

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 18 years ago, we have embraced transparency as a core component of our sustainability efforts. For interested stakeholders, we are providing disclosures against activity metrics in line with the SASB Home Builders Industry Standard, Version 2023-06. All disclosures are for or as of the fiscal year ending November 30, 2024, unless otherwise noted.

SASB Accounting Metrics		KB Home 2024 disclosure	SASB Accounting Metrics	KB Home 2024 disclosure
Land Use & Ecological Impacts	IF-HB-160a.1 Number of (1) lots and (2) homes delivered on redevelopment sites	Some of our communities are built on previously developed sites. This varies widely by market and reflects both availability and our focus on affordability for our core first-time and first move-up homebuyers. In 2024, we delivered 299 homes at redevelopment communities, which we define as sites that were previously developed, including the replacement, remodeling or reuse of existing structures to accommodate new development. For more information, please review page 34.	IF-HB-000.A Number of controlled lots	76,703
	IF-HB-160a.2 Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	8,668 homes delivered in regions with High or Extremely High Baseline Water Stress, as delineated by the World Resources Institute's (WRI) Water Risk Atlas (Aqueduct) tool. As every KB home is built using WaterSense labeled products and landscaped according to water conservation principles, our homes delivered in water-stressed areas have less relative impact than homes delivered in those locations without similar water-efficient features. Further, as of July 2022, homes built in our new communities in Arizona, California and Nevada are designed to meet the EPA's WaterSense labeled home requirements, helping homeowners use less water and lower their utility bills in these severely drought-affected areas. For more information, please review page 60.	IF-HB-000.B Number of homes delivered	14,169
	IF-HB-160a.3 Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	\$0 (zero)	IF-HB-000.C Number of active selling communities	258 as of November 30, 2024
	IF-HB-160a.4 Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Developable land for the production of our homes is a core resource for our business. We carefully seek out what we believe are the best places for our new-home communities based on a variety of factors. Several of our communities are transit friendly, offering certain environmental benefits and helping to foster social connections among residents. Our land acquisition, design and development processes incorporate environmental considerations relating to site selection, layout, amenities, conservation features and construction, among other elements. Please see Note 1 on page 60 for more details.		
Workforce Health & Safety	IF-HB-320a.1 (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) TRIR for calendar year 2024: (a) direct employees: 1.3* (b) contract employees : 0 (2) Work-related injury fatalities (a) direct employees: 0.0 (b) contract employees: 0	*The hours worked, which is part of the SASB-defined TRIR calculation, are calculated using a combination of actual and averages.	

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

SASB Accounting Metrics		KB Home 2024 disclosure
Design for Resource Efficiency	IF-HB-410a.1 (1) Number of homes that obtained a certified residential energy-efficiency rating and (2) average score	(1) 100% of homes (14,169 homes) were rated and obtained a RESNET HERS Index Score or equivalent. (The State of California uses a different but equivalent rating system called Energy Design Rating.) (2) National Average HERS Index Score was 45 by the end of 2024. For more information, please review page 22.
	IF-HB-410a.2 Percentage of installed water fixtures certified to a water-efficiency standard	One hundred percent (100%) of indoor water fixtures installed in 2024 are within eligible WaterSense labeled product categories. We installed over 1,200,000 such fixtures to date. Approximately 75% of irrigation controllers installed in 2024 are WaterSense labeled. For more information, please review page 26.
	IF-HB-410a.3 Number of homes delivered certified to a third-party multi-attribute green building standard	14,160 homes achieved U.S. EPA ENERGY STAR certification and utilized WaterSense labeled fixtures. We also build a limited number of WaterSense labeled new homes and participate in EPA's Indoor airPLUS program, which we consider to be applicable third-party multi-attribute green building standards. For more information, please review page 20.
	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 60.
Community Impacts of New Developments	IF-HB-410b.1 Description of how proximity and access to infrastructure, services and economic centers affect site selection and development decisions	Proximity and access to infrastructure, services and economic centers are among the considerations when we evaluate potential land purchases for new communities. For examples, please review page 34.
	IF-HB-410b.2 Number of (1) lots and (2) homes delivered on infill sites	In 2024, we delivered 1,010 homes at infill communities.
	IF-HB-410b.3 (1) Number of homes delivered in compact developments and (2) average density	We strive to make more efficient use of limited land resources by designing compact communities where zoning permits. Although we did not deliver any homes in compact developments as SASB defines that term, in 2024 we delivered over 1,281 homes in higher density communities. The relevant communities had densities of greater than 8 and up to 30 dwelling units per acre. For examples, please review page 34.
Climate Change Adaptation	IF-HB-420a.1 Number of lots located in 100-year flood zones	None of our buildable lots are in 100-year flood zones. From time to time, we purchase land that may include areas designated by the U.S. Federal Emergency Management Agency (FEMA) as special flood hazard areas (SFHA). Typically, we work with FEMA to prepare studies, grade the land and install necessary drainage facilities to obtain a letter of map revision (LOMR) and an update to the flood insurance rate map (FIRM) to remove the property from a flood plain before we move on to the next phase of community development.
	IF-HB-420a.2 Description of climate change risk exposure analysis, degree of systematic portfolio exposure and strategies for mitigating risks	In alignment with the Task Force for Climate-related Financial Disclosures (TCFD), we have dedicated a section of this report to discussing potential climate risk exposure, opportunities and mitigation strategies. Please review pages 54-56 for information.

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

Note 1

We continuously evaluate land acquisition opportunities against our investment return standards, while balancing competing needs for financial strength, liquidity and land inventory for future growth. When we acquire land, we generally focus on parcels with lots that are entitled for residential construction and are either physically developed to start home construction (referred to as "finished lots") or partially finished.

However, depending on market conditions and available opportunities, we may acquire undeveloped and/or unentitled land. We may also invest in land that requires us to repurpose and re-entitle the property for residential use, such as urban 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, we review 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; assessment of site development required, including any work needed to comply with storm water regulations; proximity to major employment and retail centers; and site design and product (home designs and specifications) plans that are, among other things, consistent with our focus on building highly energy- and water-efficient homes.

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.

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

For more information, please review pages 34-35.

Note 2

The major risk with incorporating greater resource efficiency into our home designs, whether to comply with upgraded building codes or recommended practices given a region's particular exposure to climate conditions, or undertaken to satisfy demand from increasingly environmentally conscious customers or to meet our own sustainability goals, often raises our costs to construct homes. In evaluating whether to implement voluntary improvements, we also consider that choosing not to enhance our homes' resource efficiency can make them less attractive to municipalities, and increase the vulnerability of residents in our communities to rising energy and water expenses and use restrictions.

As one of the earliest adopters of sustainable homebuilding, we see opportunities related to resource efficiency as part of our business strategy for long-term value creation, as discussed in this Sustainability Report.

Our leadership in sustainability is a differentiator for KB Home in the homebuilding industry. Leveraging our experience and economies of scale, we have identified opportunities to streamline sustainable homebuilding to help make it attainable and developed a number of consumer materials to communicate the benefits of resource efficiency and other sustainable features we have incorporated into our homes to our prospective buyers, including online advertising, consumer website materials and email campaigns and social media. Most notably, our Energy Savings Comparison (ESC) estimates the specific energy performance and potential utility cost savings of every KB home design, and which is prominently displayed for use as a consumer education tool in every model home and as part of our home design selection process as well as on our consumer website. This allows prospective homebuyers to understand how choosing an energy-efficient new KB home can personally benefit them, with a current (2023-2024) estimated average annual savings of \$1,800 on energy utility bills. We also provide a personalized email to our new KB homeowners with the individual as-built HERS score for their unique home wherever the HERS system is used. We are currently working to identify a similar process for California, which does not currently use the HERS system.

We have also found our emphasis on both resource conservation and waste reduction to be important for local government planning boards and other local officials and can make the difference in receiving approval for a proposed new-home community.

We have long advocated for the protection of old-growth national forests and have been recognized for our efforts by the Natural Resources Defense Council (NRDC). In 2023, we also established a partnership with The National Forest Foundation to replenish and preserve national forests by replanting thousands of acres of habitat nationwide and protect the future of National Forests. As part of our Responsible Lumber Practices Policy, KB Home requires our lumber suppliers to provide us with wood that is not sourced from endangered forests or is certified by recognized sustainable forestry management programs like the Sustainable Forestry Initiative (SFI) program. Additionally, we continue to explore use of engineered wood products and panelization to reduce use of natural resources while still maintaining performance and quality.

For more information, please review pages 20-24, 37, 49.