Task Force for Climate-Related Financial Disclosures (TCFD)

Governance

Our governance structures provide oversight of KB Home's climate strategies and sustainability initiatives, ensuring these efforts are integrated with our overall business strategy. Key components include our Board of Directors, National Advisory Board, Sustainability Leadership Team, Sustainability Steering Committee, and Environmental Management System.

The roles and responsibilities of these bodies – including Board oversight, committee-level oversight of environmental and human capital matters, advisory input from the NAB, and the planning and implementation, and continuous improvement process of the EMS – are described in detail on pages 37, 40–41.

For additional information regarding our corporate governance practices, please also reference our 2025 Annual Report on Form 10-K and our 2026 Proxy Statement.

Strategy

In our business, we acquire land, develop communities on that land and sell homes in those communities. We contract with independent construction service providers to perform all land development and home construction work. As part of our project kickoff meetings, we coordinate with trade partners to establish a team approach for achieving environmental targets. We do not operate manufacturing facilities or a vehicle fleet, or package our products. Various local utilities and their particular power sources supply the energy used in community development. Once a community is sold out, significant development work ceases, and residents use their homes, which can remain occupied for decades. Our climate strategy as outlined here reflects our approach to mitigating impacts and leveraging opportunities.

Home energy efficiency

As most of a home's energy consumption occurs after it is delivered to a customer, we have prioritized maximizing our homes' energy efficiency to the extent possible using advanced, cost-effective products and technology. We believe that this is the best way that we can help reduce the GHG emissions associated with our homes' daily use and minimize their climate impact. It also aligns with our core first-time homebuyers' long-term affordability needs through potentially lower utility bills.

Water conservation

To advance this priority, as of July 2022, homes built in our new communities in Arizona, California and Nevada are RESNET HERS H_2O rated to ensure that they meet the EPA's WaterSense labeled home requirements and to help homeowners use less water and lower their utility bills in these drought-affected areas.

Operational context

A discussion of how we integrate environmental considerations into our site selection, design, and development and construction processes can be found on page 57. Additionally, we have established an EMS focused on reducing the GHG emissions associated with the use of the homes that we build over their multi-decade life cycle. This EMS is assessed annually to identify opportunities to implement efficiency enhancements. More details about our EMS can be found on page 41.

Industry engagement

We believe that actively participating in the public policymaking process is an important aspect of being a responsible member of the communities in which we build and necessary to pursue our business goals. Our industry leadership in sustainable construction practices and building performance has allowed us to participate in national and regional building initiatives with both governmental and nongovernmental organizations.

87th Townhomes in Marysville, WA

TCFD: Risk Topics & Opportunities

To determine the focus of our climate-related risk areas and opportunities as described below, we assessed – to the extent feasible given practically available technology, information and internal resources – the potential impacts to our ability to conduct our business and solicited input from select stakeholders to determine what mattered most to them. We expect the risk areas, including their severity, scope and urgency, and opportunities will evolve over time as we are able to gather additional and higher quality data and further stakeholder interaction.

Risk Topic	**Severe weather event or natural disaster** • Time range*: Medium – Long • Risk Type: Acute & Chronic Physical • Opportunity type: Energy Source, Resilience	**Drought and water scarcity** • Time range: Short – Long • Risk type: Chronic Physical • Opportunity type: Resource Efficiency, Products & Services	**Increased and changing regulations and building codes** • Time range: Short – Long • Risk type: Policy & Legal Transition • Opportunity type: Products & Services, Markets	**Shifts in consumer preferences** • Time range: Short – Long • Risk type: Reputation Transition • Opportunity type: Products & Services, Markets
Impact	Potential to disrupt our operations or those of our suppliers or independent contractors Potential to damage or destroy homes Potential to disrupt homeowners' ability to obtain affordable home insurance	Potential to reduce water availability in communities and increase fire risk Potential for municipality actions to restrict or prevent new development to preserve an area's water supplies	Potential to increase our costs, or delay or complicate home construction Potential for market, product and service disruptions that impact our building programs, or increase the costs for the company and/or our customers	Potential to negatively affect organizational reputation if customer expectations are not met
Opportunities	Opportunity to introduce energy innovations and resiliency solutions for customers with the support of our trade partners	Opportunity to integrate water-saving features for customers and regulatory compliance	Opportunity to better/more quickly satisfy higher standards through a new high-performance home compared to a typical new home	Opportunity to satisfy demand from increasingly environmentally conscious customers
Our Approach	To address immediate operational impacts of this risk, KB Home works closely with trade partners to anticipate and prepare for weather events in order to limit disruptions, prevent potential damages and safely return to work. Following such weather events, we adjust construction activity accordingly and reallocate staff for public safety priorities as needed. Additionally, we have IT disaster recovery mitigation as well as customer service protocols in case either are impacted by significant weather events. See page 26 for more information on our occupational health and safety protocols. To address the impacts of our carbon footprint, our current and future decarbonization initiatives depend on available energy-efficiency technology at a cost-effective scale as well as renewable solar and energy storage systems and low-embodied carbon materials and products. We are incorporating more renewable and resilient building strategies in our homes and evaluate new innovations on an ongoing basis. The increasing frequency and severity of weather events and natural disasters have led to a significant rise in home insurance premiums, and in some cases, reduced availability of coverage in high-risk regions. This trend poses a financial risk to both homeowners and us, as it may impact affordability and demand for new homes. To mitigate these risks, we are incorporating resilient design and construction measures, such as fire-resistant materials, elevated foundations, and enhanced water management systems, to harden homes against natural disasters and reduce potential losses. In 2025, we unveiled the nation's first new-home community that meets the home- and neighborhood-level wildlife resilience standards established by IBHS, an independent nonprofit research organization dedicated to protecting homes and communities against natural disasters. In early 2026, we opened a second such community in North California. See page 25 for more information.	As part of our water conservation efforts, we have had a 100% WaterSense labeled fixture commitment since 2009. Additionally, every home built in our new communities in Arizona, California and Nevada since July 2022 has been WaterSense labeled, EPA's highest standard for water efficiency and performance. See page 23 for more information.	We engage with public officials and other policymakers at all levels of government in discussions about issues that affect homeownership and support candidates who understand the homebuilding process and champion the broadening of homeownership opportunities. We also monitor legislative and regulatory proposals and rulemaking to anticipate and/or move as quickly as possible to comply with new requirements. See page 43 for more information. In California, we have and will continue to incur higher construction costs because of a state law requirement that effectively requires that all newly built homes have solar power systems, and we may be unable to offset (through customer leases) or cover such costs through selling price increases due to competition and consumer affordability concerns. We also faced an uncertain solar power system provider environment in 2024 and 2025, largely due to the federal government's repealing and/or accelerating the expiration of related tax credits, as described below, and changes in California net metering regulations that created significant instability in the solar power industry, with several providers going out of business or entering bankruptcy. This has disrupted the supply and installation of solar power systems, causing delays in system completions and permissions to operate and, in turn, home deliveries. The federal government's repeal and/or accelerated expiration of tax credits for solar power systems has also caused lease financing providers to exit the market, pressuring the availability of leases for customers in California.	We have a long history of meeting market demands and evolving our product to address customer expectations. We regularly conduct market research to evaluate consumer preferences in terms of locations and home features. In addition, our Built to Order process gives us the flexibility to offer robust, energy-efficient and environmentally friendly options to homebuyers. This, along with our long-standing commitment to ENERGY STAR certification, enables us to positively differentiate our homes and integrate sustainability into our marketing strategy. See pages 12–15 for more information.

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

TCFD: Metrics & Targets

Metrics	Our Progress	References
ENERGY STAR certified homes	As of 2025, KB Home is proud to have built over 217,000 EPA ENERGY STAR certified homes since 2000, more than any other homebuilder. These homes result in approximately 8.8 billion cumulative pounds of avoided CO_2 emissions according to the EPA.	Pages 20-22
WaterSense labeled homes	We have also built more 31,000 EPA WaterSense labeled and Water Smart homes since 2005, more than any other homebuilder. Additionally, we have achieved an estimated 2.3 billion gallons of water saved each year from our homes and fixtures compared to typical homes without these features.	Page 23

Targets	Our Progress	References
HERS of 45 by 2025	In 2025, we reached an average HERS Index score of 43, one of the lowest (and therefore most efficient) publicly reported scores among large production homebuilders (the average is 53 for all rated homes in 2025). With this, we exceeded our 2025 target, declared in 2020, by two HERS points (target was 45, we achieved 43).	Page 21
8% reduction in associated annual GHG emissions from the use of our average 2025 KB home compared to a 2020 KB home	With a 2025 national average HERS Index score of 43, we surpassed our 2020 goal of reducing annual GHG emissions by 8% for the average KB home built in 2025 compared to one built in 2020. In 2025, we also adopted the RESNET Carbon Index for estimating operational carbon emissions, offering more time-sensitive, regionally reflective estimates based on the electricity grid conditions. This methodology will be used for all future measurements and goals. Our reported GHG Scope 1, 2 and 3 emissions details are listed on page 50.	Page 22

Climate change is an intrinsically complex global phenomenon with inherent residual risks across its physical, regulatory and adaptation/transition dimensions that cannot be mitigated given their wide-ranging, (sometimes unexpectedly) interdependent and largely unpredictable potential scope, nature, timing and duration. Therefore, though we have not, as of the date of this sustainability report, identified or experienced any particular material impact, whether singular or in combination, to our consolidated financial statements from climate change or the associated regulatory, physical, transition and other risks, we cannot provide any assurance that we have or can successfully prepare for, or are or will be able to, reduce or manage any of them to the extent they may arise.

For instance, we may experience substantial negative impacts to our business if an unexpectedly severe weather event or natural disaster damages our operations or those of our suppliers or independent contractors in our primary markets, such as California, Florida, Nevada and Texas, or from the unintended consequences of regulatory changes that directly or indirectly impose substantial restrictions on our activities or adaptation requirements.

Iris at Valencia in Valencia, CA