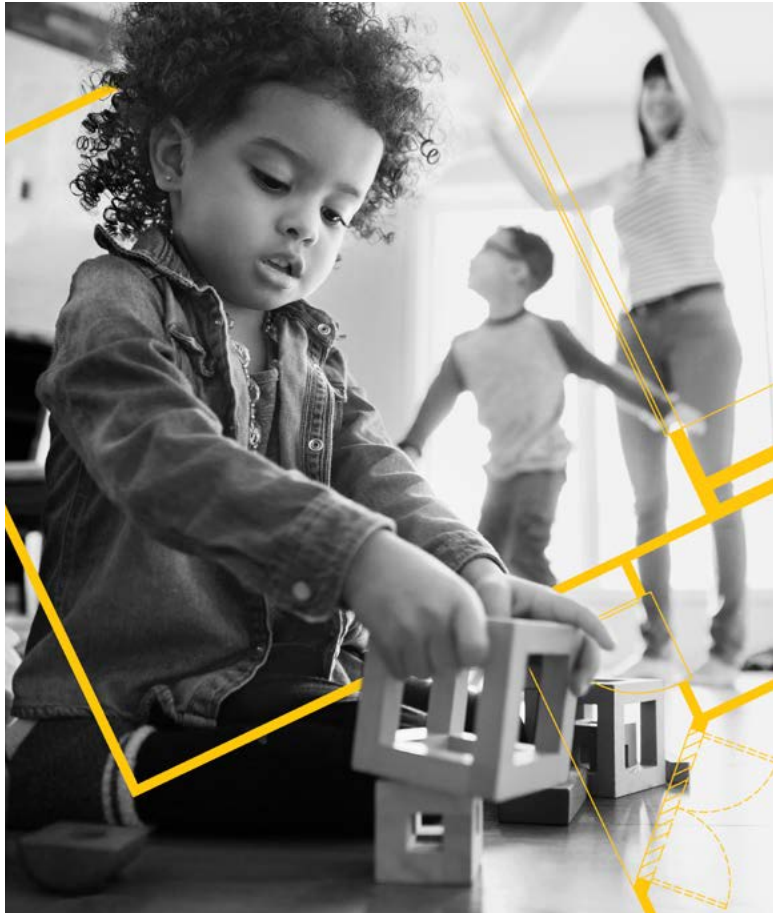


2019
KB Home
Sustainability
Report



Built on
Relationships[®]



KB Home CEO and team add personal touch to the home for the Hines family, in partnership with Jared Allen's Homes for Wounded Warriors

APRIL 2020

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

As I write this letter, our nation and the world are combating the spread of the coronavirus COVID-19. The pandemic has impacted millions of people and upended nearly every aspect of life as we know it. Every era has its heroes, and we are grateful to the courageous health care professionals throughout the world who are rising up to meet this challenge, bringing hope and healing to so many.

During this uncertain time, our homes have taken on even greater significance in our lives. Our homes have become our workplaces, our schools and our centers of health and well-being. While it is difficult to foresee how this situation will evolve, one thing remains certain: in every economic and social environment, people will continue to seek shelter from life's cares, to rejuvenate and recharge, and to nurture their talents, relationships and spirits in a place called home. Throughout the more than six decades KB Home has been in business, our primary purpose has been to build the places where our customers can fulfill the fundamental human need for both refuge and connection. People are our foundation.

At KB Home, everything we do is Built on Relationships®. Before we build a home, we build a personal connection. It happens by forming close partnerships with our customers and building strong stakeholder relationships to support our homebuyers' dreams. As a public company, stockholder returns remain our top priority, but we also feel that it's important to deliver long-term value for our customers, employees, community members and business partners. KB Home is proud to be among the forward-looking companies striving toward a purpose-driven, people-centric approach to doing business.

In this, our 13th Annual Sustainability Report, we share our commitment to people. It's a commitment to deliver homes that make long-lasting contributions to our homeowners' lives, to build up the communities we build in and to deliver meaningful value to the stakeholders behind our enduring success. It's a commitment to sustain the dream of homeownership by balancing affordability for today's homebuyers with mindfulness for the needs of the next generation. This balance between today and tomorrow is what sustainability means to us. This year, we are proud that our long-standing vision has led to recognition from the U.S. Environmental Protection Agency (EPA) for achieving the historic national milestone of building the most ENERGY STAR® certified homes of any homebuilder. This success, like every achievement in our company's history, is the result of our enduring relationships.

People Are Our Foundation

In the days and months ahead, we will tackle the challenge of the COVID-19 outbreak and continue to focus on what matters most: people. To our employees, partners and homeowners who have been so integral to helping us deliver on the promise of home, I offer our heartfelt appreciation. For all our readers, I invite you to be part of creating a foundation for our future. Together.

Jeffrey A. Mezger

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 13th Annual Sustainability Report, which follows our most recent report published on Earth Day in April 2019. In this report, we discuss our accomplishments and challenges in 2019 and our priorities moving forward. In addition, with this report, we seek to foster continued discussion and engagement with all of our stakeholders on the complex issues surrounding sustainability and broader environmental, social and governance (ESG) practices for long-term value creation. All information provided in this report is for our fiscal year ended November 30, 2019, 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." Forward-looking statements are based on current expectations 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 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 industries 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; 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 United States Securities and Exchange Commission 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 United States Securities and Exchange Commission.

Reporting Standards

We believe transparency and accountability are important components of sustainability reporting. From our inaugural 2007 Sustainability Report, we have referenced certain Global Reporting Initiative (GRI) guidelines and standards for data consistency and to provide decision-useful information. An index of GRI standards referenced in this report can be found on page [66](#).

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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 homebuyers and offering superior customer 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 homebuyers. Before the foundation is poured or first nail driven in, we get to know our customers on a personal level, and together, we design a personalized home around how they live their day-to-day lives. 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, economic value creation and a sustainable relationship with the environment. Sustainability is a cornerstone 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 2019 achievements in each of our three core areas: environmental, social, and economic/corporate governance. We also share with you a few of the faces behind our sustainability focus: the people and relationships that are the foundation of everything we do. Our goal is to invite all of our partners, both inside our company and beyond, to join us in building a sustainable future together.

Sustainability Reporting Priorities

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 10-11 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 in 2008, we evaluated the impact of our business operations and solicited input from select stakeholders to determine what matters most to them among key environmental, social and governance 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 our National Advisory Board (NAB) meetings to adjust our priorities based on our stakeholders' areas of interest, particularly around sustainability issues.

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. By building highly energy-efficient ENERGY STAR certified homes that achieve a 20% improvement on average compared to homes built to code, and even more compared to resale

homes, we seek to provide a meaningful contribution to greenhouse gas (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. These features also decrease the costs of home ownership through lower utility bills, saving our homeowners an average of \$1,300 annually on utility bills compared to resale homes.

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.

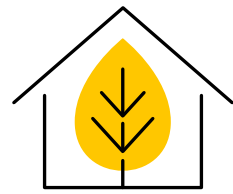
These priorities guide our strategic decision-making and stakeholder engagement as well as our sustainability reporting, including this current report and on our website. Communicating the benefits of our energy- and water-efficient homes to our homebuyers and other stakeholders is a part of our focus on these priorities. We also strive to provide decision-useful information on the benefits and results of these priorities for interested investors and other stakeholders, including referencing certain GRI guidelines and standards.



Primrose

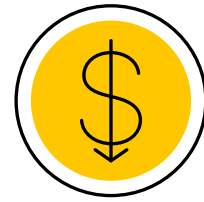
Sustainability as a Business Strategy

Sustainability is not just the right thing to do—it's also right for our business. Sustainability provides compelling benefits for our customers, our operations, the environment and the people and partners behind KB Home.



Lowering 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.



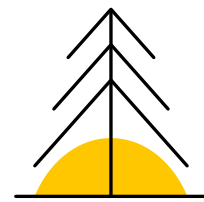
Reducing Cost to Build

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



Increasing Affordable Housing

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



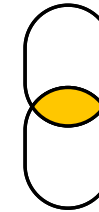
Preserving the Environment and Natural Resources for Long-Term Value

Our scale, leadership and technical expertise create positive environmental attributes in all of our homes, and we provide clarity to our stakeholders on how we prioritize GHG reduction and water conservation as a business strategy for long-term value creation.



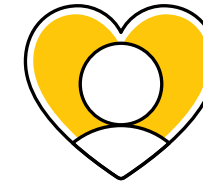
Elevating Water Conservation

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.



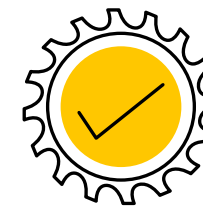
Improving Strength of Supply Chain

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



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.



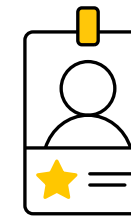
Becoming the Builder of Choice for Partners

We believe our legacy of vibrant, sustainable communities and industry leadership makes us a partner of choice for municipalities, land sellers, developers and other partners.



Integrating Sustainability Technology for Increased Comfort

Many of the sustainability technologies and efficiencies we build into our homes have the added benefit of offering our homeowners more comfort and personal efficiency, along with cutting-edge and user-friendly smart home interfaces.



Becoming the Employer of Choice

Our goal is to become an employer of choice for top-tier talent in the homebuilding industry and beyond through our focus on sustainability and creating a culture of excellence.

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.

<p>Pre- 2007</p> <ul style="list-style-type: none"> Built ENERGY STAR certified homes in many areas Built Water Smart homes in Las Vegas Offered solar photovoltaic options in California 	<p>2008</p> <ul style="list-style-type: none"> Published First Annual Sustainability Report Committed to building 100% ENERGY STAR certified homes Ranked #1 Green Builder by Calvert (also #1 in 2010) 	<p>2010</p> <ul style="list-style-type: none"> First WaterSense® labeled homes First USGBC LEED Platinum net-zero energy concept home Built solar and energy storage demonstration home 	<p>2012</p> <ul style="list-style-type: none"> 1,000th solar-powered home Offered ZeroHouse 2.0 option in most markets 	<p>2014</p> <ul style="list-style-type: none"> 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 	<p>2016</p> <ul style="list-style-type: none"> 5,000th solar-powered home 100,000th ENERGY STAR certified home First KB ProjeKt® concept home Introduced HomeKit™ option package with Apple® 	<p>2018</p> <ul style="list-style-type: none"> Achieved 55 average HERS® score 7,000th solar-powered home Launched KB Smart Home System partnership with Google Field-tested RESNET HERS_{H2O} water-efficiency rating system
<p>2007</p> <ul style="list-style-type: none"> Committed to 100% ENERGY STAR certified appliances 50,000th ENERGY STAR certified home 	<p>2009</p> <ul style="list-style-type: none"> 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 	<p>2011</p> <ul style="list-style-type: none"> 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, 2012-2019) First WaterSense Partner of the Year Award (also won, 2012-2014) 	<p>2013</p> <ul style="list-style-type: none"> Sponsored DOE Solar Decathlon First DOE Zero Energy Ready Home, Housing Innovation Award (also won in 2014) 	<p>2015</p> <ul style="list-style-type: none"> 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, 2016-2019) 10,000th Water Smart home 	<p>2017</p> <ul style="list-style-type: none"> 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 	<p>2019</p> <ul style="list-style-type: none"> Debuted KB ProjeKt 2.0: Where Tomorrow Lives Built 140,000th ENERGY STAR certified home Reached national milestone of building the most ENERGY STAR certified homes Sold our 10,000th solar-powered home Opened first Indoor airPLUS community in Irvine Ninth consecutive ENERGY STAR Sustained Excellence Award Fifth consecutive WaterSense Sustained Excellence Award Environmental Leader's Top Product of the Year Award TechHome Brilliance 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 2019

140,000+

ENERGY STAR certified new homes built since 2000; **11,797** in 2019

5 billion

pounds estimated cumulative CO₂ emission reduction from these homes

\$780 million

estimated cumulative utility bill savings

52

KB Home's average HERS Index energy performance score by the end of 2019, compared to a new-home average HERS Index score of 59 and resale average HERS Index score of 130

10,000+

total solar homes sold; **2,247** built in 2019

28

megawatts of solar power installed, producing an estimated 47 million kilowatt hours of renewable energy annually

17%

of our 2019 homes nationwide were solar; compared to 14% in 2018

28%

of KB homes delivered in 2019 were all electric

Keeping Homeownership Attainable

600,000+

total KB homes delivered

11,871

new KB homes delivered in 2019

55%

first-time buyers

22%

first move-up buyers

10%

second move-up buyers

13%

active adult buyers

2,152

average sq. ft. of KB homes in 2019

87%

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

33%

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

Water Conservation

16,000+

cumulative WaterSense labeled and Water Smart homes built; **1,097** in 2019

700,000

WaterSense labeled fixtures installed

1.5 billion

gallons of water saved each year from KB homes and fixtures (estimated)

Waste Reduction

329,900

pounds of office paper recycled

33%

of office supplies are "Earth Conscious"

100%

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

Sustainability Industry Leadership

9

ENERGY STAR Sustained Excellence Awards through 2019 (and a tenth in 2020), more than any other homebuilder

20

2019 ENERGY STAR Certified Home Market Leader Awards

5

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

13

Sustainability Reports FY 2007-2019

3

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

Community Development

\$2,000,000

in funds provided and raised through KB Cares events to over 115 important local organizations and causes in 2019

2,300+

volunteer hours in 2019

1,200+

trade partner volunteer hours in 2019

550

infill homes built in neighborhoods being revitalized in 2019

Customer Satisfaction

94.83%

overall customer satisfaction rating in 2019

93.73%

would recommend KB Home to a friend

4.6

Trustbuilder® stars rating nationwide compared to 4.1 for all builders, out of a possible 5 stars

Employees and Partners

2,157

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 include obligations to acknowledge our Ethics Policy and sustainability strategy

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 Homeowners and Homebuyers

Our primary purpose is to build places where our customers can fulfill the fundamental human need for connection, come together to rejuvenate and recharge, and create community 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 a 5-year high, reflecting our ongoing commitment to providing a quality customer experience.

Our Employees

We strive to provide meaningful work and income to support our talent-rich employee team and allow them to fully dedicate themselves to delivering premier customer satisfaction and stockholder value. We aim to be an employer of choice through our commitments to inclusion and diversity as well as a culture of excellence and safety.

Our Stockholders and Potential Investors

As a publicly held company, delivering long-term value to our stockholders is our fundamental responsibility. Like our homeowners, they have placed their trust in us, and we strive to honor that with the highest levels of corporate governance and transparency.

Our Suppliers and Trade Partners

Collaboration with our core trade partners is the engine that has driven many of our leaps forward. Their experience, expertise and creativity are

among our strongest business assets. They are also our partners in jobsite safety and waste reduction. We cultivate long-term relationships that allow us to maximize this collaborative potential.

Local Government and Community Organizations

We endeavor to cultivate strong working relationships in our local communities, including with local government officials, to identify housing needs and collaborate on solutions that build stronger communities. We also partner with a number of local nonprofits and community organizations on specific causes that contribute to the long-term social sustainability 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 company strategies and initiatives. See page 57 for more information on the NAB and its current membership.

The relationships we build are just as important as our homes. Over the dozen years that we’ve been publishing our annual Sustainability Reports, we’ve showcased a number of the faces behind our homes and their experiences with KB Home. Below we share a handful of the people who are the foundation of everything we do.

2018

**Zack Pate, Director of Purchasing,
KB Home Inland Empire and KB Homeowner**

“It’s more than just a job.”

We take pride in the relationships we build. From trade partners to city officials to homebuyers, we truly care about creating a quality experience and a quality new home. That’s why I’m not only a KB Home employee; I’m a KB homeowner.

2010

**Debbie Swank and Family, KB Homeowners Since 2007
Circle C Ranch in Austin**

“We came back to KB Home.”

We built our first home with KB Home, then chose a different builder for our next home, assuming it would perform as efficiently. But our utility bills shocked us. So, we returned to KB Home, and our average utility bill for our 3,000-sq.-ft. home is now just \$97.

2017

**Rey Saldana, City Councilman,
City of San Antonio and KB Homeowner**

“Good neighbors”

For many years, KB Home and its employees have been good neighbors, building energy-efficient homes for hardworking San Antonio families, while also rolling up their sleeves and volunteering to make our community a better place to live.

2017

**Rob Zimmerman, Director of Sustainability
Kohler**

“Early water conservation leadership”

Kohler® and KB Home share a belief that environmental sustainability and good business go hand in hand. For more than a decade, we have partnered to increase water conservation in the new-home market.

2013

**David Hochschild, Commissioner
California Energy Commission**

“Environmental leadership and performance”

KB Home has built thousands of solar-powered homes that have led to millions of dollars in energy savings for its customers. Businesses like KB Home will be instrumental as we continue building a better, more energy-efficient California.

2012

**Vicki Ferrari, Principal
Kendallvue Elementary School, Morrison, Colo.**

“Recognizing the importance of innovation and education”

Our students spent an afternoon at a KB Home community learning about energy efficiency. They loved the solar panel technology—and I loved seeing a company like KB Home recognize the importance of innovation and education.



Spring Mountain Ranch

Environmental Sustainability

Every home we build is one small piece of the earth our homebuyers can call their own, put down roots for the future, take shelter from daily life and create community connection.

That's one reason why our relationship with the natural environment and preserving its resources has been an important part of our sustainability commitment from day one.

Nearly 20 years ago, we built our first ENERGY STAR certified new home, back when sustainable homebuilding was considered to be exclusively for high-end custom homes. We saw that there was an opportunity to upend conventional thinking and utilize energy efficiency as a tool

to make homeownership more affordable for more people. In 2007, we built on that leadership by expanding into water conservation, healthy home features, smart home technology and waste reduction. We are proud to lead our industry in making sustainable living a standard feature.

Energy Efficiency: The Cornerstone of Our Sustainability Commitment

A home is the ultimate “durable good,” so improving the energy performance of our homes is one of the most impactful ways for our business to address emissions reduction while also making homeownership more affordable. Highly energy-efficient homes deliver benefits for our homeowners and the environment for decades to come. That’s why energy efficiency is the cornerstone of our sustainability commitment.

ENERGY STAR Program

The EPA ENERGY STAR Residential New Construction Program sets rigorous requirements to ensure that ENERGY STAR certified homes go well beyond local energy codes in order to mitigate environmental impacts and support public health. Over time, as mandated code requirements have become more rigorous and builder standard practices more efficient, EPA has periodically modified the ENERGY STAR guidelines for new homes to ensure that homes that earn the ENERGY STAR label continue to represent a meaningful improvement over non-labeled homes.

According to EPA analysis, ENERGY STAR certified homes achieve a 20% energy efficiency improvement on average compared to homes built to code, and even more compared to resale homes. 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.¹

ENERGY STAR has become the standard for bringing energy efficiency into daily life. Consumers trust the ENERGY STAR brand and use it as a guide for purchasing more energy-efficient products.

In fact, 81% of homebuyers say ENERGY STAR is “desirable” or “essential.”² Yet, nationally, only one out of every 10 new homes built in recent years is ENERGY STAR certified.³ We are proud to have been the first homebuilder to commit to build 100% of our homes to this rigorous standard over a decade ago. Through this commitment, we deliver homes that we believe are better for our customers and the environment. This commitment is our primary way to reduce our GHG emissions. Our strong working partnership with the EPA has been critical to making and keeping this commitment.

¹ Source <https://www.energystar.gov/sites/default/files/assets/images/NewHomesInfographic.jpg>

² National Association of Homebuilders, “What Homebuyers Really Want” Study, 2019

³ U.S. EPA data



140,000+
ENERGY STAR certified homes



ENERGY STAR partner
Since 2000



Reduced carbon emissions by
5 Billion lbs



\$780 Million
saved in utility bills

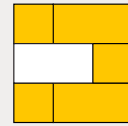


Builder with the most
EPA Awards



**100% of KB homes are
ENERGY STAR certified**

compared to just 10% of all
new homes in the U.S.



Built on Relationships

EPA ENERGY STAR Team

Throughout KB Home's nearly 20 years of building ENERGY STAR certified homes and numerous evolutions of the ENERGY STAR certification standard, the ENERGY STAR team has always been there to provide the technical expertise, creative solutions and partnership toward a common purpose that have made our lasting commitment to ENERGY STAR possible. We took the opportunity to talk with Carolyn Snyder at EPA about her perspective on sustainability, ENERGY STAR and her recommendations for other builders looking to establish or deepen their ENERGY STAR commitment. Below are excerpts from our conversation.

KB Home's longtime dedication to ENERGY STAR has resulted in reaching the impressive

milestone of constructing more ENERGY STAR certified homes than any other homebuilder in the nation. The 100% ENERGY STAR commitment that builders like KB Home

have made tells consumers that they are truly "all-in" on energy efficiency. We have found that builders who, like

KB Home, generate the best results from their participation in the ENERGY STAR program have recognized:

The Value of Trust

For 25 years, EPA's ENERGY STAR program has offered government-

backed credibility that consumers trust to provide significant value through energy bill savings, comfort and durability.

The Imperative to Keep Learning

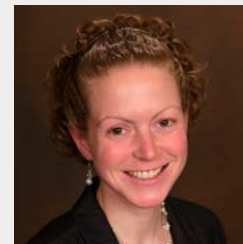
Joining ENERGY STAR as a partner is not a one-time event or short-term investment. Successful partners continue to look for innovative ways to improve their homes and construction processes.

The Advantage of Simplification

Making a 100% commitment to building ENERGY STAR allows a homebuilder to employ consistent processes that streamline purchasing, reduce costs and increase quality.

The Power of Storytelling

Leading partners not only utilize marketing messages and resources developed by EPA, they incorporate and adapt them into their own story to consumers.



Carolyn Snyder

Director, Climate Protection Partnerships Division

U.S. Environmental Protection Agency



In 2019, for the ninth year in a row, KB Home received EPA's highest possible award for energy efficiency, as well as twenty 2019 ENERGY STAR Certified Homes Market Leader Awards, more than any other homebuilder.

"KB Home recently achieved the impressive milestone of constructing more ENERGY STAR certified homes than any other homebuilder in the nation."

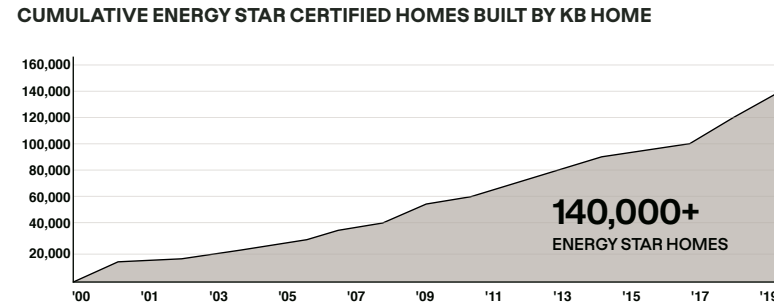
Anne Idsal
U.S. EPA
Acting Assistant
Administrator
of Air and Radiation



U.S. EPA letter to KB Home,
November 12, 2019

Major National Milestone

We are honored that in 2019 we reached the major national milestone of building more ENERGY STAR certified new homes in our history than any other homebuilder.

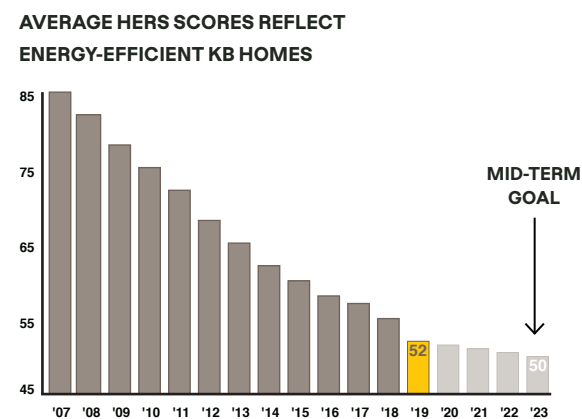


Energy Performance Data

RESNET, a nonprofit national standards-making body for the building industry, has developed the Home Energy Rating System (HERS) Index, which has become the standard by which a home's energy efficiency is measured. It's also the nationally recognized system for inspecting and calculating a home's energy performance after construction is complete. 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 reduces GHG emissions over its lifetime.

Emissions reduction targets have been an important part of our environmental strategy. One of the primary ways we identify these targets and measure our progress toward them is by setting lower HERS Index score targets, which lead to a reduction in GHG emissions. The HERS Index has been our benchmark for continuously challenging ourselves to achieve greater energy efficiency. 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 against our goals and peers.

- All 11,871 homes delivered in 2019 were rated and obtained a HERS or equivalent score
- 2019 KB Home national average HERS score: 52
- This 52 score represents 48% better energy-efficiency performance than a typical home built around 10 years ago
- Up to 78% better than a 1970s home
- 2019 nationwide average HERS score for all rated homes (by all builders): 59 (seven points less efficient than KB homes)
- Goal of reaching average national HERS score of 50 by the end of 2023; on track to achieve this goal ahead of schedule



Solar Power: Early Leadership Lights the Way for New Homes

Nearly a decade before solar become a requirement of the California energy code, we introduced our first all-solar communities, taking an early leadership position in the industry and developing an enduring partnership in the process. In 2011, during the housing downturn when many builders were playing it safe and had deemed sustainable housing a "luxury," we opened our first communities of solar-powered homes, Echo Ridge and Echo Pointe in Santa Clarita, California, utilizing SunPower® solar energy systems. We understood the potential of putting homeownership in reach for more buyers through the winning combination of lowering utility bills and reducing their environmental footprint. We built 224 homes, each with a 1.4-kilowatt or higher solar photovoltaic system, to help reduce homeowner electric bills by approximately 30%. Other builders took notice and followed suit.

"KB Home rattled the entire Southern California homebuilding market. Builders couldn't understand how KB Home could increase costs and still sell homes when the economy and housing market were in such poor condition," says Matt Brost, Senior Director of Sales, New Homes for SunPower. "This decision shows how one company's leadership can change the paradigm."

As solar becomes standard in California and other markets, we are proud to have paved the way for our industry and to continue to provide energy savings through renewable solar power to thousands of homebuyers across Southern California.

The nearly 10,000 solar KB homes we've built have produced an estimated total of 428 million kilowatt hours of electrical power, reducing CO₂ by 668 million pounds—equivalent to removing over 64,000 cars from the roads



Solar home at Echo Pointe community

- Sold 10,000th solar-powered home in 2019 (delivered in early 2020)
- Fifteen years of experience building solar homes
- Cumulative 28 megawatts installed
- Built 2,247 solar homes in 2019, all in California
- Sixty-four percent of our California homes in 2019 were solar
- Seventeen percent of our 2019 homes nationwide were solar, up from 14% in 2018

Water Conservation: A Rising Imperative for Builders

From the start of our sustainability commitment in 2007, we have viewed water conservation as a critical issue for housing, and one that does not get enough attention. Water conservation reduces use of a precious natural resource, saves our homeowners on utility costs and helps to mitigate drought conditions and the load on aging infrastructure.

We have also supported promising new technologies and products in water conservation, including several pilots of greywater recycling systems, and provided feedback to companies that are developing groundbreaking solutions. We believe in helping to identify and foster these new technologies to support the development of products that can be market ready and positively impact the production-home market.

We also endeavor to raise awareness that conserving water not only reduces consumption of this valuable resource, it also helps to extend the life span of our aging water infrastructure by reducing demand on it. EPA currently estimates that in the coming years we will need more than \$743 billion

to rehabilitate, replace and expand our drinking water and clean water infrastructure. WaterSense and other water conservation efforts help address this infrastructure challenge and can provide a compelling differentiator for local municipalities when they are evaluating potential new development projects. It is also one of the many compelling reasons that KB Home has adopted the use of WaterSense labeled fixtures across our company as well as other water-conserving measures.

- First homebuilder to join EPA's WaterSense program
- Built more WaterSense labeled and Water Smart new homes than any other homebuilder
- Only homebuilder to earn EPA WaterSense awards
- 16,000+ WaterSense labeled and Water Smart new homes
- 700,000 WaterSense labeled fixtures
- 100% of indoor water fixtures and 60% of irrigation controllers are WaterSense labeled



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



KB Home was the first builder to partner with Southern Nevada Water Authority's (SNWA) Water Smart Homes program in 2006. We remain committed to this program, and in 2019, SNWA featured KB Home in a public service announcement to educate local residents about the benefits of Water Smart Homes. [Watch Full Video Here](#)

A New National Standard



KB Home is one of the leading partners behind the development of

HERS_{H2O}, a new water-efficiency rating system for homes designed to become the national standard to measure and compare residential water performance, similar to HERS for energy efficiency.

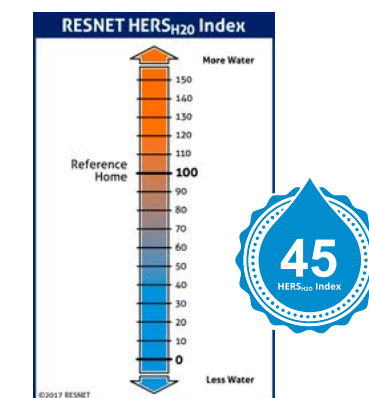
For the past several years, RESNET, in partnership with International Code Council® (ICC), EPA, the Natural Resources Defense Council (NRDC) and KB Home, has been developing Standard 850. In March 2020, the American National Standards Institute (ANSI) approved its use as an ANSI standard (ANSI/RESNET/ICC Standard 850), paving the way for a national rollout beginning in 2020. This standard serves as the basis for the HERS_{H2O} program. RESNET expects that HERS_{H2O} will be one of the accepted ways to attain the EPA WaterSense label under version 2.0 of the program and allow builders to achieve WaterSense certification in a cost-effective way.



Allred Ranch

We are pleased to be part of leading change in our industry, creating the next generation of measurement for the water-efficiency performance of new homes, raising awareness among homebuyers and also encouraging other builders to improve their homes' water performance.

- In initial pilot programs, KB homes have achieved HERS_{H2O} scores of 40-70, representing water savings of 30-60% compared to a typical home built in 2006.
- Our most recent test rating was completed in February 2020 on a 2,372-square-foot home at Allred Ranch in Mesa, Arizona and achieved a score of 45.
- This tested home is estimated to save up to \$460 on water bills annually, and when added to that home's projected energy savings, could total up to a \$17,600 reduction in homeownership costs over 10 years.



KB homes save an estimated 1.5 billion gallons of water a year—enough to serve the water needs of nearly 17 million Americans for a day.

Focus on Healthier Indoor Environments

Sustainability isn't just about the health of the environment; it's also about the health of the people who call that environment home. Now more than ever, we are aware of our health and the role of our environment and our homes. Health has long been part of our approach to sustainability, and we believe that "healthy home" is the next frontier for sustainability-focused homebuilders. Even before the current COVID-19 pandemic, Americans spent most of their lives inside, so indoor environments can be a key factor in their health. In fact, while outdoor air pollution gets most of the attention, air contaminants can actually be up to five times worse indoors than outdoors. That's why indoor air quality is a major focus for us and a topic our homebuyers increasingly ask about.

The Future of Health Comes Home

In January 2019, we debuted KB ProjeKt: Where Tomorrow Lives™, a health-oriented concept home of the future, in conjunction with the Consumer Electronics Show® (CES). KB ProjeKt provided an immersive, full-scale experience of the future of homebuilding, with forward-thinking design that supports the physical, emotional and financial health of its residents while also supporting the health of the environment.

One of the key features of KB ProjeKt was the Delos® DARWIN Home Wellness Intelligence platform, which made its U.S. debut at KB ProjeKt. DARWIN is a pioneering wellness system that uses proprietary software, algorithms and sensor technologies to enhance energy, sleep and overall well-being, and reduce indoor contaminants. After the strong response to DARWIN at KB ProjeKt, we implemented a pilot program to offer this innovative

intelligence tool as an option to our homebuyers at our Genoa community, a neighborhood of all Indoor airPLUS certified homes in Irvine, California. We also offered consumer education on the DARWIN system by integrating it into our model homes at Genoa. Consumer response has been strong, with 80% of our Genoa buyers choosing to include a DARWIN system in their homes. As a result, we are planning to offer this technology in two more Southern California communities in 2020.



KB Home ProjeKt: Where Tomorrow Lives has been recognized with leading awards



KB ProjeKt: Where Tomorrow Lives

First Homebuilder to Join the Well Living Lab Alliance



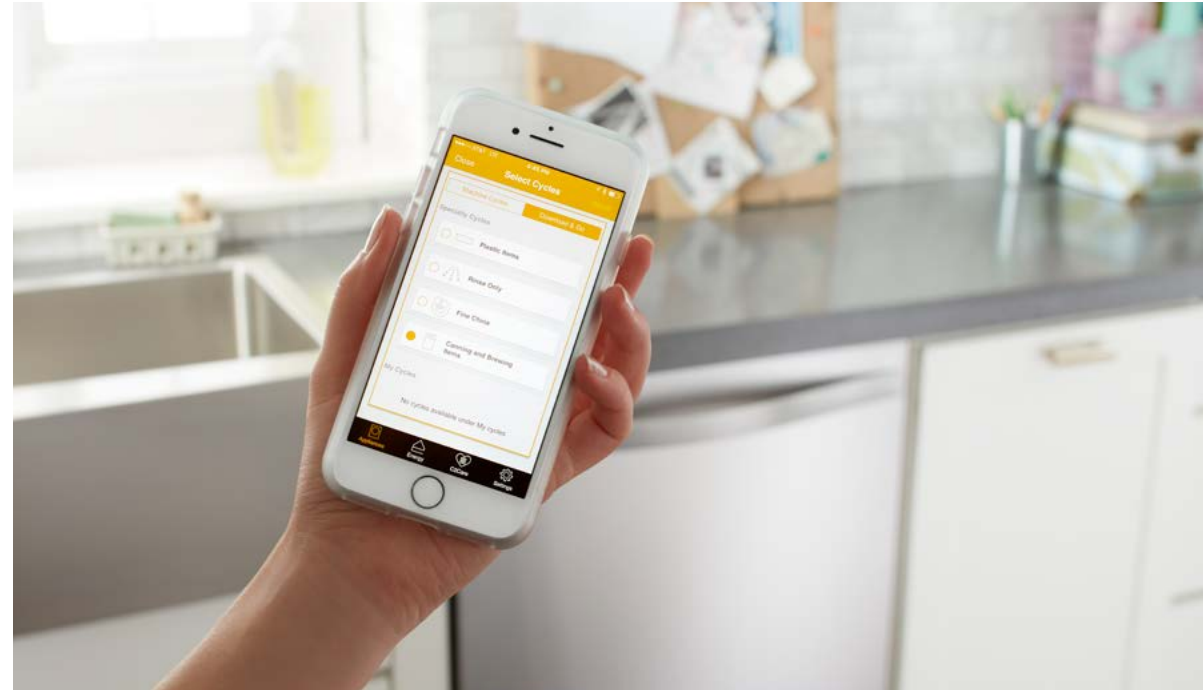
We're building on the relationship we began with Delos at KB ProjeKt and linking arms with Delos, Mayo Clinic and Well Living Lab Alliance, a global consortium of leading companies working to improve indoor environments. KB Home is the first homebuilder to join the Well Living Lab Alliance, with a three-year sustaining membership that began in December 2019.

The Well Living Lab is a collaboration between Delos and Mayo Clinic, and the first lab exclusively focused on researching how indoor environments can improve human health and well-being. The Well Living Lab comprises 7,500 square feet of research space adjacent to Mayo Clinic in Rochester, Minn. and is designed to accurately simulate real-world environments while also equipped with a wide array of environmental and biometric sensors. Since its inception in 2016, the lab has conducted seven research studies, with more underway.

"We are excited to welcome KB Home as the first homebuilder to the Well Living Lab Alliance. KB Home is a leader and innovator and will help advance our mission to improve the places where people live, work and play," says Veronique Roger, M.D., Mayo Clinic, research director of the Well Living Lab. "Alliance members bring important expertise and perspectives, and KB Home will undoubtedly strengthen the emerging ecosystem."

In addition to having access to Well Living Labs' research discoveries, we are also exploring potential opportunities to use KB Home model homes and communities as real-world sites for Well Living Lab to further their research findings.

We look forward to collaborating with these global leaders to be part of creating the future of the healthy home.



Whirlpool Smart Appliances

Intelligent Homes That Bring More Balance to Life

Consumer interest in smart home technology is on the rise, with 83 million U.S. households now reporting they have at least one smart home device.⁴

In today's fast-paced world, time is a precious resource, and greater personal efficiency can bring more balance to life. To support this, we focus on smart technology that saves time as well as energy and water. We see our role as curators, selecting smart products and "Internet of Things" devices that we believe offer long-term personal value and that cultivate a flexible relationship between our homeowners and their homes.

In 2017, KB Home became the first national homebuilder to pilot Whirlpool®'s new Smart Appliances, expanding to feature the full line in 2018. In addition to supporting greater energy



Sales of our Whirlpool Smart Appliances increased by 44% from 2018 to 2019

efficiency, these appliances are designed to make cooking more fun and effortless, and encourage healthier lifestyles with home-cooked meals. Our 25-year relationship with Whirlpool enabled us to provide our homebuyers with this next-generation kitchen performance and convenience technology. Whirlpool is a natural partner for us because they're in constant pursuit of improving and simplifying life at home, a philosophy aligned with our own customer goals. Our homeowners have responded enthusiastically, with sales of our Whirlpool Smart Appliances increasing by 44% from 2018 to 2019.

Wireless Lighting with Sustainable, Smart Power Controls

Our Tucson division piloted two-component, smart power lighting controls in 2019. Two-component switching reduces wire usage by up to 35% per home and minimizes the use of electrical boxes, connectors, staples and insulation, which means savings on the cost of materials and conservation of copper and other natural resources. Compared to traditional wiring, it also reduces the lighting installation process from 12 steps to four, improving efficiency.

Wireless lighting makes it possible to mount light switches anywhere they're needed and control them using radio frequency commands, similar

to automotive key fobs. They can be controlled, configured and automated with a mobile device and hub to maximize energy savings. This increases safety, security and convenience, while reducing the environmental impact of our homes.

We began piloting two-component switching in 2018 and have completed more than 250 homes to date. Time and materials savings are enabling us to add wireless lighting technology to our homes in Tucson at no additional cost, and in 2019, it became the standard on all homes in the Tucson division.

⁴ Source: Consumer Technology Association study

Resource Conservation

Our goal is to elevate the conversation about resource conservation and waste reduction and challenge our industry to do the same.

Maximizing the efficient use of materials and reducing waste lessens our impact on the environment and our cost to build, which helps to serve our social purpose to keep homeownership more affordable.

We constantly evaluate our product designs to assess new opportunities to use natural resources more efficiently. We are also committed to a long-term goal of significantly reducing or eliminating our landfill waste.

Value Engineering and Panelization

Many of our home designs are built around a central module engineered to offer the features and design elements our customers desire most while providing higher levels of efficiency in terms of waste reduction, construction cycle times and consistency.

We then overlay additional features, room configurations and architectural elevations onto this modular design to create a home that is uniquely built for each customer. These standardized, best-practice design and structural engineering processes optimize materials usage and improve build time.

In addition, in an increasing number of our communities, we use wall panels that are fabricated at off-site facilities using state-of-the-art technology. Panelization reduces waste and natural resource consumption, increases consistency, buildability and durability, and reduces on-site labor costs and build times.

Every \$1,000 increase in home price can keep more than 127,000 families nationwide from being able to buy a home

Our design engineering and panelization strategies can reduce the cost of building a home by over \$2,000. When a \$1,000 increase in home price can keep more than 127,000 families nationwide from being able to buy a home, these reductions in incremental costs can make an important difference in keeping homeownership affordable.⁵

⁵ <http://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=265844>

Paperless Homebuying

Buying a home is traditionally a paperwork-intensive process, but we're working toward the goal of paperless homebuying. Near term, our strategy is twofold: to reduce the number of forms required to complete the purchase and closing processes while digitally managing as many of the remaining forms as possible.

After a 2017 pilot program in San Antonio, we have been rolling this process out across our operations. As a result, we have eliminated an average of 130 pages from every contract, for a total of over one million sheets of paper saved in 2019.

Some of our local operating divisions saw a 90% reduction in the number of both pages and signatures/initials required for each home sale, which adds up to big savings in time and paper for our homebuyers, our employees and the environment.

In addition, our office waste reduction program, Get Rid of Waste (GROW), is focused on lessening paper waste by streamlining internal documents and increasing digital document management. We have recycling initiatives for the remaining paper processes, and in 2019, we recycled nearly 330,000 pounds of paper, including records past required retention date.



KB home under construction in Orlando, Fla.



KB Cares Event with TreePeople

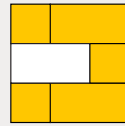
Social Responsibility

Feeling at home extends beyond having four walls and a roof. It comes from the community around you and finding a place that fits with your life, where you know your neighbors and welcome new friends.

At KB Home, we're in the business of building communities, not just houses, with people coming together for a common purpose. Our product is the foundation of social, family and community life. Accordingly, social responsibility has become an increasingly important part of how we do business.

For us, social responsibility means being an active part of the wider communities where we live, work

and build. It also means that we use our knowledge of people to design and build homes and communities that we believe will stand the test of time and actively contribute to long-term social sustainability.



Built on Relationships

KB Home Tucson Division President Amy McReynolds

KB Home is one of the largest homebuilders in the nation, but our positive results are created by the strength of our teams in each market. We focus on developing effective local leadership that fosters relationships with local homebuyers as well as land sellers, government officials and trade partners. They are the faces and voices of KB Home in each of our markets, and we are proud of the talent we have been able to attract, nurture and grow—and the teams that they, in turn, have cultivated. We sat down with Amy McReynolds, President of our Tucson division, and asked her to share what drives her in day-to-day business. Below are excerpts from our conversation.

Amy McReynolds
Division President
KB Home Tucson



I am a Tucson native, raised here, alumni of Marana Schools and the University of Arizona. My degree is in business, and at the time, there were fewer appropriate career advancement opportunities in Tucson, so I left for Phoenix, and subsequently, Southern California. But I always knew I wanted to come back to Tucson and raise my family in this incredible place—and become a part of the solution by creating opportunities in the Tucson market. I'm honored to lead the KB Home Tucson team. Some of the things that I feel set us apart and drive our daily lives include:

Homegrown Passion

Most of my leadership team are also Tucson natives, and we love where we're from. People can feel that authenticity when we're doing business, whether it's with our homebuyers, local government officials, real estate agents, trade partners or community groups.

Creating Homes for the Tucson Market

We target our product to be affordable for the "meat of the market," meaning the median-income household, which for the greater Tucson area is \$53,000 a year. We're building homes in neighborhoods in which they'll want to—and be able to afford to—raise their families. Our average sales price in 2019 was \$259,667 for a 1,857-square-foot home.

Working Smarter Not Harder

We recently implemented successful pilot programs for wall panelization and wireless lighting, both techniques new to the local market that can save time and money while enhancing performance. One of the advantages of being a major builder in a smaller market is that we can introduce a new building process and really influence the entire market.

Community Engagement

It's important to me that we at KB

Home deliver value to the entire community.

We participated in the Southern Arizona Home Builders Association Construction Career Days, which drew 3,900 middle school students. We also continued our longtime support of Tucson Youth On Their Own™, which helps homeless teens get through high school and college by providing backpacks, a food pantry and resume help.

Diverse Perspectives

I am proud to be a part of the female leadership in our organization but I feel strongly about bringing other kinds of diversity to our team, including age, experience, lifestyle, and especially, thought. Sometimes it may take us a little longer to get to a decision with all those voices, but in my experience, the decisions are smarter.

Nurturing Future Leaders

I encourage future generations to choose homebuilding as their career—with the many facets of the industry providing hundreds of opportunities—and Tucson as their home.



Top: Sonoran Ranch II; Middle: Ronald McDonald House Charities event; Bottom: Tucson desert landscape

Revitalizing Older Neighborhoods with New Homes

As land becomes increasingly scarce in many of the country's fastest-growing urban areas, we look for opportunities to be part of the regeneration of older neighborhoods with new homes. Often these new homes are the first to be built in these locations in years and contribute to creating stronger, safer communities with more energy- and water-efficient housing. In 2019, we operated 17 infill communities nationwide and delivered 550 homes at such communities, which we define as being on redevelopment sites in established urban settings.

Examples of Infill Communities

The Cottages on 4th Ontario, Calif.

- We developed a community of 55 single-family detached homes on the former site of a newspaper printing operation in Ontario, California.
- These six acres of abandoned commercial space were surrounded on three sides by established residential neighborhoods and attracting vandalism and crime.
- We replaced the space with a vibrant, affordably priced community of family-oriented home designs, an open space park, pool and playground.
- The community is walking distance to shopping, restaurants and employment centers.
- There had been very little new development in that part of Ontario for some time, so the response was very strong, driven by the compelling price, thriving infill location and low taxes.

Villas and Cottages at Harbor Pointe Harbor City, Calif.

- These two new-home communities in Harbor City, California were built on a former commercial site with oil wells and closed-down automotive businesses.
- We planned for a total of 120 new homes, including some specifically designated for low- and moderate-income buyers.
- We worked with the County of Los Angeles Planning Commission to allocate the entire project for residential use at their request.
- The community park runs down the middle of the neighborhood, where the oil well had been located.
- Our community is one of the only new-home options in this well-established area.



Top: The Cottages on 4th; Bottom: Cottages at Harbor Pointe

KB Cares and Community Service

Caring for our communities means taking special care of the most vulnerable among us. The KB Cares program aims to support local charitable organizations across the country, with a special focus on supporting causes in the areas of housing and shelter, women and children, and the local environment.

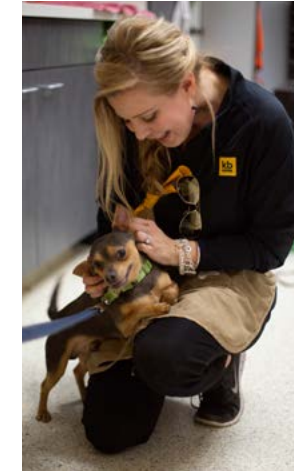
In collaboration with our team of passionate employees and trade partners, we strive to create positive change in the areas in which we live, work and build homes. Together, we can build stronger relationships with external stakeholders and business partners, and demonstrate good corporate citizenship. We believe that our involvement helps contribute to more robust, viable communities for all of us.

In 2019, the KB Cares initiative has provided time and donations to over 115 important local organizations and causes.

Some of the organizations benefitting from this work include Ronald McDonald House Charities®, Make-A-Wish® Foundation, Shriners Hospitals®, TreePeople and Riverside University Health System Medical Center.

- 2,308**
KB Home volunteer hours
- 1,241**
KB Home volunteers
- \$1,725,690**
raised through KB Cares events
- \$107,188**
direct monetary donations/
raised from KB Home
- \$166,230**
value of donated items/
goods from KB Home
- 1,299**
trade partner hours

Clockwise from top left: Third Annual KB Home TreePeople tree care and planting event; KB Cares volunteers caring for dogs at the Jacksonville Humane Society; KB Home Corporate volunteers at Stoner Park; KB Cares Denver team hosting a diaper drive benefiting HomeAid; KB Cares Phoenix team collecting nonperishable food items to benefit Save the Family; KB Home model home furniture sale benefiting HomeAid; KB Cares Sacramento giving Stand Up Placer a fresh coat of paint; The 17th Annual NFL Alumni Caring for Kids Banquet and Golf Classic presented by KB Home Austin.



Welcoming Our Wounded Warriors Home



In 2019 and 2020, KB Home partnered with Jared Allen's Homes for Wounded Warriors to build a personalized, mortgage-free new home for Master Sergeants Daniel "Reese" and Kyle Hines. The Hines are both veterans of the United States Air Force who sustained combat-related injuries in Afghanistan and Iraq, respectively. In February 2020, the Hines family received the keys to their new home, designed to accommodate their current and future needs.

KB Home built a single-story home with accessibility features that adapt to the lifestyle needs of the Hines family and their three service dogs. These features include wider interior and exterior entries, level or zero-edge thresholds, a roll-in master bath shower, and adjusted-height light switches and electrical outlets. The 2,300-square-foot, three-bedroom, two-bath home is located at Mirabel, a KB Home community in Boerne, Texas, approximately 15 miles northwest of San Antonio. The Hines family worked directly with the

KB Home Design Studio team to choose features and fixtures to personalize their new home.

While we can't change what happened to them in Afghanistan or Iraq, we can provide their family with a new home personalized to their needs. We are honored to be part of thanking Reese and Kyle for their extraordinary service and sacrifice for our country and are delighted to welcome them home.

Photos: The Hines family at their new personalized, mortgage-free KB home





Inspirada

Economic Sustainability and Corporate Governance

As a sustainable business, 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.

For us, this means contributing 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, and being active members of the social, economic and geographic communities in which we operate.

Even as we face the COVID-19 pandemic and many state and local governments are requiring residents to stay at home, the U.S. Department of Homeland Security's Cybersecurity & Infrastructure

Security Agency (CISA) has identified residential construction as an essential industry, reflecting the importance of our industry and our product-homes—in the everyday lives of all Americans.

In more than 60 years in business, we have built thousands of neighborhoods, making meaningful contributions to both local economies and the national economy, as well as giving homeowners and stockholders an opportunity to build their own nest eggs.

Business Overview

KB Home Builds In 42 Markets From Coast To Coast

Founded: 1957

Chairman, President & CEO: Jeffrey T. Mezger

Principal Business: Building new homes designed primarily for first-time, first move-up and active-adult home buyers

2019 Revenues: \$4.6 Billion

Homes Delivered in 2019: 11,871

Total Homes Delivered: 600,000+

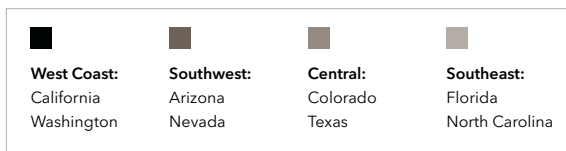
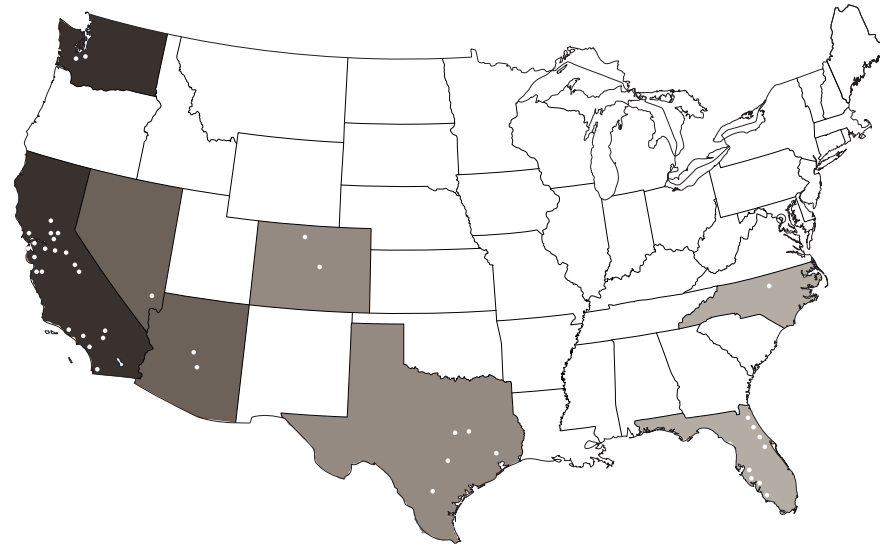
Total Lots Owned or Under Option: 55,698

Community Count as of 11/30/19: 250

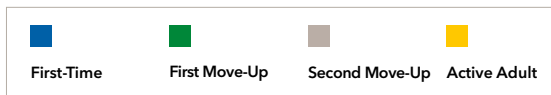
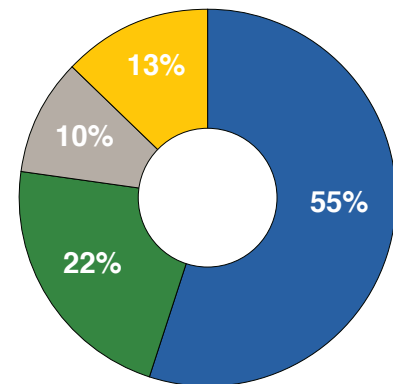
Ticker Symbol: KBH

2019 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



Keeping Homeownership Affordable for Median-Income Families

From the earliest days of our business, we have had a special focus on helping first-time buyers achieve the dream of homeownership. This financial and personal milestone builds stability and helps families put down roots in their communities, and we take great pride in this purpose. We take a balanced approach to sustainability by striving to meet the needs of today's homebuyers while also being mindful of the social, environmental and economic needs of the next generation.

Much attention has been given in recent years to the housing affordability crisis in many of our nation's cities and the need to provide housing at affordable prices for median-income buyers. The National Association of Home Builders (NAHB®) estimates that the U.S. has a housing deficit of approximately one million units, while Freddie Mac® estimates that the housing shortfall is as high as 2.5 million homes.

single-family homes under 1,800 square feet made up 37% of new homes. Today, that number is 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 2019, 87% of KB Home communities offered new-home designs of 1,800 square feet or less and 33% offered home designs of 1,400 square feet or less.

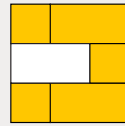
We also host financial education workshops to teach consumers about the various steps of the homebuying process, mortgage and financial terms, and credit to help them make a better-informed decision, whether they ultimately buy from us or another builder.

In 2019, 87% of KB Home communities offered new-home designs of 1,800 square feet or less and 33% offered home designs of 1,400 square feet or less.

We believe this need can be filled to a significant extent by smaller single-family homes that have been a declining segment of the housing market. According to the U.S. Census Bureau, in 1999,



1532-sq.-ft. home at Villages at Prairie Center



Built on Relationships

Nancy LeaMond, AARP and KB Home National Advisory Board

KB Home's efficient, contemporary home designs and exceptional personalization appeal to a wide variety of buyers. So, a single-story, 1,400-square-foot home design ideal for a young family just starting out may be equally desirable for a 50+ homebuyer looking to simplify their life. Nancy LeaMond has been a member of the KB Home NAB since 2010, and her perspective and guidance have been invaluable in helping

Nancy LeaMond

EVP and Chief
Advocacy &
Engagement
Officer, AARP

KB Home National
Advisory Board
Member



us meet the needs of a wide variety of demographics. Nancy is also a leader in AARP's Livable Communities Initiative, which supports the development

of comfortable and affordably priced communities across the country for people of all ages. Below are excerpts from our conversation with Nancy LeaMond.

AARP's Livable Communities initiative is working with almost 500 towns and cities across the U.S. to make the places where we live great for people of all ages, and we are pleased that KB Home shares that value. As it turns out, whatever our age, we ALL want the same things: safe, affordable housing and transportation options; good health for ourselves, our loved ones and our environment; opportunities to learn, support our families and enjoy our lives; a connection

with our neighbors; and a government that is responsive to our needs. Some of the most important things we've learned about creating vibrant, sustainable communities across America that are built for every age include:

Communities for All Ages

We believe the strongest communities are those that represent the diversity of American life, including mixing young, old and everywhere in between. We have much to learn from one another and can make each other's lives richer with neighborhoods that are designed to promote social connection among all ages.

Designing for Sustained Independence

The number one desire of people as they age is to remain independent in their own homes. If homes are designed to take into consideration the evolving needs of people as they age, we will have taken a huge step toward that goal.

Sustainability and Lower Energy Costs

Access to affordable energy and reduced utility costs is important both for older residents and young families. AARP supports sustainable, cost-effective energy sources and policies that relieve the burdens on consumers through lower energy costs and improving energy efficiency.



Top: Bella Cortina; Bottom right: The Cottages on 4th

Homebuilding as an Economic Engine

The homebuilding industry is a key engine of growth for both national and local economies. Each new single-family home built creates the equivalent of three new jobs for a year.⁶ Additionally, the purchase of a new home is a major personal milestone that often generates spending on furniture and other household goods. A study from the NAHB found that in the first two years, owners of new single-family homes spend on average \$4,500 more than similar non-moving homeowners. These new buyers also become new customers for local business, including grocery stores, restaurants, dry cleaners and gardening services.

We believe that building new housing stock is a form of community investment and infrastructure that contributes to long-term social and economic good. Our neighborhoods also often include parks, open space preservation areas, community centers, walking and biking trails, community gardens and even elementary schools that improve quality of life. We also make direct contributions to the local economy in the form of school fees, and in 2019, we contributed over \$49 million in local school fees.



⁶ Source: NAHB study, 2015

⁷ UNC Center for Community Capital and Institute for Market Transformation, March 2013

⁸ https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/energy_efficiency_white_paper.pdf



Soccer field and storm water retention area at Copper Crest

Highly Energy-Efficient Homes Have Economic Benefits Beyond Lower Utility Bills

Highly energy-efficient homes like the ENERGY STAR certified new homes and many solar-powered new homes KB Home builds can uniquely multiply the positive economic impact of homeownership, contributing to creating more economically resilient neighborhoods.

- A study by the University of North Carolina found that energy-efficient homes have mortgage default rates 32% lower than average, even when controlling for other loan determinants.⁷
- A 2012 University of California study also found that green-rated homes garner higher sales prices than comparable unrated homes.
- The 2019 Freddie Mac study, "Energy Efficiency: Value Added to Properties and Loan Performance,"⁸ determined that HERS-rated

homes are associated with both higher home values and better mortgage loan performance:

- HERS-rated homes sold on average for 2.7% more than comparable unrated homes.
- Homes with lower HERS scores had an even greater value boost—3 to 5% higher than those with higher HERS scores.
- HERS-rated homes have lower mortgage delinquency scores than unrated homes—and the delinquency rate decreases as the HERS score does.
- Homes with lower HERS scores were also associated with better mortgage profiles, higher FICO® scores, lower loan-to-value ratios (LTV) and higher incomes.

Leveraging Our Supply Chain

Our homes are as sustainable as the materials and processes that go into them. That's why we select our strategic partners based in part on a shared commitment to conserving natural resources. We also view collaboration with our partners as an effective multiplier and extension of our own sustainability initiatives, sparking innovations that can be greater than any single business can generate on its own.

Each fall, we bring together our partners nationwide for our National Strategic Supplier Conference, a two-day collaboration, brainstorming and planning session. This conference has generated many of the innovative practices we have implemented over the last decade under our sustainability focus. In 2019, we recognized Carrier®, Kohler®, Kwikset® and Generation Lighting for their 20+ years of partnership with KB Home.

Product-Sourcing Certifications



We seek out products that provide independent sustainability assessment, like the Cradle to

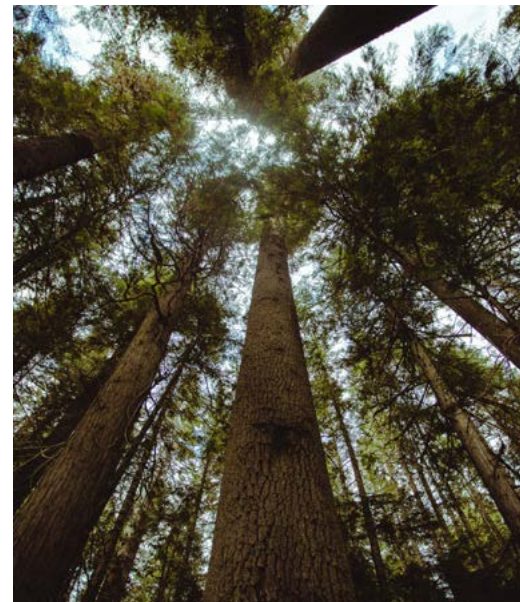
Cradle Certified™ Products Program (C2C). C2C provides an independent, third-party assessment of a product's performance against rigorous standards and evaluates both a company's products and operations based on material health, material reutilization, renewable energy, water stewardship and social fairness. 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®.



As part of our contracts with our 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® 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 is a longtime supporter of preserving old-growth forests

Building Performance Leads to Customer Satisfaction

We constantly strive to improve the performance and value of our homes. By focusing on maximum efficiency of the materials we use as well as design standards that include the features consumers value most, we create new homes that our customers are proud to own and our employees are proud to stand behind.

We evaluate our homes and our operations utilizing third-party, industry-recognized standards. Our energy and water efficiency meet ENERGY STAR certification and WaterSense labeled fixture standards, respectively. Every home is tested and verified by third-party HERS raters, and our construction practices are evaluated annually by IBACOS®, a nationally recognized expert in home construction quality and performance, against an industry-recognized best practice scorecard. From 2014 to 2019, our overall construction quality score, as measured by IBACOS, improved by 15%, from 2.78 to 3.21 (out of 4).



94.83% customer satisfaction rating (30-day post-purchase)



93.73% of homeowners would recommend us to a friend



KB homeowners on the site of their new home

Workplace Safety

Providing a safe workplace for our employees and trade partners is essential and a core component of our social and economic sustainability.

Construction can be a dangerous vocation, but we have put a number of programs in place to ensure our employees and trade partners go home safely to their families at the end of the day. We apply these standards equally to our employees as well as our suppliers, trade partners and subcontractors. Practices include:

- Management review and update of our field safety manual
- A designated safety representative at each local operating division who has completed the Occupational Safety and Health Administration (OSHA) 30-hour training course
- 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
- Construction managers who have also been trained via online modules from IBACOS
- A quarterly safety inspection completed and verified by each local operating division's head of operations and a company-wide safety representative

In 2014, we partnered with IBACOS. Their insight and metrics help us fine-tune everything from framing to insulation to interior finishes.

Together 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
- Material safety

Since 2014, we have been conducting annual reviews and maintaining scorecards for each of our divisions. The 2019 site safety scorecard shows a 14% increase in compliance with industry best practices.



Scaffolding at a KB Home community


COVID-19 and Workplace Safety

The health and safety of our team members and their families are high priorities for us. At the time of this writing, stay-at-home orders are in effect in a number of places in which we build. While residential construction has been identified as an "essential" industry, the people who stand behind every KB home are our focus.

As of this writing, most of our administrative personnel have been working remotely from their homes. Frontline employees who are healthy, not in high-risk categories and follow appropriate safety

precautions may voluntarily carry out essential field operations as we continue to meet the important need of delivering homes to our customers.

In addition to supporting our own employees and trade partner teams, KB Home and others in the homebuilding industry are working to support medical professionals by donating extra face masks and other personal protective equipment. We thank these valued members of our community for their service and are honored to help them as much as possible.




Welcome to KB Home.

The safety and well-being of our customers, team members and communities remain high priorities for us.

As always, we are here for you every step of the way, and ready to guide your homebuying journey. To accommodate you during this time, the sales center is open for private, in-person tours by appointment and in compliance with CDC safety guidelines. You also have the flexibility to schedule a virtual visit with one of our dedicated sales counselors.

Please call us at _____ to schedule your personalized tour or visit us at kbhome.com.

We look forward to welcoming you with a friendly smile in the days ahead.



Explore KB Home communities from the comfort of home. Our website is a convenient resource to view photo galleries, experience virtual home tours, explore interactive floor plans and discover the Design Studio.

©2020 KB Home. CDRP-290354 Sales Office - Appointments

COVID-19 safety sign at KB Home sales centers

National Advisory Board

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.

2019 National Advisory Board

Jacob Atalla
Vice President, Innovation and Sustainability, KB Home

Dan Bridleman
Senior Vice President, Sustainability, Technology & Strategic Sourcing, KB Home

Professor Magali Delmas
Professor of Management, Institute of the Environment and Sustainability, Anderson School of Management, UCLA

Dr. Jonathan Fink
Director, Digital City Testbed Center, Portland State University

Amy Glad
Land Development Consultant

Peter Harkness
Former Group Publisher, Governing, Senior Policy Advisor, Pew Center on the States

Sheila Hollis, Esq.
Partner, Duane Morris LLP

Anne Kelly
Senior Program Director, Policy and BICEP Program, CERES

Nancy LeMond
Executive Vice President and Chief Advocacy & Engagement Officer, AARP

Matt Mandino
Executive Vice President and Chief Operating Officer, KB Home

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

Dr. Lou Moret
Former CalPERS Board Member

Andre Pettigrew
Director, Office of Economic and Workforce Development, City of Durham

Sam Rashkin
Founder, Retooling the U.S. Housing Industry

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

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 supports sustainability as an important corporate goal.

National Advisory Board

As discussed above, nationally recognized leaders meet twice yearly with us to discuss recommendations related to sustainability and other issues.

Environmental Leadership Team

A group of key executives, led by our Chief Operating Officer and senior vice president for sustainability, 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.

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



National Advisory Board meeting

Governance

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. Our corporate governance practices encompass:

- 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.
- Other than our Chairman, President and Chief Executive Officer, all Board members who served during our 2019 fiscal year were independent under the Board's independence standards.
- Our Board has adopted Corporate Governance Principles that provide the framework within which we conduct our business and pursue our strategic goals. A snapshot of our governance practices:
 - Independent directors lead all Board committees.
 - Directors are elected annually under a majority voting standard.
 - Directors and senior executives are subject to strong stock ownership requirements.
 - Executive officers are subject to a robust incentive compensation claw-back policy.
 - We have one class of outstanding voting securities that allows each holder one vote for each share held.
 - We do not have supermajority voting requirements.
- All of our 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 at <https://investor.kbhome.com/corporate-governance/governance-documents/default.aspx>. Print copies of our Corporate Governance Principles and Ethics Policy are available free of charge by written request to our Corporate Secretary.
- 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 2020 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 2019, the KB Home American Dream Political Action Committee contributed \$2,000 to a Congressional campaign committee. This contribution was reported to the Federal Election Commission and can be found on its website at www.fec.gov.

In 2019, we contributed \$330,350 to campaigns for state and local offices in California, Colorado 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.



Prado at Cadence Park

Stakeholder Transparency and Data Tables

Since our inaugural 2007 Sustainability Report, we have been committed to transparency and accountability as a key component of 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 current year and historical comparisons (subject to available data) in order to provide decision-useful information for investors and other key stakeholders.

We also reference certain GRI guidelines and standards and provide an index to that information in every report, including this one.

In this and every report, we have published carbon footprint measurement (scope 2 emissions). In 2009, we significantly expanded our methodology for capturing and reporting this data (explained in detail in our 2009 Sustainability Report) and intend to continue to report on this in the normal course of business.

Environmental Performance Overview

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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
ENERGY EFFICIENCY													
# of ENERGY STAR® certified homes delivered ¹	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
% of total homes delivered that were ENERGY STAR certified	31%	38%	62%	90%	98%	99%	99%	99%	99%	99%	98%	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%
# of ENERGY STAR certified appliances installed ²	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
Homeowner satisfaction ratings on the energy efficiency of their KB home ³	N/A	N/A	N/A	91.90%	92.50%	93.10%	92.80%	91.50%	91%	91%	89%	89%	93%
WATER CONSERVATION													
# of KB homes built to EPA's New WaterSense® specifications ⁴	N/A	N/A	N/A	11	97	85	61	96	233	265	170	134	147
# of Water Smart homes built ⁵	1,964	881	393	521	412	438	503	400	589	807	854	1,132	950
# 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
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
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
SUSTAINABLE PRODUCTS AND OPTIONS													
Total # of sustainable products and options installed ⁷	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
OTHER ENVIRONMENTAL DATA													
# of homes delivered in regions with High or Extremely High Baseline Water Stress													6,098
Total amount of monetary losses as a result of legal proceedings associated with environmental regulations													\$0
Average density at compact developments													The range varies by market: 4 DU/A to 20 DU/A
# of lots located in a 100-year flood zone ⁸													0 of our buildable lots are in 100-year flood zones

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 2012-2018 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.
⁸ 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.

Environmental Performance Overview (Cont.)

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OFFICE SUSTAINABILITY PRACTICE													
% of office supplies purchased that are earth conscious	23%	27%	26%	33%	29%	22%	15%	20%	19%	22%	22%	26%	33%
Number of meeting hours hosted on iLab ¹	N/A	1,934	1,978	1,665	1,708	1,533	1,988	2,048	1,939	1,978	N/A	N/A	N/A
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
Trees saved	479	1,266	615	3,978	1,344	805	1,051	555	1,706	1,389	2,815	1,527	2,768
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
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
Landfill reduction (cu. yds.)	84	223	109	702	237	142	185	165	508	414	838	455	825
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
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
OUR CARBON FOOTPRINT													
Estimated greenhouse gas emission for KB Home operations (CO ₂ e in metric tons)	N/A ³	42,204	20,296	17,015	14,549	13,468	14,092	16,078	19,186	22,961	25,062	24,992	24,025
Estimated greenhouse gas emission financial intensity ⁴	N/A ⁵	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)
Estimated greenhouse gas emission activity-related intensity (CO ₂ e in metric tons per delivered home)	N/A ⁶	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)
WASTE REDUCTION AND RECYCLING													
% of KB homes built with preconstructed panels ⁷	65%	90%	90%	100%	100%	98%	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)
% of KB Home communities incorporating recycling into their standard job site processes ⁸	N/A	N/A	44%	71%	91%	64%	70% (est.)	80% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)	85% (est.)

¹ Began tracking in 2008. iLab was a virtual meeting system that minimizes air and car travel for training, meetings and events. It was discontinued in 2017, in favor of cloud-based services.
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 and helps reduce energy bills.
⁸ Began tracking in 2009.

Economic Performance Overview

Note: Below are key financial and overall customer satisfaction performance indicators. Additional operational results for fiscal 2019 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. Securities and Exchange Commission, 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
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
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
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
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
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
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
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
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%
CUSTOMER SATISFACTION													
Customer satisfaction index 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
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

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.

Social Performance Overview

PERFORMANCE INDICATOR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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
STAKEHOLDER AND COMMUNITY INVOLVEMENT													
National Advisory Board	NO	NO	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
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
# of collective bargaining agreements with employees	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
Southwest	3	3	3	1	3	1	1	7	6	8	16	9	7
Central	5	16	3	5	2	14	5	5	10	11	6	6	7
Southeast	7	13	3	4	1	1	6	5	6	8	3	4	8
Average online training certifications per employee ¹	46	36	17	14	12	12	17	13	14	10	7	8	13
Average online training hours per employee ²	35	27	13	11	10	12	13	10	11	8	5	6	11
ANNUAL CORE TRAINING CERTIFICATION RATE:													
KB2020 White Papers ³	92%	98%	96%	97%	91%	90%	83%	87%	83%	66%	70%	80%	92%
Ethics Policy	100%	100%	100%	100%	100%	99%	99%	98%	96%	97%	100%	98%	98%
100% Complete/100% Satisfied ⁴	94%	99%	98%	97%	92%	97%	100%	90%	85%	75%	77%	83%	94%
Sustainability Certification ⁵	N/A	99%	99%	95%	93%	83%	85%	85%	81%	64%	70%	77%	93%
Number of safety certifications ⁶	6,874	2,125	210	200	120	235	894	1,045	901	861	199	315	1,408

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.

Global Reporting Initiative Index of Indicators

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION
GRI 102: GENERAL DISCLOSURES ORGANIZATIONAL PROFILE		
102-1	Name of the organization	pages 1, 7, 46
102-2	Activities, brands, products, and services	page 46
102-3	Location of headquarters	page 58
102-4	Location of operations	page 46
102-5	Ownership and legal form	10-K
102-6	Markets served	page 46; 10-K
102-7	Scale of the organization	pages 46, 64-65; 10-K
102-8	Information on employees and other workers	pages, 15, 65
102-9	Supply chain	page 52
102-10	Significant changes to the organization and its supply chain	page 52; 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	page 3
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	pages 8, 10-11, 54, 57-59
GOVERNANCE		
102-18	Governance structure	pages 16, 57-59; 10-K or proxy
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	page 16
102-41	Collective bargaining agreements	page 65
102-42	Identifying and selecting stakeholders	pages 56-58
102-43	Approach to stakeholder engagement	pages 56-58; 10-K or proxy
102-44	Key topics and concerns raised	pages 56-58
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	page 46, 10-K
102-46	Defining report content and topic boundaries	pages 4, 8
102-47	List of material topics	page 8
102-48	Restatements of information	N/A
102-49	Changes in reporting	10-K
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 the GRI Standards	pages 4, 61
102-55	GRI content index	pages 66-67
102-56	External assurance	N/A

Global Reporting Initiative Index of Indicators (Cont.)

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION
GRI 103: MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	pages 8, 20, 26, 62-63
103-2	The management approach and its components	pages 10-11, 20-21, 24; 26
103-3	Evaluation of the management approach	pages 27, 63
GRI 200: ECONOMIC GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	pages 46, 64; 10-K
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	10-K
GRI 203: INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	page 50
GRI 205: ANTI-CORRUPTION		
205-2	Communication and training about anti-corruption policies and procedures	pages 56, 65
GRI 300: ENVIRONMENTAL GRI 302: ENERGY		
302-5	Reductions in energy requirements of products and services	pages 8, 14, 20, 63
GRI 305: EMISSIONS		
305-2	Energy indirect (Scope 2) GHG emissions	pages 8, 14, 20, 63
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	page 65
GRI 404: TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	page 65
GRI: 413: LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs	pages 15, 40, 50, 59
GRI 417: MARKETING AND LABELING		
417-1	Requirements for product and service information and labeling	pages 19-33

Past Reports

We encourage you to review our previous 12 Sustainability Reports to learn more about our consistent, long-term approach and all of the work that lies behind our 2019 sustainability results.



2007



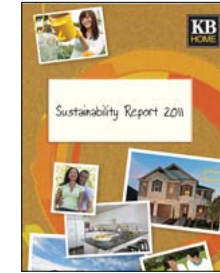
2008



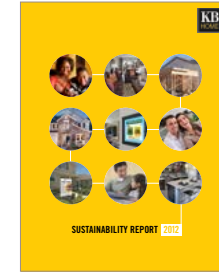
2009



2010



2011



2012



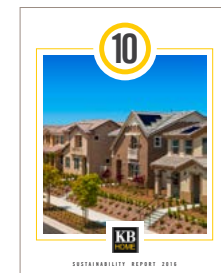
2013



2014



2015



2016



2017



2018



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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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