



# LRQA Independent Assurance Statement

## Relating to AvalonBay's Environmental, Social and Governance Report for 2021

This Assurance Statement has been prepared for AvalonBay Communities, Inc. in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

LRQA was commissioned by AvalonBay Communities, Inc. (AvalonBay) to provide independent assurance on its Environmental, Social and Governance Report for Calendar Year (CY) 2021 ("the Report") against the criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure is based on current best practice, is in accordance with ISAE 3000 and ISAE 3410 and uses the principles inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered AvalonBay's operations and activities and specifically the following requirements:

- Verified conformance with Global Reporting Initiative (GRI) G4's<sup>1</sup> reporting guideline
- Evaluated the accuracy and reliability of data and information included in the Report

Our assurance engagement excluded the data and information of AvalonBay's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to AvalonBay. LRQA disclaims any liability or responsibility to others as explained in the end footnote. AvalonBay's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of AvalonBay.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that AvalonBay has not, in all material respects:

- Met the requirements above;
- Disclosed accurate and reliable performance data and information as no errors or omissions were detected; and
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a limited level of assurance<sup>2</sup> and at the materiality of the professional judgement of the verifier.

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<sup>1</sup> <https://www.globalreporting.org>

<sup>2</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



### **LRQA's approach**

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing AvalonBay's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through interviews with internal stakeholders and reviewing documents and associated records.
- Reviewing AvalonBay's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by AvalonBay and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether AvalonBay makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing AvalonBay's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Interviewing members of the executive committee and senior management in Human Resources, Risk Management, Finance, and Legal.
- Sampling specific source and aggregated data points referenced in the Report.

### **Observations**

Further observations and findings, made during the assurance engagement, are:

- Stakeholder inclusivity:  
We are not aware of any key stakeholder groups that have been excluded from AvalonBay's stakeholder engagement process. AvalonBay has open dialogue with all of its stakeholders.
- Materiality:  
We are not aware of any material issues concerning AvalonBay's sustainability performance that have been excluded from the report. It should be noted that AvalonBay has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.
- Responsiveness:  
Based on the conversations and actions reviewed during the assurance process, it is evident that AvalonBay has allowed its business to evolve in response to stakeholder desires. With the recent SEC proposed disclosure rules being drafted during 2021 and released in 2022, this brought more focus to the ESG team within the organization, giving them more visibility and enabling them to continue to drive innovation and change.
- Reliability:  
Data management systems are reliable. LRQA has been verifying AvalonBay's environmental data management systems for a number of years, and it was notable through the ESG report verification activities that the remainder of the ESG data management systems are also well developed.

### **LRQA's standards and competence**

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.



Derek Markolf  
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On behalf of LRQA, Inc.  
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LRQA reference: UQA00000422

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