



CREATING A BETTER WAY TO LIVE

2020 CORPORATE
RESPONSIBILITY REPORT



AvalonBay
COMMUNITIES

Updated as of December 14, 2021



**AT AVALONBAY COMMUNITIES,
OUR PURPOSE IS **CREATING A
BETTER WAY TO LIVE** — FOR OUR
RESIDENTS, OUR ASSOCIATES,
OUR SHAREHOLDERS, THE
COMMUNITIES IN WHICH WE
DO BUSINESS AND OUR PLANET
AT LARGE.**

Featured on the cover

Erika Sandoval, Residential Services Coordinator — Reconstruction, joined with fellow associates in the Pacific Northwest to volunteer at the *Food Bank Farm*, where they socially distanced and gathered fresh vegetables for local food banks. Food insecurity increased in 2020 due to the COVID-19 pandemic and AvalonBay provided support for food banks across the country through our *Building Strong Communities* philanthropy program.

Achieving this purpose means being aware of the full impact of our activities and managing our business with an eye on the future. It means remaining true to the long-term well-being of all of our stakeholders, broadly defined.

As a real estate investment trust (REIT), we are owners and investors for the long term, allowing us to consider the full life cycle impact of the decisions we make every day. With this in mind, our goal is to build and operate much more than buildings. The cities and suburbs in our core markets across the country are reinventing themselves through higher density, amenity-rich living. They are offering residents more options for sustainable ways to live, from green buildings and walkable neighborhoods to safer and healthier environments, and they are moving to a low-carbon emission future. We're proud to be at the forefront of this reinvention, creating communities that achieve long-term environmental efficiency and foster better living far beyond their walls. Through these communities we make our core values visible: a commitment to integrity, a spirit of caring and a focus on continuous improvement.

Realizing this vision is an ongoing journey and is not always easy. But for us, it's always right.



“WITH ALL THE DISRUPTION, IT WAS STILL A YEAR FULL OF OPPORTUNITIES.”

Opportunities to focus on what's important to each of us, personally and professionally. Opportunities to show a true spirit of caring to one another and our residents. And opportunities to collaborate, innovate, and bring new ways of serving our customers to market.”

Timothy J. Naughton
Chairman and CEO

The COVID-19 pandemic, the downturn in the economy, and widespread racial and social unrest certainly tested each of us as individuals and AvalonBay more broadly as a company throughout 2020.

Yet, with all the disruption, it was still a year full of opportunities: opportunities to focus on what is important to each of us, personally and professionally; opportunities to show a true spirit of caring for one another; and opportunities to collaborate, innovate, and bring new ways of serving our customers to market.

2020 was a challenging year for the Company and the overall apartment sector. The normal effects of an economic downturn on our sector were magnified by work-from-home mandates, civil unrest in our city centers, and the strength of the for-sale housing market – all of which affected business results. However, thanks to the unprecedented speed of developing and delivering vaccines broadly to the US population, the economy is rebounding and we are experiencing steady improvement in occupancy and rents in all of our markets in the first half of 2021.

Throughout 2020, our associates worked on the front lines, showing up every day to support our residents. However, the COVID-19 pandemic limited our ability to deliver the service levels we are accustomed to providing, and our residents felt it. With that, our customer satisfaction, as measured by the Net Promoter Score (NPS), decreased four points to 27, from 31 in 2019. Fortunately, our NPS is rebounding in early 2021 and throughout 2020 thousands of residents willingly shared their opinions through Google reviews, and their views were overwhelmingly positive, averaging 4.4 stars out of 5.

We believe that to be a great company we must take a multi-stakeholder approach to our business. Delivering strong results over a sustained period requires engaged associates, satisfied customers, and the support of our local communities, which we earn, in part, by taking an active leadership role in addressing important Environmental, Social and Governance (ESG) challenges. In 2020, we were once again named the Global and U.S. Leader in the Residential Sector by the Global Real Estate Sustainability Benchmark (GRESB). We also received an A- grade from the CDP for our carbon emission disclosure and reduction practices, making us one of four REITs, and the only apartment company, to receive a grade in the A band. And AvalonBay was once again the proud recipient of the NAREIT Residential *Leader in the Light Award*. This award is the highest ESG achievement for all residential REITs and real estate companies, and our receipt of this award acknowledges our accomplishments in the area of social and environmental sustainability.

As ESG raters become more important to our investor stakeholders, we continue to do well in a variety of other benchmarks. *Newsweek* and Statista honored America's Most

Responsible Companies and AvalonBay placed #122 out of the top 400, moving up from #193 out of the top 300 in 2019. For the third year in a row, we were named to *3BL Media's* 100 Best Corporate Citizens List. In addition, many ESG ratings continue to rank us as one of the most advanced US companies with respect to ESG in our sector. These include Euronext, VigeoEIRIS, ISS-oekom and FTSE4Good. Finally, *Engineering News Record* (ENR) ranked us as 37th on their Top 100 Green Building Contractors.

Through the course of 2020, we achieved or exceeded the objectives outlined in our previous CR report. Some highlights include the following:

SOCIAL **Residents**

We walked alongside our residents as we, together, navigated the global pandemic. We found new ways to engage with them, keep us all safe, and support the unique needs they faced as they found themselves working and living from home in our communities. This included a 30-point deep clean for move-ins, contact-free package pick up, virtual service requests and rent repayment options for those facing financial hardship.

Building Strong Communities

We provided \$2.4M cash and in-kind donations to non-profit partners, exceeding our 2020 goal of giving back \$2.2 million. Of the \$2.4M, \$450,000 was additional COVID-19 specific support to our philanthropy partners and their most vulnerable populations.

Red Cross Partnership

In the sixth year of our national partnership, our in-person activities were limited due to the pandemic, however we continued to support our partnership in several ways through virtual blood drive campaigns and an online fundraiser that provided \$70,000 to the Red Cross to help those impacted by the Western Wildfires.

Associate Relief Fund

Launched in March 2019, our Associate Relief Fund helped 59 associates through the end of 2020. Last spring, we expanded the fund to include a new category to help associates and their families impacted by the COVID-19 pandemic. As an extension of the fund, we launched a *Vacation Donation* program, which allows eligible associates to donate time to help fellow associates experiencing hardship related to a medical emergency.

Inclusion and Diversity

We made significant progress with our Inclusion and Diversity

programming and focus areas. We set *Diversity in Leadership* goals to increase representation of women and people of color within AvalonBay's leadership team. We created a new multi-year national partnership with the National Urban League. And we launched three new associate resource groups: Black Associate Coalition (BAC), Associate Rainbow Coalition (ARC) and Latinx Employees of AvalonBay for Diversity (LEAD).

ENVIRONMENTAL

Climate Change

We updated our analysis of climate risk in our portfolio with a third-party review of 274 properties individually against 11 short- and long-term climate risks, including pluvial flooding (rainfall), fluvial flooding (riverine), hurricane, FEMA flood rating, wind, tornado, earthquake, tidal flooding (sea-level rise), extreme heat, extreme rainfall and extreme drought.

As a result of this analysis, we created a combined climate and emissions risk dashboard which shows each property's risk profile and emissions intensity. This dashboard has been integrated into our investments and asset management decision-making going forward.

Demand Response and Smart Buildings

Our demand response smart building data program made significant strides with over \$275,000 in annual savings created by using interval meter data to participate in demand response programs, reduce our building electricity load and optimize our utility supply rates. Importantly, renewable energy will represent 85 percent of AvalonBay's procurable load and 44 percent of our total load by the end of 2021.

Renewable Energy and Battery Storage

We installed solar panels at seven communities, adding 560 KW of renewable power to our portfolio. This is in addition to the existing nine communities already generating over 1 MW of solar power. In 2021, we are working to complete onsite solar projects at 34 more communities. These will contribute an additional 5.9 megawatts of renewable power. And we continue to look for additional opportunities to implement further solar adoption, with 46 more communities currently undergoing preliminary feasibility analysis.

Water Efficiency

Our Water Reduction Task Force continued their efforts, begun in 2019, to work on water efficiency across the portfolio. One result of their work is the installation of 32 more weather-based irrigation systems, beginning in 2020 and completing by the end of 2021. These will save \$337,000 annually, and 43.9 million gallons of water. In 2020, our 29 existing weather-based irrigation installations saved AvalonBay \$493,950 and over 58 million gallons of water.

Science-Based Targets Execution Plan

We created a strategic plan to achieve our Science-Based Targets (53 percent reduction in Scope 1 & 2 and 47 percent reduction in Scope 3 GHG emissions per square foot), with three components: 1) a focus on onsite and virtual renewable energy and shifting of our procurable load to renewables, 2) a focus on embedded carbon in our construction materials, and 3) engagement with our residents on renewable energy procurement for their apartment homes.

The opportunities here reflect our commitment to move to a fundamentally low carbon operating model. In fact, in 2020 we were already able to move 56 percent of our procurable common area electric load to renewable wind energy, with the goal that by the end of 2021 we will have 85 percent of our procurable load from renewable sources.

With a new year comes renewal, and 2021 has brought with it hope and optimism. While we have certainly started the year with challenges, we are far more experienced and resilient, and we are ready to take control and set our own course once more. I am proud of AvalonBay's commitment to lead the way and contribute positively in the current environment and to the future, and I encourage you to read more about our ESG accomplishments and plans in this report.

Timothy J. Naughton

Chairman and CEO

ASSURANCE STATEMENT

In 2020, for the sixth consecutive year we had our prior year's annual energy, greenhouse gas emissions, water and community waste data independently verified by Lloyd's Register Quality Assurance (LRQA), a part of Lloyd's Register Group Limited and a leading provider of independent assessment services, with recognition from over 50 accreditation bodies around the world.

The full accreditation report and assurance statement can be found on our website at avaloncommunities.com/verificationreport and avaloncommunities.com/assurancestatement.



Avalon Doral Doral, FL

CORPORATE RESPONSIBILITY FRAMEWORK



OUR PURPOSE: CREATING A BETTER WAY TO LIVE

COMMUNITY	GOVERNANCE	ASSOCIATES	RESIDENTS	ENVIRONMENT
Community investment Philanthropy In-kind giving Volunteering	Investor relations Financial reporting Sound Board and management practice Ethics and compliance Cyber security Supply chain Human rights	Compensation and benefits Awards and recognition Cultural norms Health and safety Engagement Inclusion and Diversity Talent attraction, development and retention	Customer service Apartment greening Engagement Brand and reputation	Energy efficiency Water efficiency Emissions reductions Climate change Renewable energy Green design and construction Waste management

2020 GOALS PROGRESS

We continued to make progress on our long-term 2020 Corporate Responsibility (CR) goals. In 2020 we achieved a meaningful 15.4% drop in our Scope 1 and 2 emissions and a 16% drop in our Scope 3 emissions (per square foot). We also finished our 2020 Water goal with a final 8% drop in our Water Use Intensity from our 2013 baseline. And while our waste goal remained flat, in a year when we saw residents primarily living and working at home, we were pleased to counterbalance this with the efforts of our Waste Task Force. We will research the creation of a new water goal in 2021. Finally, in a difficult year, we continued to make progress on our other stakeholder goals relative to our associates and the communities in which we do business. We closed out the WUI and community investment goals and in 2021, transitioned to our new goals, which can be found on the next page.

GOAL

PROGRESS

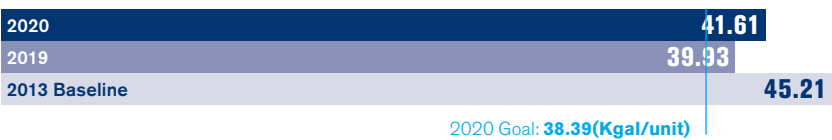
Science-Based Targets

53% reduction in scope 1 and 2 greenhouse gas (GHG) emissions and 47% reduction in scope 3 emissions by 2030



Water¹

15% reduction in water use intensity (WUI) of the entire portfolio



Waste²

20% reduction in landfill-bound waste intensity across our portfolio by 2023²



Residents³

33% increase in our Net Promoter Score

GOAL ACHIEVED!



Community

Increase annual community investment to \$2.2M total cash and in-kind

GOAL ACHIEVED!



Associates⁴

Achieve 75th percentile or better on associate engagement and satisfaction

GOAL ACHIEVED!



¹ We calculate water use intensity on properties that are stabilized for a full two-year period and use whole-building data. The consumption is then divided by the number of apartment homes. Graphs not drawn to scale.

² To normalize data and to control for any shifts in waste and recycling numbers related to portfolio changes, we will calculate this goal using pounds per apartment (lbs./apt) intensity metric, normalizing the waste generation to a per residential unit number.

³ In 2020, COVID-19 limited our associates' ability to deliver the service levels we are accustomed to providing, and our residents felt it. With that, our total portfolio NPS decreased four points to 27, from 31 in 2019. In 2021 we are already seeing improvements in our NPS as we re-open amenities and return to a more normal operating environment.

⁴ We use external benchmarks from our vendor as well as historical three-year average data in arriving at our engagement percentage thresholds. The full survey is conducted every year. We calculate the target on properties that are stabilized for a full two-year period.

CR GOALS: BEYOND 2020

As we enter a new decade, we have set new long-term targets, aligned with eight of the 17 **United Nations Sustainable Development Goals** (SDGs), which are goals created as the blueprint to achieve a better and more sustainable future for all.

SCIENCE-BASED TARGETS

53%

Reduction in Scope 1 & 2 GHG Emissions per square foot by 2030 (2.16 kgCO2e/sq. ft)

SDG



47%

Reduction in Scope 3 GHG Emissions per square foot by 2030 (2.93 kgCO2e/sq. ft)

WATER

2025

Goal currently being researched and will be introduced in the 2021 report

SDG



WASTE

20%

Reduction in landfill-bound waste intensity by 2023 (1,631 lbs/apt)

SDG



INCLUSION & DIVERSITY

ACHIEVE GENDER PARITY

Increase women in leadership** to achieve gender parity* by 2025

INCREASE UNDERREPRESENTED MINORITIES

Increase of underrepresented minorities in leadership** to 20% by 2025 and 25% by 2030

SDG



RESIDENTS

33

Achieve NPS (Net Promoter Score) of 33 by 2025

ASSOCIATES

90th+

Achieve 90th percentile or better on associate engagement and satisfaction by 2025

COMMUNITY

\$2.75M

Increase annual community investment to \$2.75M total cash and in-kind by 2025

SDG



* Please note that parity is defined as achieving a level within +/-2% of the available workforce (currently 41%) as documented by third-party resources by level, function and geography. Source: Derived using TalentNeuron (which uses Census NAICS industry codes, years of experience, education, and 65K sources of data including Census, job boards, proprietary database and Gartner Insights).

** Leadership is defined as director-level associates and above.

2021 INITIATIVES

Each year we establish an ESG plan to guide our efforts during the year.

The plan is reviewed with our Board of Directors and key internal stakeholders. Our 2021 initiatives include:



BUILDING STRONG COMMUNITIES

In the seventh year of our *Building Strong Communities* philanthropy program, give back \$2.3M in cash and in-kind to our philanthropy partners, volunteer at least 3,500 hours and achieve 20 percent associate participation. Also, celebrate our 10th annual *Spirit of Caring Month*.



RENEWABLE ENERGY AND BATTERY STORAGE

Complete solar installations at 26 California properties and start construction on 29 additional communities located in California, Massachusetts, New Jersey and New York. Leverage the battery system at Avalon White Plains to better understand its interplay with utility time-of-day rates and demand response programs, and establish a five-year battery strategy to expand storage at the communities where we have solar installed.



INCLUSION AND DIVERSITY

Continue to grow Inclusion and Diversity by supporting and tracking Diversity in Leadership and other goals, creating department plans, supporting our associate resource groups, launching a mentorship program pilot, a supplier diversity pilot, and participating in at least two external I&D surveys or indices.



DEMAND RESPONSE AND SMART BUILDINGS

Continue to expand the program across the portfolio where applicable, and leverage the full capabilities of the data for both demand response and utilities procurement. Also, integrate into our construction standards.



UTILITY DASHBOARD

Implement a utility dashboard for our Portfolio Directors to improve their understanding of utility trends and anomalies, to capture issues and resolve them sooner.



FITWEL

With a focus on health and wellness, continue to pursue additional certifications, including one at Avalon First & M in Washington, DC. Integrate Fitwel into our new development processes, encouraging certification where applicable.



WATER EFFICIENCY

Execute on recommendations from the Water Savings Task Force, including retrofits of the 30+ communities where we control the whole building water expense. Continue to engage residents on water efficiency education and determine potential new goal.



ASSOCIATE RELIEF FUND

Continue to enhance the AvalonBay Associate Relief Fund, which provides help to associates who are facing financial need immediately after a natural disaster or unexpected personal hardship. 2021 enhancements include adding payroll giving and launching a vacation donation program.



RED CROSS PARTNERSHIP

In the seventh year of our Disaster Responder Partnership, donate blood, and continue the important work of ensuring our associates, residents and the communities where we do business are better prepared for emergencies and disasters.



NATIONAL URBAN LEAGUE PARTNERSHIP

Kick off the first year of our partnership, which is led by the Black Associate Coalition (BAC). Provide \$150,000 in support and engage at a national level, with regional affiliates and through NUL Young Professional memberships for BAC associates.



LED PORTFOLIO RETROFITS

Retrofit over 20 communities to LED and scope what could be the final set of targets for our LED retrofit program.



TARGETS

Continue rollout of the implementation plan to achieve our Science-Based Targets and transition to our new goals beyond 2020, including determining a potential new water goal (page 7).



EXTERNAL RATINGS AND RANKINGS

Continue to maintain or improve AvalonBay's position on indices like GRESB and CDP, as well as other ESG rating agencies.



RESIDENTS

Maintain customer satisfaction scores and engage residents in environmental sustainability, Inclusion and Diversity activities, and our national partnerships with the American Red Cross and National Urban League.

2020 HIGHLIGHTS



Enter Full Screen



On 3BL Media's global list of
**100 BEST
CORPORATE CITIZENS**

\$450K

In additional donations (over initial budget) to our philanthropy partners most impacted by COVID-19



National
Urban League

Launched National Urban League Partnership

CEO **ACT!ON** FOR
DIVERSITY & INCLUSION

Joined CEO Action for Diversity & Inclusion

60

Communities have achieved environmental certification (to date)

#37

On Engineer News Record's (ENR) list of
**TOP 100 GREEN
BUILDING
CONTRACTORS**



\$2.4M

Total cash & in-kind donations to philanthropy partners



Launched three new Associate Resource Groups

\$115K

In grants from our Associate Relief Fund to aid 43 associates



The Washington Post
**BEST PLACES
TO WORK**



\$70K

American Red Cross

Donated to help those impacted by the Western Wildfires



#122
(out of 400)

On Newsweek's list of
**AMERICA'S MOST
RESPONSIBLE
COMPANIES 2020**

Unmute

Show Video

Security

Participants 3,102

Chat

Share Screen

Record

Reactions

Breakout Rooms

End

ESG REPORTING & RECOGNITION

The purpose of this report is to provide information related to AvalonBay's environmental, social and governance (ESG) activities and performance, and covers issues and material relevant to our business and stakeholders. This report follows the GRI-G4 Sustainability Reporting Guidelines and sector-specific guidelines for real estate and construction. We also align with the United Nations Sustainable Development Goals (SDGs, page 7), the Sustainability Accounting Standards Board (SASB, page 58) and the Taskforce on Climate-related Financial Disclosures (TCFD, page 59).

In addition to this report, we also participate in and provide reporting through the Global Real Estate Sustainability Benchmark (GRESB) and CDP. A number of ESG ratings continue to rank us as one of the most advanced US companies in our sector. These include Euronext, VigeoEIRIS and ISS-oekom. We also periodically review and respond to reports, such as MSCI.

2020 AWARDS & RECOGNITION

- GRESB Global & Regional Sector Leader (and received 5 "Green Stars" for the first time)
- 2020 Nareit *Leader in the Light Award* Winner for Residential/Apartments
- CDP: Maintained score of "A-" and named a Supplier Engagement Leader
- Member of FTSE4Good



GRESB SCORE OVER TIME

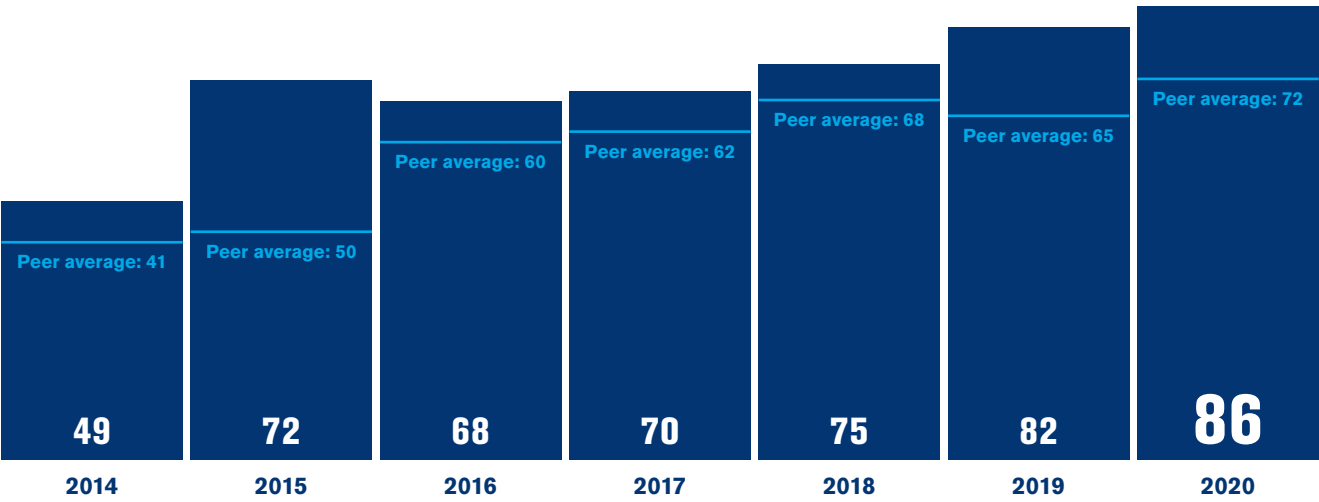


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SECTION 1: ENVIRONMENTAL

CREATING A BETTER WAY TO LIVE THROUGH AN ECO-FIRST APPROACH

We create a better way to live through an integrated environmental, social and governance (ESG) approach to running our business. In the following section we outline our 2020 progress on our environmental sustainability goals and our activities and programs to support environmental sustainability at AvalonBay and in our markets.

2020 ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

Despite the many pandemic-related challenges of 2020, we continued to make progress on our environmental sustainability efforts. Highlights include:

- A 15.4 percent reduction in our Scope 1 and 2 and a 16 percent reduction in our Scope 3 GHG emissions (by square foot).
- For our Science Based Targets, we started planning and initial execution on two fundamental initiatives to achieve our science-based emissions reduction targets (SBTs). These include expansion of our renewable energy commitments and an in-depth review of embedded carbon in our construction materials.
- A comprehensive study of climate risk across our portfolio. Partnering with an industry expert, we evaluated each property against 11 climate-risk factors and built a comprehensive emissions and climate risk dashboard.
- Five additional communities were LEED certified bringing the total number of communities either certified or pursuing certification to 84, over 1/3 of our portfolio.
- In the final year of our water goal, we achieved an 8% drop from our baseline year. At one point we had achieved almost 12% and were close to the goal, but with residents living and working full-time in their apartment homes during the

COVID-19 pandemic, consumption increased. The good news is we learned a great deal over the years with the water goal, and plan to continue to focus on reductions with our Water Task Force. One example of their work is our weather-based irrigation systems, which are saving us over 58 million gallons of water and \$493,000 annually. In 2020 we began installation on another 31 systems.

- We made progress on our renewable energy strategy, with 1.1 megawatts of solar installed and another 7.2 megawatts in design and under construction. By the end of 2022 AvalonBay will have 55 solar sites operating with a total of 8.6 MW of solar generating 12,400 MWhrs of electricity per year. And in 2020 we moved 56 percent of our procurable common area electric load to renewable wind energy, with the result that by the end of 2021 we will have 85 percent of our procurable load from renewable sources.
- Our Waste Task Force worked throughout 2020 to identify ways to reduce our waste, divert more from landfills and improve our clean recycling. And their efforts are paying off, because in a year when our residents primarily lived and worked at home, we were able to hold on any waste increases. As we move forward we plan to continue to focus on improvements in these numbers.

Initiatives begun in the last three years are now saving over \$5M annually through energy and water conservation and onsite solar generation. We are setting a course that firmly places AvalonBay

CERTIFIED SUSTAINABLE COMMUNITIES

60 COMMUNITIES HAVE ACHIEVED ENVIRONMENTAL CERTIFICATION

ENERGY STAR

- Avalon Albemarle Washington, DC
- AVA Ballard Seattle, WA
- AVA Fort Greene Brooklyn, NY
- AVA NoMa Washington, DC
- Avalon Norwood Norwood, MA
- AVA Queen Anne Seattle, WA
- Avalon Saugus Saugus, MA
- Avalon Statesman Washington, DC
- Avalon Sudbury Sudbury, MA
- Residences Hingham Shipyard Hingham, MA

LEED GOLD

- AVA 55 Ninth San Francisco, CA
- Avalon Edgewater II Edgewater, NJ
- AVA High Line/ Avalon West Chelsea New York, NY
- Avalon Public Market Emeryville, CA

LEED SILVER

- Avalon 555 President Baltimore, MD
- Avalon Newcastle II New Castle, WA
- AVA North Point Cambridge, MA

LEED FOR HOMES GOLD

- Avalon Dogpatch San Francisco, CA
- Avalon Glendora Glendora, CA
- Avalon Irvine III Irvine, CA
- AVA Little Tokyo Los Angeles, CA
- Avalon West Hollywood West Hollywood, CA
- Avalon Princeton Princeton, NJ

LEED FOR HOMES PLATINUM

- Avalon Hayes Valley Hayes Valley, CA

LEED FOR HOMES SILVER

- Avalon Alderwood II Alderwood, WA
- Avalon Baker Ranch Lake Forest, CA
- Avalon Chino Hills Chino Hills, CA
- Avalon Dublin Station II Dublin, CA
- Avalon Green III Elmsford, NY
- Avalon Irvine II Irvine, CA
- Avalon Maplewood Maplewood, NJ
- Avalon Morrison Park Morrison Park, CA
- Avalon Newcastle I Newcastle, WA
- Avalon Vista Vista, CA
- AVA Wheaton Wheaton, MD

LEED FOR HOMES

- Avalon Alderwood I Lynnwood, WA

- Avalon Walnut Creek II Walnut Creek, CA
- The Park Loggia New York, NY

- Avalon Huntington Beach Huntington Beach, CA
- Avalon Ocean Avenue San Francisco, CA
- Avalon Edgewater Edgewater, NJ
- AVA North Hollywood North Hollywood, CA

LEED NC

- Avalon Walnut Creek Walnut Creek, CA
- Avalon Mission Bay III San Francisco, CA

LEED NC SILVER

- AVA Ballard Seattle, WA
- Avalon Belltown Towers Seattle, WA
- Avalon Boonton Boonton, NJ
- Avalon Esterra Park Redmond, WA
- Avalon Willoughby Square/ AVA Do Bro Brooklyn, NY
- AVA Capitol Hill Seattle, WA
- Avalon North Station Boston, MA
- Avalon Piscataway Piscataway, NJ
- Avalon Teaneck Teaneck, NJ
- AVA Theater District Boston, MA
- AVA Queen Anne Seattle, WA
- Avalon Towers Bellevue Bellevue, WA
- Avalon Potomac Yard Alexandria, VA

NAHB GREEN CERTIFICATION BRONZE LEVEL

- Avalon Rockville Centre Rockville Centre, NY

NGBS SILVER

- Avalon Denver West Lakewood, CO
- Avalon Towson Towson, MD

FITWEL

- AVA NoMa Washington, DC

on a path to decarbonization, lower emissions, increased renewable energy and a clear approach to mitigating the effects of climate change on our portfolio. And we plan to transparently measure our progress and report publicly on it in coming CR Reports.

For a full view of our commitments related to environmental sustainability, please read our publicly available Environmental Policy: <https://www.avaloncommunities.com/environmentalpolicy> and Environmental Management System (EMS): <https://www.avaloncommunities.com/ems>.

CERTIFIED SUSTAINABLE COMMUNITIES

The success of our Building Certified Policy, which requires all new mid- and high-rise communities to pursue environmental certification, has resulted in 60 communities receiving an environmental certification to-date — while an additional 24 are currently pursuing certification. These new certifications bring the total number of communities in our portfolio either pursuing or having achieved an environmental certification to 84. We now have six regional offices with a LEED or EnergyStar environmental certification, and our new corporate headquarters became Fitwel certified in 2020.

AVB OFFICE CERTIFICATIONS

- Arlington, VA
LEED Commercial Interiors Silver, Fitwel Certified
- Bellevue, WA
ENERGY STAR Certified
- Boston, MA
LEED Commercial Interiors Gold
- Irvine, CA
LEED EB ENERGY STAR Platinum Certified
- Los Angeles, CA
LEED EB ENERGY STAR Silver Certified
- New York, NY
LEED Commercial Interiors ENERGY STAR Silver Certified

WATER AND ENERGY EFFICIENCY RESULTS

We completed construction of eight apartment communities in 2020, consisting of 2,095 apartment homes. Thanks to our sustainability standards for new construction, these new communities will generate approximately 322,000 kWh in electricity savings per year, a 30 percent reduction in heating and cooling costs, and 19.5M gallons of water savings per year compared to minimum code requirements.

Other major accomplishments in 2020 include:

- LED Lighting: Completed 10 projects in 2020, and are now achieving annual energy-only savings of 30.6 million kWh, and cost savings of over \$3.8 million with a simple payback period of just under four years on all LED lighting projects completed to date.



- Solar: Completed seven solar installations producing 566 kW of power
- Water Audits and Retrofits: AvalonBay's Water Task Force identified a series of portfolio-wide water savings activities, including additional investment in weather-based irrigation, more stringent construction standards relative to water-related fixtures, and policy changes that enhance water conservation. We began work on 31 additional weather-based irrigation installations in 2020 which will complete in 2021.
- Waste: We launched AvalonBay's Waste Task Force which has identified several pilot programs to improve waste diversion, reduce "dirty" recycling and the consequential costs of it, and increase resident education about waste and clean recycling.

COMMUNITY OPERATIONS PROJECTS

We see significant opportunity in our current portfolio to drive efficiency, reduce emissions, lower costs and improve net operating income (NOI). In 2020, we continued to pursue this opportunity on a number of fronts.

Demand Management and Interval "Smart" Metering
Our demand response and smart building data program includes 40 properties representing over 13.5 million SF. Utilization of our continuous demand management generated over \$275,000 in annual savings from demand response payments, load reduction and utility tariff rate optimization. Our interval smart metering platform measured and verified an additional \$500,000 of savings associated with implementation of various energy efficiency measures that reduced energy consumption and peak demand.

Our associate behaviors show that AvalonBay now has the ability to support utility grid stress with over a 3 MW reduction. Our energy supply procurement program now translates summer peak demand management reductions into lower supply rates executed on an online reverse auction platform that support renewable energy credits. Renewable energy now represents 85 percent of AvalonBay's procurable load which amounts to ~ 70,735,907 annual kWh.



Our smart building operations platform monitors our fleet of CHP generation coast-to-coast to maximize energy conservation and carbon reductions, and now supports battery storage dispatch optimization. The platform has expanded to support smart thermostats, water efficiency devices and preventative maintenance protocols.

Residential Demand Response and Reducing Carbon Emissions

Our demand response and smart building data program can now support residential demand response and carbon emissions reductions tracking in utility districts that support new generation AMI smart meters. We will be piloting residential demand response and carbon emissions reductions tracking in New York and California. Residents can now download a free mobile app in New York, GridRewards, that enables residents to track energy usage, utility cost and carbon footprint by the hour each day of the year. Throughout the year the app provides guidance on how to save energy and lower utility expenses. Residents can also combat climate change and improve the environment by lowering carbon emissions precisely at hours of the day the GridRewards app identifies that electricity has the highest carbon content.

Building Automation

AvalonBay is leveraging an Internet of Things (IoT) platform for streamlining building operations and increasing the effectiveness of existing maintenance practices, including a critical mass of building management systems. This is done by validating repair work performed by third-party contractors and reducing operational costs through real-time fault detection and utility cost savings. The IoT platform also supports utilization of smart thermostats that enable real-time portfolio command and

control of common area HVAC systems that can drive significant load reductions.

Green Labels

We continue our apartment labeling program at all new developments. The labels, which are now in 75 AvalonBay apartment communities, show residents how built-in efficiencies help them consume less energy and water, which ultimately saves them money and provides details on the green and health-related features of their apartment homes. In 2020 we added emissions to this label to show the impact of our new construction on lowering each apartment home's emissions.

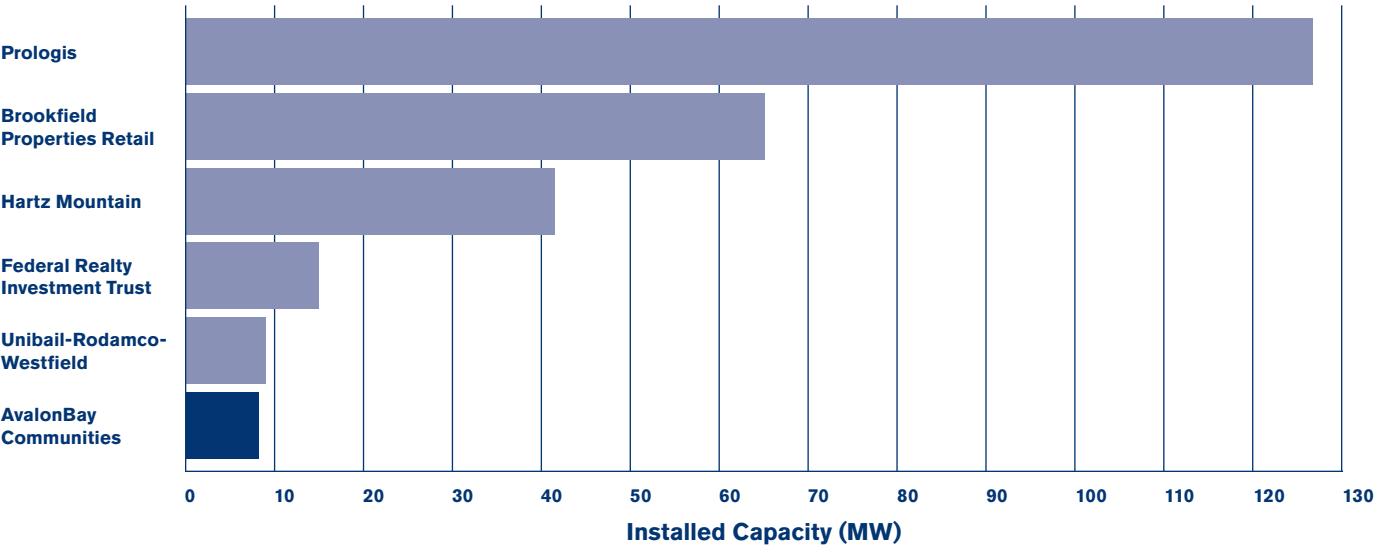
Transportation Advances

- **Car Charging:** We currently have 479 charging stations installed at our communities. And we plan to install another 220 this year
- **Car Sharing:** We have a total of 15 communities with car sharing amenities, including ZipCar, Enterprise and Whip EV. Whip EV is a minority-owned car sharing company and our newest partnership, which rolled out at KANSO Twinbrook — our new value-based living concept community in Rockville, MD.

CLIMATE AND EMISSIONS

We know we have a role to play to lower our carbon footprint, which is why we set ambitious science-based Scope 1, 2 and 3 emissions reduction targets. In addition, we continue to work closely with the cities and markets in which we do business to develop strong carbon reduction and climate resiliency plans for our portfolio. And our partnership with the American Red Cross remains an innovative and important way for us to prepare our residents and associates for the effects of stronger storms and more frequent climate-related events.

TOP REAL ESTATE SOLAR USERS BY MW INSTALLED



Source: Solar Energy Industries Association 2020 "Solar Means Business" report

City and Market Participation

Our Science-Based Targets are, in part, a result of the conversations we are having with the cities and markets where we do business. We continue to participate in a number of efficiency and carbon reduction challenges, including:

- **Boston:** We are members of the Green Ribbon Commission and are working with them and the City of Boston to make one of our properties available as a pilot for expanded energy retrofits in support of the City's carbon emission reduction goals
- **New York:** We have committed to cut greenhouse gas emissions by 30% at select buildings as part of the Carbon Challenge. And under the Retrofit Accelerator program, we continue to make progress on two properties that will get an efficiency retrofit to help the City cut emissions 80% by 2050.
- **Los Angeles:** In 2015 we joined the LA Better Buildings Challenge with a commitment to reduce the energy consumption of our LA portfolio

Renewable Energy

Our renewable energy strategy continued apace in 2020 with additional components related to our Science-based Targets.

Onsite solar generation is an important activity to reduce our Scope 1 and 2 emissions. By the end of 2022 AvalonBay will have 55 solar sites operating with a total of 8.6 MW of solar generating 12,400 MWhrs of electricity per year.

All Phase 1 solar installations are complete, including seven in Washington, DC and one in New Jersey. Our Phase 2 solar projects (26 communities in California) are either live or still under construction. Our Phase 3 solar projects are under construction, consisting of 20 planned installations.

Based on the latest data available from 2019, the total of 55 solar sites and 8.6 MW of installed solar will place AvalonBay just below the top five of all real estate users of solar based on MW installed (see chart above).

Climate and Emissions Risk Dashboard and Resiliency

In 2020, we developed a comprehensive Climate and Emissions Risk Dashboard designed to rate each community across 11 climate-risk factors and against the community's emissions profile. We rated 274 properties across 11 climate risks and provided an aggregate score. Risks include:

- Pluvial Flooding (rainfall)
- Fluvial Flooding (riverine)
- Hurricane
- FEMA flood rating
- Wind
- Tornado
- Earthquake
- Tidal Flooding (sea-level rise)
- Future: Extreme Heat
- Future: Extreme Rainfall
- Future: Extreme Drought

In addition, we calculated overall emissions and emissions intensities for each property, integrating emissions and climate risk into one dashboard. Our plan is to use this data to inform investments/divestiture decisions, capital improvements, and plans for climate resiliency actions.

SECTION 2: SOCIAL

CREATING A BETTER WAY TO LIVE

IN THE COMMUNITIES WE SERVE

We respect and value the integrity of the neighborhoods in which we build, redevelop and operate our communities. We're known for reinvigorating neighborhoods and bringing higher-density, more efficient, walkable, amenity-rich housing to our communities.

We also recognize the importance of value-oriented, market-based housing to the local workforce — our eaves by Avalon brand and new value-based living concept, Kanso, were created specifically to provide value living at its best.

We own and operate 116 communities that include a designated affordable housing component, intermingled with our market rate rental housing. In 2020, rent subsidies totaled \$64M to more than 8,588 residents in 4,515 affordable apartment homes across these communities.

Including affordable housing in the context of the mixed-income communities we own and operate provides lower-income households with the opportunity to access all of the benefits of living in resource-rich neighborhoods including proximity to employment, neighborhood services and high quality schools.



AVB BSC

**BUILDING STRONG COMMUNITIES
PHILANTHROPY PROGRAM**

AvalonBay Corporate Responsibility

PHILANTHROPY AND COMMUNITY INVESTMENT

Building Strong Communities, our community investment and engagement program, demonstrates our core value of a spirit of caring and focuses us on issues relevant to our business: disaster relief and community preparedness, affordable housing and support for at-risk populations.

SUPPORT FOR COMMUNITY INFRASTRUCTURE AND SERVICES

In addition to giving back through *Building Strong Communities*, we continue to invest in community infrastructure and services as we grow our portfolio with over \$399M spent or planned to spend in 2020 related to our ongoing development activity, including:

- Local permits, fees and taxes paid on projects under development: \$25.9M, with an additional \$68.1M to be spent through completion
- \$6.1M for neighborhood infrastructure (roads, sidewalks, improvements to water/sewer/storm drainage), with an additional \$15.9M to be spent through completion, excluding reimbursements
- \$1.9M for municipal sewer/water connections, with an additional \$1.3M to be spent through completion
- \$4.1M to local parks/recreation
- \$776K to support local school districts, with an additional \$2.7M to be spent through completion

We also paid property taxes across the entire portfolio (not just development) of: \$272.2M.

AVALONBAY SPIRIT OF CARING Season 2020

SPIRIT OF CARING SEASON

In 2020, we planned to celebrate our ninth annual *Spirit of Caring Month* in May, a dedicated monthlong volunteer effort focusing on our *Building Strong Communities* partners. Due to the COVID-19 pandemic, we instead delayed it until later in the year and celebrated our first ever *Spirit of Caring Season*, a two-monthlong Company-wide program that created new ways to engage our non-profit partners and participate in their mission.

ASSOCIATE RELIEF FUND

In 2019 we launched AvalonBay's Associate Relief Fund, which provides help to associates who are facing financial need immediately after a natural disaster or personal hardship. An associate who has a qualifying event, expense, or both, can apply for a grant from the fund. Funding relies primarily on support from AvalonBay and individual donations from associates.

In 2020, we expanded the fund to include a new category to help associates and their families impacted by the COVID-19 pandemic. Overall, 43 associates received a total of \$115,000 in grants from the fund.

VACATION DONATION PROGRAM

As an extension of the Associate Relief Fund, we launched AvalonBay's *Vacation Donation* program. This program allows eligible associates to donate vacation time to help fellow associates who are experiencing hardship related to a medical emergency.

REGIONAL PHILANTHROPY ENGAGEMENT

Building Strong Communities focuses funding and partnerships on building relationships with the most impactful local non-profits aligned to our focus areas of affordable housing and support for at-risk populations. A full list of all of our regional partners can be found on our website. In 2020 our regions focused on new ways to support their local non-profits in a socially-distanced world, and provided key support to non-profit clients navigating the pandemic.



New Jersey

The NJ team helped local children by donating \$5,000 to *New Jersey Community Development Corporation* to purchase laptops for remote learning. The team also hosted a virtual holiday party for *The Children's Home Society of NJ*.

Colorado

Through a virtual donation drive for *A Precious Child*, Denver-area associates donated more than 83 hygiene items and school supplies worth a total of over \$1,600 to Colorado families in need.

Long Island

Multiple departments came together to support *Family Service League*. Over \$7,900 was raised to feed the hungry during Thanksgiving, fill FSL's food pantry, give children toys during the holidays and provide the homeless with warm socks.

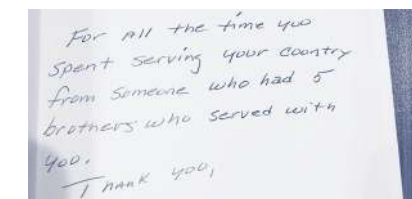


Pacific Northwest

Associates helped provide donations of home essentials to create welcome baskets for residents in *Plymouth Housing's* newest building.

Florida

During *Spirit of Caring Season*, a group of associates supported our partner the *American Association of Caregiving Youth* by organizing and hosting a virtual holiday cookie decorating event for their youth clients.



Massachusetts/Rhode Island

Associates in the Boston area volunteered to spend time creating and sending personalized cards to veterans at the *New England Center and Home for Veterans* and *Veteran Support Alliance*, thanking them for their service.

New York City

NYC volunteers made reassurance calls to local seniors that were supported by our partner *Union Settlement*. This gave the seniors a warm, caring voice to talk to, as well as virtual assistance with services like transportation and grocery delivery.



Southern California

The Orange County & San Diego regions participated in virtual volunteer walks and card making projects for partner organizations to celebrate holidays and essential workers.

Los Angeles

The LA team donated \$6,000 to our partner *LA After School Allstars* to help purchase 60 holiday gift cards for families in need during the pandemic.



Mid-Atlantic

The Mid-Atlantic Construction Team partnered with *A Wider Circle* and served as the project manager and general contractor to build out *A Wider Circle's* Ward 8 Neighborhood Hub and Family Success Center in Washington, DC.

Northern California

In partnership with the *Housing Industry Foundation*, the Northern California communities pulled together and collected 8,169 pounds of food for our local food banks during a time of great food need.



Virginia Beach

The team at our Customer Care Center participated in a remote *Family Volunteer Day* in partnership with *Volunteer Hampton Roads* and created 100 compassion cards and cold weather kits for the homeless and 50 isolation kits for local seniors.

AMERICAN RED CROSS PARTNERSHIP

2020 marked the sixth year of our national partnership with the American Red Cross, a model partnership that is used as an example for other corporations the Red Cross works with. To date, the cumulative value both sides receive from this partnership includes:



American Red Cross

\$1.93M in donations to the American Red Cross from AvalonBay, its associates and residents

352 blood drives, resulting in **7,412 pints of blood**, which could potentially help save **22,236 lives**

1,105 AvalonBay associates trained in CPR

146,000 residents and **3,100 associates** received preparedness tips and resources annually

IN 2020, ALTHOUGH OUR IN-PERSON ACTIVITIES WERE LIMITED DUE TO THE COVID-19 PANDEMIC, WE CONTINUED TO SUPPORT OUR PARTNERSHIP IN SEVERAL WAYS, INCLUDING:



Disaster Responder Donation

Our annual Disaster Responder Partner-level donation of \$250,000 helped provide ongoing support throughout 2020. Our contribution helped the Red Cross provide over 900,000 meals and snacks, 488,000 relief items, 106,000 overnight stays, help for 23,000 households and 99,000 individual care contacts related to physical and mental health.



Blood Donations

In the first two months of the year, we were able to host 13 drives that resulted in 264 pints of blood donated. In September we launched a virtual Sleeves Up campaign, which resulted in our associates and residents making 411 pledges to donate blood during the year. Although we did not exceed our ambitious 2,000-pint goal due to COVID-19 restrictions, we are proud of our ongoing commitment to potentially save three lives for every pint donated.



Community Preparedness Week

We conducted our sixth annual AvalonBay Community Preparedness Week, a weeklong campaign aimed at improving resident and associate emergency and disaster preparedness. During the week, we engaged our 146,000 residents and 3,100 associates, with the aim of helping them better understand Red Cross resources, including materials and training specific to COVID-19.



Western Wildfires Fundraiser

In response to the wildfires that spread across California, Oregon and Washington in the early fall of 2020, AvalonBay activated our microsite and launched a fundraiser to support those impacted by the fires. Associates and residents donated \$35,000 and with the company's match, \$70,000 was donated in response to this disaster.



PHILANTHROPY SUPPORT DURING THE COVID-19 PANDEMIC

In 2020, our program was more important than ever, as the COVID-19 pandemic greatly impacted our communities and non-profit partners. Throughout the year we were able to:

- Provide \$2.4M cash and in-kind donations through the program, exceeding our 2020 goal of \$2.2M
- Of the \$2.4M, \$450,000 were additional COVID-19-specific donations to support our regional non-profit partners and their most-impacted clients
- Safely support our non-profit partners and local communities through online fundraisers, virtual volunteering and limited socially distanced in-person volunteer events and donation drop-offs, including support for food scarcity
- Support associates with grants through the AvalonBay Associate Relief Fund, with a specific pandemic-related category, as well as launch AvalonBay's Vacation Donation program which enables associates to donate their own vacation time to other associates in need

ASSOCIATES

Our associates continue to drive AvalonBay’s purpose — creating a better way to live. We are committed to being a living wage company* while deepening our core values of a spirit of caring, a focus on continuous improvement and a commitment to integrity. In our Human Rights Statement we outline the principles related to human rights that our Company upholds (<https://www.avaloncommunities.com/humanrights>).

This section highlights our 2020 efforts to attract, hire, develop and retain the best people.

LEARNING AND DEVELOPMENT

AvalonBay is committed to the professional development and career advancement of our associates. We expect our managers and associates to have ongoing check-in conversations and memorialize them in a year-end performance review. We expect these ongoing conversations to prepare associates to be successful in their current position as well as their broader careers. All associates can take advantage of opportunities for career development, training, tuition assistance and scholarships.

EDUCATION AND TRAINING AT AVALONBAY

AvalonBay University

Our learning management system, AvalonBay University (AVBU), is available to all associates and offers over 700 courses, providing technical, management, ethics and compliance training. In 2020, associates completed 41,233 hours of online training, equivalent to about 13.3 hours per associate. We also conducted 10,542 hours of classroom training.

Compliance Training

All AvalonBay associates are required to take Standards of Business Conduct training upon hire, and the organization recertifies all associates every two years. 7,033 hours of compliance training were completed in 2020. All contractors are also required to complete AVB Ethics training.

Cyber Security Training

All AvalonBay associates have been taking mandatory cyber security training since 2015. Beginning in 2017, the cyber security program started focusing its training in four areas: (1) comprehensive mandatory training for new hires, (2) mandatory annual refresher training for all associates, (3) enhanced training in key topics, and (4) remedial training targeted to a limited number of associates in response to their usage patterns. In 2020 we continued this emphasis, with courses designed to help associates identify and avoid common computer and network security risks, understand how security breaches can affect the company, remain vigilant, and understand how to utilize available computer and network security resources. Associates completed 5,144 hours of cyber security training in 2020.

Workplace Harassment Training

As part of our commitment to fostering a healthy, productive work environment free from intimidation and harassment, we require all associates to complete role-specific anti-harassment training when they join AvalonBay and then at least every one to two years thereafter.** These trainings, “Workplace Harassment Prevention for Employees” and “Workplace Harassment Prevention for Managers,” are an important resource that helps associates understand what harassment is and the appropriate ways to interact with each other, our customers, and anyone with whom we conduct business. For our managers this training clarifies their important leadership role in preventing harassment and creating an environment where all associates feel valued and can bring their whole self to AvalonBay each day.

Inclusion and Diversity Training

Everyone has unconscious bias. It is part of being human. In the workplace, our biases can influence decisions and not always for the best. In 2019 we launched an unconscious bias training program and had nearly 500 associates attend 20 sessions, which included senior leadership. We continued this training in 2020 with 201 additional manager-level associates completing the virtual course. We also introduced a new allyship training program in 2020, which 192 associates completed virtually.

Preparedness Training

As part of our national partnership with the American Red Cross, AvalonBay hosts CPR training classes throughout the year, as well as an annual Community Preparedness Week (CPW) where associates receive emergency and disaster preparedness information and resources. Over the past few years we added Disaster Preparedness and Workplace Violence courses to AVBU, which all associates have access to. In 2019, we required all associates to complete the Workplace Violence course.

Associate Environmental Awareness

Over the past few years we have hosted Earth Day webinars on pollinators, sustainable buying habits, environmental toxins and water scarcity. All associates have ongoing access to these resources, and we continue to engage our associates on a variety of environmental topics each year.

SUPPORTING OUR ASSOCIATES DURING THE COVID-19 PANDEMIC

As the pandemic began we moved quickly to enhance our benefits to associates in relation to COVID-19, including:

Expanding Our Emergency Paid Leave

AvalonBay offered associates up to six weeks of additional Emergency Paid Leave (EPL) at 100 percent of their pay if they had been materially impacted by COVID-19 and needed to miss work. To date, 1,633 associates have used at least one hour of our emergency paid leave.

Ensuring Full Medical Coverage

The company’s medical plans provide 100 percent coverage for the following: diagnostic COVID-19 testing, antibody testing, and inpatient hospital admissions to treat COVID-19. In addition, the company has temporarily provided 100 percent coverage for telemedicine services for all medical concerns, so associates don’t have to leave their homes to receive medical care.

Options for Additional Support

AvalonBay’s Associate Relief Fund, which provides grants to qualifying associates facing financial hardship, expanded to cover those impacted by the COVID-19 pandemic. In addition, we launched AvalonBay’s new *Vacation Donation* program which enables associates to donate their own vacation time to other associates in need.

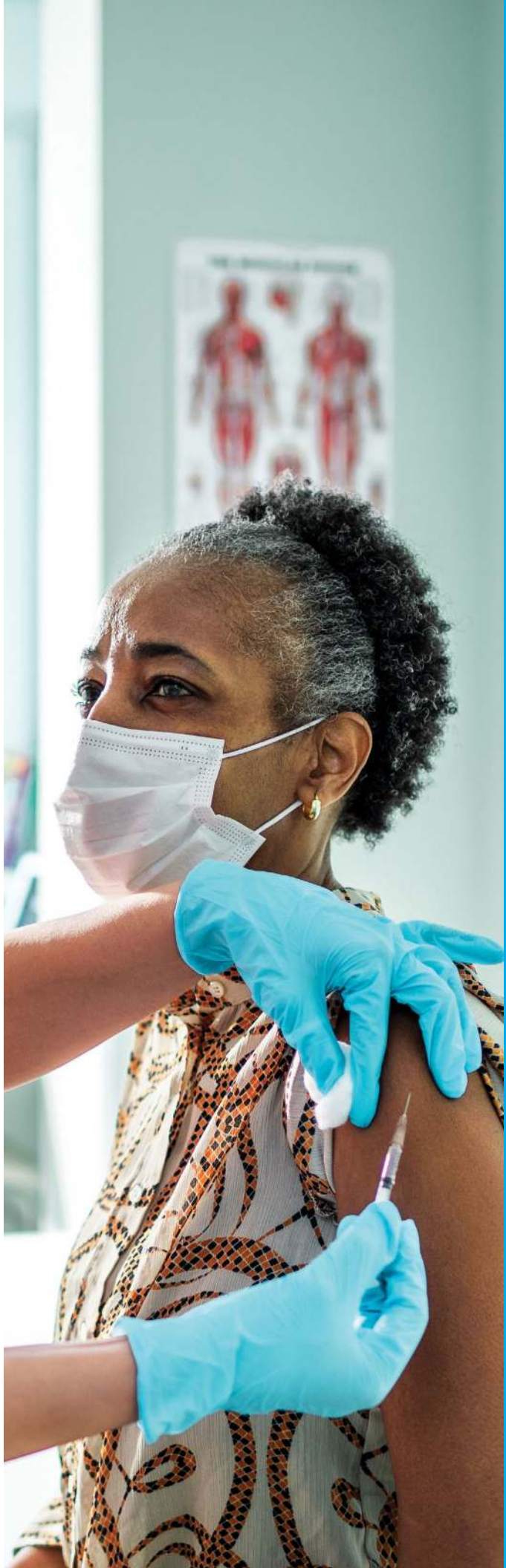
Free Vaccinations

COVID-19 vaccinations are free of charge under all medical and pharmacy plans. In addition to providing free coverage, the company has developed an extensive communication and education campaign for associates on the topic of vaccination. Associates can also use Emergency Paid Leave for time taken to receive a vaccine and if they are impacted by vaccine-related side effects.

Educating Our Associates

The COVID-19 Navigator is a tool that enables our associates to be paired with a case worker who assists them with COVID-19 questions and concerns from start to finish. All associates and their dependents (spouses, domestic partners, children up to the age of 26, parents and parents-in-law) are eligible to take advantage of this benefit which helps them:

- Understand vaccine eligibility
- Explain vaccine options and locate local vaccination sites
- Assist with vaccine registration and appointment procedures
- When eligible, provide assistance for vaccine appointment scheduling
- Research COVID-19 testing options and locations



* Living wage as defined by the living wage calculator developed by Professor Amy K. Glasmeier at the Massachusetts Institute of Technology.
** Certain states require anti-harassment training every year.

Key Facts About COVID-19 Vaccination



COVID-19 vaccines cannot give you COVID-19



People who have already gotten sick with COVID-19 may still benefit from getting vaccinated



Getting vaccinated can help prevent getting sick with COVID-19



COVID-19 vaccines will not cause you to test positive on COVID-19 viral tests*

<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/about-vaccines/vaccine-myths.html>



COVID-19 TRAINING

The coronavirus (COVID-19) required that we adapt our processes, policies, and procedures and provide updates and training for our associates on changes needed to help keep themselves and our communities safe. We provided training and resources on how to work and manage remotely. We created acknowledgments of relevant updates to our policies. We produced multiple asynchronous training modules with updated safety plans, videos, and created refresher courses such as the multi-language refresher course covering our daily screening checklist. 3,350 hours of COVID-19 training were completed by associates in 2020.

CAREER DEVELOPMENT AND ADVANCEMENT OPPORTUNITIES AT AVALONBAY

Career Development

To ensure that new associates understand what they need to be successful and grow their career at AvalonBay, they complete "Leading Self," a course that focuses on partnering with their manager to deliver results, ask for and receive feedback, and prepare for a career development conversation. Also, in 2020, to better prepare managers to deliver timely, caring and candid feedback conversations, we rolled out a framework and training to guide them. Finally, all associates at director level and above are expected to complete individual development plans. To do so successfully, they and their managers are provided with training and resources.

External Partnerships

We also partner with educational institutions and leading vendors to provide high quality leadership and management development programs for associates. For example, we jointly

delivered a leadership development program in 2019/2020 with a leading university business school including live learning with faculty, followed by four months of peer coaching facilitated by executive coaches. Additionally, we prepared high potential leaders in a yearlong program delivered by a global organizational consulting and leadership development firm.

Tuition Assistance Program

AvalonBay provides tuition assistance to full-time associates who successfully complete undergraduate or graduate degree programs at licensed, accredited educational institutions or for coursework leading to professional certifications/designations. The purpose of this program is to encourage associate development through increased education so that associates can perform their jobs more effectively and prepare themselves to advance their careers at AvalonBay.

HEALTH AND SAFETY

In 2020, AvalonBay continued the implementation of our award-winning Fire Elimination program (FEP) on our wood frame construction jobsites. This program includes: MFIRE Spray Fire Inhibitor, Temperature Sensors and Surveillance Cameras. All wood framing on our projects is treated with the MFIRE Spray Fire Inhibitor product during construction. In 2020, the fire inhibitor was used at 14 of our communities, totaling approximately 2.8 million square feet of protected wood framing. During the entire construction duration, we deploy sensors in our buildings under construction to detect temperature rise as an early warning indicator of potential fire hazards. In 2020, the sensors were deployed in the construction of eight communities. On qualified projects, the Fire Elimination program includes the use of centrally monitored surveillance cameras with motion-activated sirens and strobes to deter trespassing and mitigate the risk of arson.

AvalonBay's Safety and Health Staff

Providing technical safety resources at a regional level remains critical to meeting the safety needs of our associates. Our National Safety & Health team consists of nine professionals distributed across AvalonBay's regions. The team includes two Regional Directors and two Regional Safety Managers, each based in one of our larger regional offices and responsible for providing support and guidance for our IIF efforts in their respective regions. We also have five Project Safety Engineers with a full-time presence on specific construction jobsites.

Our safety team also supports the American Society of Safety Professionals (ASSP), the National Safety Council, Associated General Contractors of America (AGC), the National Fire Protection Association (NFPA), and Associated Builders and Contractors (ABC) at the regional and national leadership levels. In 2020, members of the team volunteered their time regionally with organizations including the Environmental Health & Safety program at Cal-State Fullerton and the Southern California OSHA Institute at Dominguez Hills College.

New Construction Site Safety Observation Program

In 2020, we completely revamped the Construction Site Safety Observation program. This program serves as our project-level performance metric and our basis to improve our IIF performance on all of our construction projects. The improved program now measures the compliance of nearly 200 internal and external observations conducted at each jobsite that are executed by AvalonBay's National Safety & Health team.

In 2020, this team rolled out the new program in cooperation with the entire construction department. Any non-compliance issues are communicated with our project superintendents or trade partners and resolved. Project teams with consistently favorable safety inspections are recognized periodically. We look forward to a new Safety Recognition program being rolled out in 2021.



INCIDENT AND INJURY-FREE™ (IIF)™ WORKPLACE*

We believe working without injury is a fundamental right, and we are committed to establishing workplaces free from injury — both in construction sites and operating communities. Our IIF program advocates these principles:

- All injuries are preventable
- No injury is acceptable
- We will never prioritize schedule, cost or production above an injury-free workplace

*Incident and Injury-Free and IIF are trademarks of JMJ Associates.

Regulatory Activity

In 2020, AvalonBay executed a partnership with the federal OSHA out of the Boston North Area office. The collaborative effort between AvalonBay and the Region 1 OSHA has improved our field training program and communication between trade workers and the regulatory agency. This relationship has helped AvalonBay to change the culture of safety beyond the borders of our jobsites.

AvalonBay's operating properties and construction sites were visited by federal OSHA or state plan officials on approximately 30 occasions during 2020 where all inspections were compliant.

Associate Feedback on Health and Safety

AvalonBay's annual associate survey includes the category of "Culture and Safety." One of the key indicators: "The Company Values My Health and Safety" was 89 percent favorable vs. the industry survey average of 82 percent.



Thanks to the collaborative efforts of our National Safety & Health team and our construction jobsites, in 2020 AvalonBay received the Associated Builders and Contractors' (ABC) *Platinum Level Safety STEP Award*.

Associate Perspective Survey



CULTURE AND FOSTERING ENGAGEMENT

Associate Perspective Survey

Every year, we conduct an engagement survey called "Your Voice, Your View—the Associate Perspective Survey," which enables AvalonBay to better understand how associates view the Company, their managers and their overall experience. In 2020, the survey measured three main areas: Engagement, Manager Effectiveness and Performance Excellence, as well as three Organizational Indices – Inclusion and Diversity, COVID-19 and Radical Candor. We added one new item to the Inclusion and Diversity index and created the COVID-19 index with three new items and one updated item. Also included were questions making up 11 other categories, such as Customer Focus, Growth and Development, Culture, and Safety. The response rate was 81 percent for the entire Company. The next full engagement survey is planned for Fall 2021.

We use the survey results to drive meaningful actions which enact changes in areas that are deemed by associates to be lacking or needing improvement. In addition, the survey supports our publicly stated 2025 goal regarding associate engagement, which is to maintain overall engagement in the top 10 percent of companies surveyed that work with our survey vendor.

WELL-BEING AND BENEFITS

AvalonBay provides competitive salaries and, depending on position, may offer discretionary bonuses, which include but are not limited to annual, quarterly and performance bonuses. In addition, the company provides the following benefits for our associates to meet their individual health and financial needs:

Full-Time Associate Benefits

- Medical (4 plans), dental (2 plans) and vision
- Domestic partner benefits
- Flexible spending accounts
- 401(k) enrollment and matching
- Life/AD&D/disability/EAP
- Vacation, sick leave, flexible time, volunteer time, floating holiday(s), bereavement, jury duty
- Paid parental leave

- FMLA and local maternity and parental leave
- Supplemental medical insurance benefits
- Sabbatical program
- Housing discounts, including a 20% discount for full-time associates
- Adoption assistance
- Employee stock purchase program
- Career development
- Tuition assistance
- Associate Relief Fund
- Pretax transportation/commuter benefits
- Tobacco cessation
- 100% company-paid Diabetes and Hypertension Management programs
- 100% company-paid health coaching and access to nutritionists and dietitians
- Maven — around-the-clock maternity support
- Wellthy — caregiver support provides assistance in caring for loved ones
- Rethink — support for parents caring for children with learning, behavioral or social challenges
- Legal plan, identity theft, auto/home insurance, discount programs
- Pet insurance

Part-Time Associate Benefits

- Dental (2 plans) and vision
- Supplemental medical insurance benefits
- 401(k) enrollment and matching
- Employee stock purchase program
- Transportation benefits
- 100% company-paid health coaching and access to nutritionists and dietitians
- Maven — around-the-clock maternity support
- Wellthy — caregiver support provides assistance in caring for loved ones
- Rethink — support for parents caring for children with learning, behavioral or social challenges
- Domestic partner benefits
- Legal plan, identity theft, auto/home insurance, discount programs
- Pet insurance



CONSTRUCTION SAFETY MEASURES SPECIFIC TO COVID-19

For the health and safety of our associates and all contractor personnel and visitors on our construction jobsites, AvalonBay adopted a set of jobsite procedures designed to limit the spread of COVID-19. The Jobsite Procedures requirements included:

- Using good sanitary practices, including frequent hand washing, limiting physical contact, and enhanced cleaning and disinfecting procedures
- Maintaining proper social distancing (at least 6 feet) in work and gathering areas and during jobsite meetings
- Wearing work gloves at all times and additional personal protective equipment when appropriate
- Wearing cloth face coverings at all times consistent with CDC guidelines and OSHA safety requirements
- Daily health screenings for associates
- Staying home if you tested positive for COVID-19, displayed COVID-19 symptoms, or had been exposed to a positive or symptomatic person
- Following certain protocols before returning to the jobsite if you test positive, display symptoms, or have been exposed

BENEFITS ENHANCEMENTS IN 2020

We introduced the following enhancements to our benefits program in 2020:

Wellthy

Caring for loved ones with complex, chronic and ongoing care needs such as a parent with dementia, a spouse with cancer, or a child with a developmental disability, can be stressful, overwhelming and time consuming. To help address these challenges, AvalonBay provides associates with access to Wellthy, a healthcare concierge program that assigns associates with a dedicated care coordinator and online care dashboard. The care coordinator can schedule appointments, help navigate insurance issues, organize medical records, and find in-home care.

Medical Plan Changes

To help curb the rising costs of medical and prescription coverage, AvalonBay made a few changes to help our members such as reducing the specialist copay cost in the \$900 PPO plan by \$20, allowing members the ability to fill 90-day supplies of maintenance medications at CVS or Walgreens for the same cost as mail order, and offering

\$0 copays for CVS MinuteClinic visits for members enrolled in the PPO medical plans.

Tuition Reimbursement

AvalonBay increased our maximum annual tuition reimbursement benefit for 2020 to \$5,250, the maximum amount that is considered tax free by the IRS.

Expanded Use of Flex Time

The list of eligible reasons for flex time use were expanded to include a primary residence move and tasks associated with caring for an elder, as well as additional bereavement time.

Rethink

Rethink provides support to families raising children with learning, social or behavioral challenges, or developmental disabilities. Rethink’s research-based program has no age restrictions, requires no formal diagnosis, and is completely confidential. The benefit provides associates with access to thousands of step-by-step videos, downloadable resources and one-on-one virtual consultations with clinical experts.



Maven

Maven offers 24/7 support at every stage of the parenthood journey. With Maven, associates receive access to a Care Advocate who is available to answer any question, make personal recommendations and help navigate benefits. On-demand virtual appointments with OB-GYNs, mental health providers, nutritionists, and sleep coaches are available for free through easy to use video chat or message.

MENTAL HEALTH AND WELL-BEING SUPPORT

Associates receive free mental health and well-being support through multiple channels, whether it be through the medical plan or one of the myriad wellness benefits:

- Associates and their eligible dependents have access to free EAP services 24/7/365 through **Health Advocate**, including 5 in-person or virtual sessions with a mental health counselor. The EAP provides confidential support for a variety of issues, including family/relationship challenges, depression and stress management, anxiety, alcohol/substance abuse and more.
- Associates and their eligible dependents are encouraged to take advantage of AvalonBay’s free virtual wellness benefit through **VidaHealth**. In addition to the chronic and lifestyle programs, VidaHealth offers two mental health pathways – Resilience and Stress Management.
- Associates and their partners who are working with **Maven**, our family planning wellness benefit, have access to mental health professionals 24/7
- Aetna** and **Cigna** medical plan members can receive free mental health telehealth visits through Teledoc and MDLive throughout 2020 and 2021. Aetna also offers free EAP services, and Cigna provides members with Happify and iPrevail stress management programs.

AWARDS AND RECOGNITION

Through one of our associate recognition programs, *AvalonBay’s Very Best*, we award and recognize five areas of associate contribution:

- Excellence:** outstanding performance that produces extraordinary results
- Collaboration:** promotion of collaborative partnerships across departments or regions that produce positive results
- Spirit of Caring:** extraordinary service to others
- Innovation:** development of a new idea, process, program or solution that gives AvalonBay an advantage
- Sustainability:** support of environmental sustainability by developing effective approaches that impact the overall company or individual communities

Kudos

Kudos is an extension of our regional associate recognition program that enables associates to say “thank you” and acknowledge fellow associates for a job well done. Since we launched it in 2014, Kudos has given hundreds of associates a way to recognize their peers.

INNOVATION

With innovation as a focus at an executive level, we have a Senior Vice President assigned to coordinating innovation projects and strategic focus, coordinating with venture capital investment funds focused on “proptech” and ESG, and actively promoting innovation as part of our development plans and focus on the customer. One of the outcomes of this strategy includes a new value-based living concept — Kanso — launched in 2020. With the tagline “Live simply, without sacrifice,” Kanso appeals to those seeking a quality home on a budget with fewer amenities, such as someone new to the workforce or otherwise seeking a budget option.

A Few Key Highlights from 2020:

- Kanso Twinbrook opened in Q4, a community in Rockville, MD that relies on heavy use of technology to deliver efficient and cost-effective operations. This community also piloted several digital amenities, such as community-wide WiFi.
- Working with smart building software vendors, we are piloting the use of technology to enable building and apartment access and thermostat control, with an expanded rollout planned for 2021.
- Although expansion was impacted by COVID-19, we continue to operate furnished apartments giving residents a more cost-effective “plug and play” living option. In addition, we piloted a third-party pop-up hotel as part of a new community, Avalon Belltowers in Seattle, WA.

Various other digital initiatives and uses for proptech in adding efficiency, energy savings or amenities to our portfolio are also in the planning or pilot phases.



Kanso Twinbrook Rockville, MD



Kanso Twinbrook Rockville, MD



Avalon Belltown Towers Seattle, WA

INCLUSION AND DIVERSITY

Building a more inclusive and diverse AvalonBay begins with our purpose — creating a better way to live. Our offerings should reflect the diversity of our customers and the communities where we operate. So, too, should AvalonBay's associates. Our vision is to foster an environment where all associates feel welcome, are supported with opportunities to thrive, and are represented by our leadership team.

As we continue to grow and innovate, it's important that we recruit, develop and promote associates with a wide range of backgrounds, experiences and perspectives, and create an environment that encourages all voices to be heard, understood and appreciated.

In 2020 we made significant progress forward in our Inclusion and Diversity programming and goals.

I&D GOVERNANCE AND ORGANIZATION

The organization of Inclusion and Diversity at AvalonBay includes:

I&D Steering Committee: The committee provides oversight and streamlines the approval process for new programs and initiatives. The committee includes the Director - Corporate Responsibility, Inclusion and Diversity (I&D Council Chair), Chief Investment Officer (I&D Executive Sponsor), Senior VP of Operations (I&D Council co-chair), Senior VP of Human Resources, Senior VP of Brand Strategy and Marketing, Senior VP - Associate General Counsel, Senior VP - Chief Digital Officer, VP of Corporate Responsibility and Energy Management and VP of Human Resources.

I&D Council: Led by the Director-Corporate Responsibility, Inclusion and Diversity, the Council is made up of 20 associates



“GETTING TO A PLACE OF TRUE DIVERSITY, EQUITY AND INCLUSION IS A JOURNEY WE’RE ALL ON TOGETHER.”

Christine McElhinney
Director of CR, I&D

from diverse personal, functional and geographic backgrounds. The purpose of the Council is to drive the I&D strategy and programming to promote and create an inclusive and diverse environment where everyone can thrive.

I&D Regional Leaders: There are 12 regional I&D leaders that work with the council to champion, coordinate and execute I&D events and activities for each region.

Associate Resource Groups (ARGs): These groups provide support, networking, mentoring, development and outreach opportunities for associates. In addition to the existing Women's Leadership Network (WLN), in 2020 we added three new ARGs — the Black Associate Coalition (BAC), Latinx Employees of AvalonBay for Diversity (LEAD), and the Associate Rainbow Coalition (ARC). In early 2021, we launched Parents and Caregivers of AvalonBay (PAC) and are in the process of forming ARGs for associates who are Asian American and Pacific Islander, as well as veterans and/or current military/family members.

I&D STRATEGY

In addition to serving as a cross-functional, organization-wide priority, AvalonBay's I&D strategy includes four focus areas, around which we group our progress in 2020, and follow on the next page.

A PIVOTAL YEAR FOR I&D AT AVALONBAY

2020 was a year that included some major I&D milestones for AvalonBay. These included:

- Forming three new Associate Resource Groups: Black Associate Coalition (BAC), Latinx Employees of AvalonBay for Diversity (LEAD) and Associate Rainbow Coalition (ARC)
- Signing onto the *CEO Action Pledge for Diversity and Inclusion*
- Launching a multiyear national partnership with the National Urban League, to be led by our Black Associate Coalition
- Promoted new Director of Corporate Responsibility, Inclusion and Diversity
- Announcing new "Diversity in Leadership" goals, specifically set to:
 - Increase the representation of women in leadership from our current level of 35% to a level at parity** with the overall presence of women in the relevant workforce (currently 41%) by 2025
 - Increase under-represented minorities in leadership from our current level of 15% to 20% by 2025 and to 25% by 2030



EMPOWER HOURS: SUPPORTING ASSOCIATES THROUGH THE COVID-19 PANDEMIC AND RACIAL INJUSTICE

In 2020, the networks created from our Building Connections campaigns became a platform to support our associates in crisis (due to the COVID-19 pandemic and racial tensions in the US). Leveraging these networks resulted in the launch of "Empower Hours," which are monthly forums that bring associates together to have open and honest conversations about recent events, personal experiences and how we can come together as Many Voices, One AvalonBay.

Create Personal Awareness: The journey toward a more inclusive and diverse AVB starts with the individual. In order to support associates in this process, we have compiled resources and are offering several training programs. In addition to offering *Disrupting Everyday Bias* again in 2020, we also offered a new training course called *Building Ally Skills at Work*.

Foster a Culture of Inclusion: We know that associates need to feel both safe and welcome to bring their whole self to work and our Associate Resource Groups are an important part of this. We also recognize associates and create awareness through *Building Connections* campaigns for Black History Month, Women's History Month, Celebrate Diversity Month, Asian/Pacific American Heritage Month, Pride Month, Hispanic Heritage Month and Veteran's Day.

Hold Ourselves Accountable: In 2020, we signed the *CEO Action Pledge for Diversity and Inclusion* and added an I&D goal to Individual Development Plans for all associates on the leadership team.* Building a more diverse leadership pipeline will require a commitment from our current leaders to focus on inclusive strategies for talent acquisition, associate development and promotions, so we set new goals to increase the diversity of our leadership team* specifically to:

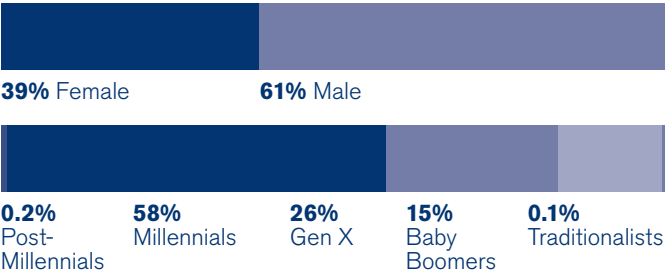
- Increase the representation of women in leadership from our current level of 35% to a level at parity** with the overall presence of women in the relevant workforce (currently 41%) by 2025
- Increase under-represented minorities in leadership from our current level of 15% to 20% by 2025 and to 25% by 2030

Contribute to Inclusion and Diversity in Our Communities: In 2020, we launched a multiyear partnership with the National Urban League, led by our Black Associate Coalition. Through this partnership, we will make a \$150,000 annual commitment, support NUL's work in economic empowerment, equality, and social justice and engage our associates in volunteering, mentoring, networking, events and memberships with the NUL Young Professionals. We are also focused on participating in external surveys and indices that evaluate the Inclusion and Diversity practices of large companies. And in 2020, we participated in the Women in the Workplace study with McKinsey and LeanIn. In 2021, we also joined the Human Rights Campaign (HRC) Business Coalition for the Equality Act alongside more than 400 leading U.S. companies that support this important legislation that would amend the Civil Rights Act of 1964 and provide the same basic protections to LGBTQ+ people that are provided to other protected groups.

* Leadership Team is defined as officers and director-level associates and above.
** Please note that parity is defined as achieving a level within +/-2% of the available workforce as documented by third-party resources by level and function. Source: TalentNeuron (which uses Census NAICS industry codes, years of experience, education, and 65K sources of data including Census, job boards, proprietary database and Gartner Insights).

DIVERSITY, INCLUSION AND EMPLOYMENT METRICS

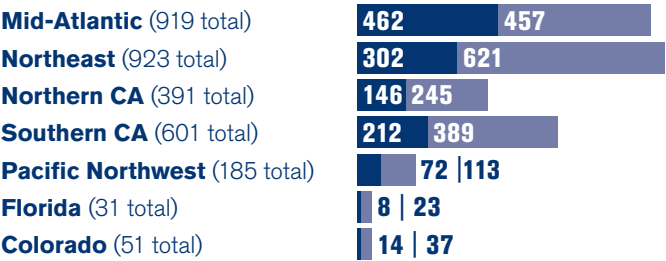
TOTAL EMPLOYMENT



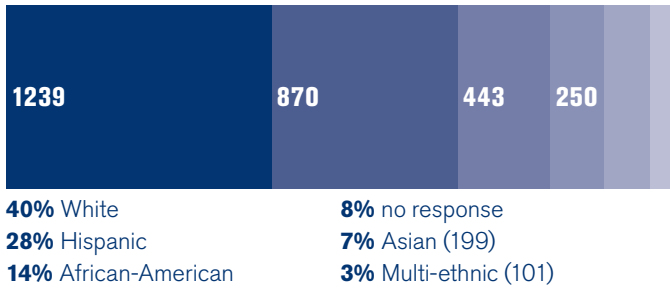
3102

Total employees | 96% full-time

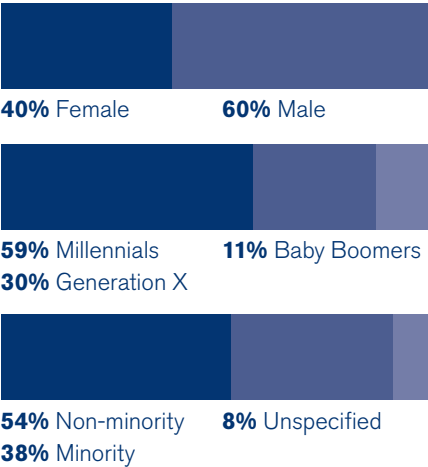
BY GENDER AND REGION



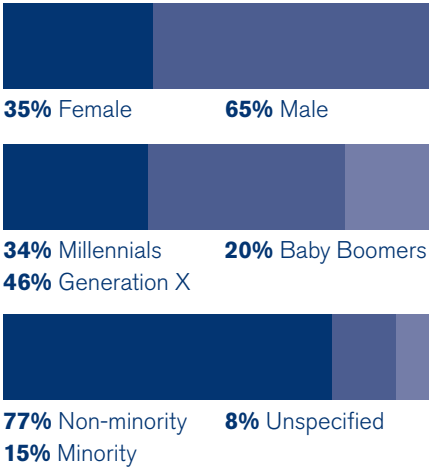
BY ETHNICITY



MANAGEMENT DATA (MANAGER AND ABOVE)



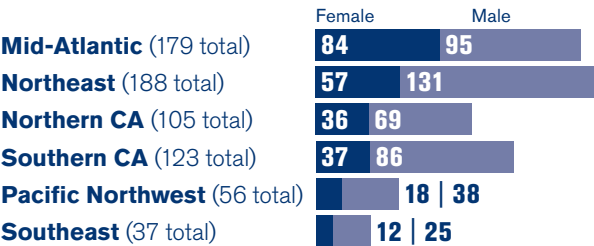
LEADERSHIP DATA (DIRECTOR AND ABOVE)



EMPLOYMENT HIGHLIGHTS



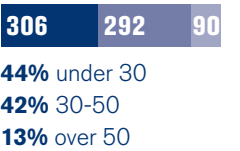
NEW HIRE DATA BY GENDER AND REGION



BY ETHNICITY



BY AGE



688 Total new hires

RESIDENTS

In 2020 we walked alongside our residents as we all navigated the global pandemic. We found new ways to engage with them, to support them, to keep us all safe, and to support the unique needs they had as they found themselves working and living from home – the home we create for them.

Creating a better way to live for our residents starts with listening. Asking for and responding to resident feedback is a vital part of our culture and integral to how we manage our business every day. It provides the foundation for us to continue to improve service and develop new features, amenities and programs.

LISTENING TO RESIDENTS

We continuously ask customers to share their experiences with us so we understand our strengths and identify areas where we can improve. We do this by surveying residents at various stages of their time with us: following their move-in, midway through their lease, and at move-out. We use the Net Promoter Score (NPS), a metric used by leading companies, as our primary measure of customer satisfaction and loyalty. In 2020, COVID-19 limited our associates' ability to deliver the service levels we are accustomed to providing, and our residents felt it. With that, our total portfolio NPS decreased four points to 27, from 31 in 2019. In 2021 we are already seeing improvements in our NPS as we re-open amenities and return to a more normal operating environment.

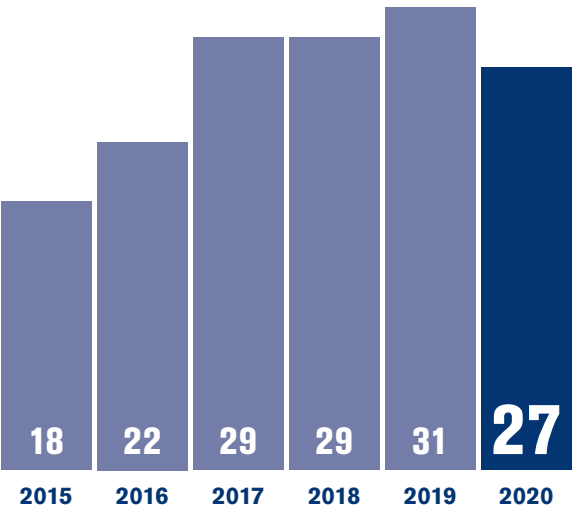
We also monitor social media and review websites. This is particularly important since more than 80 percent of people searching for an apartment consider online reviews. In 2020 our overall rating was 4.4 out of 5 stars, based on 8,252 new Google and Facebook reviews received throughout the year.

Resident concerns are handled through a number of official channels, with the goal of addressing each and every concern. These include the following measures:

- A dedicated phone queue staffed with specially trained and tenured associates who handle resident concerns
- An internal support line where associates can get additional on-the-spot support in assisting residents with any concerns they may have
- A special manager callback program whereby our service center can directly handle escalations and customer complaints within 24 hours
- A Customer Experience team dedicated exclusively to maintaining positive resident relationships



NET PROMOTER SCORE*



* In 2020, COVID-19 limited our associates' ability to deliver the service levels we are accustomed to providing, and our residents felt it. With that, our total portfolio NPS decreased four points to 27, from 31 in 2019. In 2021 we are already seeing improvements in our NPS as we re-open amenities and return to a more normal operating environment.

SUPPORTING RESIDENTS DURING THE COVID-19 PANDEMIC

Our Commitment to COVID-19 Health and Safety

We are guided by the Centers for Disease Control and Prevention, the World Health Organization, local governments, and our expert consultants and have adapted our practices according to their most up-to-date recommendations. In response to COVID-19, we implemented a number of new safety measures to help stem the spread and keep our residents safe.

FINDING A NEW HOME

We understand that when choosing a home, our residents should feel as comfortable and as safe as possible. From requiring face coverings for our associates and anyone entering our communities, to providing a contactless leasing process, we worked to create a safer environment for everyone.

- Virtual and self-guided tour options available
- Contactless payment and move-in process
- Face coverings required in all common areas and amenities throughout the community
- Plexiglass installed to promote social distancing
- Frequent, daily cleaning and disinfecting of high-touch surfaces in common areas
- Updated touring hours at some locations for added flexibility
- Vacant apartments cleaned and disinfected prior to move-in

THE MOVE-IN PROCESS

At AvalonBay, we strive to make the move-in process seamless. Since our ability to give residents a helping hand in person was limited, we added some bells and whistles to make the move easier, alleviate stress, and help residents feel comfortable in their new home, including:

- Extensive disinfecting of all apartments prior to move-in with our 30-Point Deep Clean
- The ability to get settled when convenient with our contactless move-in
- Using our virtual community onboarding to learn about the community
- The ability to get to know neighbors, virtually, in our private community Facebook Neighbors Groups

AVB'S COMMITMENT TO CLEAN

Our AVB Commitment to Clean program leaves apartments ready for move-in. We wait at least 24 hours – and up to 72 hours – before cleaning and disinfecting all homes after the previous resident moves out. This service is performed by an associate wearing full PPE – including mask, gloves and booties – and covers all apartment surfaces, paying close attention to over 30 areas noted below.

- **Kitchen:** Stove including knobs and handles, countertops, cabinets and pulls, doorknobs, flooring, light switches, doors, microwave, dishwasher and handle, and sink plus hardware
- **Bathroom:** Tub and tile, countertops, cabinets/vanity and pulls, doorknobs, flooring, light switches, sink plus hardware, and towel holder
- **Living areas and hallways:** Flooring, doorknobs, light switches, thermostat, closet knobs/pulls, ceiling fan pulls and switches
- **Bedrooms, HVAC and other areas:** Vents including filter replacement, shelving, window treatments, stair handrails, ceiling fan pulls and switches, and flooring

LIVING WITH US

We are honored that our residents have chosen our communities as their home and we remained resolute in our commitment to providing the best possible living environment, despite the ongoing circumstances. This included:

- Face coverings required in all common areas throughout the community
- Limited occupancy in shared spaces to promote social distancing
- Frequent cleaning and disinfecting of high-touch surfaces in common areas, gym and pool
- Hand sanitizer dispensers available in many shared spaces including wipes in the gym
- Contact-free package pick-up
- Amenity reservation system launched to manage capacity and promote social distancing in fitness centers and pools
- Optional in-home service provided to residents utilizing personal protective equipment, including face masks, shoe coverings and gloves
- Virtual service request via video with all tools necessary provided for simple tasks
- Daily health screenings for associates
- Rent repayment options for those facing financial hardship
- Plexiglass installed for resident-facing tasks in common areas to promote social distancing
- Enhanced air filtration throughout buildings

WELLNESS AND HEALTHY BUILDINGS

In 2018, we received our first Fitwel Certification from the Center for Active Design (CfAD) for AVA NoMa, an apartment community located in the NoMa neighborhood of Washington, DC. AvalonBay has three associates who are certified Fitwel Ambassadors, working actively to pursue additional certifications for the company, including one for our new corporate headquarters in Arlington, VA.

Although activities and community amenities were limited due to COVID-19, we also continue to support our resident wellness programs, AVALONfit and AVAfit.

ENGAGING RESIDENTS IN THE GREATER COMMUNITY

We know that a better life, for many, means giving back. We engage residents in our *Building Strong Communities* philanthropy program — from fundraisers to our *Spirit of Caring Season* activities — we constantly look for ways to take an active role with our residents in engaging with the local community. We were proud to sponsor our sixth annual Community Preparedness Week (CPW) in partnership with the American Red Cross. As a national Disaster Responder partner with the Red Cross, and through CPW, we extended Red Cross emergency and preparedness resources to our 146,000 residents, including an emergency app and COVID-19 specific resources.

NEW BILT REWARDS PROGRAM

In 2021, AvalonBay is launching a partnership with Bilt Rewards to offer the first and only rewards program for residents to earn points on rent. With the Bilt Rewards program, residents will not only earn points for travel and retail purchases, but also accrue financial benefits to support their future purchase of a home just by paying their rent.

ENSURING DATA SECURITY

The protection of AvalonBay data is one of the core pillars of the AvalonBay cyber security program. It is our goal to make sure resident data remains safe and secure. We continue to put the privacy and protection of resident data at the forefront of our efforts as we work to comply with new privacy regulations including the California Consumer Protection Act.

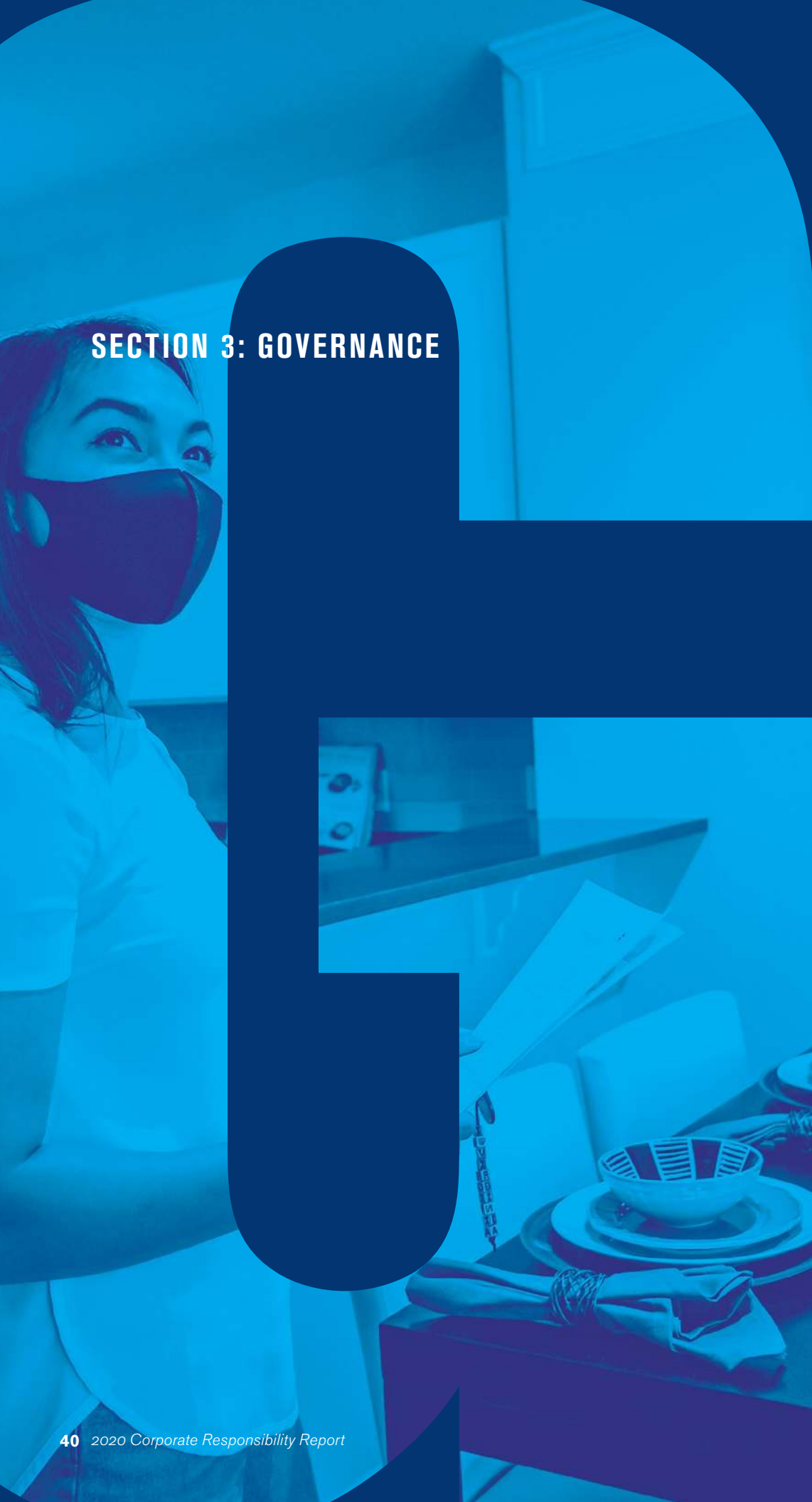
ACCESSIBILITY

AvalonBay is fully committed to accessibility compliance in the design, construction and operations of our communities. We have a comprehensive compliance program to ensure that all requirements are met to satisfy the Fair Housing Act, Americans with Disabilities Act, and all state and local accessibility building codes. The program consists of a company-wide policy that requires all projects to engage an approved third-party accessibility consultant with a standardized scope of work at multiple stages of drawing development, as well as multiple stages throughout construction.

We require that all AvalonBay associates involved in the design and construction of our properties complete our accessibility training course at onboarding and every two years thereafter. We also use a formalized reasonable modification request process for our Residents who face accessibility challenges to request changes that will enhance their ability to enjoy all aspects of the AvalonBay community in which they live. With this multifaceted approach, AvalonBay ensures that we comply with accessibility at the highest level possible across all areas of our business.

CONNECTING DURING COVID-19

Throughout the COVID-19 pandemic, community teams had to get creative to stay connected to their residents and facilitate virtual connections between neighbors. Through Zoom, they hosted events, such as cooking classes, holiday celebrations and family game nights. These events helped create a sense of community, even when we couldn't gather in-person.



SECTION 3: GOVERNANCE

CREATING A BETTER WAY TO LIVE BY SETTING OUR STANDARDS HIGH

AvalonBay is committed to sound corporate governance practices and the highest ethical standards. Our Board of Directors has 11 members, nine of whom are non-employee directors. The company has adopted a variety of best practices in corporate governance, including the following:

- All directors are independent, other than the CEO and President
- Annual election of directors and majority voting in uncontested elections
- Policy on recoupment of incentive compensation (Clawback Policy)
- Strong lead independent director position
- Director and senior officer stock ownership guidelines, now extended to SVPs
- Robust policies against hedging of, speculation in, and pledging of Company securities
- Policy regarding stockholder approval of future severance agreements above a set threshold
- Policy to hold executive sessions of independent directors at each regularly scheduled board meeting
- Regular succession planning
- No former employees serve as directors
- No shareholder rights plan and policy regarding adoption of future plans
- Internal audit group reports directly to the Audit Committee of the Board of Directors
- Formal conflict of interest and insider trading policies for all associates
- Code of conduct contains an anti-fraud policy that all directors and associates sign and attest to annually

NEW DIRECTORS

In May 2021 two new members, **Christopher B. Howard** and **Nnenna Lynch**, joined AvalonBay's Board of Directors.

Dr. Howard, 52, is the President of Robert Morris University (PA). He has prior experience in other leadership positions in higher education as well as experience in the military and private sectors. Dr. Howard is a graduate of the U.S. Air Force Academy, Oxford University (which he attended as a Rhodes Scholar and from which he earned a doctorate in politics) and the Harvard Business School.

Ms. Lynch, 49, is the Founder and CEO of Xylem Projects, a new real estate development venture that she founded after serving as the Head of Development for The Georgetown Company. Her prior experience includes serving as a Senior Policy Advisor in the Bloomberg mayoral administration in New York City where, among other duties, she led initiatives that resulted in the redevelopment and construction of new housing and commercial space. Ms. Lynch is a graduate of Villanova University and Oxford University (which she attended as a Rhodes Scholar and from which she earned a master's degree in social anthropology).

"Chris and Nnenna will bring new experiences and perspectives to our Board that will benefit our business as well as our associates, residents and the communities we do business in," said W. Edward Walter, Lead Independent Director.

- As a publicly traded company, our financial statements undergo independent quarterly reviews and annual external audits prior to filing with the SEC
- Annual review of enterprise and fraud risks presented to and discussed with the Audit Committee and/or the full Board
- Policy on political contributions and government relations
- Responsible procurement principles
- Recurring discussions at the Board level regarding Company diversity, environmental sustainability and climate change, and cyber security

CODE OF BUSINESS CONDUCT AND ETHICS

We maintain a corporate culture that demands integrity and reflects ethical values. And we dedicate significant resources to ensure compliance with our code of business conduct and ethics. To facilitate enforcement of the code, AvalonBay maintains a confidential, anonymous hotline for associates to report any concerns about financial or reporting improprieties, workplace issues or ethical matters. We adhere to a strict nonretaliation policy in order to protect any associate who makes a report in good faith. And our Associate Perspective Survey also asks questions relating to ethics, compliance and safety.

In addition, AvalonBay:

- Requires that all associates sign and reaffirm their knowledge of the AvalonBay code of business conduct and ethics on an annual basis
- Provides a formal onboarding procedure to ensure associates become acclimated to AvalonBay's culture, policies and procedures

Ethics and Compliance Training

We recognize that maintaining our high standards of ethics requires consistent ethical behavior by our associates. We conduct periodic training to ensure they understand what it means to be an AvalonBay associate, our expectation of conduct and performance, and our commitment to human rights. All AvalonBay associates must take the standards of business conduct training upon hire, and then every one or two years after, depending on the position. Associates in key business positions recertify on an annual basis.

- In 2020, AvalonBay associates completed 3,677 hours of training related to human rights, including courses on respectful workplace, anti-harassment, ethics, and fair housing and accessibility
- All associates are required to read and sign the AvalonBay code of business conduct and ethics annually. Upon hire, associates are provided with an electronic copy of the associate handbook, which also details conduct and behavior expectations. In 2020, all associates were also required to acknowledge the AvalonBay COVID-19 Associate Handbook Addendum and Acknowledgment

Internal Audit

Our Internal Audit group, which consists of approximately 10 full-time equivalent associate positions, functions independently within the company and reports directly to the Audit Committee of the Board of Directors and administratively to the Chief Financial Officer. Its staffing composition consists of a variety of professionally experienced, qualified and credentialed associates. All have accounting or business-based bachelor's degrees. The team's professional certifications and credentials consist of Certified Public Accountants (CPA), a Certified Fraud Examiner (CFE), a Certified Information Systems Auditor (CISA), a Certified Information System Security Professional (CISSP), a Certified Construction Auditor (CCA) and a Construction Control Professional (CCP).

The Internal Audit group performs continuous independent reviews and audits of key business, operational, financial and information technology activities. This includes but is not limited to development, construction, capital expenditures, our shared services center (Customer Care Center), IT controls and security, community operations, and financial and cash controls. The group reports the results of its activities, including audit findings and opportunities for internal control enhancement, to the Audit Committee, executive management, senior management, and other key management associates and process owners.

Audits of corporate processes such as payroll, cash management and controls, risk management, benefits, retail, affordable housing, IT, and the Company's overall segregation of duties and control environment are also conducted. For 2020 and continuing in 2021, Internal Audit provided independent oversight and auditing of the Company's temporary COVID operating procedures over revenue, compliance, and other significant areas. Other key functions performed by Internal Audit to support an ethical environment and the Company's core values, cultural norms and commitment to integrity include:

- Administering the Sarbanes-Oxley (SOX) compliance process. This includes testing and verifying the design and operating effectiveness of more than 150 key business processes and IT internal controls that reside over the Company's financial reporting. This compliance process also includes reviewing more than 50 process owner certified quarterly and annual internal control/fraud attestations, the results of which support the SEC required CEO/CFO internal control certification section of its 10-Q and 10-K financial statement filings
- Performing an annual, entity-level control assessment based on the Committee of Sponsoring Organizations' (COSO) internal control framework. This also includes conducting an annual fraud risk survey and fraud control assessment based on key risks identified in the Association of Certified Fraud Examiners' (ACFE) report to the Nations on Occupational Fraud and Abuse
- Managing the Company's anonymous whistle-blower hotline, EthicsPoint, which also provides access to every report to the Audit Committee of the Board of Directors to ensure full transparency

- Assisting with reviewing, monitoring, and updating the Company's Code of Conduct and Associate Handbook and required associate annual affirmations. The policies, procedures, requirements, rules and guidelines in these documents help establish and reinforce the Company's ethical requirements, core values and cultural norms
- Taking an active and engaged role in helping monitor and oversee the Company's compliance, risk management, and issue mitigation; investigations; and IT infrastructure, controls and system upgrades and implementations. This includes serving on and holding leadership roles on the Company's Enterprise Risk Management SOX, Cyber Security, Quality Assessment, and other key compliance and governance-based committees

Vendor Code of Conduct and Responsible Supply Chain Principles

We expect our vendors to conduct their business interactions with integrity, and we developed a vendor code of conduct that requires:

- Accurate record keeping and reporting
- Safeguarding of assets and information
- A prohibition against bribes and kickbacks, and limits on gifts
- Avoidance of conflicts of interest
- A prohibition against insider trading
- A prohibition against AvalonBay associates directly conducting personal business with any vendor
- A requirement for prompt reporting of any violation to AvalonBay

For construction and national contracts, a competitive bid process during which many factors are considered is generally required. We continue to augment our software system to enhance transparency, controls and management capabilities in construction and development processes.

We continue to make progress on the integration of our public, responsible procurement principles into business processes. In 2020, we surveyed 38 AvalonBay vendors of strategic importance against our principles and ensured compliance with their intent. Vendors are generally required to sign the principles in all contracts.

Information Security

Among the many challenges of 2020, was the rapid transition to remote work and its impact on technology-related business requirements. To meet these challenges IT worked to quickly expand remote connectivity solutions such as Zoom, Zscaler, virtual desktop, laptop deployments, self-service tools, single sign on, and the Cloud. Fortunately, due to IT's multiyear focus on cloud first technologies, many of the solutions we needed were either partially or fully in place prior to the beginning of 2020. Nonetheless, the IT team had to shift things into high gear to ensure these capabilities were in the hands of every associate that needed them. Throughout this period a key priority for the Information Security team was to ensure that

our data and systems were as secure outside of the office, as they had been inside. We can confidently say that we were able to achieve that and more thanks to standardization, and improved solutions. In 2021 the IT department will continue our drive toward modernization and cloud readiness. These efforts will continue to enable Cyber Security improvements and business enablement. The list below is a sample of some of the exciting projects we have planned around IT and Information Security in 2021:

- Migration of workloads to Amazon Web Services
- Enhanced data protection and encryption capabilities
- Improved internal and external data sharing capabilities
- Enhanced security testing of our consumer-facing websites
- Expanding Single-Sign-On to more applications
- Mobile device support for specialized workloads

Sound Investment Management

New investment proposals, including development, acquisition, redevelopment and disposition activity, are submitted to the Management Investment Committee for review and approval. The investment packages are compiled with independent input from different functional groups within the company and include operating and capital budgets, detailed schedules and pro formas, and an assessment of major risks and opportunities, including climate and emissions-related risks. Transactions that exceed certain size thresholds are also submitted to the Investment and Finance Committee of the Board of Directors, or to the full Board in certain cases.

CORPORATE RESPONSIBILITY GOVERNANCE

The Vice President of Corporate Responsibility and Energy Management (VPCR) reports to our Chief Financial Officer (CFO) and leads both the environmental and social programs for AvalonBay. The VPCR is responsible for:

- Implementing all CR programming and transparently reporting on progress related to environmental sustainability, strategic philanthropy, and inclusion and diversity
- Regularly reviewing CR objectives with the company's CFO and the potential impacts of climate change on our business
- Keeping an active log of business-related CR risks and opportunities, including environmental, climate-related and social risks
- Providing an annual update on CR issues and progress to our Board of Directors and other senior officers and executives
- Leading our utilities and energy management team, and integrating our sustainability strategy, Science-Based Targets and utilities procurement and management in ways beneficial to our stakeholders and the Company

In 2020, Inclusion and Diversity moved from a strategic initiative to be permanently part of Corporate Responsibility. In 2021,

we established a full-time Director of Corporate Responsibility, Inclusion and Diversity who reports to the VPCR and leads our I&D strategy and programs.

The process related to risks and opportunities includes integration of asset-level concerns and initiatives designed either to mitigate risks or take advantage of opportunities (or both) which are funded through maintenance Capex funds, redevelopment funds or a dedicated Sustainability Capex Fund.

Our target payback period for sustainability projects varies based on the risks and benefits expected, but generally exceeds our corporate cost of capital by a meaningful margin. These projects often entail emissions reductions, energy and water consumption reduction, waste reduction and reduction of our carbon footprint related to building construction and operation. Increasingly we are funding projects that achieve our renewable energy strategy and support decarbonization of our buildings, in support of our new Science-Based Targets.

The process for identifying risks/opportunities includes a periodic survey of company officers and less frequent surveys of a wider group of company stakeholders, including customers, associates, suppliers and board members, among others. In 2017 the VPCR conducted a comprehensive review of our portfolio to consider matters relating to climate change, stronger storms and other natural disasters. This review was presented to the AVB Board of Directors in 2018. With the addition of our Science-Based Targets in 2019, we are now integrating all facets of our climate reviews, emissions reduction activities and renewable energy activities. And in 2020 we created a new Climate and Emissions Risk Dashboard to collate in one place these risks across our portfolio. For more on this effort refer to the Environmental section of this report.

STAKEHOLDERS

We view our CR efforts through their impact on our key stakeholders. In addition to the section outlining our environmental sustainability initiatives, full sections of this report are dedicated to three particular stakeholder groups: our associates, the communities in which we do business and our residents (see the Social section for details).

Our most recent materiality analysis, which was conducted in 2018 and asks a variety of stakeholders for input on our CR priorities, follows this section.

A summary of our work related to other key stakeholder groups is outlined here.

Investors

To increase transparency for investors on CR issues, we publish this annual CR report, and respond to the Global Real Estate Sustainability Benchmark (GRESB), which provides us with an industry benchmark against which to measure our CR initiatives and ESG program. We also publicly respond to the CDP with a transparent accounting of our environmental performance. Each

CR GOVERNANCE STRUCTURE

CR governance includes the following deliberative bodies:

CR Committee

- A select interdisciplinary group representing multiple functional groups, chaired by the VPCR
- Responsible for implementing the CR strategy and steering initiatives throughout the year
- Meets every other month

Philanthropy Committee

- Chaired by the VPCR, this includes the Chief Executive Officer (CEO), President, Chief Investment Officer (CIO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Senior VP of Human Resources, Senior VP of Brand Strategy & Marketing and Director of Corporate Responsibility, Inclusion & Diversity
- Steers our strategic philanthropy investments and *Building Strong Communities* program
- Meets two times a year
- Within each region we also engage leadership from development and residential services, who team up to create a strategic regional community investment plan and partnering approach

I&D Steering Committee

- Includes the Director of Corporate Responsibility, Inclusion and Diversity (chair), Chief Investment Officer (I&D Executive Sponsor), Senior VP of Operations (co-chair), Senior VP of Human Resources, Senior VP of Brand Strategy & Marketing, Senior VP-Associate General Counsel, Senior VP-Chief Digital Officer, and the VPCR
- The committee provides oversight and streamlines the approval process for new programs and initiatives

I&D Council

- Chaired by the Director of Corporate Responsibility, Inclusion & Diversity, this includes 20 associates from diverse personal, functional and geographic backgrounds
- The purpose of the Council is to drive the I&D strategy and programming to promote and create an inclusive and diverse environment where everyone can thrive

In addition, the CFO and VPCR report CR matters to, and engage in an annual dialogue with the Nominating and Corporate Governance Committee of the Board of Directors. Periodically, this update is given to the full Board for discussion. Progress against our CR goals is reviewed, and the Board provides input on strategic direction.

year we have our environmental data third-party verified and this year, for the first time, we are aligning with the Sustainability Accounting Standards Board (SASB, page 58) and the Task Force on Climate-related Financial Disclosures (TCFD, page 59). And periodically we meet with investors to discuss relevant ESG issues.

Vendors, Suppliers, Contractors

AvalonBay spends more than \$1 billion annually on external goods and services. A little more than half is attributable to capital investment for new and existing communities, with the remainder consisting of goods and services used to support corporate functions and ongoing property operations. Our supply chain ranges from thousands of local vendors around the country to a more discrete number of regional and national vendors in the following categories:

- Construction trade contractors
- Product manufacturers and distributors of construction materials, building equipment and products used in property operations
- Service providers and professional firms for construction, development, property operations and corporate support
- Business providers for marketing materials, IT hardware, etc.

Depending on the nature of these relationships, the supply chain within a particular spend category may vary from direct purchase to indirect procurement via contractors (either locally sourced or via a national agreement). Most categories for construction and redevelopment are competitively bid and managed at the project level. However, products that are used as standards in construction and redevelopment projects are sourced centrally via an RFP process and then purchased indirectly through contractors. Traditionally, property operations categories with a total spend of over \$200,000 that are scalable across multiple communities are sourced and contracted centrally via an RFP process. Contracted categories undergo regular review and management to ensure competitive pricing, service and value.

Additionally, many nationally contracted vendors are ranked and measured for performance to target metrics. Our suppliers are essential to our success, and we strive to better understand their sustainability efforts as we build stronger long-term relationships. We hold an ongoing dialogue with these partners by publicly stating our responsible supply chain principles and surveying top-tier vendors on their sustainability and corporate responsibility practices, along with including those principles in national and regional agreements. Our Responsible Procurement Principles can be found here: <https://www.avaloncommunities.com/supply-chain-policy>.

We have integrated these principles into our procurement processes and continue to deepen this engagement. Here are some highlights of the procurement team's accomplishments in 2020:

- Continued to follow standardized sourcing strategy guidelines and process.
- Leveraged electronic sourcing and contracting modules for all centrally contracted suppliers.
- Continued to implement our Financial and Safety vendor prequalification questionnaire with 129 vendors across the enterprise prequalified in 2020.
- Continued our annual survey of top vendors to understand their responsible procurement and supply chain behaviors.
- Continued to support programs to implement LED replacements, solar installation, and partner with national providers to continue optimization of recycling and waste streams.
- Executed an agreement with DocuSign and began investigating ways to move paper processes to an electronic format.
- Led a task force of key Corporate and RS stakeholders to develop a Contracting Policy for RS and Corporate overhead departments for contracts not managed by Procurement. This effort also included the build-out in ServiceNow of both a contract approval workflow and a contract repository database to house these contracts for better transparency and access to relevant stakeholders such as Legal and Internal Audit.
- Initiated an effort to establish a baseline for the percentage of AvalonBay vendors that are certified Disadvantaged Business Enterprises (DBE) – e.g., women-owned, minority-owned, veteran-owned, etc.

MATERIALITY ANALYSIS

In 2018 we conducted an updated, in-depth materiality analysis with key AvalonBay stakeholders: associates, residents, suppliers and vendors, shareholders, local government and community leaders, company officers, and the AvalonBay Board of Directors.

We chose these stakeholders because they are the largest set who have a long-term, abiding stake in the Company, and/or who directly impact our environmental, social and governance (ESG) progress. The results of the analysis are seen in the following figure.

This materiality analysis now forms our GRI-G4 reporting structure in all reports going forward and will be taken into account for future strategic planning and goal setting.

MATERIALITY MATRIX



Scores for each subgroup within internal and external groups are given equal weight in combined results. The top right quadrant represents the most significant areas.

- Internal group: director-level associates, officers and Board of Directors
- External group: suppliers, investors, residents and local government/community

ABOUT AVALONBAY

AvalonBay Communities, Inc., is an equity REIT in the business of developing, redeveloping, acquiring and managing multifamily communities in New England, the New York/New Jersey metro area, the Mid-Atlantic, the Pacific Northwest, Northern and Southern California, as well as in our expansion markets in Southeast Florida and Denver, Colorado.

We focus on leading metropolitan areas that we believe historically have been characterized by growing employment in high wage sectors of the economy, higher cost of home ownership and a diverse and vibrant quality of life. We believe these market characteristics have offered and will continue in the future to offer the opportunity for superior risk-adjusted returns over the long-term on apartment community investments relative to other markets that do not have these characteristics.

As of December 31, 2020, the company owned or held a direct or indirect ownership interest in 291 apartment communities containing 86,025 apartment homes with more than 146,000 residents. We operate our communities under three core brands: Avalon, AVA and eaves by Avalon. In addition to our communities, we maintain a corporate headquarters in Arlington, VA, and 12 regional offices located throughout the United States. As of year-end 2020, we employed 3,102 associates.

OUR POLICY ON CONTRIBUTIONS

AvalonBay's policy on political activities and contributions is communicated to all associates and complies with federal and state regulations governing political contributions by corporations. A copy of AvalonBay's Policy on Political Contributions and Government Relations is posted on the Company's Investor Relations website. Contributions, whether in cash, services or otherwise, and whether to a political candidate, political action committee (PAC) or other political organizations, whether made directly or indirectly, can only be made on behalf of AvalonBay after obtaining specific internal approvals.

The established approval procedures ensure any contributions are (i) consistent with AvalonBay's business philosophy and values, and (ii) within the limits allowed by law. These procedures also ensure all required regulatory filings are timely and contributions are accounted for, for financial reporting and tax purposes.

Total contributions approved and reported in 2020 were \$9,628,486.09, including (i) a contribution of \$57,850 to Mountain View Residents for Renter, Homeowner and Taxpayer Protections, a PAC, in support of a ballot measure to amend the local rent control ordinance, (ii) a contribution of \$86,100 to Burbank Citizens for Responsible Government, a PAC, in connection with opposition to a local rent control initiative, (iii) a total of \$8,729,500.00 Californians for Responsible Housing – General Purpose Committee PAC in connection with opposition to a rent control ballot measure in California,

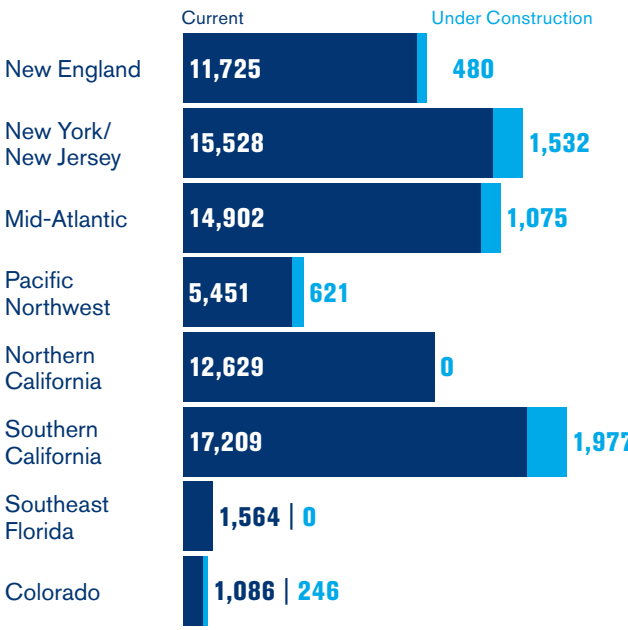
\$5,483,987 of which related to forgiveness of a loan, and (iv) a total of \$755,036 to Citizens in Support of the Calabasas Neighborhood Preservation Initiative in connection with support of a development project in Calabasas, California.

Annually, AvalonBay also provides an opportunity to senior-level associates to contribute directly to a designated PAC. In 2020 the designated PAC was NMHCPAC, the political action committee of National Multi-Housing Council.

CORPORATE AND REGIONAL OFFICE LOCATIONS

- Arlington, VA (corporate headquarters)
- Bellevue, WA
- Boston, MA
- Denver, CO
- Fairfield, CT
- Irvine, CA
- Los Angeles, CA
- Melville, NY
- New York, NY
- San Francisco, CA
- San Jose, CA
- Virginia Beach, VA
- Westfield, NJ

APARTMENT HOMES BY REGION*



Total 80,094 | 5931

*As of December 31, 2020.

APPENDIX

GLOBAL REPORTING INITIATIVE CONTENT INDEX

GRI-G4 GENERAL STANDARD DISCLOSURES

Strategy and Analysis

GRI Indicator	Description	Report Section
G4-1	CEO statement about the relevance of sustainability to the organization and its strategy	From the CEO, p.2–4
G4-2	Approach to the construction of new assets versus retrofits, upgrades and refurbishments, and the effect this has on impacts, risks and opportunities OR Provide a description of key impacts, risks and opportunities OR Targets for next reporting period	2020 Goals Progress, p.6 CR Goals: Beyond 2020, p.7

Organizational Profile

GRI Indicator	Description	Report Section
G4-3	The name of the organization	About AvalonBay, p.47
G4-4	Primary products and services	About AvalonBay, p.47
G4-5	Location of the organization's headquarters	Corporate and Regional Office Locations, p.47
G4-6	Countries where the organization operates	About AvalonBay, p.47
G4-7	Nature of ownership and legal form	About AvalonBay, p.47
G4-8	Markets served	About AvalonBay, p.47
G4-9	Scale of the reporting organization	About AvalonBay, p.47
G4-10	Employee diversity and data	Diversity, Inclusion and Employment Metrics, p.36
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Other GRI Indicators, p.62
G4-12	Describe the organization's supply chain	Vendors, Suppliers, Contractors, p.45
G4-13	Significant changes during the reporting period regarding the organization's size, structure and ownership	Report Parameters, p.63; From the CEO, p.2–4
G4-14	Commitment to external initiatives (LEED, Energy Star, GRESB)	From the CEO, p.2–4; 2020 Environmental Sustainability Highlights, p.15
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	From the CEO, p.2–4; 2020 Environmental Sustainability Highlights, p.15
G4-16	Memberships in associations and advocacy organizations	From the CEO, p.2–4; 2020 Environmental Sustainability Highlights, p.15

Identified Material Aspects and Boundaries

GRI Indicator	Description	Report Section
G4-17	List all entities included in the organization's consolidated financial statements. Report whether any entity included in the organization's consolidated financial statements is not covered by the report	2020 AvalonBay Annual Report
G4-18	Defining the report content and the Aspect Boundaries	Report Parameters, p.63; Aspect Boundaries, p.55–57
G4-19	Material Aspects identified in the process for defining report content	Materiality Analysis, p.45–46
G4-20	Reporting Boundary	Report Parameters, p.63; Aspect Boundaries, p.55–57
G4-21	For each Material Aspect, report the Aspect Boundary outside the organization, as follows: ▪ Report whether the Aspect is material outside of the organization ▪ If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified ▪ Report any specific limitation regarding the Aspect Boundary outside the organization	Aspect Boundaries, p.55–57
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	2020 Environmental Sustainability Highlights, p.15
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2020 Environmental Sustainability Highlights, p.15

Stakeholder Engagement

GRI Indicator	Description	Report Section
G4-24	List of stakeholder groups at the organizational level and engagement at a project or asset level	Stakeholders, p.44
G4-25	Basis for identification and selection of stakeholders with whom to engage	Materiality Matrix, p.46
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Materiality Matrix, p.46
G4-27	Topics and concerns that have been raised through stakeholder engagement	Materiality Matrix, p.46

Report Profile

GRI Indicator	Description	Report Section
G4-28	Reporting period	Report Parameters and GRI-G4 In-Accordance Option, p.63
G4-29	Date of most recent previous report	Report Parameters and GRI-G4 In-Accordance Option, p.63
G4-30	Reporting cycle	Report Parameters and GRI-G4 In-Accordance Option, p.63
G4-31	Contact point for questions about the report	Contact, p.63
G4-32	GRI content index	Global Reporting Initiative Content Index, p.48
G4-33	External assurance	Assurance Statement, p.4 and repeated on p.63

Governance

GRI Indicator	Description	Report Section
G4-34	Governance structure of the organization	Governance, p.40
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Corporate Responsibility Governance, p.43
G4-36	Appointed an executive-level position with responsibility for economic, environmental and social topics	Corporate Responsibility Governance, p.43
G4-38	The composition of the highest governance body and its committees	Governance, p.40
G4-39	Indication of whether the chair of the highest governance body is also an executive officer	Governance, p.40
G4-42	The highest governance body sets the tone for the organization and has a major role in defining its purpose, values and strategy	Governance, p.40
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Corporate Responsibility Governance, p.43
G4-45	Risk management identification and management of economic, environmental and social impacts, risks and opportunities	Corporate Responsibility Governance, p.43
G4-46	Role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Corporate Responsibility Governance, p.43
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all Material Aspects are covered	Corporate Responsibility Governance, p.43

Ethics and Integrity

GRI Indicator	Description	Report Section
G4-56	Codes of conduct and codes of ethics	Code of Business Conduct and Ethics, p.42; Ethics and Compliance Training, p.42; Internal Audit, p.42; Vendor Code of Conduct and Responsible Supply Chain Principles, p.43
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	Code of Business Conduct and Ethics, p.42; Internal Audit, p.42
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior and matters related to organizational integrity	Code of Business Conduct and Ethics, p.42; Internal Audit, p.42

GRI-G4 SPECIFIC STANDARD DISCLOSURES

Disclosures on Management Approach

GRI Indicator	Description	Report Section
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material b. Report how the organization manages the Material Aspect or its impacts c. Report the evaluation of the management approach, including - The mechanisms for evaluating the effectiveness of the management approach - The results of the evaluation of the management approach - Any related adjustments to the management approach	Materiality Analysis, p.45–46

Economic

Aspect: Economic Performance

GRI Indicator	Description	Report Section
G4-EC1	The direct economic value generated and distributed (EVG&D) revenues, operating costs, employee wages and benefits, payments to providers of capital, government and community investments	Economic, Community and Development Performance, p.60
G4-EC2	Financial and reputational risks and opportunities related to climate change, in addition to other sustainability issues	Corporate Responsibility Governance, p.43

Aspect: Indirect Economic Impacts

GRI Indicator	Description	Report Section
G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagements	Philanthropy and Community Investment, p.21
G4-EC8	Significant indirect economic impacts including creating jobs, services, development in areas of high poverty and change in location of operations or activities	Philanthropy and Community Investment, p.21

Environmental

Aspect: Energy

GRI Indicator	Description	Report Section
G4-EN3	Energy consumption within the organization	Environmental Performance, p.60–61
G4-EN5	Energy intensity	Environmental Performance, p.60–61
G4-EN6	Reduction of energy consumption	Environmental Performance, p.60–61
G4-EN7	Reduction in energy requirements of products and services	Environmental Performance, p.60–61 and 2020 Environmental Sustainability Highlights, p.15

Aspect: Water

GRI Indicator	Description	Report Section
G4-EN8	Total water withdrawal by source	Environmental Performance, p.60–61
CRE2	Building water use intensity	Environmental Performance, p.60–61

Aspect: Emissions

GRI Indicator	Description	Report Section
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Environmental Performance, p.60–61
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Environmental Performance, p.60–61
G4-EN17	Other indirect greenhouse gas (AHG) emissions (scope 3)	Environmental Performance, p.60–61
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Performance, p.60–61

Aspect: Effluents and Waste

GRI Indicator	Description	Report Section
G4-EN23	Total weight of waste by type and disposal method	Environmental Performance, p.60–61

Aspect: Land

GRI Indicator	Description	Report Section
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	Development and Construction, p.62

Aspect: Products and Services

GRI Indicator	Description	Report Section
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Development and Construction, p.62 and 2020 Environmental Sustainability Highlights, p.15

Aspect: Compliance

GRI Indicator	Description	Report Section
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Other GRI Indicators, p.62

Aspect: Supplier Environmental Assessment

GRI Indicator	Description	Report Section
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Vendor Code of Conduct and Responsible Supply Chain Principles, p.43; Vendors, Suppliers, Contractors, p.45

Labor Practices and Decent Work

Aspect: Employment

GRI Indicator	Description	Report Section
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Diversity, Inclusion and Employment Metrics, p.36
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Wellbeing and Benefits, p.31

Aspect: Labor/Management Relations

GRI Indicator	Description	Report Section
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Diversity, Inclusion and Employment Metrics, p.36

Aspect: Occupational Health and Safety

GRI Indicator	Description	Report Section
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	Health and Safety, p.29
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	Health and Safety, p.29

Aspect: Training and Education

GRI Indicator	Description	Report Section
G4-LA9	Average hours of training per year, per employee, by gender and by employee category	Learning and Development, p.26
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Learning and Development, p.26
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Learning and Development, p.26

Aspect: Diversity and Equal Opportunity

GRI Indicator	Description	Report Section
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Diversity, Inclusion and Employment Metrics, p.36

Aspect: Supplier Assessment for Labor Practices

GRI Indicator	Description	Report Section
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Vendor Code of Conduct and Responsible Supply Chain Principles, p.43; Vendors, Suppliers, Contractors, p.45

Human Rights

Aspect: Investment

GRI Indicator	Description	Report Section
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Ethics and Compliance Training, p.42

Aspect: Supplier Human Rights Assessment

GRI Indicator	Description	Report Section
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Vendor Code of Conduct and Responsible Supply Chain Principles, p.43; Vendors, Suppliers, Contractors, p.45

Society

Aspect: Local Communities

GRI Indicator	Description	Report Section
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Philanthropy and Community Investment, p.21

Aspect: Anti-Corruption

GRI Indicator	Description	Report Section
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Internal Audit, p.42
G4-S04	Communication and training on anti-corruption policies and procedures	Code of Business Conduct and Ethics, p.42; Ethics and Compliance Training, p.42

Aspect: Public Policy

GRI Indicator	Description	Report Section
G4-S06	Total value of political contributions by country and by recipient/beneficiary	Our Policy on Contributions, p.47

Aspect: Anti-Competitive Behavior

GRI Indicator	Description	Report Section
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Other GRI Indicators, p.62

Aspect: Supplier Assessment for Impacts on Society

GRI Indicator	Description	Report Section
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	Vendor Code of Conduct and Responsible Supply Chain Principles, p.43; Vendors, Suppliers, Contractors, p.45

Product Responsibility

Aspect: Customer Health and Safety

GRI Indicator	Description	Report Section
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Health and Safety, p.29; Health Qualifications Safety and Health Qualification Tables, p.62

Aspect: Product and Service Labeling

GRI Indicator	Description	Report Section
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Residents, p.37–39

Aspect: Customer Privacy

GRI Indicator	Description	Report Section
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Residents, p.37–39

Aspect Boundaries: G4-18, G4-19, G4-20, G4-21 Disclosures

G4 Category: Economic

G4 Material Aspects	Material Within the Org.	Material External to the Org.	Relevance Outside the Organization	Specific Standard Disclosures
Economic performance	■	■	This is important to our own associates and our external stakeholders, who include the communities in which we do business and our suppliers and shareholders. Providing economic benefit to these communities and shareholder return to our investors is directly related to positive economic performance	G4-EC1 G4-EC2
Indirect economic impacts		■	We create jobs and community infrastructure improvements as we develop new communities, so this is important to those communities	G4-EC7 G4-EC8

G4 Category: Environmental

G4 Material Aspects	Material Within the Org.	Material External to the Org.	Relevance Outside the Organization	Specific Standard Disclosures
Materials	■	■	Use of materials and the amount of materials recycled is important internally because it has direct organizational cost implications. Externally, our communities benefit from more sustainable material usage and recycling, reducing the dependence on landfill, and other means of disposal	G4-EN1 G4-EN2
Energy	■	■	Internally, responsible management of our energy consumption and efforts to reduce that consumption improve operational performance and building value. It is also important to our external stakeholders as part of our commitment to reduce our impact on the environment	G4-EN3 G4-EN5 G4-EN6 G4-EN7
Water	■	■	Internally, responsible management of our water consumption and efforts to reduce that consumption improve operational performance and building value. It is also important to our external stakeholders as part of our commitment to reduce our impact on the environment	G4-EN8 CRE2

Aspect Boundaries: G4-18, G4-19, G4-20, G4-21 Disclosures (continued)

G4 Category: Environmental (continued)

G4 Material Aspects	Material Within the Org.	Material External to the Org.	Relevance Outside the Organization	Specific Standard Disclosures
Emissions		■	Reducing our emissions is important to the air quality of the communities in which we do business	G4-EN15 G4-EN16 G4-EN18
Effluents and waste	■	■	Responsible management of our waste and efforts to reduce waste that goes directly into a landfill improves operational performance. It is also important to our external stakeholders as part of our commitment to reduce our impact on the environment	G4-EN23
Land		■	This is important to our investors and the communities in which we do business as we develop land for the building of new communities	CRE5
Products and services	■	■	Responsible management of the environmental impacts of our buildings and improving the life cycle impact the building has on the environment can improve building value and reduce our costs. It therefore is important to both internal and external stakeholders and has direct relevance to the quality of life of our residents	G4-EN27
Compliance	■	■	Fines impact both the communities in which we do business and our operations, as they result from activity that could have deleterious consequences	G4-EN29
Supplier environmental assessment	■	■	Ensuring our suppliers are responsible stewards of the environment mitigates our operational risk and improves their operations and long-term responsibility as organizations	G4-EN32

G4 Category: Social

G4 Material Aspects	Material Within the Org.	Material External to the Org.	Relevance Outside the Organization	Specific Standard Disclosures
Employment	■		This is important to our associates and their career advancement and opportunities for development. The hiring and turnover components are also important to our overall business performance	G4-LA1 G4-LA2
Labor/ management relations	■		This is important to our associates and their engagement with the company	G4-LA4
Occupational health and safety	■		This is important to our associates and their well-being	G4-LA6 CRE6
Training and education	■		This is important to our associates and their career advancement and opportunities for development. It is also important for the organization as a whole to ensure a talent pipeline and strong succession plans	G4-LA9 G4-LA10 G4-LA11
Diversity and equal opportunity	■		This is important to our associates and their opportunities for development and advancement. It is also important for the company to integrate diverse perspectives in our operations and decision-making	G4-LA12
Supplier assessment for labor practices	■	■	Ensuring our suppliers are responsible in their labor practices mitigates our operational risk and improves their operations and long-term responsibility as organizations	G4-LA14

Aspect Boundaries: G4-18, G4-19, G4-20, G4-21 Disclosures (continued)

G4 Category: Human Rights

G4 Material Aspects	Material Within the Org.	Material External to the Org.	Relevance Outside the Organization	Specific Standard Disclosures
Investment	■	■	This is important to our organization and the full development of our associates. Externally it is important for our interactions with and customer service to our residents	G4-HR2
Non-discrimination	■	■	This is important to the advancement of our associates and fairness to our residents and prospects	G4-HR3
Supplier human rights assessment	■	■	Ensuring our suppliers are responsible in their human rights practices mitigates our operational risk and improves their operations and long-term responsibility as organizations	G4-HR10
Local communities		■	This is important to the communities in which we operate	G4-S01
Anti-corruption	■	■	This is important for the governance of the company and impacts our performance, which is important to our shareholders and external stakeholders	G4-S03 G4-S04
Public policy	■	■	This is important both internally and externally to our stakeholders so they understand transparently how we are supporting public/political issues and discourse	G4-S06
Anti-competitive behavior	■	■	This is important to external stakeholders to preserve competition and marketplace choice	G4-S07
Supplier assessment for impacts on society	■	■	Ensuring our suppliers are responsible and aware of their impacts on society, mitigates our operational risk and improves their operations and long-term responsibility as organizations	G4-S09

G4 Category: Product Responsibility

G4 Material Aspects	Material Within the Org.	Material External to the Org.	Relevance Outside the Organization	Specific Standard Disclosures
Customer health and safety		■	This directly impacts the quality of life of our residents and ties into our responsibility toward them	G4-PR2
Product and service labeling	■	■	Increasing our resident Net Promoter Score is one of our 2020 goals and is important both internally and to our residents' quality of life	G4-PR5
Customer privacy	■	■	This is important internally from a risk and reputation perspective and externally to our residents. We are highly focused on the security of their data	G4-PR8

SASB

SASB Code	Topic	Description	Unit of Measure	Response
IF-RE-130a.1	Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area	98.87%
IF-RE-130a.2	Energy Management	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Gigajoules (GJ), Percentage (%)	(1) 1,058,987 GJ, (2) 63.14%, (3) 4.53%
IF-RE-130a.3	Energy Management	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Percentage (%)	Environmental Performance (p. 61)
IF-RE-130a.4	Energy Management	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Percentage (%) by floor area	(1) 20% of eligible portfolio that has an energy rating and (2) 3% of eligible portfolio is certified to ENERGY STAR
IF-RE-130a.5	Energy Management	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	n/a	Building energy management forms one component for consideration of property investments and operational strategy. For example, all redevelopments must have an ASHRAE Level II energy audit completed which is then used to inform potential investments. In addition the VP of Corporate Responsibility and Energy Management analyzes the portfolio for high energy use intensity properties when making decisions on the LED retrofit and equipment efficiency investments.
IF-RE-140a.1	Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Percentage (%) by floor area	(1) 95.65% total floor area, (2) 19.24% total floor area
IF-RE-140a.2	Water Management	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Thousand cubic meters (m³), Percentage (%)	(1) 12,585,123 m³, (2) 24.54%
IF-RE-140a.3	Water Management	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Percentage (%)	Environmental Performance (p. 61)
IF-RE-140a.4	Water Management	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	See Water and Energy Efficiency Results (p. 17) and Environmental Performance (p. 61)
IF-RE-410a.1	Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Percentage (%) by floor area, Square feet (ft²)	0%, as this is not applicable to multi-family residential
IF-RE-410a.2	Management of Tenant Sustainability Impacts	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Percentage (%) by floor area	(1) 99.17% grid electricity consumption, (2) 86.14% water withdrawals
IF-RE-410a.3	Management of Tenant Sustainability Impacts	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	n/a	We engage our residents (tenants) around their sustainability impact in a variety of ways, including our Earth Day programming and communications as well as our Green Label program. Moving forward, and as a result of our approved Science-Based Targets, we now have a resident engagement "track" as one component in our execution strategy for the SBTs. This track will include engaging residents on shifting their apartment home consumption to renewable sources and the potential of offering whole-building solar electricity to residents.
IF-RE-450a.1	Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	Square feet (ft²)	16,675,603 ft² located in 100-year flood zones

SASB (continued)

SASB Code	Topic	Description	Unit of Measure	Response
IF-RE-450a.2	Climate Change Adaptation	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	n/a	See AvalonBay's <i>2020 Public CDP Response</i> (Go to https://www.cdp.net/en/search and search for "AvalonBay")
IF-RE-000.A	Activity Metric	Number of assets, by property subsector	Number	294
IF-RE-000.B	Activity Metric	Leasable floor area, by property subsector	Square feet (ft²)	78,390,974 ft²
IF-RE-000.C	Activity Metric	Percentage of indirectly managed assets, by property subsector	Percentage (%) by floor area	0.3%
IF-RE-000.D	Activity Metric	Average occupancy rate, by property subsector	Percentage (%)	94.6%

TCFD

Topic	Disclosure	Response
Governance	Describe the board's oversight of climate-related risks and opportunities	See AvalonBay's <i>2020 Public CDP Response</i> : Section C1.1 (Go to https://www.cdp.net/en/search and search for "AvalonBay")
Governance	Describe management's role in assessing and managing climate-related risks and opportunities	See AvalonBay's <i>2020 Public CDP Response</i> : Sections C1.2 and C1.3
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	See AvalonBay's <i>2020 Public CDP Response</i> : Section C2
Strategy	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	See AvalonBay's <i>2020 Public CDP Response</i> : Section C3
Strategy	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	See AvalonBay's <i>2020 Public CDP Response</i> : Section C3
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	See AvalonBay's <i>2020 Public CDP Response</i> : Section C2.2
Risk Management	Describe the organization's processes for managing climate-related risks	See AvalonBay's <i>2020 Public CDP Response</i> : Section C2.2
Risk Management	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	See AvalonBay's <i>2020 Public CDP Response</i> : Section C2.2
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	See AvalonBay's <i>2020 Public CDP Response</i> : Section C6
Metrics and Targets	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See Climate and Emissions (p. 18) and Environmental Performance (p. 60)
Metrics and Targets	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	See AvalonBay's Science-Based Targets: 2020 Goals Progress (p. 6), CR Goals: Beyond 2020 (p. 7), 2020 Environmental Sustainability Highlights (p. 15) and Climate and Emissions (p. 18)

MSCI Topic	Description
Opportunities in Green Building - Evidence of urban revitalization / urban redevelopment - Commitments related to greenfield developments (land bank, farmland, green field, agricultural land)	AvalonBay contributes to urban revitalization, while also sometimes providing mixed-income housing in partnership with non-profit affordable housing providers or within our own buildings. Examples include Arts District in downtown LA, Balboa Park Reservoir (a large Public/Private Partnership (PPP) in San Francisco), a new PPP in West LA, a just completed high-rise in downtown Baltimore at 555 President and the brownfield redevelopment of contaminated riverfront property at Avalon Yonkers, etc. Additionally, AvalonBay contributes dollars to a wetlands bank for offsite mitigation when relevant.
Product Safety & Quality - Risk Management Practice Score - Risk Management Performance Score	Risk Management Overview: AvalonBay's Risk Management team is tasked with building and executing a structured and disciplined approach to assessing and managing the uncertainties that may inhibit us from our mission of Creating a Better Way to Live. <i>Vision:</i> Enhance Enterprise value with superior risk insights and targeted solutions. <i>Mission:</i> We are responsible for providing efficient, compliant balance sheet protection to AvalonBay. We build insurance programs, claims strategies, operational resiliency plans, and loss control plans that provide predictability in cost of risk. We leverage a consultative approach to provide thoughtful risk intelligence and proactive risk management solutions to minimize the impact and likelihood of uncertainties in our business. Balanced and thoughtful risk management are important parts of our business. We underwrite risks, in partnership with our third-party commercial insurers and wholly owned captive insurance companies with thoughtful diligence to assess the impact and likelihood of a particular risk. We then consider various risk treatment options including: ▪ transfer to the commercial insurance markets and/or third parties via contract ▪ retention via effective claims management, loss control initiatives, and resiliency planning ▪ avoidance, for risks that are not within our company's appetite Risk management is focused on driving a risk aware culture, lessons learned, continuous improvement throughout their daily work. We leverage external risk information from insurers, insurance brokers and other industry resources to stay apprised on the risk environment. We overlay this information with our incident reporting, claims management, and exposure data to report on the potential impact of various risks to our company. Safety Program Overview: Safety of our associates and residents is at the forefront of our business in all that we do. We have a dedicated safety team that serves as subject matter experts for the company and collaborates with various department to affect all planning, vendor prequalification, training, and our Incident and Injury Free Workplace program. Safety and Risk Management policies, procedures, and teams provide direct operational support and are embedded within operational processes. Members of our Safety team are credentialed active participants in organizations such as the American Society of Safety Engineers and the Board of Certified Safety Professionals. Members of our Risk Management team carry various certifications including the Associate in Risk Management, Chartered Property Casualty Underwriter, and RIMS-CRMP in addition to being active members of the Risk and Insurance Management Society and the Claims and Litigation Management Alliance. We have been recognized as an industry leader in Safety by the International Risk Management Institute and the Associated Builders and Contractors while also participating in an OSHA Strategic Partnership Program. AvalonBay continues to take a proactive approach to the protection of people by partnering with the Associated General Contractors to advance a Culture of Care initiative. This effort fosters a mentally safe environment for a diverse, talented, and inclusive workforce. We strive to keep our worker's compensation experience modifier below 1.0 and have achieved that goal for the past three years. The experience modifier captures historical workplace injuries over a 3-year period with a 1-year lag. AVB's performance is: 2020: NCCI 0.790 2019: NCCI 0.780 Incidents and Near Misses are reported via internal system processes, reviewed, managed, and investigated. Our Safety team routinely tracks the Safety performance and Safety reputation of our AvalonBay teams, vendors, and contractors. Findings are corrected or addressed in compliance with our company policies. We use the data and lessons learned to create and execute future initiatives designed to effect continuous improvement in our business operations. Our mission-driven and collaborative approach leverages our internal system data, associate and vendor insight, and our team's expertise to minimize risk of loss within our business.

MSCI Topic	Description
Product Safety & Quality: - Relatively high proportion of revenue from product lines associated with frequent quality and safety concerns - Measures and reports quantitative indicators related to service quality performance or customer protection (e.g., clinical quality reports, customer surveys)	Product Safety and Quality Overview <u>Quality</u> In 2018 AvalonBay established a corporate initiative to improve quality across our design, construction, and operating platform. This Quality Assurance Initiative resulted in a new Quality Assurance function, residing in our Design Department. The following sections describe the function's remit and structure: <i>Remit:</i> AvalonBay Quality seeks to improve standards transparency, eliminate gaps in the design process, improve construction field execution quality, create a feedback and lessons learned infrastructure, and establish the necessary processes and organization to implement and measure the desired outcomes. Specifically, the function: ▪ Focuses on design review early in project development to ensure standards are adhered to and discrepancies are identified and remedied. ▪ Reviews critical, high-risk categories such as the building envelope, acoustics, and accessibility. For these categories, we require services from highly trained specialists to review the drawings for design intent, inspect installation in the field, and test upon completion of the project. ▪ Engages development, construction, and operations team post-project to gather lessons learned and feedback to improve on future projects. ▪ Oversees a Quality Dashboard to measure and verify adherence to the policies mentioned. The dashboard provides key indicators for projects that might require special attention to ensure quality. <i>Structure:</i> AvalonBay Quality is governed by an Executive Review Board comprised of senior leadership from the Development, Construction, Design, and Asset Management teams. This management team reviews and approves all policies and processes related to design and construction before they are implemented by the company. In addition, Quality relies on a larger Quality Assurance Steering Committee to maintain oversight of the details and creation of policies and processes. These members are subject matter experts and are officers and senior associates from key internal stakeholder groups. The quality assurance function also has line of sight into the following areas to ensure quality is addressed in these corporate functions: <i>Design:</i> creates and manages our Construction & Design Standards which are a compilation of specifications, construction details, products, model numbers, and lessons learned. Additionally: ▪ Each standard is carefully researched and vetted to ensure a quality asset is being constructed. ▪ This often includes manufacturer facility visits, sample inspection and reviews, maintenance data and history, and referrals. ▪ Maintain three-part CSI Master Specifications for certain products and trades that include installation, safety, quality assurance, and other requirements. <i>Procurement/Sourcing:</i> creates National Partnership Agreements with material suppliers and manufacturers for many of the items that we install in our apartment buildings. This includes: ▪ Vetting vendors based on product performance, availability, aesthetics, and pricing, ▪ Including the Vendor Code of Conduct and Responsible Procurement Principles in all National Partnership Agreements. <i>Construction:</i> utilizes a robust Vendor Prequalification Program that uses a third-party rater to evaluate all of our construction contractors and suppliers for financial and safety risks with a limited number of exceptions. The prequalification program provides: ▪ A scorecard for each vendor rating them low, medium, or high risk for general, financial, and safety. ▪ Insight through a "Corporate Responsibility" questionnaire into whether or not a contractor can represent that they have implemented a robust sustainability/human rights program.

ESG DATA

Economic, Community and Development Performance

Economic (\$000)	2020	2019	2018	2017
Operating revenues	\$2,301,261	\$2,324,626	\$2,284,535	\$2,158,628
Operating costs (excluding employee compensation)	\$160,810	\$143,755	\$164,294	\$377,875
Employee compensation	\$251,933	\$249,703	\$236,037	\$226,684
Property and other taxes	\$273,189	\$252,961	\$241,563	\$221,375
Dividends and interest	\$1,160,779	\$1,118,297	\$1,112,519	\$1,073,465
Retained earnings	\$202,617	\$310,207	\$294,085	\$259,229

Total Community/Apartment Count	2020	2019	2018	2017
Number of properties	294	275	291	288
Number of apartment homes	80,094	79,886	85,158	84,158

Affordable Count	2020	2019	2018	2017
Number of designated affordable homes	4,515	4,667	4,575	4,614

Construction Counts	2020	2019	2018	2017
Properties under construction at year-end/homes	18/5,931	22/6,960	21/6,609	21/6,544
Completed properties at year-end/homes	8/2,095	7/2,027	7/1,915	14/5,189

Redevelopment Counts	2020	2019	2018	2017
Properties under redevelopment at year-end/homes	6/1,935	5/1,859	12/4,356	15/6,432
Completed redevelopments at year-end/homes	3/1,215	12/4,203	12/6,038	9/2,620

Environmental Performance

Emissions	2020	2019	2018	2013 (baseline)
Like-for-like CO ₂ emissions scope 1 (mtCO ₂ e)	12,580	13,863	12,843	12,874
Like-for-like CO ₂ emissions scope 2 (mtCO ₂ e)	34,880	39,760	41,680	50,402
Like-for-like total CO ₂ emissions (mtCO ₂ e)	47,460	53,623	55,359	63,276
Percentage change (total emissions like-for-like) since baseline year	-25.0%	-15.3%	12.50%	
Total CO ₂ emissions scope 1 (mtCO ₂ e)	19,280	22,568	19,816	17,729
Total CO ₂ emissions scope 2 (mtCO ₂ e)	49,548	57,834	59,774	55,873
Total CO ₂ emissions scope 3 (mtCO ₂ e)	5,268	5,869	6,234	6,293*
Total (scope 1 and scope 2) CO ₂ emissions (mtCO ₂ e)	68,828	80,402	79,590	73,603
Percentage change (scope 1 and scope 2) since baseline year	-6.5%	9.2%	8.10%	
Construction CO ₂ emissions (mtCO ₂ e)	2,796	6,312	2,734	4,228
Percentage change (construction emissions) since baseline year	-33.9%	49.29%	-35.30%	

Environmental Performance (continued)

Emissions (continued)	2020	2019	2018	2013 (baseline)
Total scope 1 and 2 emissions intensity (mtCO ₂ e/FTE)	22	25.68	26.11	26.90
Total scope 1 and 2 emissions intensity (mtCO ₂ e/\$ revenue)	0.000030	0.000034	0.000035	0.000052

Renewable Energy	2020	2019	2018	2013 (baseline)
NJ and DC Production- Subject to SRECs (kWh)	1,082,438			
California Non-SREC Production (kWh)	117,912			
Total Solar Production (kWh)	1,200,350			

Energy	2020	2019	2018	2013 (baseline)
Like-for-like energy consumption (kWh)	208,590,394	217,227,616	216,498,159	219,249,000
Percentage change since baseline year	-4.9%	-0.9%	-1.25%	
Total energy consumption (kWh)	280,500,431	290,775,218	293,582,802	268,100,000
Percentage change since baseline year	4.6%	8.5%	9.50%	
Construction energy consumption (kWh)	12,496,486	27,646,821	7,734,634	11,820,775
Percentage change since baseline year	5.7%	133.9%	-34.6%	

Water	2020	2019	2018	2013 (baseline)
Like-for-like water consumption (Kgal)	3,048,284	2,833,242	2,803,580	3,047,233
Percentage change since baseline year	0.0%	-7.0%	-8.00%	
Total water consumption (Kgal)	3,310,508	3,039,121	3,077,448	3,296,733
Percentage change since baseline year	0.4%	-7.8%	-6.65%	
Construction water consumption (Kgal)	14,130	75,491	22,174	23,678
Percentage change since baseline year	-40.3%	218.8%	-6.35%	
Like-for-like water use intensity (Kgal/unit)*	41.61	39.93	40.63	45.21
Percentage change since baseline year	-8%	-11.7%	-10.12%	
On-Site Water Reuse (M3)	179,578	167,722	171,029	

Waste	2020	2019	2018	2017 (baseline)
Like-for-like waste consumption (lbs/apartment home)*	1,674	1,773	1,714	1,671
Percentage change since baseline year	0%	6.1%	2.5%	
Non-hazardous waste (MT)*	121,782	145,399	100,582	39,887
Percentage non-hazardous waste recycled	43.7%	54%	32%	45%

Data Coverage	2020	2019	2018	2017 (baseline)
Portfolio Data Coverage	98.87%			

*This number only represents our employee commuting and travel Scope 3 emissions.
*Our waste reported represents 92.5% of our community waste, and 100% of our construction waste (communities under construction in 2019).
*Our Waste Goal is calculated on a like-for-like set of communities which are stabilized for a full 24 months and then normalized for occupancy and for regions where recycling is no longer an option.

Other GRI Indicators

	2020	2019	2018	2017
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	None	None	None
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None	None	None	None
Percentage of employees covered by collective bargaining agreements	None	None	None	None

Learning and Development

Department Training	Hours
Construction/Development	1,689
Corporate	2,199
RS on-site	44,012
RS overhead	1,422
CCC	311
Cross-departmental	5,143
Total:	54,776

Safety

U.S. Bureau of Labor Statistic	Average
Lost time (dart) rate	4.9
Total recordable case rate (per 100 workers)	7.2
Hours of Safety Training	17,654

Health Qualification

Qualification/Certification	Professionals
Certified Safety Professional (CSP)	2
Associate Safety Professional (ASP)	2
Certified Health and Safety Technologist (CHST)	3
Safety Trained Supervisor — Construction (STS)	2
Licensed (NYC) Safety Manager	1
Bilingual — English/Spanish	3
Authorized OSHA Construction Safety Outreach Trainer	5

Development and Construction

Development in 2020	
Number of communities beginning construction	4
Expected investment	\$292M
Remediation of preexisting environmental contamination	\$2.17M
Remediation spend projected through completion	\$14.1M
Development communities under construction as of year-end	18
Average walk score for completed transit-oriented developments (total portfolio)	70
Total transit-oriented communities	100
Transit-oriented development communities completed in 2020	4
Capital cost for all development under construction as of year-end	\$2.33B

Redevelopment in 2020	
Communities completed	3
Apartment homes represented	1,215
Capital cost	\$605M
Communities under redevelopment as of year-end	6
Capital cost for all redevelopment under construction as of year-end	\$46.5M

ABOUT THIS REPORT

This is AvalonBay's 10th annual Corporate Responsibility report and summarizes our environmental, social and governance (ESG) performance and activities during calendar year 2020.

REPORT PARAMETERS AND GRI-G4 IN-ACCORDANCE OPTION

This report covers issues and information material to our business and stakeholders. We followed standard disclosures from the GRI-G4 Sustainability Reporting Guidelines and sector-specific guidelines for real estate and construction. The report's boundary covers a reporting period for the 2020 calendar year and builds on the progress outlined in our most recent report for the 2019 calendar year. The data in this report was sourced internally from responsible business units in the Company. The selected GRI performance indicators are those most relevant to AvalonBay's business and its ESG impacts and are based on our materiality analysis. We are reporting against the Core GRI-G4 in-accordance option.

ASSURANCE STATEMENT

Assurance Content and figures referenced in AvalonBay's filed financial statements have been externally audited by a third-party auditor. In 2020, we again had our prior year annual energy, greenhouse gas emissions, water and community waste data independently verified by Lloyd's Register Quality Assurance (LRQA), a part of Lloyd's Register Group Limited and a leading provider of independent assessment services, with recognition from over 50 accreditation bodies around the world. The full accreditation report and assurance statement are aligned with the ISO14064-3 standard and can be found on our website at avaloncommunities.com/verificationreport and avaloncommunities.com/assurancstatement.

TRADEMARKS

Avalon, AVA and eaves by Avalon are registered trademarks of AvalonBay Communities, Inc. Other words in this report marked with a ™ or ® are trademarks belonging to other third parties, including Incident and Injury-Free (IIF), which is a trademark of JMJ Associates.

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