations was to estimate this category of emissions. 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. Additionally, we continue to assess use of RESNET’s Carbon Rating Index, which measures annual estimated emissions by projecting hourly energy usage in a home. We plan to continue incorporating new tools and resources, like the RESNET Carbon Rating Index, on our path toward minimizing our carbon footprint.

Our climate ambition is to explore setting emissions goals that align with our commitment to keeping homeownership attainable to our first-time homebuyer customers. As we continue to refine our GHG inventory and calculation methods, we look forward to being able to share more data and potential targets with our interested stakeholders in the future. In the coming year, we are working with our supplier partners and industry experts to study the embodied carbon emissions associated with the homes that we build in order to better understand our Scope 3 Category 1 emissions, “Purchased goods and services.”



### THE NUMBERS ADD UP

16

years of consistent, detailed data reporting

1, 2 & 3

Scope of GHG disclosures

13

UN SDGs mapped

16th

year reporting GRI index of indicators

## A comprehensive approach to disclosure and data sharing *(Continued)*

### Energy consumption

As part of our ongoing efforts to enhance our reporting, we are adding new energy consumption and intensity disclosures this year. With energy efficiency as the cornerstone of our sustainability commitment, we continue to take steps to monitor and improve our operational energy consumption. Our estimated energy consumption is based on utility invoices for the fiscal year 2022. Estimated energy usage per production homes, model homes and offices are calculated by sampling monthly invoices for each building and fuel type to determine average consumption per dollar spent each month. Estimated energy consumption is then calculated using this average multiplied by the corresponding utility spend for that building and fuel type. This calculation is done for each division to account for regional variations in energy consumption.

### GHG emission and carbon reduction

GHG Metrics	Units	2021	2022
Scope 1 estimated emissions - combustion of fuel	CO <sub>2</sub> e in metric tons	1,844	1,761
Scope 2 estimated emissions - location based	CO <sub>2</sub> e in metric tons	13,662	9,221
Total Scope 1 & 2 estimated emissions	CO <sub>2</sub> e in metric tons	15,506	10,982
Estimated GHG emission financial intensity	CO <sub>2</sub> e in metric tons / \$ total revenue	0.0000027	0.0000016
Estimated GHG emission activity-related intensity	CO <sub>2</sub> e in metric tons per delivered home	1.2	0.8
Scope 3 estimated emissions - Category 11, use of sold products*	CO <sub>2</sub> e in metric tons	3,974,240	3,984,020
Estimated cumulative avoided emissions	CO <sub>2</sub> e in metric tons	2,857,338	3,137,987
<b>Estimated energy consumption within organization</b>			
Total estimated natural gas consumption	Therm	-	270,768
Total estimated electricity consumption	MWh	-	26,203
Total estimated energy consumption within the organization	MMBtu	-	116,504

\*These calculations assume a 50-year building life, a change from the 100-year life we applied in 2021, the first year for which we estimated our Scope 3 carbon footprint, to bring us closer to present homebuilding industry practice. Neither period is indicative of any KB home's actual useful life nor used for any other purpose in our business. These estimates assume that greenhouse gas (GHG) emissions from electric utility energy sources will remain constant throughout the multi-decade building life. However, if utilities shift to less polluting energy sources and reduce GHG emissions per kilowatt-hour (kWh) over time, our estimated Scope 3 carbon footprint could be lower. In addition, as calculation methodologies and assumptions potentially evolve, our future calculations of this metric may not be comparable to any prior period(s).



## Taskforce for Climate-related Financial Disclosures (TCFD)

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 detail regarding our corporate governance, please reference page 48.

- 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.
- Two directors, Arthur R. Collins and Dorene C. Dominguez, are the Board's liaisons to management on ESG matters.
- For over a decade, our NAB, a panel of external advisors, has helped shape our sustainability priorities and reporting and stakeholder engagement approach.
- Internally, our sustainability initiatives and external stakeholder interactions are managed through our Sustainability Leadership Team, headed jointly by our Executive Vice President and Chief Operating Officer and our Senior Vice President for Sustainability, and our ESG Steering Committee, led jointly by our Senior Vice President for Investor Relations and Senior Vice President for Sustainability.
- We also have an EMS, as defined by the EPA, through which we focus on continually reducing the greenhouse gas emissions associated with our homes' decades of use. This system, described on page 52, 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 below 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 GHG emissions 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 H<sub>2</sub>O rated to ensure they meet the EPA's WaterSense labeled home requirements, helping 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 65. 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 52.
- **Industry Engagement.** 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. Our industry leadership in sustainable construction practices and building performance has allowed us to participate in national and regional building initiatives of both governmental and nongovernmental organizations.

# Taskforce for Climate-related Financial Disclosures (TCFD) *(Continued)*

## Risks topics and 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
<b>Severe weather event or natural disasters</b> <ul style="list-style-type: none"> <li>• Time range:* Medium to Long</li> <li>• Risk type: Acute &amp; Chronic Physical</li> <li>• Opportunity type: Energy Source, Resilience</li> </ul>	Potential to disrupt our operations or those of our suppliers or independent contractors  Potential to damage or destroy homes	Opportunity to introduce energy innovations and resiliency solutions for customers with the support of our trade partners	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 22 for more information on our occupational health and safety protocols.  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 on-going basis. See pages 26-29 for more information.
<b>Drought and water scarcity</b> <ul style="list-style-type: none"> <li>• Time range: Short to Long</li> <li>• Risk type: Chronic Physical</li> <li>• Opportunity type: Resource Efficiency, Products &amp; Services</li> </ul>	Potential to reduce water availability in communities and increase fire risk.  Potential for municipality actions to restrict or prevent new development to preserve an area’s water supplies.	Opportunity to integrate water-saving features for customers and regulatory compliance	As part of our water conservation efforts, we have 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 pages 30-31 for more information.
<b>Increased regulations and building codes</b> <ul style="list-style-type: none"> <li>• Time range: Short to Long</li> <li>• Risk type: Policy &amp; Legal Transition</li> <li>• Opportunity type: Products &amp; Services, Markets</li> </ul>	Potential to increase our costs, or delay or complicate home construction	Opportunity to better/more quickly satisfy higher standards through the performance of a new ENERGY STAR certified home compared to a typical new home	We engage with public officials and other policy makers 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 56 for more information.
<b>Shifts in consumer preferences</b> <ul style="list-style-type: none"> <li>• Time range: Short - Long</li> <li>• Risk type: Reputation Transition</li> <li>• Opportunity type: Products &amp; Services, Markets</li> </ul>	Potential to negatively affect organizational reputation if customer expectations are not met	Opportunity to satisfy demand from increasingly environmentally conscious customers	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 16-18 for more information.

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

## Taskforce for Climate-related Financial Disclosures (TCFD) *(Continued)*

### Metrics and targets:

Targets	Our Progress	References
HERS 45 by 2025	In 2022, we reached an average HERS Index Score of 48 , the lowest (and therefore the most efficient) publicly reported score among large production homebuilders (average is 58 for all rated homes in 2022).	page 28
8% reduction of annual GHG emissions of a 2025 KB home compared to a 2020 KB home	With our 2022 national average HERS index score of 48, we have achieved an estimated 0.1 metric tons of reduction in GHG emissions from the average KB home built in 2022 compared to 2021, which is on track with our 2025 goal.  Our reported GHG Scope 1, 2 and 3 emissions details are listed on pages 58-59.	page 28

Metrics	Our Progress	References
ENERGY STAR certified homes	As of 2022, KB Home is proud to have built over 175,000 EPA ENERGY STAR certified homes, more than any other homebuilder since 2000. This is equivalent to approximately 6.9 billion pounds cumulative CO <sub>2</sub> emission reduction according to the EPA.	page 27
WaterSense labeled homes	We have also built more than 19,000 EPA WaterSense labeled and Water Smart homes since 2005, more than any other homebuilder. Additionally, we have achieved an estimated 1.7 billion gallons of water saved each year from our homes and fixtures compared to typical homes without these features.	page 30

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 above-described initiatives we have undertaken 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 we have 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.



# 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 16 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, 2022, unless otherwise noted.

SASB Activity Metric	IF-HB-000.A Number of controlled lots	F-HB-000.B Number of homes delivered	F-HB-000.C Number of active selling communities
KB Home 2022 disclosure	<b>68,795 lots</b>	<b>13,738 homes delivered</b>	<b>246 communities</b>

SASB accounting metric	KB Home 2022 disclosure
<b>Land use &amp; ecological impacts</b>	<p>IF-HB-160a.1 Number of (1) lots and (2) homes delivered on redevelopment sites</p> <p>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.</p> <p>In 2022, we delivered over <b>250 homes</b> 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 44.</p>
	<p>IF-HB-160a.2 Number of (1) lots and (2) homes delivered in regions with High or extremely high baseline water stress</p> <p><b>6,530 homes delivered</b> in regions with high or Extremely High Baseline Water Stress, as delineated by the World Resources Institute’s (WRI) Water Risk Atlas (Aqueduct) tool.</p> <p>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 30.</p>
	<p>IF-HB-160a.3 Total amount of monetary losses as a result of legal proceedings associated with environmental regulations</p> <p><b>\$0 (zero)</b></p>
	<p>IF-HB-160a.4 Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction</p> <p>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 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 65 for more details.</p>
<b>Workforce health &amp; safety</b>	<p>IF-HB-320a.1 (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees</p> <p>(1) TRIR for calendar year 2022 - Work-related injuries (a) direct employees: 1.5* (b) contract employees: 0</p> <p>(2) Work-related injury fatalities (a) direct employees: 0 (b) contract employees: 0</p> <p>* The hours worked, which is part of the SASB-defined TRIR calculation, are calculated using a combination of actual and averages.</p>



## SASB disclosure topics and accounting metrics *(Continued)*

SASB accounting metric	KB Home 2022 disclosure	
<b>Design for resource efficiency</b>	IF-HB-410a.1 (1) Number of homes that obtained a certified HERS Index Score and (2) average score	(1) <b>99% of homes (13,549 homes)</b> 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) <b>National average HERS Index Score was 48</b> by end of 2022, down from 85 when we began tracking this metric companywide in 2007. For more information, please review page 28. <small>*Industry-wide supply chain disruptions delayed ratings for 189 homes.</small>
	IF-HB-410a.2 Percentage of installed water fixtures certified to WaterSense® specifications	<b>One hundred percent of indoor water fixtures</b> installed in 2022 were within eligible WaterSense labeled product categories. We installed over 1,000,000 such fixtures to date. Approximately 60% of irrigation controllers installed in 2022 were WaterSense labeled. For more information, please review page 30.
	IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard	<b>13,549 homes</b> achieved EPA ENERGY STAR certification and utilized WaterSense labeled fixtures. We also built a limited number of WaterSense labeled new homes and participated 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 26.
	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 65.
<b>Community impacts of new developments</b>	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 44-45.
	IF-HB-410b.2 Number of (1) lots and (2) homes delivered on infill sites	In 2022, we delivered over <b>1,450 homes</b> 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 2022, we delivered over <b>1,600 homes</b> in higher density communities. The relevant communities had densities of <b>greater than eight and up to 40 dwelling units per acre</b> . For examples, please review pages 44-45.
<b>Climate change</b>	IF-HB-420a.1 Number of lots located in 100-year flood zones	<b>Zero buildable lots were in 100-year flood zones.</b> 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 Taskforce 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 60-62 for information.

## SASB 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 longstanding commitment to building ENERGY STAR certified homes using 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 44-46.

### 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 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 select 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 to 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 (2021-2022) 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 Natural Resources Defense Council (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 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 26-29 and 33.

# 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
- Broad commitment to build ENERGY STAR certified new homes
- Solar and energy resiliency leadership
- Water conservation and waterway protection
- Commitment to 100% WaterSense labeled fixtures
- Climate risks and opportunities assessment
- Designing homes that are intended to be healthier and more comfortable
- 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
- Increasing gender equity in workforce diversity
- Upholding human rights standards
- Providing 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
- Engaging 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



# 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
<b>GRI 102: General disclosures</b>	102-1	Organizational details	page 11, 10-K
	102-2	Entities included in the organization's sustainability reporting	10-K
	102-3	Reporting period, frequency, and contact point	back cover
	102-6	Activities, value chain, and other business relationships	page 11, 10-K
	102-7	Employees	pages 7, 15, 10-K
	102-9	Governance structure and composition	pages 48-50, Proxy
	102-10	Nomination and selection of the highest governance body	Proxy
	102-11	Chair of the highest governance body	Proxy
	102-12	Role of the highest governance body in overseeing the management of impacts	page 48, Proxy
	102-13	Delegation of the responsibility for managing impacts	Proxy
	102-14	Role of the highest governance body in sustainability reporting	page 48, Proxy
	102-17	Collective knowledge of the highest governance body	Proxy
	102-18	Evaluation of the performance of the highest governance body	Proxy
	102-19	Remuneration policies	Proxy
	102-20	Process to determine remuneration	Proxy
	102-21	Annual total compensation ratio	Proxy
	102-22	Statement on sustainable development strategy	page 2, Proxy
	102-23	Policy commitments	pages 11-12, 53-54
	102-26	Mechanisms for seeking advice and raising concerns	page 54
	102-28	Membership associations	Leading Builders of America
102-29	Approach to stakeholder engagement	pages 15, 48, Proxy	
102-30	Collective bargaining agreements	page 70	

Disclosure	Number	Disclosure Title	Location
<b>GRI 3: Material topics</b>	103-1	Process to determine material topics	pages 48, 51, 53
	103-2	List of material topics	pages 12, 53, 60-62
	103-3	Management of material topics	pages 28, 60-62, 10-K
<b>GRI 200: Economic GRI</b>	201-1	Direct economic value generated and distributed	page 11, 10-K
	201-2	Financial implications and other risks and opportunities due to climate change	pages 60-62, 10-K
<b>GRI 201: Economic performance</b>	201-1	Direct economic value generated and distributed	page 11, 10-K
	201-2	Financial implications and other risks and opportunities due to climate change	pages 60-62, 10-K
<b>GRI 203: Indirect economic impacts</b>	203-1	Infrastructure investments and services supported	pages 16, 37-39
	203-2	Significant indirect economic impacts	pages 21, 44
<b>GRI 205: Anti-corruption</b>	205-2	Communication and training about anti-corruption policies and procedures	page 20
<b>GRI 301: Material</b>	301-2	Recycled input materials used	page 34
<b>GRI 302: Energy</b>	302-1	Energy consumption within the organization	page 59
	302-2	Energy indirect (Scope 2) GHG emissions	pages 58-59
<b>GRI 303: Water and effluents</b>	303-1	Interactions with water as a shared resource	pages 6, 30, 60-62
	303-2	Management of water discharge-related impacts	page 34
	303-5	Water consumption	page 31
<b>GRI 304: Biodiversity</b>	304-2	Significant impacts of activities, products and services on biodiversity	pages 45-46
	304-3	Habitats protected or restored	page 46
<b>GRI 305: Emissions</b>	305-1	Direct (Scope 1) GHG emissions	pages 58-59
	305-2	Energy indirect (Scope 2) GHG emissions	pages 58-59
	305-3	Other indirect (Scope 3) GHG emissions	pages 58-59
	305-4	GHG emissions intensity	page 59
	305-5	Reduction of GHG emissions	pages 28, 58-59

Disclosure	Number	Disclosure Title	Location
<b>GRI 306: Waste</b>	306-2	Management of significant waste-related impacts	pages 33-34
	306-4	Waste diverted from disposal	page 34
<b>GRI 308: Supplier environmental assessments</b>	308-1	New suppliers that were screened using environmental criteria	page 23
	308-2	Negative environmental impacts in the supply chain and actions taken	pages 33, 34, 45
<b>GRI 401: Employment</b>	401-1	New employees hires and employee turnover	10-K
<b>GRI 403: Occupational healthy &amp; safety</b>	403-1	Occupational health & safety management system	page 22
	403-3	Occupational health services	page 22
	403-5	Worker training on occupational health and safety	page 22
	403-6	Promotion of worker health	page 19
	403-7	Prevention and mitigation of occupational health & safety impacts directly linked by business relationships	page 22
	403-9	Work-related injuries	page 63
<b>GRI 404: Training and education</b>	404-1	Average hours of training per year per employee	page 20
	404-2	Programs for upgrading employee skills and transition assistance programs	page 20
<b>GRI 405: Diversity and equal opportunity</b>	405-1	Diversity of governance bodies and employees	pages 7, 50, Proxy
<b>GRI 414: Supplier social assessment</b>	414-1	New suppliers that were screened using social criteria	page 23
<b>GRI 415: Public policy</b>	415-1	Political contributions	page 56
<b>GRI 417: Marketing &amp; labeling</b>	417-1	Requirements for product and service information and labeling	page 54

# Environmental performance overview

	Performance indicator	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Total # of homes delivered	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672	13,472	13,738
<b>Energy efficiency</b>	Number of ENERGY STAR® certified homes delivered <sup>1</sup>	6,207	7,078	7,168	8,099	9,768	10,736	11,176	11,797	10,668	13,404	13,549
	% of total homes delivered that were ENERGY STAR certified	99%	99%	99%	99%	99%	98%	99%	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%	100%
	Number of ENERGY STAR certified appliances installed <sup>2</sup>	9,065	9,695	9,789	11,181	13,261	15,276	15,960	17,083	13,507	15,315	18,297
	Homeowner satisfaction ratings on the energy efficiency of their KB home <sup>3</sup>	93.10%	92.80%	91.50%	91%	91%	89%	89%	93%	93%	93%	92%
<b>Water conservation</b>	Number of KB homes built to EPA's WaterSense specifications <sup>4</sup>	85	61	96	233	265	170	134	147	270	1,284	1,760
	Number of Water Smart homes built <sup>5</sup>	438	503	400	589	807	854	1,132	950	449	0	0
	<b>Number of EPA WaterSense labeled fixtures installed in KB homes<sup>6</sup></b>											
	Bath faucets	22,500	23,500	23,800	28,700	34,400	40,000	42,000	44,000	39,500	49,846	50,831
	Toilets	18,100	20,000	20,200	23,000	27,600	33,800	35,000	36,800	33,100	40,416	42,588
	Showerheads	13,700	15,000	15,150	16,400	19,700	23,400	24,300	25,600	22,950	28,965	32,971
<b>Sustainable roducts and options</b>	Total number of sustainable products and options installed <sup>7</sup>	20,039	33,582	35,373	46,717	52,094	59,454	61,585	64,697	64,032	72,449	78,307

<sup>1</sup> 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.

<sup>2</sup> Began tracking in 2008.

<sup>3</sup> Began tracking in 2010, from a 12-month post-closing survey on a scale of 0-100% satisfaction.

<sup>4</sup> Construction commenced in late 2010.

<sup>5</sup> The Southern Nevada Water Authority sunsetted the Water Smart program in mid 2020. The EPA WaterSense program has replaced it.

<sup>6</sup> Figures are estimated based on average number of fixtures per home.

<sup>7</sup> 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	2022
<b>Office sustainability practice</b>	% of office supplies purchased that are earth conscious	22%	15%	20%	19%	22%	22%	26%	33%	33%	24%	22%
	Sheets of paper saved through process improvement and reduction of paper in homebuying process, estimated <sup>8</sup>									55,000,000	13,300,000	29,225,364
	Recycled paper (office grade) processed through our national service provider, which recycles the paper after shredding (lbs.) <sup>9</sup>	94,703	123,637	66,114	203,341	165,606	335,526	181,981	329,900	92,620	31,420	362,020
	Trees saved	805	1,051	555	1,706	1,389	2,815	1,527	2,768	6,715	1,778	6,448
<b>Our carbon footprint</b>	Scope 1 estimated GHG emissions										1,844	1,761
	Scope 2 estimated GHG emissions									19,744	13,662	9,221
	Scope 1 & 2 estimated GHG emission for KB Home operations (CO <sub>2</sub> e in metric tons)	13,468	14,092	16,078	19,186	22,961	25,062	24,992	24,025	19,744	15,506	10,982
	Estimated GHG emission financial intensity <sup>10</sup>	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)	0.0000016 (10,982 metric tons/ US \$6,903,776,000 total revenue)
	Estimated GHG emission activity-related intensity (CO <sub>2</sub> e 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)	0.8 (10,982 metric tons/ 13,738 homes)
	Scope 3 estimated GHG emission for customer occupancy of KB homes (CO <sub>2</sub> e in metric tons) <sup>11</sup>											3,974,240
<b>Waste reduction and recycling</b>	% of KB homes built with preconstructed panels <sup>12</sup> (est.)	98%	85%	85%	85%	85%	85%	85%	85%	90%	90%	90%
	Trees saved from panelization and manufactured components <sup>13</sup>											22,000
	% of KB Home communities incorporating recycling into their standard jobsite processes (est.)	64%	70%	80%	85%	85%	85%	85%	85%	85%	85%	85%

<sup>8</sup> 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.

<sup>9</sup> This service provider also calculated the environmental benefits in the related rows below. This figure does not include the recycling programs that we have established in the majority of our local offices.

<sup>10</sup> Based on the methodology identified by the Carbon Disclosure Project.

<sup>11</sup> These calculations assume a 50-year building life, a change from the 100-year life we applied in 2021, the first year for which we estimated our Scope 3 carbon footprint, to bring us closer to present homebuilding industry practice.

<sup>12</sup> Preconstructed panels help to minimize waste and increase durability and are constructed off site for greater precision. Using these panels results in a more airtight, better insulated building envelope and helps to reduce energy bills.

<sup>13</sup> According to estimates provided by our supplier partner, Builders FirstSource.

## Social performance overview

	Performance indicator	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	Total # of homes delivered	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672	13,472	13,738	
Stakeholder and community involvement	NAB	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	
	Infrastructure development – approximate school-related fees paid	\$22 million	\$26 million	\$25 million	\$28 million	\$34 million	\$40 million	\$44 million	\$49 million	\$42 million	\$67 million	\$82 million	
	Infrastructure development - approximate other fees paid											\$39 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	2,025	2,157	1,752	2,244	2,366
	Number of collective bargaining agreements with employees	0	0	0	0	0	0	0	0	0	0	0	0
	Average online training certifications per employee <sup>1</sup>	12	17	13	14	10	7	8	13	10	12	12	14
	Average online training hours per employee <sup>2</sup>	12	13	10	11	8	5	6	11	8	10	10	12
	Employee injuries by region:												
	West	4	8	6	7	14	12	17	10	12	12	19	10
	Southwest	1	1	7	6	8	16	9	7	3	3	4	3
	Central	14	5	5	10	11	6	6	7	6	6	6	15
	Southeast	1	6	5	6	8	3	4	8	8	0	9	7
	Annual core training certification rate												
	KBEdge white papers <sup>3</sup>	90%	83%	87%	83%	66%	70%	80%	80%	92%	96%	96%	85%
	Ethics Policy	99%	99%	98%	96%	97%	100%	98%	98%	98%	99%	100%	100%
	100% complete/100% satisfied <sup>3</sup>	97%	100%	90%	85%	75%	77%	83%	83%	94%	95%	97%	96%
Sustainability certification <sup>3</sup>	83%	85%	85%	81%	64%	70%	77%	77%	93%	96%	95%	95%	
Number of safety certifications <sup>4</sup>	235	894	1,045	901	861	199	315	315	1,408	2,447	2,210	637	

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Decline in 2016 is due to transition to a new learning management system. These white pages were formerly known as KB2020.

<sup>4</sup> Decline is due to decrease in pandemic related safety certification required for employees in 2022.

## 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 <https://investor.kbhome.com/home/> or at [www.sec.gov](http://www.sec.gov).

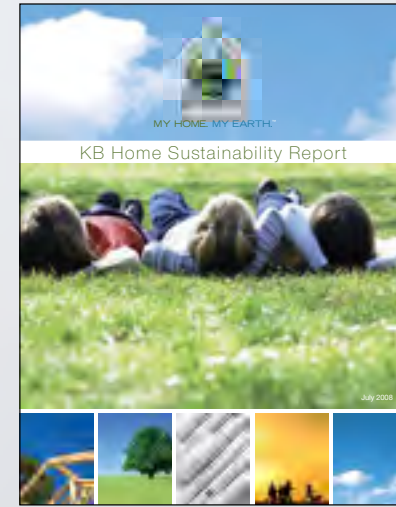
	Performance indicator	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Total # of homes delivered	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672	13,472	13,738
<b>Financial performance</b>	Financial total revenue (in thousands)	\$1,560,115	\$2,084,978	\$2,400,949	\$3,032,030	\$3,594,646	\$4,368,529	\$4,547,002	\$4,552,747	\$4,183,174	\$5,724,930	\$6,903,776
	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	\$816,666
	Net orders	6,703	7,125	7,567	9,253	10,283	10,900	11,014	12,841	13,404	16,206	10,856
	Backlog units	2,577	2,577	2,909	3,966	4,420	4,411	4,108	5,078	7,810	10,544	7,662
	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	\$3,691,559
	Average selling price	\$246,500	\$291,700	\$328,400	\$354,800	\$363,800	\$397,400	\$399,200	\$380,000	\$388,900	\$422,700	\$500,800
	Housing gross margin	14.90%	16.70%	18.10%	16.30%	16.20%	16.30%	17.50%	18.30%	18.90%	21.6%	24.3%
<b>Customer satisfaction</b>	Customer satisfaction rating <sup>1</sup>	9.4	9.2	9.1	9.1	9.2	9.2	9.4	9.5	9.5	9.4	9.1
	Customer recommendation rating <sup>2</sup>	9.4	9.1	9	8.9	8.9	9	9.2	9.4	9.4	9.2	8.9

<sup>1</sup> From a 30-day post-closing survey on a scale of 1-10.

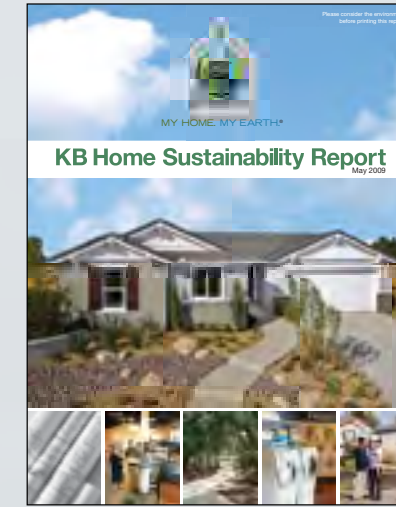
<sup>2</sup> From a 30-day post-closing survey on a scale of 1-10; began tracking in 2010.



# Sixteen Years of KB Home Sustainability



2007



2008



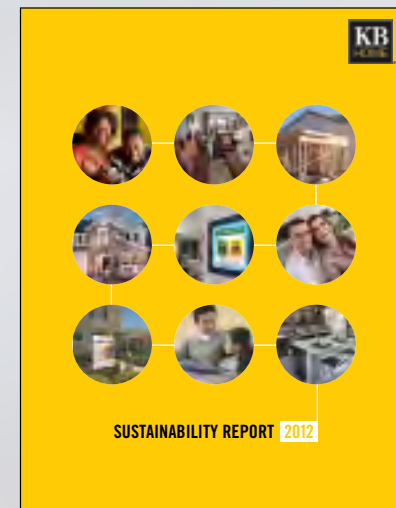
2009



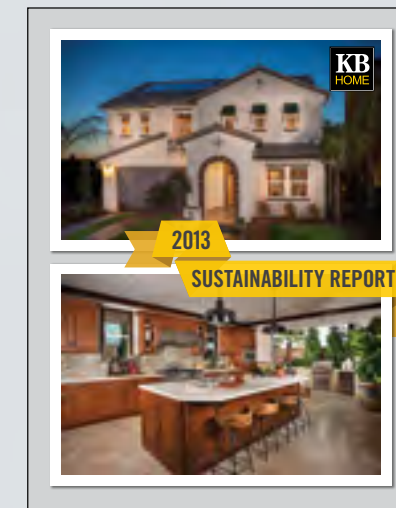
2010



2011



2012



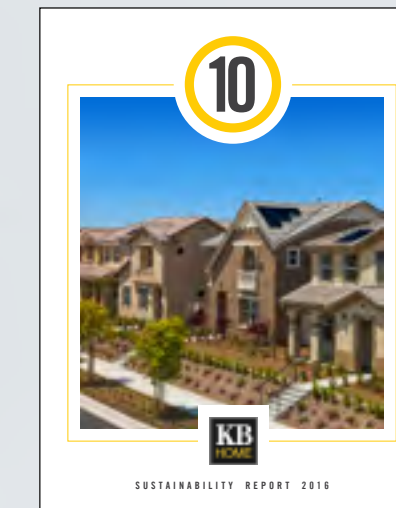
2013



2014



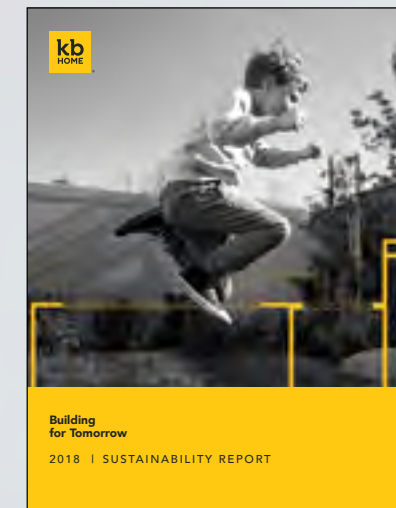
2015



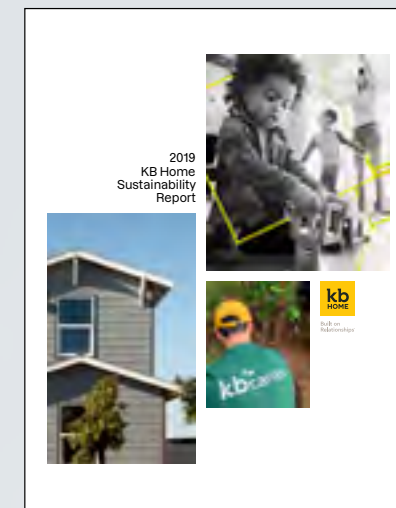
2016



2017



2018



2019



2020



2021





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**For more information on our environmental,  
social and governance (ESG) initiatives, visit:**  
[www.kbhome.com/sustainability](http://www.kbhome.com/sustainability)

**We welcome your feedback about this report  
and our sustainability initiatives at:**  
[sustainability@kbhome.com](mailto:sustainability@kbhome.com)

#### **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, nor considered incorporated into any of our SEC filings unless and as and to [SC1] the extent expressly stated in any such filing.

#### **Report Purpose and Structure**

This is our 16th Annual Sustainability Report, which follows our most recent report published on Earth Day in April 2022. In this report, we discuss our accomplishments in 2022 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, 2022, unless otherwise noted. Inquiries regarding our sustainability initiatives can be directed to [sustainability@kbhome.com](mailto: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 Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), Global Reporting Initiative (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.

#### **Version Update**

This report was updated in September 2023 following its publication on May 9, 2023 to make certain textual adjustments, primarily relating to our ENERGY STAR certified home program. No changes were made to any reported metrics or data points.