



2020 Sustainability Report



Built on
Relationships®



Spring Mountain Ranch

APRIL 2021

Letter from KB Home Chairman, President and Chief Executive Officer, Jeffrey Mezger

2020 was a year like no other, but the resilience of both the human spirit and the American Dream remained clear. It was not only the year of the pandemic, but also the year when the importance of home became more apparent to all of us. We spent more time in our homes than ever before, and we depended on them to provide more than ever before. In a time of uncertainty, our homes were the place where we could reconnect with true fundamentals: family, health, security, comfort. Because home is essential.

As we entered 2020, there were solid fundamentals already in place for housing: strong demographics tied to household formation and millennials entering their prime homebuying years, more than a decade of undersupply of new housing and historically low mortgage rates. When the pandemic struck in March and continued throughout the year, it triggered an increased desire for homeownership, and housing became one of the few positives in an economy hit hard by COVID-19.

Amid this extremely challenging environment, KB Home demonstrated what we're made of. With the health and safety of our employees and customers as a top priority, we temporarily closed our sales offices.

We then reopened with virtual homebuying tools and an increased priority on exceeding customer expectations. We leaned into the strength of our relationships to minimize supply and labor disruptions and endeavored to deliver beautifully designed, sustainably built and affordably priced homes. That's because as people continue to move through the important stages of their lives, the desire for homeownership is a key part of this process. In fact, the past year has demonstrated the strongest housing demand I've seen in my 40 years in the industry. In 2020, KB Home helped 10,672 new homeowners achieve this key personal milestone in their lives, including more than 6,000 first-time homebuyers making a significant investment in their future.

Our commitment to sustainability is an investment in the future, balancing affordability for today's homebuyers with being mindful of the needs of the next generation and the environment. We are pleased to have been recognized for our sustainability leadership by being the only homebuilder named to Newsweek®'s 2021 list of America's Most Responsible Companies. I am also proud of our employee team, who rallied around our mission and goals in a tumultuous year. I feel privileged that their opinions earned us a place on Forbes' 2021 list of America's Best Midsize Employers, the only national builder to receive this distinction.

We are proud to share our 14th Annual Sustainability Report, the longest-running publication of its kind in the homebuilding industry. It is a review of our achievements and progress toward our sustainability goals, including:

- Reaching the milestone of over 150,000 high-performance ENERGY STAR® certified new homes built, more than any other builder in the nation
- Achieving our goal for a national average Home Energy Rating System (HERS®) Index score of 50, three years ahead of target and setting an aggressive new goal of 45 by 2025
- Hitting the major milestone of delivering our 11,000th solar home
- Attaining the highest full-year customer satisfaction rating in our history and being the #1 customer-ranked national homebuilder in third-party customer surveys
- Becoming the first national builder to implement the new WaterSense® Labeled Homes Program, Version 2.0
- Announcing our groundbreaking research collaboration with Well Living Lab
- Publishing additional environmental, social and governance (ESG) information to provide greater transparency

- Introducing additional smart and health-focused home options in our Design Studios to gauge consumer interest and demand
- Fostering sustainability innovation and emerging technologies to support market-ready products for the homebuilding market and assessing 15 new ideas and products in 2020

As we build the future together in 2021 and beyond, KB Home will continue to bring our strong relationships and long-term, purpose-driven approach to the important work of delivering homes and building communities designed to sustain the road ahead. While we are proud of our accomplishments, we recognize that there is still much to be done. I invite you to join us on our journey.



Collaboration is essential to innovation and a core principle of our business. I welcome your feedback about this report and our sustainability initiatives at sustainability@kbhome.com.

Report Purpose and Structure

This is our 14th Annual Sustainability Report, which follows our most recent report published on Earth Day in April 2020. In this report, we discuss our accomplishments in 2020 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 ESG practices for long-term value creation. All information provided in this report is for our fiscal year ended November 30, 2020, unless otherwise noted. Inquiries regarding our sustainability initiatives can be directed to 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; 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 in this report should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to KB Home, please see our earlier-referenced filings with the SEC.

Reporting Standards

We believe transparency and accountability are important components of sustainability reporting. Our reporting is aligned with the SASB, 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 and Data Tables section of this report, as well as a chart that demonstrates alignment between select UN SDGs and our policies and strategies.

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About KB Home

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Economic Sustainability and Corporate Governance

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Stakeholder Transparency and Data Tables



About KB Home

At KB Home, everything we do is focused around our customers and offering superior homebuying experiences. For over 60 years, we have operated from the belief that the best homes start with the people who actually live in them.

We develop partnerships with our customers. Before the foundation is poured or the first nail driven in, we get to know our homebuyers on a personal level, and together, we design a personalized home around how they live day to day. So once their home is built, they don't just see a house. They see themselves.

Behind each unique KB home are the many relationships on which our business is built, the people who make up KB Home and our family of partners across our industry, the community and beyond. We aren't just building homes; we're building a business that forms the foundation for meaningful work, community-building, long-term economic value creation, investment in the future and a sustainable relationship with the environment. Sustainability is at the core of these relationships.

What Sustainability Means to Us

We believe that sustainability is built on one essential idea: balance. We strive to ensure that today's homebuyers are able to 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.

In this report, we highlight our sustainability priorities and 2020 achievements in our three core areas: environmental, social and economic/corporate governance, as well as expanded transparency on our ESG practices as part of our focus on long-term value creation. Our goal is to invite all of our partners, both inside our company and beyond, to join us in building a sustainable future together.

Business Overview

KB Home is one of the largest and most recognized homebuilders in the U.S. and has been building quality homes for over 60 years. Today, KB Home operates in 45 markets across eight states, serving a wide array of buyer groups. We give our customers the ability to personalize their homes at a price that fits their budget and work with them every step of the way to build strong personal relationships for an exceptional experience.

KB Home Builds in 45 Markets from Coast to Coast

Founded: 1957

Chairman, President & Chief Executive Officer:
Jeffrey T. Mezger

Principal Business:

Building new homes designed primarily for first-time, first move-up and active-adult homebuyers

2020 Revenues:
\$4.18 Billion

Homes Delivered in 2020:
10,672

Total Homes Delivered:
Nearly 645,000

Total Land Owned or Under Option as of November 30, 2020:
67,038 lots

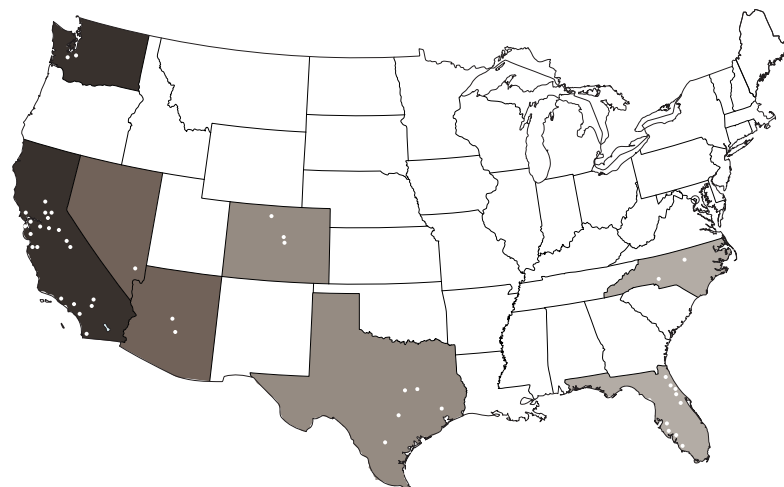
Community Count as of November 30, 2020: 236

NYSE Ticker Symbol: KBH

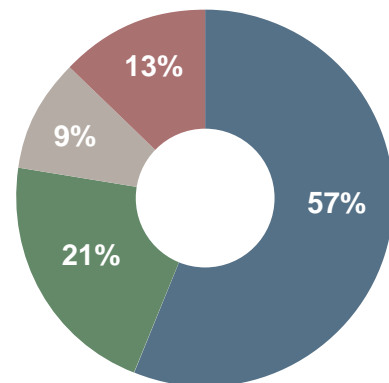
2020 Buyer Profile

(based on homes delivered)

Focused on first-time and first move-up buyers, the largest demand segment, which accounted for about 75% of our annual deliveries over the past 10+ years.



Market listing as of report publication date



First-time First move-up Second move-up Active adult



The Cottages on 4th

People Are Our Foundation

“Built on Relationships” is a way of doing business that drives us day in and day out to create a sustainable economic enterprise that can positively impact our stakeholders and deliver long-term value. Our stakeholders include:

Our Homeowners and Homebuyers

We build places where our customers can fulfill the fundamental human need for connection, come together to rejuvenate and recharge, and create their own community of relationships in a place called home. A home is the largest purchase most people make in their lifetimes, and we are honored that our homebuyers trust us to build their dreams. Our internal customer satisfaction ratings are at their highest in our history, and we are the #1 customer-ranked national homebuilder according to third-party customer surveys, reflecting our ongoing commitment to providing a quality customer experience.

Our Employees

We strive to provide meaningful work and income to support our employee team to deliver superior customer satisfaction and stockholder value. We aim to be an employer of choice through our commitments to inclusion, equitable treatment and diversity as well as a culture of excellence and safety. We are privileged that our employees’ opinions earned us a place on Forbes’ 2021 list of America’s Best Midsize Employers, the only national builder to receive this distinction.

Our Stockholders and Potential Investors

As a publicly held company, delivering long-term value to our stockholders is our top priority. Like our homeowners, they have placed their trust in us, and we strive to honor that through sound corporate governance and disclosure,

including providing ESG information in this report and on our Investor Relations website.

Our Suppliers and Trade Partners

Collaboration with our trade partners is the engine that has driven our progress. Their experience, expertise and creativity are among our strongest business assets. They are also our partners in jobsite safety and waste reduction. We work to cultivate long-term relationships that allow us to create true partnership.

Local Government and Community Organizations

We endeavor to develop strong working relationships with local government officials in order to jointly identify housing needs and solutions that aim to strengthen communities. We also partner with a number of local nonprofits and community organizations to contribute to the long-term social fabric of the areas in which we build.

Environmental and Non-Governmental Organizations

As a leading voice for sustainability in the homebuilding industry, we partner with select national and local environmental and non-governmental organizations, both to learn from perspectives outside our industry and to join together on advocacy and awareness initiatives about important environmental and sustainability issues.

National Advisory Board (NAB)

In 2009, we created the NAB to formalize our stakeholder input process, particularly around sustainability issues. This group, comprised of leaders from diverse backgrounds and disciplines, provides important perspectives on our strategies and initiatives. See page 57 for more information on the NAB and its current membership.

Stephanie P.
KB Homeowner,
Buckeye, Arizona

“My electric bill this month was phenomenally low!”

“I chose KB Home because they had a floor plan that met my needs at a good price. But when looking at that good price, I found I also got an ENERGY STAR rated home, which clinched the deal. I’m already enjoying the benefits of a well- built, Energy Star home—my electric bill this month was phenomenally low!!”

Camden A.
KB Homeowner
Fontana, California

“They made us feel like family.”

We had an amazing experience working with the sales team and building team for our new KB home. Carina and Anthony (sales team) were so attentive and kept us up to date on everything, especially during all the new norms related to COVID-19. They were always checking in to see how we were doing along the way and made us feel like family.”

Mark Marlowe
Director of Castle Rock Water
Town of Castle Rock, Colorado

“An invaluable partner that’s always willing to innovate.”

“A lot of builders like to stick to the way they’ve always done things, but KB Home is always willing to innovate and try new water conservation and efficiency measures. They were an invaluable partner in developing our water efficiency plan program to support the growing population of Castle Rock while protecting our existing water supply and contributing to development of new water supplies.”

Edward R. Osann
Director, National Water Use Efficiency, Water Initiatives,
Healthy People & Thriving Communities Program
Natural Resources Defense Council

“Water conservation efforts promise to have huge impact.”

“KB Home’s efforts in water conservation promise to have a huge impact on how we strategically approach residential water consumption in the future. The company deserves real credit for playing a critical role in developing and launching the new Water Rating Index, which gives each rated home a numeric score for water efficiency.”

Steve Baden
Executive Director,
RESNET

“Led the way for the industry.”

“KB Home was the first national builder to join the RESNET® Energy Smart Builder program and commit to rate every one of its homes using the HERS index. They have been a tremendous partner over the years and have led the way for the industry in pioneering energy information labels, similar to MPG stickers on cars, as well as water ratings for new homes.”

Christa Bilbrey
Director, Forward Planning
KB Home Las Vegas

“One of the best places to work in America.”

“I’ve been with KB Home for nearly 22 years, and I couldn’t agree more with Forbes that it’s one of the best places to work in America. I work with some of the best people in the industry, and there’s an atmosphere of mutual respect here that motivates me to excel at what I do. And there’s nothing better than that feeling of helping people achieve their dream.”

Andre Pettigrew
Director of Economic Development, City of Durham
and KB Home National Advisory Board Member

“The leading innovator in the industry.”

“KB Home has been able to leverage their relationships to deliver innovation using a pragmatic approach that puts sustainability in reach for everyone. They’ve become the leading innovator in this industry, creating a value-based sustainability ecosystem that delivers value for homebuyers, local economies, employees, stockholders—and the planet.”

Stacey Rosenstein
Vice President – Builder Sales
Generation Lighting

“Our go-to collaborator for residential innovations.”

“KB Home has been an invaluable partner for Generation Lighting for over 20 years. They are our go-to collaborator for residential innovations because they are always ready to consider new ideas, pilot new technologies and offer their insight into the homebuying consumer to help develop market-ready products.”

A Culture of Excellence

Employee Engagement and Human Capital

KB Home has long enjoyed a reputation for attracting and retaining top talent in our industry. We strive to create an environment that offers our employees satisfying work, with meaningful opportunities for career growth and development. We are committed to a diverse and inclusive workforce within our industry. We believe that KB Home’s position as an industry leader in sustainability supports our ability to both attract and retain high-caliber individuals—people who are dedicated to leading the future of our industry. We are honored that our commitment to being a people-driven business was reflected in being the only national builder named to Forbes 2021 list of American’s Best Midsize Employers.

1,776

full-time employees as of 12/31/20

100%

of employees and trade partners required to wear protective equipment at construction sites

100%

of Board members and employees covered by our Ethics Policy

98%

of employees certified on Ethics Policy standards

100%

of our national supplier agreements include obligations to acknowledge our Ethics Policy

100%

of employees are required to complete anti-harassment and anti-discrimination training

Workforce Diversity

	Female	Minority
Managers	33%	21%
Overall	42%	33%

Living Well: Built on Health Program

Providing exceptional customer experiences begins with creating an environment in which our employees are happy, healthy and motivated. In addition to our comprehensive benefits package, we offer a complimentary **Living Well: Built on Health** program to all our employees. This corporate wellness program is designed to support mental, emotional and physical health. When the pandemic struck, we knew people were facing greater stress and anxiety, so we expanded the wellness program and moved it online in order to support our team members with valuable tools to stay healthy while staying at home.

Monthly interactive webinars on timely topics address holistic health, including nutrition, decreasing toxic load, natural medicine and preventive care. We offer weekly live Zoom online fitness classes, Monday Stretch & Breathe and Friday Chair Yoga, that have allowed us to expand our wellness reach. We are striving to stay connected and build a blueprint for workplace wellbeing success.

We are honored that several team members have built three and four decade-long careers with KB Home.

23%

of our current team members have been with us for 10 years or more.

Industry-Leading Customer Satisfaction

Our mission is to be the most customer-obsessed homebuilder in the world, so feedback from our customers is an essential part of our business.

Customer Satisfaction Surveys: We systematically follow up with all of our customers post-purchase using a comprehensive survey process. Our customers are eager to let us know about their experience, with 79.49% responding to our 30-day survey and 50.22% to our 11-month survey in 2020. We have utilized this process for over a decade, and customer satisfaction data over the last 10+ years can be found on page 70.

Third-Party Customer Ratings: We are honored to be the #1 customer-ranked national homebuilder in third-party customer surveys.* We are the highest-rated national builder on TrustBuilder®, an independent source of verified homeowner reviews for builders nationwide, earning 4.6 out of 5 stars and achieving or tying for #1 on the site in nearly every one of our markets. We are also the highest-rated national builder on ConsumerAffairs®, a third-party rating and review site.

Awards and Recognition

In the last year, we were honored to be recognized with major national awards for our leading sustainability and ESG practices, including:



Forbes 2021 list of America’s Best Midsize Employers based on employee feedback and likelihood of recommending us as an employer.



Newsweek 2021 list of America’s Most Responsible Companies for demonstrating leading ESG practices, the only national homebuilder to receive this distinction.



2020 ENERGY STAR Partner of the Year – Sustained Excellence Award, the Environmental Protection Agency’s (EPA) highest possible distinction for energy efficiency. We also won the 2021 ENERGY STAR Partner of the Year - Sustained Excellence Award, our 11th consecutive Sustained Excellence Award.



2020 WaterSense Sustained Excellence Award, our sixth consecutive award, following four years as Builder Partner of the Year.

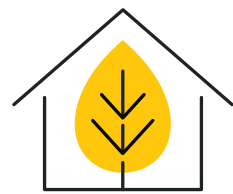


21 ENERGY STAR Certified Homes Market Leader Awards in 2020, more than any other homebuilder.

*Based on rankings from 1/1/20 through 12/31/20 among large production homebuilders.

Sustainability as a Business Strategy

Sustainability is not just the right thing to do—we believe it's also right for our business. Our sustainability focus provides meaningful benefits for our customers, our operations, the environment and the people and partners behind KB Home and helps us minimize our greenhouse gas (GHG) emissions and consumption of natural resources.



Lowering Total Cost of Homeownership

Energy- and water-efficient homes are more affordable to operate than typical new or resale homes, making sustainability a compelling competitive advantage.



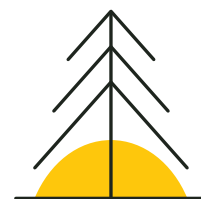
Reducing Cost to Build

Our operational discipline, scale and waste reduction efforts allow us to build sustainable homes at a lower cost and with less environmental impact than most builders while also reaching a wider range of buyer segments.



Increasing Affordable Housing

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



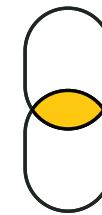
Preserving the Environment and Natural Resources for Long-Term Value

Our scale, leadership and technical expertise create positive environmental attributes in all our homes. We prioritize GHG reduction through energy- and water-efficient products as a business strategy for long-term value creation for our stakeholders.



Elevating Water Conservation

We actively address this growing imperative for homebuyers, local communities and local governments. We provide water-saving features in our homes that reduce our customers' water bills and may help to mitigate strain on local communities.



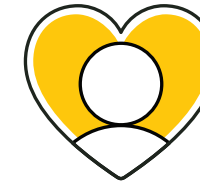
Improving Strength of Supply Chain

Our partners' sustainability practices add depth to our initiatives. We require product-sourcing certifications, waste-reduction practices and acknowledgment of our Ethics Policy. We strive to ensure that our suppliers 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.



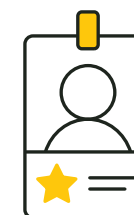
Designing Homes That Are Healthier for Residents

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.



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.



Becoming the Employer of Choice

Our goal is to become an employer of choice for top-tier talent in the homebuilding industry and beyond by creating a culture of excellence and a socially and economically sustainable and safe work environment that supports inclusion, equity and meaningful work.

A History of Sustainability Leadership

KB Home has a proud history of being a leader in sustainability in the homebuilding industry and beyond. For nearly two decades, we have been building energy- and water-efficient homes and applying innovation toward a more sustainable future. While not all of our efforts have been adopted across our business long term, what remains constant year in and year out is our drive to bring fresh thinking to the design of the American home. Below is a brief chronology of our achievements over the last 20 years.

2007	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 50,000th ENERGY STAR certified home
2009	2008	Published first annual sustainability report Committed to building 100% ENERGY STAR certified homes Ranked #1 Green Builder by Calvert (also #1 in 2010)
	2009	First ENERGY STAR Award for Excellence (also won in 2010) Launched National Advisory Board GROW company-wide waste analysis Introduced first Build It Green® GreenPoint Rated™ Community
2011	2010	First WaterSense® labeled homes First USGBC LEED Platinum net-zero energy concept home Built solar and energy storage demonstration home
	2011	Offered first standard solar photovoltaic systems Introduced the EPG® (Energy Performance Guide®) Launched KB Home ZeroHouse 2.0 in six states First 100% LEED Platinum community First Department of Energy (DOE) Builders Challenge Award (also won in 2012) U.S. Green Building Council (USGBC) LEED for Homes Award First ENERGY STAR Sustained Excellence Award (also won, 2012-2020) First WaterSense Partner of the Year Award (also won, 2012-2014)
2013	2012	1,000th solar-powered home Offered ZeroHouse 2.0 option in most markets
	2013	Sponsored DOE Solar Decathlon First DOE Zero Energy Ready Home, Housing Innovation Award (also won in 2014)
2015	2014	First RESNET® President's Award (also won in 2015, 2016) Received first ENERGY STAR Partner of the Year – Climate Communicator Award (also won in 2015 and 2016) Introduced Double ZeroHouse 2.0 and 3.0 Declared 5-year goal of 55 national HERS score Introduced two USGBC LEED Platinum communities in Los Angeles
	2015	Environmental Leader Product of the Year Award DOE Zero Energy Ready Home Housing Innovation Grand Award Indoor airPLUS Leader Award First WaterSense Sustained Excellence Award (also won, 2016-2020) 10,000th Water Smart home
2017	2016	5,000th solar-powered home 100,000th ENERGY STAR certified home First KB ProjeKt® concept home Introduced HomeKit® option package with Apple®
	2017	Achieved national record for most WaterSense labeled and Water Smart homes Opened first Indoor airPLUS community in San Diego TechHome Brilliance Award Environmental Leader Top Project of the Year Award
2019	2018	Declared 5-year goal of 50 national HERS score 7,000th solar-powered home Launched KB Smart Home System partnership with Google Field-tested RESNET HERS _{H2O} water-efficiency rating system
	2019	Debuted KB ProjeKt 2.0: Where Tomorrow Lives Reached national milestone of building the most ENERGY STAR certified homes 10,000th solar-powered home Opened first Indoor airPLUS community in Irvine Environmental Leader's Top Product of the Year Award TechHome Brilliance Award
2020	2020	Built 150,000th ENERGY STAR certified home, more than any other builder Achieved 50 average HERS score (three years ahead of target) Declared 5-year goal of 45 national average HERS score Delivered our 11,000th solar-powered home The only national builder named to Newsweek's 2021 list of America's Most Responsible Companies Named to Forbes' 2021 list of America's Best Midsize Employers, the only national builder to receive this distinction Became #1 customer-ranked national homebuilder in third-party customer surveys First national builder to implement EPA WaterSense Version 2.0 First national builder to participate in American Made Solar Prize Connector Network First national builder to collaborate with Well Living Lab 10th consecutive ENERGY STAR Sustained Excellence Award Sixth consecutive WaterSense Sustained Excellence Award

Sustainability by the Numbers

Energy Efficiency and Greenhouse Gas Reduction

#1
sustainability priority for our stakeholders

100%
ENERGY STAR certified home commitment by KB Home for over a decade; while only 10% of U.S. new homes were ENERGY STAR certified in recent years

150,000+
ENERGY STAR certified new homes built since 2000; **10,668** in 2020

5.6 billion
pounds estimated cumulative CO₂ emission reduction from these homes

\$800 million
estimated cumulative utility bill savings

50
KB Home's average HERS Index energy performance score by the end of 2020, compared to a new-home average HERS Index score of 58 and resale average HERS Index score of 130

11,000+
total solar homes delivered; **1,605** built in 2020

33
megawatts of solar power installed, producing an estimated 56 million total kilowatt hours of renewable energy annually

59%
of KB homes delivered in California in 2020 were solar

32%
of KB homes delivered in 2020 were all electric

Water Conservation

17,000+
cumulative WaterSense labeled and Water Smart homes built; **719** in 2020

800,000
WaterSense labeled fixtures installed

1.6 billion
gallons of water saved each year from KB homes and fixtures

Waste Reduction

55 million
sheets of paper saved in 2020 through digital transformation

92,600
pounds of office paper recycled

33%
of office supplies are from our supplier's "Earth Conscious" line

100%
of retired electronics were donated to nonprofit organizations or recycled through e-waste services

Sustainability Industry Leadership

1
national builder named to Newsweek's list of America's Most Responsible Companies in 2021

10
ENERGY STAR Sustained Excellence Awards through 2020, more than any other homebuilder

21
2020 ENERGY STAR Certified Home Market Leader Awards

6
WaterSense Sustained Excellence Awards, the only national homebuilder to receive this award

1
Indoor airPLUS Leader Award, the first production homebuilder to receive this award

14
Sustainability Reports FY 2007-2019

3
sustainability innovation lab concept homes: 2010-11, 2016, 2018-19

Keeping Homeownership Attainable

645,000
total KB homes delivered (approx.)

10,672
new KB homes delivered in 2020

57%
first-time buyers

21%
first move-up buyers

9%
second move-up buyers

13%
active adult buyers

2,093
average sq. ft. of KB homes in 2020

89%
of KB communities offered 1,800-sq.-ft. plans or less

35%
of KB communities offered 1,400-sq.-ft. plans or less

Customer Satisfaction

#1
customer-ranked national homebuilder*

95.14%
overall customer satisfaction rating in 2020

94.06%
would recommend KB Home to a friend

4.6
stars out of a possible five nationwide on both Trustbuilder and ConsumerAffairs*

Community Development

15+
infill/redevelopment communities in neighborhoods being revitalized in 2020

\$42 million
in local school fees contributed in 2020

Employees and Partners

1
national builder named to Forbes' list of America's Best Midsize Employers in 2021

1,752
employees

100%
of employees and trade partners required to wear protective equipment at construction sites

100%
of Board members and employees covered by our Ethics Policy. 98% of employees certified on Ethics Policy standards

100%
of our national supplier agreements included obligations to acknowledge our Ethics Policy

100%
of employees are required to complete anti-harassment and anti-discrimination training

*Based on rankings from 1/1/20 through 12/31/20 among large production homebuilders.

Sustainability Reporting Priorities

Below are our priorities for what we report on as part of our annual sustainability report and how we arrived at them.

Over the course of our nearly two-decade sustainability journey, we have progressively developed a deep and dynamic portfolio of programs and initiatives (described on pages 14-15) 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 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.

Since our initial evaluation, we continue to track evolving expectations and gather input and guidance through external advisors as part of our National Advisory Board (NAB) meetings to adjust our priorities based on our stakeholders' areas of interest, particularly around sustainability issues. For more information, see Sustainability Oversight Structure on page 56.

These priorities guide our strategic decision-making and stakeholder engagement as well as our sustainability reporting, including this current report and on our website. Communicating the benefits of our energy- and water-efficient homes to our homebuyers and other stakeholders is a part of our focus on these priorities. Our reporting is aligned with the SASB, GRI and UN Global Compact Index frameworks; helping stakeholders track year-over-year performance.

1 Energy Efficiency and Greenhouse Gas Reduction

Approximately 85% of the energy consumed during the multi-decade lifecycle of a home—including the initial raw material extraction, manufacturing, and construction—comes from the day-to-day living in it. That's why the primary focus of our GHG 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 reduction over the long term. We are also steadily increasing the number of homes we build with renewable energy capability through solar photovoltaic power systems.

2 Water Conservation

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. Our proactive leadership in this area enables us to effectively address water-related concerns and help preserve this critical resource.

ESG Topic Index

To make it easier for our stakeholders to locate key ESG topics and data in this report, we have created an index pointing to important topics for our business and our industry within this report. Additional ESG information and data can be found on our [ESG website](#). We also reference certain ESG guidelines and standards, including GRI and SASB, and provide indices to that information in the Stakeholder Transparency and Data Tables chapter at the back of this report, along with historical data tables dating back to 2007.

Topic	Page(s)
Energy- and water-efficient products, practices and impact	14, 18, 20, 24-26, 28, 29
Renewable energy products and practices	26
Resource efficiency policies and practices	14, 18, 32-33
Climate change, carbon and GHG emission Scopes 1 and 2 disclosures	64, 65
Climate change, carbon and GHG reduction policy, strategies, targets and performance against goals	20, 24, 25, 64-65
Human capital; workforce diversity, employee training and workplace safety	12, 52, 54
Customer satisfaction processes and survey results	13
Urban redevelopment, infill, and land use practices	40, 41
Housing affordability	47
Charitable giving and community involvement	42-43
Product safety, manufacturing, and quality standards and performance	24-25, 29, 32, 37, 52-54
Memberships in key green building initiatives and certification programs	52
Support for global climate agreements and goals	66
Governance and sustainability oversight	56-61
Environmental Management System (EMS)	58



Cypress at University District

Environmental Sustainability

In a year where the importance of home took on an added significance, helping to protect the home we all share—the environment—remained essential to KB Home’s sustainability commitment.

As we build one unique home at a time for each unique customer, we strive to balance today’s needs with those of future generations of homebuyers and the communities in which they live.

Our goal is to bring sustainability to the mainstream production home market and model innovation in our industry. When we formalized our sustainability commitment nearly 15 years ago, sustainability was considered a luxury in homebuilding. We saw an opportunity to help protect the environment

while reducing the overall cost of long-term homeownership for our customers through lower utility bills. We determined that energy efficiency would be the foundation of our program, helping to keep the dream of homeownership attainable and affordable while reducing the impact on our environment. Since then, we have expanded our view of sustainability beyond energy efficiency to encompass water efficiency, waste reduction and healthier indoor environments.

Energy Efficiency: The Cornerstone of Our Sustainability Commitment

We believe that continually improving the energy performance of our homes is the most significant way for us to contribute to reducing carbon emissions because it generates benefits over the multidecade lifetime of the home. Energy efficiency also makes homeownership more affordable by reducing utility costs. For this reason and others, we have prioritized energy efficiency as the cornerstone of our carbon emissions reduction efforts and our overall sustainability commitment.



We Have Built More ENERGY STAR Certified Homes Than Any Other Homebuilder

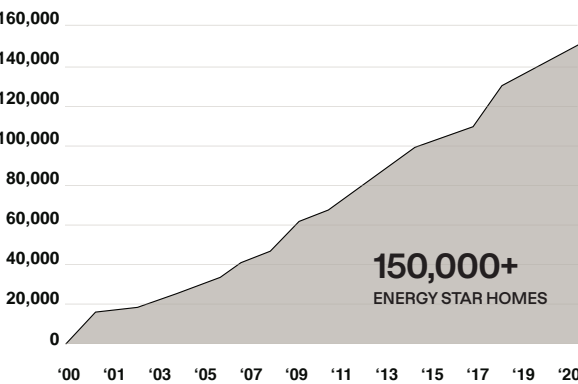
KB Home is proud to have been the first homebuilder to commit to building 100% of our homes to this voluntary and rigorous “above code” standard in 2008, and we have maintained this commitment for over a decade. In contrast, just one in 10 new homes built in the U.S. in recent years was ENERGY STAR certified.¹

ENERGY STAR certified new homes achieve a 20% energy-efficiency improvement on average compared to homes built to current code and even more compared to resale homes, according to EPA analysis.²

Each ENERGY STAR certified home is estimated to reduce GHG emissions by approximately 3,287 pounds (1.5 metric tons) per year compared to a typical home. Based on our energy use analysis, KB homes also save our homeowners an average

of \$1,300 annually on utility bills compared to resale homes. We have built over 150,000 ENERGY STAR certified homes since 2000, cumulatively reducing CO₂ emissions by an estimated 5.6 billion pounds (2.5 million metric tons), the equivalent of removing nearly 557,000 cars from the road for one year, and helping homeowners to save a cumulative estimated \$800 million on utility bills. .

CUMULATIVE ENERGY STAR CERTIFIED HOMES BUILT BY KB HOME



¹ U.S. EPA data

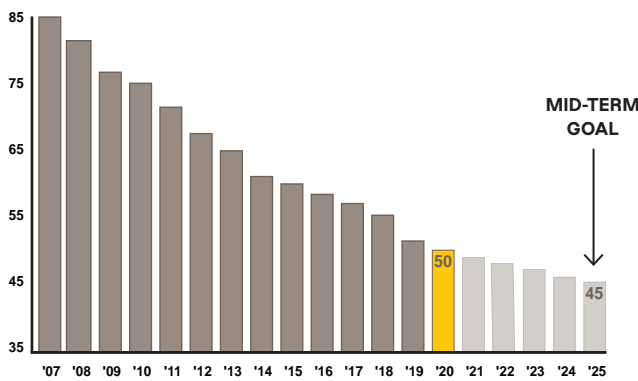
². Source <https://www.energystar.gov/sites/default/files/assets/images/NewHomesInfographic.jpg>

Using Home Energy Performance to Reduce Carbon Emissions

Emissions reduction targets are an important part of our environmental strategy. Our benchmark to achieve greater energy efficiency and establish our carbon emission reduction targets is the Home Energy Rating System (HERS) Index. The HERS Index is the standard by which a home’s energy efficiency is measured. HERS measures the energy efficiency of a home on an easy-to-understand scale: the lower the number, the more energy efficient the home and the more it can reduce GHG emissions over its lifetime. According to RESNET, each point reduction in HERS score equates to a 1% improvement in energy efficiency, potentially reducing GHG emissions by an average of 0.1 metric tons (based on the states that we operate in). We are committed to publicly disclosing our national average HERS score for our homes each year so that our stakeholders can see how we are measuring up to our energy efficiency and GHG emission reduction goals and target dates. In recent years, we have set and met our average national HERS score goals and target dates.

- 100% of KB homes built in 2020 received HERS or equivalent score
- 2020 KB Home national average HERS score: 50 (compared to 58 for all builders)
- Achieved HERS goal three years before our target date and have set new 2025 goal of 45
- 50 HERS is approximately twice as energy efficient than a typical home built a decade ago and up to 80% more efficient than a 1970s home

AVERAGE HERS SCORES REFLECT ENERGY-EFFICIENT KB HOMES



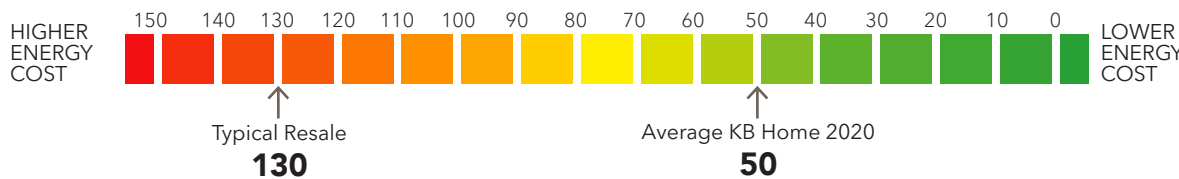
Five-Year Carbon Emission Reduction Target

6
Estimated metric tons/year, national average CO₂ 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 CO₂ emissions by 2025 (based on achieving a national average HERS score goal of 45, down from 50)

8%
Estimated target reduction in metric tons/year of a 2025 KB home, compared to a 2020 KB home, in line with achieving a national average HERS score goal of 45

Home Energy Rating System (HERS) Index



Solar Leadership

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. We offer both leasing and mortgage financing options for our homeowners' convenience. In recent years, we have added higher efficiency solar panels that generate more power using the same roof space.

To further support innovation in the residential solar sector, in 2020 we also became the first production builder to join the National Energy Renewable Laboratory's (NREL) American-Made Solar Prize Challenge as a Connector, mentoring innovators and connecting them with potential business opportunities (see pages 48, 50-51).

11,000+

total solar homes delivered

557 million

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

869 million

estimated cumulative pounds of CO₂ reduction, equivalent to removing 85,000 cars from the road

1,605

solar homes built in 2020, all in California, representing 59% of our California homes

66%

of our model homes and sales offices in California powered by solar energy

Solar Innovation in 2020



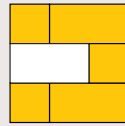
SunPower OneRoof at Ashbury

In 2020, we became the first homebuilder to offer SunPower®'s new, innovative OneRoof™ roof-integrated solar system. We have partnered with SunPower since the launch of our first all-

solar community in 2011. In 2020, we worked with them on prototype testing for OneRoof, which improves both quality and speed of installation, reducing the overall cost of solar.



Top: Heritage at Mitchell Village; Bottom: Live Oak at University District. Both model homes powered by solar.



Built on Relationships

EPA WATERSENSE TEAM

We have been an industry leader in elevating the conversation about water. We integrate high-efficiency water products into our homes and were the first builder to participate in the U.S. EPA's WaterSense Labeled Homes Program, Version 2.0, which requires homes to be at least 30% more water efficient than a typical new home, was released in February 2021. We took the opportunity to ask

VERONICA BLETTE

Chief, WaterSense Branch

U.S. Environmental Protection Agency



Veronica Blette, Chief of EPA's WaterSense Branch, for her thoughts on the most important considerations for water and the homebuilding industry today.

Why should water efficiency be a chief concern for builders?

With availability of water an issue in many parts of the country due to drought and other factors, water-conscious builders can position themselves as stewards of this critical resource.

What about the affordability of homeownership?

Many communities will need to raise their water and sewer rates in order to generate revenue to repair or replace aging infrastructure. Similar to energy efficiency, building homes with WaterSense labeled fixtures and other water-efficient features may actually be a tool for enhancing affordability by helping to keep household bills more manageable.

What makes KB Home a valued WaterSense partner?

KB Home leveraged its relationships and trade partnerships to create change in the industry. When we first partnered with

KB Home over a decade ago, building with WaterSense labeled plumbing products as a common feature was a big ask. KB Home used its strong supplier relationships to make these products available across all divisions at cost-effective prices. Being able to show how a builder like KB Home achieved these results is a great example for the industry.

What are the benefits of the new HERS H₂O water efficiency rating system?

The beauty of these types of rating systems is twofold: they provide builders with flexibility in how they achieve efficiency, while also providing homebuyers the ability to assess the water efficiency of their home choices in numbers that make sense to them, like gallons or dollars saved.

"KB Home has clearly demonstrated a commitment to WaterSense from the beginning of the program and has thousands of water-conserving homes to prove it."

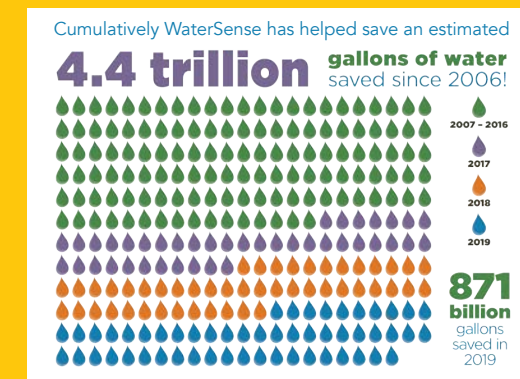
— Veronica Blette

Looking forward, what do you think the top priorities for water conservation should be?

It's important to make sure that entire built systems are properly designed, sized, constructed and maintained to provide efficiency and public health protection through collaboration between researchers, engineers and the building industry. Outdoor water use also remains a significant challenge that requires system-level thinking because it's a function of landscape design, plant selection, irrigation choices and maintenance as well as consumer behavior and attitudes.

WaterSense: Delivering Savings

The WaterSense Labeled Homes Program delivers savings in both natural resource conservation and on homeowners' utility bills.



KB Home: Leading the Way for Water Conservation with WaterSense

- First builder to participate in EPA's WaterSense program
- More WaterSense and Water Smart new homes built than any other homebuilder
- Only builder to earn EPA WaterSense Sustained Excellence Awards
- 17,000+ WaterSense labeled and Water Smart new homes
- 800,000 WaterSense labeled fixtures
- 100% of indoor water fixtures and 60% of irrigation controllers are WaterSense labeled
- Estimated 1.6 billion gallons of water saved each year from KB homes and fixtures



For the sixth year in a row, KB Home received EPA's highest possible award for water efficiency, the only national builder to earn this honor.

KB Home Earned First Certification Under New WaterSense Labeled Homes Program, Version 2.0

The new WaterSense Labeled Homes Program, Version 2.0, promotes water efficiency in homes while making the certification process more flexible for builders. We are proud to have contributed to the evolution of WaterSense Version 2.0 specification by working with EPA and RESNET to pilot the program in Las Vegas in 2020 and become the first builder to have a home certified under the WaterSense Version 2.0.

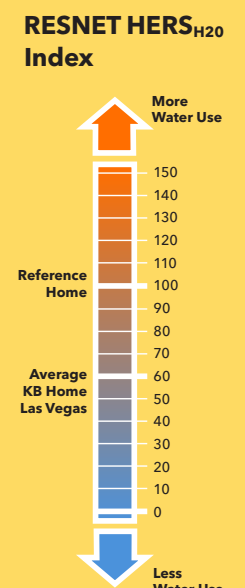


The water efficiency of hundreds of KB homes in Las Vegas was compared to a 2006 reference home of the same size and located in the same region using RESNET's HERS H₂O

60
average HERS H₂O score (low 45 to high 70)

53,971
estimated gallons of water saved per year on average

\$356
estimated average annual utility savings



Intelligent Homes That Bring More Balance to Life

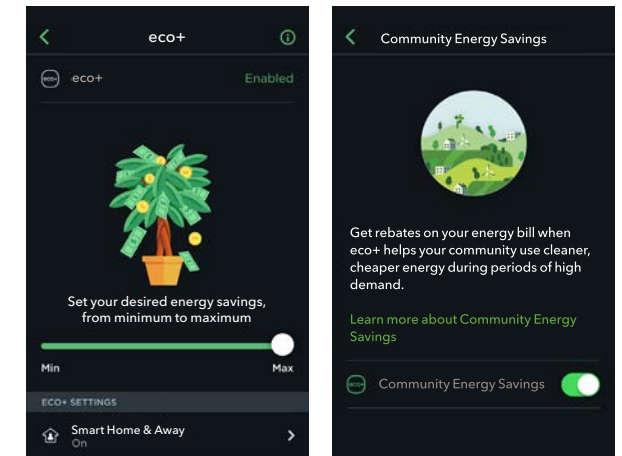
Since the launch of our formal sustainability commitment in 2008, smart systems have been one of our areas of focus. We see our role as curators, selecting smart products and “Internet of Things” devices that we believe offer long-term personal value and cultivate a beneficial relationship between our homeowners and their homes. Smart systems range from energy storage to smart thermostats, smart appliances, wireless lighting and more. We recently introduced several additional smart options in our Design Studios to gauge consumer interest and demand, including The KB Home Office personalized solution for working from home, a smart water assistant and shutoff system, a whole-house air purification system and a smart energy load center.



Many smart home options are available at our Design Studio, including the KB Home Office.

Smart Thermostat Evolution

In 2020, as part of our ongoing practice of engaging with best-in-class technology as it evolves, we transitioned to the newest generation of smart thermostat. The smartphone-controllable ecobee3 lite smart thermostats powered by Carrier® offer a range of benefits, including up to 23% savings on annual energy costs. They also include software that makes energy savings automatic by heating or cooling when electricity is cheaper, reducing strain on the electricity grid, and learning and adapting to homeowners’ routines. Homeowners can set how much energy they would like to save and the thermostat will adjust settings to meet their target.



Work From Anywhere Demands Greater Connectivity at Home

Connectivity at home has become even more important. In 2020, our homes became our workplaces, our schools and our movie theaters. For many of us, our homes continue to be the centers of our lives. To help ensure our homeowners are connected at move-in, we are working with leading broadband providers to install fiber broadband connectivity during community development and home construction. This is particularly important in new development areas where there may not be existing infrastructure to tap into. We are able to work with providers as we start developing the land and make the transition seamless for our customers. Currently, we offer this service in a limited footprint, but our goal is to cover more of our communities in the future.



Natural Resources Conservation Practices

Reducing waste and finding innovative ways to conserve resources help to minimize our impact on the environment, lower our costs to build homes and contribute to our goal of keeping our homes affordable for our primary first-time homebuyer base.

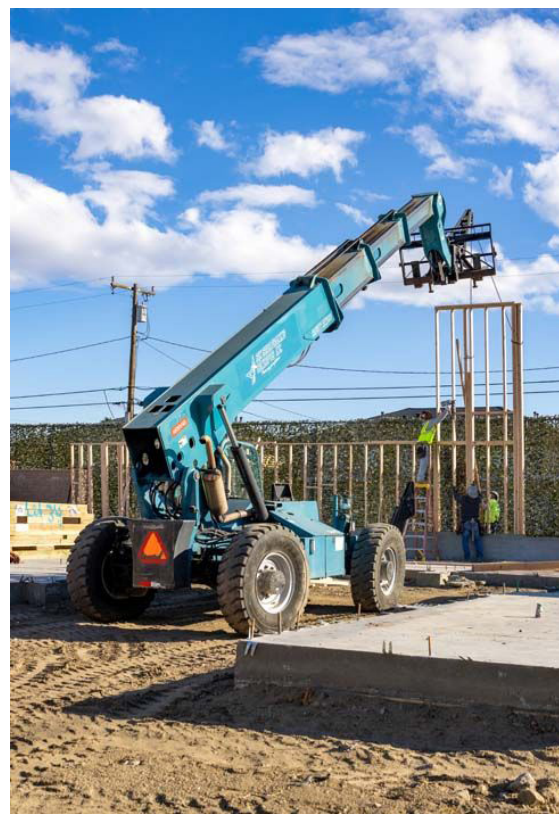
In 2020, when supply chains were disrupted and stay-at-home orders made traditional ways of doing business more challenging, resource conservation practices such as paperless homebuying and panelization also provided additional benefits by making it easier to serve customers and build homes.

Value Engineering and Panelization

Many of our home designs are built around a central module engineered to offer the features our customers desire most while providing higher levels of construction efficiency. We then overlay additional features, room configurations and architectural elevations onto this modular design to build a unique home for each customer. Since all components are value engineered during design, fewer raw materials are used, conserving natural resources.

Additionally, almost every KB Home division is utilizing this off-site construction method to build homes. Panels are fabricated at manufacturing facilities using state-of-the-art technology. By panelizing, we can frame faster, use less material, reduce on-site labor costs and construction waste, and build a more reliable, consistent structure.

Our design engineering and panelization strategies can lower the cost of building a home by over \$2,000 and reduce the amount of time to frame by several days.



Panels manufactured off site reduce waste and natural resource consumption.

Digital Transformation and Paperless Homebuying

Buying a home is traditionally paperwork intensive. In recent years, we have begun a long-term digital transformation designed to reduce our resource consumption and to provide our homebuyers with the convenience of virtual homebuying tools and an increasingly paperless homebuying process.

In 2020, these tools helped us to continue to build and deliver homes while protecting our homebuyers and employees. We enhanced our existing tools, allowing customers to shop for a new home from their mobile device or personal computer. We were named Best Virtual Tour by the Greater Orlando Builders Association, which noted that “with the pandemic, this has become a necessity.” We also offered our customers live video tours of our model homes and the ability to visit our communities and tour select homes privately, unaccompanied by a KB Home employee. And many of our buyers used our Online Design Studio to review our wide array of choices and complete their Design Studio selections.

Since 2017, we have also been working toward the goal of paperless homebuying by both reducing the number of forms required and transitioning to digital management of the remaining forms whenever possible. In 2020, this proved particularly beneficial, as it minimized visits to the sales office or Design Studio and made the transition to socially distanced and/or contactless homebuying a natural extension of what we were already doing. Efforts resulted in the elimination of over 55 million sheets of paper in 2020.

In addition, our affiliated home loan partner, KBHS Home Loans®, offers a digital mortgage platform that allows our customers to complete

their loan application online or via the mobile application. The platform automatically verifies employment and assets, and borrowers can upload any other required documents electronically, simplifying the process and streamlining loan originators. At closing, borrowers can review all loan disclosures prior to closing and sign a majority of the documents electronically. Any documents requiring a wet signature can be signed curbside at the title company, or a remote notary can meet borrowers at their existing residences, where allowed. These tools make the process easier for the customer while greatly reducing paper use.

Virtual Tools Provide Enhanced Safety

In 2020, our homebuyers embraced our suite of virtual homebuying tools, including:

679,259

virtual tour visits

491,664

interactive floor plans viewed

211,591

unique chatbot conversations

15,024

in-person private tour appointments

42,830

unique Online Design Studio visitors

11,053

live video Design Studio consultations



Social Responsibility

As a company in the business of building communities, not just houses, social sustainability is an important part of who we are and what we do. We believe strong communities are essential building blocks of a sustainable society.

At KB Home, our product offers a foundation for social, family and community life. For us, social sustainability includes being an active part of the wider communities where we live, work and build. In 2020, the pandemic created new ways of connecting and caring for each other, from social pods to homeschooling to telemedicine, but at the center of all of these were our homes and neighborhoods. As we hopefully emerge from the pandemic, we are seeing indications that it has changed the face of the American home and increased interest in how the health of our individual homes can have an impact on our wider society.

2020 also marked a year of enhanced discussion and transparency about the social component of our sustainability program. We publicly articulated some of our guiding principles and long-established standards and practices that steer how we conduct ourselves as a company, including publishing a Human Rights statement, and a policy on Responsible Marketing practices.

The Changing Role of the American Home Post-Pandemic

In 2020, for many Americans, our homes had to be more than ever before. They became workplaces, schools, gyms, entertainment centers and health hubs. Most of all, they were retreats from the wider world. While the pandemic may be beginning to recede, this new paradigm for the American home may be here to stay. Key findings from the America at Home Study conducted in 2020 to explore how the pandemic was impacting homebuyers’ needs include:¹

- Increased interest in health and wellness, technology, germ-resistant surfaces and more storage
 - Need for multifunctional spaces and the desire among young parents in particular to upgrade for improved home office space and soundproofing
 - Strong concern for wellness, most importantly, financial well-being and emotional well-being, with mental health and physical health and fitness close behind
- Strong interest in community features such as nature and open space for hiking, dog parks, small neighborhood parks, and health and wellness clinics
 - Thirty-eight percent of renters reported that they had either moved or considered moving due to a residence-related health issue
 - Concern among Millennials about the potential impact of their home on their health, with 75% citing indoor air quality among their top health topics

KB Home Is Utilizing Building Science to Deliver Healthier Homes

At KB Home, we believe that the impact of our home environments and indoor air quality on human health is an issue with implications for all of us. Building a “healthy home” has been one of the key components of our approach to sustainability from the beginning. We strive to bring “healthy home” standards and features to the production home market, much as we did with energy efficiency. Today, every KB home is designed and built based on advanced construction features and building science guided by the U.S. EPA voluntary standards for residential

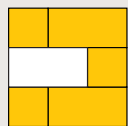
new-home construction programs (ENERGY STAR, Indoor airPLUS and WaterSense). Building to these standards delivers an enhanced indoor environment, thanks to high performance ventilation systems that regularly introduce fresh outdoor air as well as quality construction techniques and materials, including low- or zero-VOC products in carpeting, paint, insulation and cabinetry, comprehensive air sealants to significantly reduce drafts, moisture, dust and pollen, and antimicrobial door handles and touchless faucets to reduce the spread of germs.

¹https://www.builderonline.com/data-analysis/follow-up-america-at-home-study-underscores-changing-housing-attitudes_o

Our Homes Offer Wellness by Design

The [National Center for Healthy Housing](#) (NCHH) defines a healthy home as a household that is dry, clean, pest-free, ventilated, safe, contaminant-free, maintained, thermally controlled, accessible and affordable. A sustainably built KB home is designed to offer a variety of potential health benefits in these areas:

Reduced Leaks and Drafts	More Consistent Temperatures	Better Durability	Improved Indoor Air	Safer Surfaces and Materials	Peace of Mind
FEATURES					
Comprehensive air sealing, careful attention to insulation installation and high performance windows and doors minimize warm and cold spots.	A high efficiency heating and cooling system, designed and installed for high performance, ensures better comfort in every room year round.	A comprehensive water management system, including flashing, moisture barriers and heavy-duty membranes, protects roofs, walls and foundations from moisture damage.	A fresh-air system provides a controlled amount of outdoor air. Combined with a high-performance filter, this helps to improve indoor air quality and reduces dust, pollen and other allergens.	Product selections guided by material science standards provide safer surfaces and finishes throughout the home.	Trained and certified professionals perform independent inspections and testing to give homebuyers confidence in our products.
BENEFITS					
Reduces drafts, moisture, dust, pollen, pests and noise. Protects against mold and moisture damage that can be caused by condensation. Provides air barrier between home and garage to prevent migration of garage air indoors.	Consistent temperatures enhance comfort and promote more restful sleep.	Protects from mold and mildew caused by water damage.	High-performance air filters clean outside air and indoor return air. Exhaust fans vent moisture and fumes directly to outside. Fresh air exchange process brings outside air to reduce indoor air pollutants. Improved air means fewer causes for respiratory system, eyes and skin irritation.	Door hardware with Microban® technology and touchless faucets and light switches resist germ spread. Silestone® solid surfaces are germ-resistant and easier to clean. Low- or zero-VOC carpeting, paint, insulation and cabinetry help improve air quality.	Third-party inspections provide additional layer of assurance that the home is built to standards to be quieter, cleaner and safer.



Built on Relationships WELL LIVING LAB

In 2020, we announced a groundbreaking healthy home research partnership with the Well Living Lab, which was founded as a collaboration between Delos®, a global wellness pioneer, and Mayo Clinic. Well Living Lab is the first lab exclusively focused on researching how indoor environments can improve human health and well-being. With both health and home top of mind,

Dr. Win Shen

Consultant and Immediate Past Chair of the Department of Cardiovascular Diseases at Mayo Clinic in Arizona
Professor of Medicine at Mayo Clinic College of Medicine, Rochester, MN



we asked Dr. Win Shen, Healthy Home Medical Director for Well Living Lab, to share his perspective on the importance of healthier homes on our lives.

Why should we be concerned about healthier indoor environments?

Even before the pandemic, the average American spent 90% of our time indoors. During COVID-19, time in our homes has been at an all-time high. Well Living Lab studies have shown that the quality of indoor environments affects not only our physical health but also our performance, productivity, stress, sleep and overall quality of life.

There's a lot of debate about what constitutes a healthy home.

What is your definition?

We view a "healthy home" as one with a safe, clean and connected environment that can improve the physical, mental and social health and well-being of its occupants for wellness, health maintenance and disease prevention.

What are the potential societal outcomes of improved healthier indoor environments?

By researching how we can enhance the health of indoor environments, the Well Living Lab can apply findings to benefit both individuals and potentially society as a whole. We hope that by demonstrating the cumulative impact healthier homes can have on the occupant's health, it will influence the homebuilding industry. Over time, this could positively transform homes across the nation and result in long-term societal benefits.

"The quality of indoor environments affects not only our physical health but also our performance, productivity, stress, sleep and overall quality of life."

— Dr. Win Shen

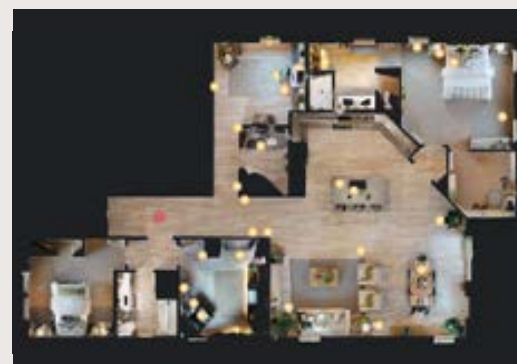
What makes KB Home an ideal partner for this research partnership?

KB Home and the Well Living Lab share a commitment to innovation and partnership to improve the lives of people. Given its reputation in the building industry and commitment to creating living environments that promote health and well-being, KB Home is an optimal partner to help advance the Well Living Lab's mission to transform human health and well-being in the indoor environment.

A New Home Provides a Healthier Home Environment

KB Home has been a strong champion for many years of the key role homebuilders can play in constructing healthier homes, as well as educating consumers about the improved indoor environment offered by today's new home construction. The collaboration between KB Home and the Well Living Lab further reinforces our commitment to promoting health and wellness through sustainable homebuilding.

In February 2021, we unveiled a concept home in the Phoenix area in conjunction with Well Living Lab that demonstrates the significant potential contribution a new KB home can make to residents' overall health, from the latest advancements in design and construction materials to wellness intelligence ecosystems and biometric smart devices.



The concept home features microenvironments informed by both consumer insight from KB Home and research from the Well Living Lab and its scientific collaborators. Each dot on this [immersive interactive experience](#) denotes an element of the home that can contribute to wellness. Find out more about the [Healthy Home Program](#).



"Safer Inside": Showcases products and technologies designed to reduce virus transmission. This includes many products that come standard in a new KB home and others that are available at the KB Home Design Studio. The home also showcases products from leading KB Home suppliers, including Kwikset®, Sherwin Williams®, Emser Tile®, Whirlpool®, Moen® and Hunter Douglas as well as Well Living Lab Alliance members such as Herman Miller, Delos and Withings.



The home included this MindBreaks™ Room, which offers a personalized wellness space with immersive audio and visual content intended to enhance mood, improve focus and boost performance. It also engages smart devices to measure health status and key biometrics of people in the home.

Revitalizing Older Neighborhoods With New Homes

We look for opportunities to be part of the revitalization of older neighborhoods through new homes. Both infill and redevelopment opportunities are among our considerations when evaluating potential land investments. Several of our communities are built on brownfield, greyfield or infill properties. Often our homes are the first to be built in these locations in years and can contribute to creating stronger, safer communities with more energy- and water-efficient housing. In addition, we strive to make more efficient use of limited land resources by designing high density communities of eight to 40+ dwelling units per acre where zoning permits. Here are a few examples:

40+

high-density communities nationwide in 2020

15+

infill/redevelopment communities nationwide in 2020

1,400+

homes delivered at such communities in 2020



Sweetwater Place
Spring Valley, California

- 122 single-family detached homes
- 8 dwelling units per acre
- First new homes in the area in 15 years
- Tucked into existing development; on site of a former plant nursery
- Reflects local natural beauty, including an ephemeral streambed and native plant buffer
- Public 2-acre community park featuring electric car charging stations and gathering areas with picnic tables, tot lots and fitness stations
- Land mitigation and park development, part of local requirements



Paseo Del Mar
Irvine, California

- 93 townhomes located in the heart of Irvine within one of the largest employment centers in Orange County
- Nearly 40 dwelling units per acre
- Replaced an outdated industrial warehousing complex
- One of the first homeownership opportunities in the Irvine Business Complex
- Community paseos and pocket parks with bocce ball, an outdoor kitchen, pool and spa
- Connection to a future trail system under development



Axis at Grace Park
Inglewood, California

- 121 three-story townhomes
- 2,021-2,355 sq. ft., 3-4 bdrms., 3.5 baths
- 3-story living with downstairs junior suites
- Nearly 15 dwelling units per acre
- Near SoFi Stadium, The L.A. Forum™ and Edward Vincent Jr. Park
- Short drive to Playa Del Rey and Venice Beach
- Convenient access to Los Angeles International Airport (LAX), and major freeways

One of our newest infill and high-density communities, Axis at Grace Park, began construction and sales in 2020 and will be delivering its first homes in 2021. The community is built on what was the site of Robert Freeman Hospital, which had been closed for many years and represents significant new residential revitalization of the area.

The three-story homes are designed specifically for the needs of city dwellers, maximizing space and flexibility, including downstairs junior suites that accommodate a variety of family and living configurations. While these homes have all the advantages of single-family living, the community is designed to deliver nearly 15 homes per acre, maximizing this infill location. There is an on-site tot lot playground as well as a pool and community room planned for the larger community.

The community is also very centrally located and transit and pedestrian friendly, just a 10-minute walk to the La Brea and Florence Metrolink® light rail station on the Crenshaw Line, which is estimated to open in 2021.

KB Cares Giving Program

At KB Home, everything we do is Built on Relationships. That's why we believe that every action we take, from how we care for our communities to how we build our homes, has the potential to make a positive impact. Our KB Cares program is one way we put that ideal into action. Through KB Cares, we make active investments in four areas of strategic focus:



A Roof Over Every Head

Focus: Shelter

We believe in helping find a safe and secure place to call home for those in the most challenging circumstances, from victims of natural disasters to those who have been neglected or abused to veterans looking to rebuild their lives.

Resilient Communities

Focus: Community

We're not just building homes, we're creating and growing communities. That's why we invest in the well-being of our communities, helping to build strong social ties and caring for people in need.

Sustainable Futures

Focus: Sustainability and Environment

We believe that when creating new homes and communities, it's not just our responsibility to limit our footprint on the planet. We strive to ensure that our physical environment remains clean and beautiful.

A Foundation for the Next Generation

Focus: Construction Skills and Employment

We're dedicated to training future builders with the skills and expertise needed to build careers for themselves while advancing our industry's ability to make those dreams come true.

Sustained Community Partnership

Last year would have marked the 14th Annual KB Home Golf Classic benefitting the Riverside University Health System (RUHS) in Riverside, California, an event that typically raises over \$100,000. When the event was cancelled due to the pandemic, our division and its supplier partners stepped in and made donations totaling more than \$110,000. This donation, in addition to the last two golf tournaments, has helped RUHS raise almost \$350,000 toward their current \$1.2 million fundraising campaign to support the expansion of their Child Abuse and Neglect Unit.

We are pleased to have helped RUHS raise nearly \$2.1 million over our long history together and look forward to many more years of working closely together to serve the community we share.



In 2020, we sponsored the 17th Annual PlayBingo Ladies Luncheon in Austin, Texas in support of ending the cycle of child abuse. The virtual event benefited the Center for Child Protection, the only nonprofit in Travis County working to investigate crimes against children. This was our fifth year supporting this event, and we continued with a \$6,000 donation and helped to raise a total of \$460,000.

We were a sponsor of the SSG Matthew A. Pucino Foundation Blackbeard Golf Tournament in Orlando, or canceled injured veterans. In 2020, the event was held socially distanced, but nonetheless drew 150 golfers. KB Home and our suppliers raised a total of \$88,000.

As a result of our work as a Connector for NREL's American-Made Solar Prize, we received a \$5,000 award. We donated the \$5,000 to GRID Alternatives, a national leader in helping economic and environmental justice communities nationwide get clean, affordable solar power as well as providing job training for installing solar electric systems.

In 2020, KB Home made a seed donation of \$64,000 to help establish the Building Talent Foundation, a nonprofit founded by the 20 leading U.S. residential construction companies. Its mission is to advance the education, training and career progression of young people and people from underrepresented groups as skilled technical workers and business owners in residential construction.

Students from Osceola Construction Pipeline, one of the Career Pipelines for the School District of Osceola County, touring a KB Home under construction in the Orlando area and learning about the construction process (pre-COVID, so not socially distanced or masked).



Spring Mountain Ranch

Economic Sustainability and Corporate Governance

We strive to build an economic platform for the long term that not only can sustain the environment and its people but also be an engine for growth that will allow us to continue to make positive impact for generations to come.

As an industry deemed essential in 2020, we faced the challenging task of balancing working to protect our employee and trade partner teams with delivering on the dreams of over 10,000 homebuyers seeking the comfort, safety and a place they could call home.

We contribute to a healthy and thriving economy at both the local and national levels by creating value for our stockholders, meaningful work for our

employees and strong trade partnerships in addition to being active members of the social, economic and geographic communities in which we operate. As one of the leading companies in our industry, we also support promising new sustainability innovations, providing real-world market feedback for emerging solutions that may make important contributions to long-term sustainability.

Housing: Strength in an Uncertain Economy

In a year in which the U.S. economy was hard hit by the COVID-19 pandemic, housing was one of the better-performing sectors. Homebuilding was deemed an essential business in most areas in which we operate, allowing us to continue to build and deliver homes for most of the year. At the same time, the pandemic's renewed focus on home fueled existing dynamics, including a preexisting undersupply and pent-up demand to create the strongest housing market in many years.

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

- Each new single-family home built creates the equivalent of three new jobs for a year.¹
- Buying a home often precipitates home-related purchases like furniture and other household goods, with buyers spending an average of an additional \$4,500 in the first two years compared to non-moving homeowners.
- New homebuyers also become new customers that support local business, including grocery stores, restaurants, dry cleaners and gardening services.
- Our neighborhoods also often include new community resources that add to local quality of life, including parks, open space preservation areas, community centers, walking and biking trails, community gardens and even elementary schools.
- We make direct contributions to the local economy in the form of school fees. In 2020, we contributed over \$42 million in local school fees.
- In addition to contributing to a reduction in carbon emissions and helping our buyers lower their total cost of homeownership, building energy-efficient homes helps our financial results as well. In 2020, we recorded \$67.8 million in income tax expense, which reflected the benefit of \$18.7 million of federal energy tax credits we earned from building energy-efficient homes.



49%

of millennial homebuyers have accelerated their timeline to buy a home due to the pandemic²

Keeping Homeownership Affordable for Median-Income Households

Much attention has been given in recent years to the need to provide housing at affordable prices. Studies have found that for every \$1,000 increase to the cost of a new home, 158,857 households are pushed out of the housing market.¹

Many of the housing markets in which we build are experiencing a growing housing affordability gap, with home price increases outpacing income growth, particularly in California, where it is a perennially important issue for state and local governments. As a homebuilder with a focus on helping first-time buyers achieve the dream of homeownership, this is particularly important to us. We base our evaluations of potential land purchases as well as product design decisions on their potential to serve local median-income households. We aim to accomplish this through a variety of means, including product and design efficiencies, cost reductions through materials and resource conservation, strong trade partnerships and economies of scale, and carefully weighing cost increases against their potential negative impact on affordability. In addition, our focus on energy efficiency is designed to lower the total cost of homeownership by reducing utility bills.

We believe that an additional way to help serve this need is to build more smaller single-family homes, historically a primary segment of the market that has been declining. 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, that number has been just 23%. We believe that this is an important part of the market to serve, not only because most homebuyers prefer single-family homes, but also because greater variety in housing creates more socially diverse and economically sustainable neighborhoods. In addition, offering smaller homes helps to address housing affordability.

23%

of new homes nationwide are 1800 square feet or less

89%

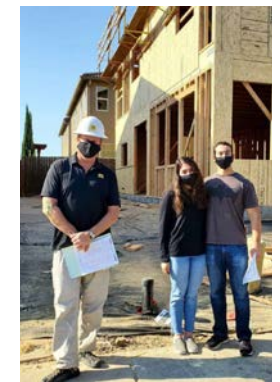
of KB Home communities offered smaller homes in 2020.

35%

offered home designs of 1,400 square feet or less.

6,000+

first-time homebuyers were able to afford their dream of a new KB home in 2020.



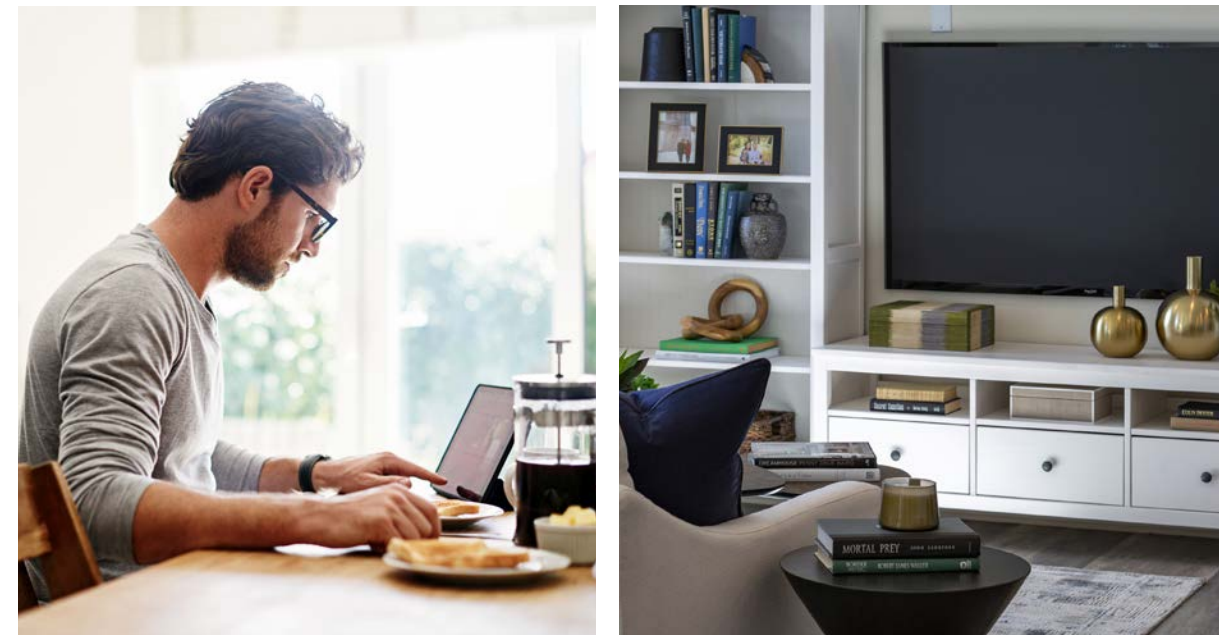
¹<http://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=265844>

Supporting Emerging Technologies and the Sustainability Economy

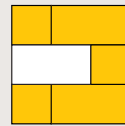
A key part of our sustainability program is identifying and fostering new technologies in order to support the development of products that are market ready and can make a positive impact in the production home market. We occasionally partner with companies to showcase or pilot their products in order to provide end-user feedback from a builder's perspective. This allows these partners to better understand the real-world application of their products and consider potential adjustments prior to market rollout. This process helps KB Home to maintain and grow a pipeline of new products and technologies to support ongoing improvements to our homes.

In 2020, our support for emerging innovations included:

- **HALO-LED™ Whole-Home Air Purification Systems:** We were the first national homebuilder to pilot one of the leading whole-home air purification systems that is both mercury-free and zero-ozone compliant. We are currently evaluating pilot results for a potential wider rollout.
- **SunPower OneRoof:** We worked with SunPower on the development and testing of its innovative new OneRoof product specifically designed to meet the needs of California new-home solar communities with more efficient installation and aesthetically pleasing integrated design. We were also the first homebuilder to offer this new product in production homes. See page 26 for more information.
- **Generation Lighting:** In 2020, we began collaborating with our lighting supplier, Generation Lighting, and others on products intended to create value for our companies and our homebuyers. As a result of this collaboration, health and wellness product(s) featuring circadian rhythm lighting are expected to be available from Generation Lighting within 2021.
- **American-Made Solar Prize:** We participated as a Connector in this solar innovation competition sponsored by the U.S. DOE's National Renewable Energy Laboratory. We help innovators bring their ideas to market more efficiently and effectively by mentoring and sharing real-world expertise. See page 50 for more information.
- **Bill & Melinda Gates Foundation/Natural Resources Defense Council (NRDC):** We were invited to participate in a roundtable review and discussion focused on next-generation water-conserving toilets that the Gates Foundation is developing.
- **Plug and Play Ventures:** We collaborated with this Silicon Valley venture capital fund specializing in new sustainability-focused startups to review products in the areas of air quality measurement and building materials made from diverted and reclaimed ocean plastics.



Top right: Viewpointe; Bottom: Mirabel



Built on Relationships

THE NATIONAL RENEWABLE ENERGY LABORATORY (NREL)

In 2020, we joined a group of Connectors for the American-Made Solar Prize, an innovation competition sponsored by the National Renewable Energy Laboratory of the U.S. Department of Energy. We are pleased to support the next generation of solar technology.

Debbie Brodt-Giles

D.A.T.A. Group
Manager, Strategic
Energy Analysis
Center
National
Renewable Energy
Laboratory (NREL)
U.S. Department
of Energy



What inspired the foundation of the American-Made Solar Prize?

The American-Made Solar Prize was started two

years ago in an effort to spur innovation in the solar industry and bring solar manufacturing back to the U.S. to create new jobs, ready solar technology innovations for market and increase U.S. manufacturing competitiveness. The prize program is geared toward finding a wide range of solar technology innovations, and the ideas can come from anyone—a garage tinkerer, a small start-up or even a large, successful company.

What role do Connectors play in the American-Made Solar Prize?

Connectors help our innovators to get access to technical experts, facilities, business professionals and other resources that can help teams succeed. They engage with the innovative teams and help them advance their ideas, partner with needed experts and more. KB Home makes perfect sense to be a Connector because of its leadership in

residential solar, and because as a national homebuilder, it can provide invaluable feedback and perspective on real-world applications and market-readiness.

What do you think the top priority for the residential market for solar is?

More solar innovation and solar technologies manufactured in the U.S. The time is right to advance solar innovations and the potential for those innovations to be manufactured in the U.S. is at an all-time high. Truly, the sky is the limit.

“Getting involved early can give private companies the opportunity to capitalize on interesting innovations at a very early stage.”

— Debbie Brodt-Giles

How can the private sector help to accelerate the commercialization of solar innovations?

When our teams have the backing of reputable private sector partnerships, it goes a long way to prove that the innovative solution is something that could be useful and wanted by the industry. Getting involved early can also give private companies and investors the opportunity to capitalize on interesting innovations at an initial stage.



Bringing Innovation to Light



U.S. DEPARTMENT OF ENERGY



KB Home VP of Innovation and Sustainability Jacob Atalla on a videoconference with American-Made Solar Prize participant, Sol-Ark.

Value KB Home brings as a Connector:



Significant homebuilding sector expertise based on 10 years of solar construction
Real-world application input on technology concepts



Provide real-world application input on technology concepts



Potential to pilot selected promising technologies in our communities



Spring Mountain Ranch

Product Manufacturing, Quality and Safety

We strive to create new homes that our customers are proud to own and our employees are proud to stand behind. Each of our homes reflects dedication to product quality improvement, workplace safety and customer satisfaction.

Green 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 green building initiatives by governmental and non-governmental organizations. Below is a selection of our engagements:

- 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 - please make sure dash stays on the first line 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

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.

12%

improvement in overall construction quality score from 2014 to 2020



Leveraging Our Supply Chain

Collaboration, brainstorming and planning with our national strategic suppliers and partners play an important part in continuing to evolve our sustainability commitment. Normally, we bring together our partners nationwide each fall for our two-day National Strategic Supplier Conference to plan for the coming year. In 2020, due to the pandemic, we held a half-day, streamlined virtual conference that allowed us to discuss creative solutions to some of the unique supply chain challenges that have arisen during the pandemic.

Product-Sourcing Certifications

We seek out products that provide independent sustainability assessment, like the Cradle to Cradle Certified® Products Program (C2C). C2C provides 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. A number 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.

Lumber and Forestry: As part of our contracts with lumber suppliers, we require them to certify that the wood they provide us with is not sourced from endangered forests or is certified by recognized sustainable forestry management programs like the Forest Stewardship Council® (FSC) program. We took this early leadership position in our industry more than a decade ago. We have also been a public proponent for the preservation of old-growth national forests in partnership with the NRDC.

KB Home Works With Premier Suppliers

ABC Supply Co.®	Emser Tile	LP Building Solutions®	SunPower
Allura™	Generation Lighting	Moen	Therma-Tru®
Boise Building Solutions	Huber®	Owens Corning®	Timberlake Cabinets
Boral®	Hunter Douglas	Schneider Electric™	Wayne-Dalton®
Carrier	InSinkErator®	Shaw	Whirlpool
ClosetMaid®	Kohler®	Sherwin-Williams	Wilsonart®
Daltile®	Kwikset	Simpson Strong-Tie®	Woodmont Cabinetry



Shaw engineered wood flooring is Cradle to Cradle certified



KB home under construction in Orlando, Fla.

Workplace Safety

Providing a safe workplace for our employees and trade partners is a high priority. Construction can be a dangerous vocation, and we have put a number of safety programs in place with the goal of ensuring that our employees and trade partners stay safe. We apply these standards equally to our employees as well as our suppliers, trade partners and subcontractors. 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 company-wide safety representative
- Regular employee training is an important component of our quality and safety program. New employees are required to complete training certification on both quality processes and standards as well as sustainability features and standards; these modules were completed by 93% and 94% of new employees, respectively, in 2020.
- We also took a number of decisive steps in the interests of safety when COVID-19 was declared a global pandemic in March 2020.

We temporarily closed our sales centers and Design Studios in mid-March. In early April, with protocols in place for operating our communities safely, we began reopening by appointment only, and we continued with this approach until more fully reopening to walk-in traffic in late May.

- As an essential business, in most areas where we operate, we were permitted to continue operations. In order to provide a safe environment for our essential workers, we issued a COVID-19 Re-Opening Playbook that covered all aspects of our business. For our construction operations, this included required Wellness Confirmation Forms for all employees and trades on site, the use of personal protective equipment (PPE), including masks, limiting the number of trades on site to support social distancing and handwashing/sanitation stations at all jobsites.
- We track nearly 50 checkpoints across key aspects of jobsite safety, including: safety documentation, personal protection equipment, scaffolding and ladders, fall protection, trenching and excavation, hazard assessment protocol, first aid and emergency plan, electrical safety and material safety.

Jobsite Safety Reviews

In addition to measuring quality, IBACOS also reviews safety. Since 2014, we have been conducting annual jobsite safety reviews and maintaining scorecards for each of our divisions in conjunction with IBACOS.

22%

improvement in KB Home's overall jobsite safety score from 2014 to 2020



Governance and Sustainability Oversight Structure

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:

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 responsibility for social 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 the following page, 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, 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 ESG across the Company and enhancing our transparency and disclosure around our ESG initiatives.
Environmental Management System (EMS)	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. This year, we formalized this process into an EMS process, as outlined on page 58, to continue to expand the transparency of our processes.

National Advisory Board (NAB)

In 2009, we formed our National Advisory Board in an effort to formalize our stakeholder engagement. Our members are leaders from diverse disciplines that 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 our senior executive for sustainability. We also consult with members throughout the year on specific issues and emerging topics.

2020 National Advisory Board

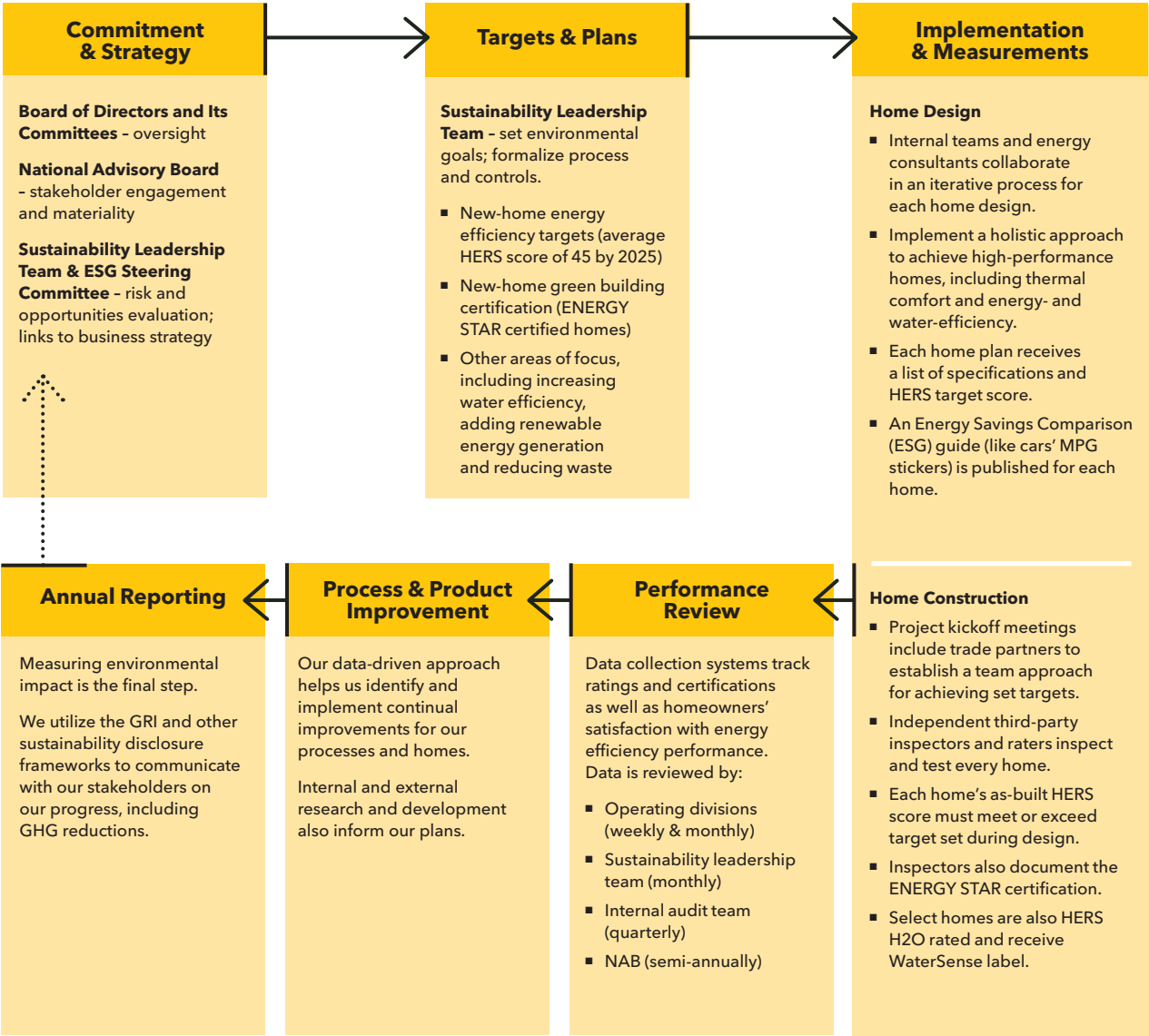
Jacob Atalla Vice President, Innovation and Sustainability, KB Home	Sheila Hollis, Esq. Partner, Duane Morris LLP	Andre Pettigrew Director, Office of Economic and Workforce Development, City of Durham
Dan Bridleman Senior Vice President, Sustainability, Technology & Strategic Sourcing, KB Home	Anne Kelly Senior Program Director, Policy and BICEP Program, CERES	Sam Rashkin Founder, Retooling the U.S. Housing Industry Former Chief Architect, U.S. DOE Building Technologies Office
Professor Magali Delmas Professor of Management, Institute of the Environment and Sustainability, Anderson School of Management, UCLA	Nancy LeaMond Executive Vice President and Chief Advocacy & Engagement Officer, AARP	Daniel Seligman Director, Clean Energy CERES
Dr. Jonathan Fink Director, Digital City Testbed Center, Portland State University	Matt Mandino Executive Vice President and Chief Operating Officer, KB Home	Tim Smith Principal - AIA, AICP SERA Architects, Inc.
Peter Harkness Former Group Publisher, Governing, Senior Policy Advisor, Pew Center on the States	Jeffrey Mezger Chairman, President and Chief Executive Officer, KB Home	
	Dr. Lou Moret Former CalPERS Board Member	

Inquiries regarding our sustainability initiatives can be directed to sustainability@kbhome.com.

Environmental Management System (EMS)

We have established an EMS within the U.S. EPA definition: “a set of processes and practices that enable an organization to reduce its environmental impact and increase its operating efficiency.” The main focus of our EMS is reducing the GHG emissions associated with the use of the homes we build over

their multidecade life cycle. Our EMS provides a framework for planning, implementing, measuring, evaluating and refining these efforts over time. The flow chart below demonstrates this framework and the rigorous validation we bring to the process.



Corporate Governance Overview

We believe transparency is essential to operating an inclusive, stakeholder-driven business. Publicly disclosing our organizational governance standards and practices in an easy-to-find, easy-to-understand format is part of how we do that.

As 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 below and discussed in our 2021 Proxy Statement. We also detail below how the Board's approach to corporate governance aligns with the principles of the Investor Stewardship Group, which is a coalition of some of the world's largest investors and asset managers, including several of our top stockholders.

Our business is conducted under the direction of our Chairman, President and Chief Executive Officer, with the oversight of our Board of Directors, including a Lead Independent Director.	All of our directors, except for our President and Chief Executive Officer ("CEO"), are independent.
The Board consists of a diverse mix of individuals with distinctive skills and experience and no over-boarded directors.	During 2020, there were no related party transactions.
Only independent directors serve on Board committees.	Each director attended more than 75% of their total Board and committee meetings.
The Board held four meetings in 2020, with 98% average attendance.	We expect directors to attend our annual stockholder meetings. All directors attended our 2020 Annual Meeting
To monitor COVID-19's impact on our business, directors held bi-monthly calls with management from early April to July 2020.	We conduct extensive outreach to and engage with our stockholders on a year-round basis regarding governance and other related matters.
Directors are financially literate, and all Audit and Compliance Committee members are "audit committee financial experts."	We have one class of voting securities and no supermajority voting requirements (except per Delaware law, our state of incorporation).
Directors are elected annually under a majority voting standard.	Executive officers are subject to a robust incentive compensation claw-back policy.
Directors and senior executives are subject to strong stock ownership requirements.	All unvested employee equity awards require double-trigger vesting in a change in control.
Directors, senior executives and employees may not pledge or hedge holdings of our securities.	



Highmark at IronRidge

ALIGNMENT WITH THE PRINCIPLES OF THE INVESTOR STEWARDSHIP GROUP (FY 2020)

Stewardship Principle	What We Do
Boards are accountable to stockholders.	The Board is unclassified and directors stand for election annually. Directors must receive a majority of votes cast for their election in an uncontested election. Stockholders approved measures with potential “anti-takeover” effects to protect our valuable deferred tax assets.
Stockholders should be entitled to voting rights in proportion to their economic interest.	We have one class of outstanding voting securities that allows each holder one vote for each share held.
Boards should be responsive to stockholders and be proactive in order to understand their perspectives.	Stockholders may communicate with us and the Board (see “Communicating with the Board”). We proactively engage with stockholders year round. In 2020, many stockholder dialogues covered our ESG programs’ progress.
Boards should have a strong, independent leadership structure.	The Board has a strong independent lead director with significant responsibilities and authority (see “Board Leadership”). Independent directors lead all Board committees.
Boards should adopt structures and practices that enhance their effectiveness.	Directors have extensive and relevant experience and skills. Ninety-two percent of directors are independent; 42% are women or ethnic minorities. The three Board committees have only independent directors. Directors are highly engaged, and average Board and committee meeting attendance during 2020 was 96% or higher. Directors can access all levels of the organization and outside advisors for information about our business and their Board roles. The Board has nominated for election at the Annual Meeting three new candidates, promoting its refreshment.
Boards should develop management incentive structures that are aligned with the long-term strategy of the company.	In 2020, our Say-on-Pay proposal received 92% support. Management compensation is designed to advance our long-term strategic goals (see “Compensation Discussion and Analysis”).

SOCIAL STANDARDS AND POLICIES


Ethical Standards and Policy	All Board members and employees are expected to follow the highest ethical standards when representing KB Home’s interests and must abide by our Ethics Policy . We maintain an Ethics Policy hotline (800-304-0657) and reporting website (kbhome.ethicspoint.com), administered by an independent third party, to ensure maximum possible confidentiality and neutrality. Our Corporate Governance Principles and Ethics Policy are available on our website. Print copies of our Corporate Governance Principles and Ethics Policy are available free of charge by written request to our Corporate Secretary.
Supplier Code of Conduct	Our Supplier Code of Conduct contains principles, guidelines and standards with respect to the supply of products and materials for our operations.
Responsible Marketing Policy	We are committed to using responsible sales and marketing practices to communicate the value of our products and services to consumers in accordance with applicable law, which we have published on our web site in our Responsible Marketing Policy .
Human Rights Standards	We recognize the importance of respecting and promoting human rights and have adopted Human Rights Standards as a key element of our Ethics Policy, which can be found on our website.

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 2021 Proxy Statement through our Investor Relations website.

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.
- There is an internal management approval process in place for political campaign contributions and a reporting process to our Board of Directors’ Nominating and Corporate Governance Committee.
- In 2020, the KB Home American Dream Political Action Committee contributed \$5,000 to the Leading Builders of America PAC. This contribution was reported to the Federal Election Commission and can be found on its website at www.fec.gov.
- In 2020, we contributed \$407,400 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 www.sos.ca.gov. The Nevada contributions can be found on the Nevada Secretary of State’s website at www.nvsos.gov/sos



We are proud members of the CERES 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.



Mission Ridge

Stakeholder Transparency and Data Tables

Since our inaugural 2007 Sustainability Report, we have been committed to transparency and accountability as a key component of sustainability- and ESG-related reporting in order to provide all of our stakeholders with visibility into our business and results.

Since that first report, 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) in order to supply decision-useful information to investors and other key stakeholders.

Our reporting is aligned with the SASB, GRI and UN Global Compact Index frameworks, and indices for both SASB and GRI can be found in this chapter, as well as a chart that demonstrates alignment between select UN SDGs and KB Home policies and strategies.

In this and every report, we publish our carbon footprint measurement (Scope 2 emissions). Beginning with last year's report, we also provide additional information on our evaluation of the carbon footprint impact of our business and how we measure and estimate the potential impact of our operations and our products on climate change as well as discuss our evaluation of Scope 1 and Scope 3 emissions in our business. We intend to continue to report on these topics in the normal course of business.

Greenhouse Gas Emissions and Carbon Reduction

Since our inaugural sustainability report published in 2008, we have been transparent about our carbon and GHG emissions. The information we share includes quantitative reporting on our Scope 2 carbon emissions for each fiscal year using standard carbon accounting protocols, covering both financial intensity and activity-related intensity.

Beginning with this report, in order to make locating this information easier for interested parties, we are consolidating relevant data in this section and intend to continue to provide public updates with our annual sustainability reports and on our website going forward.

Evaluation of Carbon Footprint Impact of Our Business

In 2007, we evaluated the carbon footprint of our business operations and products to inform our ongoing assessment of where we can make the highest possible positive impact. We then refined our methodology in 2009 to enhance its relevance and actionability and have continued to capture this data and publicly report on it in the normal course of our business.

Scope 1

We determined that our Scope 1 carbon emissions are not significant (Scope 1 = 0 emissions), as we do not own manufacturing facilities, equipment, vehicles or buildings that directly generate carbon emissions.

Scope 2

We believe that the Scope 2 carbon emissions of our operations are significant and important to measure and report. Our Scope 2 carbon emissions come from three major areas: our production homes, our model homes and our Design Studios and offices.

One of the key challenges in measuring our Scope 2 carbon emissions is that our business spans the country, and regional variables significantly affect the accuracy of these estimates. For example, while our corporate headquarters and many of our communities are located in California, which derives much of its electricity from relatively low carbon-intensive energy sources, we also operate in several other states, some of which rely on coal-based energy. In addition, the winter energy consumption of our premises in Colorado are far different than those in California or Florida. Currently we don't have a policy to specifically require the use of energy from renewable sources, however, many of our model

homes based in California are equipped with solar energy systems, which reduce the amount of electricity that we buy from the local utility companies.

To help address the above challenges, the Scope 2 carbon emissions measurement system we have been utilizing for over a decade to estimate our GHG emissions is based on a broad sample that reflects specific monthly energy consumption tracking from multiple premises in each of our divisions company wide and takes into account regional variations in energy source and consumption. See page 18 of our 2009 Sustainability Report for a flow chart with a detailed overview of our data capture system and how we translate that consumption data into a GHG emissions estimate.

2020 Scope 2 Carbon Footprint Disclosure (with Scope 1 = 0 emissions)	
Estimated GHG emissions for KB Home operations (CO2e in metric tons)	19,744 metric tons
Estimated GHG emission financial intensity	0.0000047 (19,744 metric tons/ US \$4,183,174,000 total revenue)
Estimated GHG emission activity-related intensity (CO2e in metric tons per delivered home)	1.8 (19,744 metric tons/ 10,672 homes)

The Environmental Performance Overview table on the following pages shows carbon footprint data for the past 12 years.

Scope 3

We believe Scope 3 represents the largest segment of carbon emissions from our business operations and products. However, many of the impacts derived from our supply chain are currently beyond our capabilities to reasonably measure. In addition, we are not able to directly measure the Scope 3 carbon emissions of our production homes after delivery to buyers because we do not have direct access to our customers' utility usage. Therefore, 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 in order to provide reasonable estimates of these Scope 3 carbon emissions. As we build only ENERGY STAR certified homes and the extended life of these homes means that they will produce relatively lower emissions over a long timeframe, we believe this approach produces a particularly salient metric to evaluating impact and for shaping our longstanding focus on enhancing the resource efficiency of our homes.

Based on currently available data, we estimate the Scope 3 emissions from the homes we delivered in 2020 to be around 64,000 metric tons of CO2, with a typical 2020 KB home producing about 6 metric tons (national average level).

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 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 own.

ENVIRONMENTAL ALIGNMENT	SOCIAL ALIGNMENT	ECONOMIC ALIGNMENT
<ul style="list-style-type: none">Energy efficiency and GHG reductionThird-party HERS testing and rating100% ENERGY STAR certified new homesSolar leadershipElevating water conservationDesigning homes that are intended to be healthier for residentsIntegrating sustainability technology for increased comfort	<ul style="list-style-type: none">Increasing affordable housingBecoming the employer of choiceMaintaining industry-leading customer satisfactionRevitalizing older neighborhoods with infill homesCreating local community partnershipsUpholding human rights standardsProvide inclusive and equitable employee technical and vocational training	<ul style="list-style-type: none">Lowering the total cost of homeownershipReducing cost to buildPreserving the environment and natural resources for long-term valueAdhering to quality and safety standardsMaintaining workplace safetyPromoting responsible marketing policyUpholding supplier code of conductConvening NAB
<div><div>3GOOD HEALTH AND WELL-BEING</div><div>6CLEAN WATER AND SANITATION</div><div>7AFFORDABLE AND CLEAN ENERGY</div><div>13CLIMATE ACTION</div></div>	<div><div>4QUALITY EDUCATION</div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>



Santalina Vista

Environmental Performance Overview

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL # OF HOMES DELIVERED	23,743	12,438	8,488	7,346	5,812	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672
ENERGY EFFICIENCY														
# of ENERGY STAR® certified homes delivered¹	7,467	4,736	5,258	6,631	5,677	6,207	7,078	7,168	8,099	9,768	10,736	11,176	11,797	10,668
% of total homes delivered that were ENERGY STAR certified	31%	38%	62%	90%	98%	99%	99%	99%	99%	99%	98%	99%	99%	99%
% of KB Home divisions building at least some homes to ENERGY STAR specifications	83%	91%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
# of ENERGY STAR certified appliances installed²	N/A	18,804	12,718	13,292	9,929	9,065	9,695	9,789	11,181	13,261	15,276	15,960	17,083	13,507
Homeowner satisfaction ratings on the energy efficiency of their KB home³	N/A	N/A	N/A	91.90%	92.50%	93.10%	92.80%	91.50%	91%	91%	89%	89%	93%	93%
WATER CONSERVATION														
# of KB homes built to EPA's WaterSense specifications⁴	N/A	N/A	N/A	11	97	85	61	96	233	265	170	134	147	270
# of Water Smart homes built⁵	1,964	881	393	521	412	438	503	400	589	807	854	1,132	950	449
# of EPA WaterSense labeled fixtures installed in KB homes:⁶														
Bath faucets	N/A	154	15,189	19,096	18,240	22,500	23,500	23,800	28,700	34,400	40,000	42,000	44,000	39,500
Toilets	N/A	486	1,260	2,026	14,500	18,100	20,000	20,200	23,000	27,600	33,800	35,000	36,800	33,100
Showerheads	N/A	N/A	N/A	241	12,200	13,700	15,000	15,150	16,400	19,700	23,400	24,300	25,600	22,950
SUSTAINABLE PRODUCTS AND OPTIONS														
Total # of sustainable products and options installed⁷	N/A	N/A	21,010	23,155	18,412	20,039	33,582	35,373	46,717	52,094	59,454	61,585	64,697	64,032

¹ 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.
² Began tracking in 2008.
³ Began tracking in 2010, from a 12-month post-closing survey on a scale of 0–100% satisfaction.
⁴ Construction commenced in late 2010.
⁵ Las Vegas market only; in conjunction with the Southern Nevada Water Authority.
⁶ 2012–2020 figures are estimated.
⁷ 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 (Cont.)

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OFFICE SUSTAINABILITY PRACTICE														
% of office supplies purchased that are earth conscious	23%	27%	26%	33%	29%	22%	15%	20%	19%	22%	22%	26%	33%	33%
Sheets of paper saved through process improvement and reduction of paper in homebuying process, estimated¹														55,000,000
Recycled paper (office grade) processed through our national service provider, which recycles the paper after shredding (lbs.)²	56,440	148,940	72,390	467,979	158,129	94,703	123,637	66,114	203,341	165,606	335,526	181,981	329,900	92,620
Trees saved	479	1,266	615	3,978	1,344	805	1,051	555	1,706	1,389	2,815	1,527	2,768	777
Water saved (gal.)	197,540	521,290	253,365	1,637,925	553,451	331,459	432,728	906,125	2,786,903	2,269,713	4,598,551	2,494,154	4,526,444	1,264,403
Air pollution avoided (lbs.)	16,932	44,682	21,717	14,039	4,743	2,841	3,709	47,867	147,219	119,899	242,920	131,755	238,848	67,057
Landfill reduction (cu. yds.)	84	223	109	702	237	142	185	165	508	414	838	455	825	232
Electricity saved (kWh)	115,702	305,327	148,400	959,356	324,164	191,140	253,455	74,709	229,776	187,134	379,144	205,640	372,787	104,661
Oil saved (gal.)	12,981	34,256	16,650	107,635	36,370	21,782	28,436	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OUR CARBON FOOTPRINT														
Estimated greenhouse gas emission for KB Home operations (CO2e in metric tons)	N/A³	42,204	20,296	17,015	14,549	13,468	14,092	16,078	19,186	22,961	25,062	24,992	24,025	19,744
Estimated GHG emission financial intensity⁴	N/A⁵	0.0000139 (42,204 metric tons/US \$3,033,936,000 total revenue)	0.0000112 (20,296 metric tons/US \$1,824,850,000 total revenue)	0.0000107 (17,015 metric tons/US \$1,589,996,000 total revenue)	0.0000111 (14,549 metric tons/US \$1,315,866,000 total revenue)	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 \$4,183,174,000 total revenue)
Estimated GHG emission activity-related intensity (CO2e in metric tons per delivered home)	N/A⁵	3.4 (42,204 metric tons/12,438 homes)	2.4 (20,296 metric tons/8,488 homes)	2.3 (17,015 metric tons/7,346 homes)	2.5 (14,549 metric tons/5,812 homes)	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)
WASTE REDUCTION AND RECYCLING														
% of KB homes built with preconstructed panels⁷	65%	90%	90%	100%	100%	98%	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	90% (est.)
% of KB Home communities incorporating recycling into their standard jobsite processes	N/A	N/A	44%	71%	91%	64%	70% (est.)	80% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)

¹ We began our digital transformation and paper reduction process improvement in 2019 and continued in 2020. New metric introduced in 2020 to track going forward.
² This service provider also calculated the environmental benefits in the related rows below. This figure does not include the recycling programs we have established in the majority of our local offices. Increase in 2010 was primarily due to our Northern California division recycling over 11,500 boxes of archived documents in 2010. Division reduced their document storage by 50% to cut costs and improve efficiency.
³ Data not available for comprehensive emissions estimate.
⁴ Based on the methodology identified by the Carbon Disclosure Project.
⁵ Data not available for comprehensive emissions estimate.
⁶ Data not available for comprehensive emissions estimate.
⁷ Preconstructed panels help to minimize waste and increase durability and are constructed off site for greater precision. Using these panels results in more airtight, better insulated building envelope and helps reduce energy bills.

Social Performance Overview

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL # OF HOMES DELIVERED	23,743	12,438	8,488	7,346	5,812	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672
STAKEHOLDER AND COMMUNITY INVOLVEMENT														
NAB	NO	NO	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Infrastructure development - approx. school-related fees paid	N/A	\$35 million	\$25 million	\$21 million	\$20 million	\$22 million	\$26 million	\$25 million	\$28 million	\$34 million	\$40 million	\$44 million	\$49 million	\$42 million
EMPLOYEES, TRAINING AND LABOR PRACTICES														
# of full-time employees	3,556	1,892	1,446	1,346	1,204	1,172	1,422	1,605	1,710	1,797	1,936	2,025	2,157	1,752
# of collective bargaining agreements with employees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EMPLOYEE INJURIES BY REGION:														
West	6	13	13	6	7	4	8	6	7	14	12	17	10	12
Southwest	3	3	3	1	3	1	1	7	6	8	16	9	7	3
Central	5	16	3	5	2	14	5	5	10	11	6	6	7	6
Southeast	7	13	3	4	1	1	6	5	6	8	3	4	8	0
Average online training certifications per employee ¹	46	36	17	14	12	12	17	13	14	10	7	8	13	10
Average online training hours per employee ²	35	27	13	11	10	12	13	10	11	8	5	6	11	8
ANNUAL CORE TRAINING CERTIFICATION RATE:														
KB2020 White Papers ³	92%	98%	96%	97%	91%	90%	83%	87%	83%	66%	70%	80%	92%	96%
Ethics Policy	100%	100%	100%	100%	100%	99%	99%	98%	96%	97%	100%	98%	98%	99%
100% Complete/100% Satisfied ⁴	94%	99%	98%	97%	92%	97%	100%	90%	85%	75%	77%	83%	94%	95%
Sustainability Certification ⁵	N/A	99%	99%	95%	93%	83%	85%	85%	81%	64%	70%	77%	93%	96%
Number of safety certifications ⁶	6,874	2,125	210	200	120	235	894	1,045	901	861	199	315	1,408	2,447

¹ 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.

² 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.

³ As of 2010, required for new hires only. Decline in 2016 is due to transition to a new learning management system.

⁴ As of 2010, required for new hires only. Decline in 2016 is due to transition to a new learning management system.

⁵ As of 2010, required for new hires only. Decline in 2016 is due to transition to a new learning management system.

⁶ Required for new hires only; significantly declined in 2011 due to lower numbers of new employees in relevant positions.

Economic Performance Overview

Note: Below are key financial and overall customer satisfaction performance indicators. Additional operational results for fiscal year 2020 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 U.S. SEC, which can be found on our website at www.kbhome.com/investor or at www.sec.gov.

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL # OF HOMES DELIVERED	23,743	12,438	8,488	7,346	5,812	6,282	7,145	7,215	8,196	9,829	10,909	11,317	11,871	10,672
FINANCIAL TOTAL REVENUE (in thousands)	\$6,416,526	\$3,033,936	\$1,824,850	\$1,589,996	\$1,315,866	\$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
Net income/loss (in thousands)	(\$929,414)	(\$976,131)	(\$101,784)	(\$69,368)	(\$178,768)	(\$58,953)	\$39,963	\$918,349	\$84,643	\$105,615	\$180,595	\$170,365	\$268,775	\$296,243
Net orders	19,490	8,274	8,341	6,556	6,632	6,703	7,125	7,567	9,253	10,283	10,900	11,014	12,841	13,404
Backlog units	6,322	2,269	2,126	1,336	2,156	2,577	2,577	2,909	3,966	4,420	4,411	4,108	5,078	7,810
Backlog value (in thousands)	\$1,498,835	\$521,386	\$422,496	\$263,794	\$458,950	\$618,626	\$682,489	\$914,025	\$1,281,478	\$1,519,089	\$1,660,131	\$1,434,368	\$1,813,707	\$2,962,403
Average selling price	\$261,600	\$236,400	\$207,100	\$214,500	\$224,600	\$246,500	\$291,700	\$328,400	\$354,800	\$363,800	\$397,400	\$399,200	\$380,000	\$388,900
Housing gross margin	-5.70%	-7.10%	6.50%	17.40%	13.40%	14.90%	16.70%	18.10%	16.30%	16.20%	16.30%	17.50%	18.30%	18.90%
CUSTOMER SATISFACTION														
Customer satisfaction rating ¹	8.9	9.3	9.5	9.5	9.5	9.4	9.2	9.1	9.1	9.2	9.2	9.4	9.5	9.5
Customer recommendation rating ²	N/A	N/A	N/A	9.5	9.5	9.4	9.1	9	8.9	8.9	9	9.2	9.4	9.4

¹ From a 30-day post-closing survey on a scale of 1-10.

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

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	67,038 lots
F-HB-000.B Number of homes delivered	10,672 homes delivered
F-HB-000.C Number of active selling communities	236 communities

DISCLOSURE TOPIC	SASB ACCOUNTING METRIC	KB HOME 2019 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. Although we did not own any lots or deliver any homes on redevelopment sites as SASB defines that term, in 2020 we delivered 881 homes 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	4,428 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. 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	\$0
	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.
Workforce Health & Safety	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: 1.4* (b) contract employees: 3.4** Work-related injury fatalities (a) direct employees: 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. ** 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
Design for Resource Efficiency	IF-HB-410a.1 (1) Number of homes that obtained a certified HERS® Index Score and (2) average score	(1) 100% of homes (10,672 homes) 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 50, down from 85 when we began tracking this metric company-wide in 2007. For more information, please review pages 24-25.
	IF-HB-410a.2 Percentage of installed water fixtures certified to WaterSense® specifications	100% of indoor water fixtures installed in 2020 are within eligible WaterSense product categories. We installed over 800,000 such fixtures to date. Approximately 60% of irrigation controllers 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	10,668 homes 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.
Community Impacts of New Developments	IF-HB-410b.1 Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions	Proximity and access to infrastructure, services and economic centers are among the considerations when we evaluate potential land purchases for new communities. For examples, please review pages 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 1,400 homes in higher density communities. The relevant communities had densities of 8 to 40+ dwelling units per acre. For examples, please review pages 40-41.
Climate Change	IF-HB-420a.1 Number of lots located in 100-year flood zones	0 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 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.

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
GRI 102: GENERAL DISCLOSURES ORGANIZATIONAL PROFILE		
102-1	Name of the organization	pages 1, 7, 8
102-2	Activities, brands, products, and services	page 8
102-3	Location of headquarters	page 60
102-4	Location of operations	page 8
102-5	Ownership and legal form	10-K
102-6	Markets served	page 8; 10-K
102-7	Scale of the organization	pages 8, 71; 10-K
102-8	Information on employees and other workers	pages 12, 70
102-9	Supply chain	pages 52, 53
102-10	Significant changes to the organization and its supply chain	pages 52, 53; 10-K
102-11	Precautionary principle or approach	10-K
102-12	External initiatives	none
102-13	Membership of associations	Leading Builders of America
STRATEGY		
102-14	Statement from senior decision-maker	pages 2-3
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behavior	pages 12, 14-15, 20, 54, 56, 59-60
GOVERNANCE		
102-18	Governance structure	pages 10, 56-61; 10-K or proxy
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	page 10
102-41	Collective bargaining agreements	page 70
102-42	Identifying and selecting stakeholders	pages 10, 57, 59-60
102-43	Approach to stakeholder engagement	pages 57, 59-60; 10-K or proxy
102-44	Key topics and concerns raised	pages 57, 59-60
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	page 10; 10-K
102-46	Defining report content and topic boundaries	pages 4, 20
102-47	List of material topics	page 20
102-48	Restatements of information	N/A
102-49	Changes in reporting	10-K

Global Reporting Initiative Index of Indicators (Cont.)

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION
REPORTING PRACTICE		
102-50	Reporting period	page 4
102-51	Date of most recent report	page 4
102-52	Reporting cycle	page 4
102-53	Contact point for questions regarding the report	page 4
102-54	Claims of reporting in accordance with GRI Standards	pages 4, 21, 58, 63, 76
102-55	GRI content index	pages 76-77
102-56	External assurance	N/A
GRI 103: MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	pages 20, 24-26, 29, 64-65
103-2	The management approach and its components	pages 14-15, 24-25, 29, 58
103-3	Evaluation of the management approach	pages 25, 29, 58, 64-65
GRI 200: ECONOMIC GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	pages 8, 71; 10-K
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	73-75; 10-K
GRI 203: INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	page 46
GRI 205: ANTI-CORRUPTION		
205-2	Communication and training about anti-corruption policies and procedures	pages 12, 60, 70
GRI 300: ENVIRONMENTAL GRI 302: ENERGY		
302-5	Reductions in energy requirements of products and services	pages 20, 18, 24-25, 65
GRI 305: EMISSIONS		
305-2	Energy indirect (Scope 2) GHG emissions	pages 20, 18, 24-25, 65
GRI 400: SOCIAL GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	pages 70, 72
GRI 404: TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	page 70
GRI: 413: LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments and development programs	pages 19, 42, 46, 61, 73
GRI 417: MARKETING AND LABELING		
417-1	Requirements for product and service information and labeling	pages 23-33

Past Reports

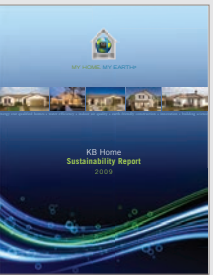
We encourage you to review our previous 13 sustainability reports to learn more about our consistent, long-term approach and all of the work that lies behind our 2020 sustainability results.



2007



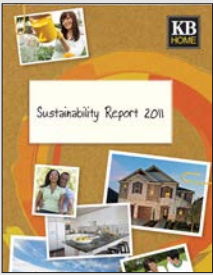
2008



2009



2010



2011



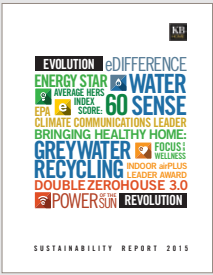
2012



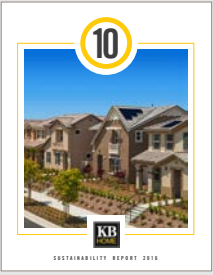
2013



2014



2015



2016



2017



2018



2019



Built on
Relationships®

For more information on our environmentally sustainable homes, visit:

kbhome.com/sustainability

We welcome your feedback about this report and our sustainability initiatives at:

sustainability@kbhome.com

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