



## SASB Sustainability Disclosure Topics and Accounting Metrics

As the first U.S. high production homebuilder to provide an annual Sustainability Report beginning nearly 15 years ago, we have embraced transparency as a core component of our sustainability efforts. For interested stakeholders, we are providing disclosures against activity metrics in line with the Sustainability Accounting Standards Board (SASB) Home Builders Industry Standard, Version 2018-10. All disclosures are for or as of the fiscal year ending November 30, 2020, unless otherwise noted.

SASB ACTIVITY METRIC	KB HOME 2020 DISCLOSURE
IF-HB-000.A Number of controlled lots	<b>67,038 lots</b>
F-HB-000.B Number of homes delivered	<b>10,672 homes delivered</b>
F-HB-000.C Number of active selling communities	<b>236 communities</b>

DISCLOSURE TOPIC	SASB ACCOUNTING METRIC	KB HOME 2019 DISCLOSURE
<b>Land Use &amp; Ecological Impacts</b>	IF-HB-160a.1 Number of (1) lots and (2) homes delivered on redevelopment sites	Some of our communities are built on previously developed sites. This varies widely by market and reflects both availability and our focus on affordability for our core first-time and first move-up homebuyers.  Although we did not own any lots or deliver any homes on redevelopment sites as SASB defines that term, in 2020 we delivered <b>881 homes</b> at infill communities, which we define as communities in established urban settings and consider to be similarly situated to SASB "redevelopment sites." For more information, please review pages 40-41.
	IF-HB-160a.2 Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	<b>4,428 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.  As every KB home is built using WaterSense labeled products and landscaped according to water conservation principles, our homes delivered in water-stressed areas have less relative impact than homes delivered in those locations without similar water-efficient features. For more information, please review page 29.
	IF-HB-160a.3 Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	<b>\$0</b>
	IF-HB-160a.4 Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	See NOTE 1 below this table.
<b>Workforce Health &amp; Safety</b>	IF-HB-320a.1 Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Total recordable incident rate (TRIR) for calendar year 2020:  Work-related injuries (a) direct employees: <b>1.4*</b> (b) contract employees: <b>3.4**</b>  Work-related injury fatalities (a) direct employees: <b>0</b> (b) contract employees: <b>0</b>  * The hours worked, which is part of the SASB-defined TRIR calculation, are calculated using a combination of actual and averages. ** TRIR for contract employees includes 13 of 19 divisions based on data available at time of publication.

## SASB Sustainability Disclosure Topics and Accounting Metrics (Cont.)

DISCLOSURE TOPIC	SASB ACCOUNTING METRIC	KB HOME 2019 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	<b>(1) 100% of homes (10,672 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) National Average HERS Index Score was <b>50, down from 85 when we began tracking this metric company-wide in 2007.</b>  For more information, please review pages 24-25.
	IF-HB-410a.2 Percentage of installed water fixtures certified to WaterSense® specifications	<b>100% of indoor</b> water fixtures installed in 2020 are within eligible WaterSense product categories. We installed over 800,000 such fixtures to date.  Approximately <b>60% of irrigation controllers</b> installed in 2020 are WaterSense labeled.  For more information, please review page 29.
	IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard	<b>10,668 homes</b> achieved U.S. EPA ENERGY STAR certification and utilize WaterSense labeled fixtures. We also build a limited number of WaterSense labeled new homes and participate in EPA's Indoor airPLUS program, which we consider to be applicable third-party multi-attribute green building standards.  For more information, please review page 52.
	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 below this table.
<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 40-41.
	IF-HB-410b.2 Number of (1) lots and (2) homes delivered on infill sites	Please see response to IF-HB-160a.1.
	IF-HB-410a.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 2020 we delivered over <b>1,400 homes</b> in higher density communities. The relevant communities had densities of <b>8 to 40+ dwelling units per acre.</b>  For examples, please review pages 40-41.
<b>Climate Change</b>	IF-HB-420a.1 Number of lots located in 100-year flood zones	<b>0 of our buildable lots are 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 LOMR (letter of map revision) and an update to the FIRM (flood insurance rate map) to remove the property from a flood plain before we move on to the next phase of community development.
	IF-HB-420a.2 Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Please review pages 56-58 for information.



# SASB Sustainability Disclosure Topics and Accounting Metrics (Cont.)

## 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 in-fill 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 executive Land Committee reviews extensive information about a proposed project, including past use; assessment of environmentally-sensitive areas and areas that may be suitable for parks, trails, and open space preservation areas; assessment of site development required, including any work needed to comply with storm water regulations; distance to major employment and retail centers; and a detailed proposal for site design

and product (home designs and specifications) consistent with our commitment to building 100% ENERGY STAR homes using 100% WaterSense labeled fixtures.

Our strategies for mitigating risks include the use of third-party 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 14-20; 23-32; 40-41; 47-48 & 53.

# SASB Sustainability Disclosure Topics and Accounting Metrics (Cont.)

## Note 2:

### IF-HB-410a.4

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

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

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

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

With our leadership in this area, sustainability has become a key differentiator for KB Home in the homebuilding industry. Leveraging our experience, we have developed a number of consumer materials to communicate the

benefits of resource efficiency and other sustainable features to our prospective homebuyers, including in online advertising, consumer web site materials and through email campaigns and social media. Most notably, our Energy Savings Comparison estimates the specific energy performance and potential utility cost savings of every KB home design, and which is prominently displayed for use as a consumer education tool in every model home and as part of our home design selection process, as well as on our consumer website. This allows prospective homebuyers to understand how choosing an energy-efficient new KB home can personally benefit them, with a current (2020) 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 National Resources Defense Council. 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 Forest Stewardship Council program.

For more information, please review pages 14-20; 23-33; 47-53 & 58.