NEWS RELEASE

Dispelling the Myth That Sustainability Isn’t Within the Reach of Homebuyers

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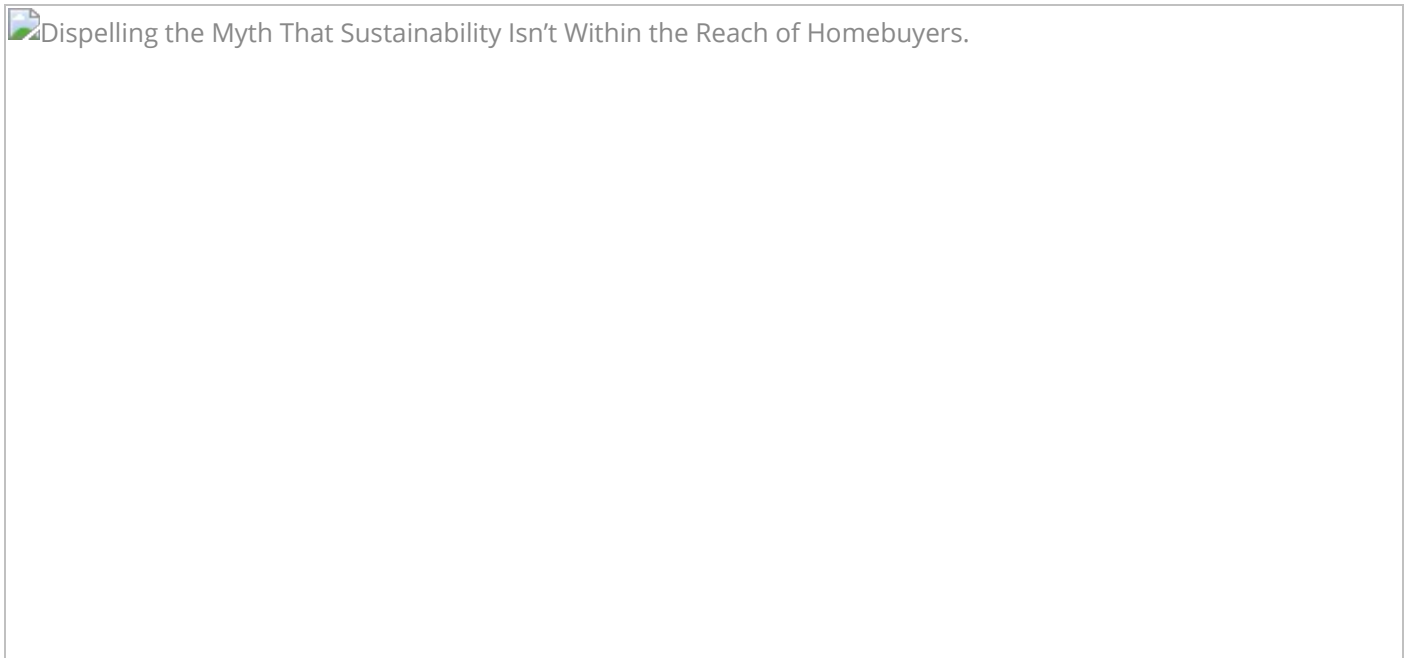

Sometimes all it takes to change everything you think you know is one good question. That's what led to my "aha" moment about sustainability and housing affordability.

For years, businesses have struggled with the gap between the value consumers say they place on environmentally conscious products and their actual purchasing decisions. It's understandable. The benefits of more sustainable products in our own lives can seem vague and come at a premium price, while conventional products often beckon with more immediate personal benefits at a lower cost. In my own industry, homebuilding, most buyers, especially first-time buyers striving to achieve the milestone of homeownership, believed they had to choose either a "green" home or their dream home.

That's where the one good question came in: What if the argument against sustainable homebuilding was actually the argument for it?

Maybe we were looking at it from the wrong angle. Maybe sustainability was a lever for affordability rather than a barrier to entry. By buying a sustainably designed home, a customer could actually come out ahead with a lower total cost of homeownership, plus comfort and style, and support long-term environmental priorities.

So, in 2007, shortly after I became CEO and as the housing market was at the beginning of a historic downturn, KB Home bucked conventional wisdom and took a leap forward, committing to build 100% of our homes to ENERGY STAR® standards. We set out to demonstrate to our customers — and our industry — that homebuyers didn't have to compromise their dreams to afford their values.

As a builder that has made affordable homeownership its mission, we saw the opportunity to build a beautiful, highly energy-efficient new home at an affordable price that would also reduce the overall cost of homeownership through potential monthly utility savings. By building a high level of efficiency into every home as a standard, we could leverage our production expertise, economies of scale and supplier relationships to offer this unique advantage at little or no additional cost to the homebuyer.

ENERGY STAR certified homes are, on average, up to 20% more efficient than homes built to code, according to the Environmental Protection Agency (EPA). Yet fewer than one in 10 new homes in America meet this rigorous performance standard. Compared to homes built just a decade ago, the efficiency is even greater, saving KB homeowners up to an estimated $3,600 annually on their utility bills. And we've continued to move the needle on that performance every year, setting annual energy improvement targets for our homes and challenging ourselves to achieve them without significantly increasing our cost to build. Over the lifetime of a new home, that can add up to big savings and really help the environment. The nearly 150,000 ENERGY STAR certified homes we've built since 2000 (more than any other builder) are estimated to have cumulatively saved our homeowners approximately $780 million in utility bills, while also reducing carbon emissions by approximately 5 billion pounds. Now that's aligning affordability with the long-term good.

We then set our sights on a new question: What if we could help our homeowners save even more and conserve resources for their local communities by building more water-efficient homes? As a builder based in California and with communities across the Sunbelt, we felt we could make a measurable difference. We joined EPA's WaterSense® program, the first national builder to do so, and committed to including **WaterSense** labeled fixtures and other indoor and outdoor water efficiency features in every home we build, saving consumers up to an estimated $500 on their annual water bill compared to a home without these features. We've also built over 16,000 WaterSense labeled and Water Smart homes in water-challenged climates. In total, our water conservation efforts save about 1.5 billion gallons of water each year — enough to meet the needs of nearly 17 million Americans for a day — while increasing affordability for our customers.

Most recently, another question emerged: What if an affordable home that supports a healthier environment could also support personal health? We saw an opportunity to offer affordable homes that can make a positive impact on what we value most but can't buy: our health.

Even before the current pandemic, we had identified "healthy home" as the next frontier in sustainable homebuilding and an area where we could once again bring our production expertise and economies of scale to bear and make our homes healthier without increasing their cost. A highly efficient, well-designed home can contribute to its residents' physical and emotional well-being. Because Americans spend most of their time inside, indoor air quality is a priority and our homes include high performance ventilation systems that regularly introduce fresh outdoor air. We also incorporate design features guided by the EPA's Indoor airPLUS standards, including low- or zero-VOC products in carpeting, paint, insulation and cabinetry as well as comprehensive air sealing to significantly reduce drafts, moisture, dust and pollen. Inside the home, we have anti-microbial door handles and offer touchless faucets to reduce the spread of germs. We are also the first national homebuilder in the U.S. to offer the Delos® DARWIN™ Home Wellness Intelligence platform, a pioneering wellness system that uses proprietary software, algorithms and sensor technologies to enhance energy, sleep and overall well-being as well as purify indoor air, and which is available at select Southern California communities. Recently, we also joined the Well Living Lab Alliance, which partners with the Well Living Lab, a Delos and Mayo Clinic collaboration, as we continue our focus on building healthier homes now and into the future. Well Living Lab is the first lab to exclusively focus on researching how indoor environments can improve human health and well-being.

We're sustaining the dream of homeownership as well as delivering the benefits of comfort and health and minimizing environmental impact. What once seemed like competing goals have come together into an integrated strategy that puts our customers at the center and delivers compelling business results. We have exceeded our homebuyers' expectations, provided a compelling differentiator from our new and resale competition and delivered on dreams for tens of thousands of customers. And it all began with one good question that questioned everything.