

REACHING SCALE

Corporate Responsibility Report

2015

AVALON

WHAT GETS MEASURED GETS DONE.

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At AvalonBay Communities, we’re committed to creating a better way to live—for our residents, our associates, our shareholders and financial partners, the communities in which we do business and our planet at large. In the long run, our growth will only be sustainable if we make life better for all of these stakeholders.

With this perspective in mind, we focused our energies on bringing our corporate responsibility initiatives to scale. Diligently measuring the impact of every initiative to determine which has the greatest impact. Scaling forward while reducing our environmental impact. Scaling up while deepening our community relationships, our commitment to resident service and our levels of associate engagements.

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



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Driven by the combined efforts of almost 3,000 AvalonBay associates with a shared commitment to creating a better way to live, 2015 marked another year of outstanding growth and performance for AvalonBay.

We completed a record \$1.3 billion of new development, delivering 13 communities with over 4,170 apartments. And we broke ground on another \$1.2 billion of development in 13 additional projects with 3,800 apartment homes. We also saw dividend growth of 8.0%, bringing our cumulative four-year dividend growth to 51%.

AvalonBay has long understood that what gets measured gets done, and our corporate responsibility (CR) initiatives are no different. After establishing long-term, measurable goals in 2014, we are now focusing on bringing many of our CR pilot programs to scale.

Our associates delivered another year of exceptional customer service, as evidenced by a resident satisfaction score 700 basis points above the Kingsley Multifamily Customer Satisfaction Index. We were pleased to remain in the 90th percentile in associate

engagement, as measured by our survey vendor, and to receive a #1 ranking in online reputation by J Turner Research, moving up from #5 in 2014. We also moved our customer net promoter score (NPS), a measure of customer loyalty, to 18 from last year's 15, and we are well on our way to achieving our 2020 NPS goal of 20.

We continued to lead the multifamily sector in sustainability, receiving the National Association of Real Estate Investment Trusts' 2015 Residential Leader in the Light Award and being identified as a sector leader by the Global Real Estate Sustainability Benchmark (GRESB). Both of these organizations recognize industry leaders who demonstrate a long-term commitment to environmental and social responsibility. We were pleased to see our Carbon Disclosure Project (CDP) score improve dramatically as well.

As part of our ongoing commitment to sustainability, we became a GRESB partner

in 2015 and announced a new Building Certified policy that requires all new mid-rise and high-rise construction projects to achieve third-party certification of environmental and energy efficiency from external rating programs such as LEED or Energy Star.

All of these efforts have enabled us to make significant progress toward our 2020 goals, as outlined in this report. The additional objectives we've set for 2016 will further support achievement of these goals.

We achieved or exceeded the 2015 CR objectives outlined in our previous report, including:

Bringing Energy/Water Efficiency to Scale

We completed 22 LED lighting retrofit projects and started 12 more. The completed projects are showing \$280,000+ in annual energy savings alone, with a 3.8-year simple payback period. In an effort to tackle the West Coast water crisis, we installed 18 weather-based irrigation projects in California, with projected annual savings of over \$170,000 and a simple payback period of 3.2 years.

Strategic Philanthropy

We launched our strategic philanthropy program, *Building Strong Communities*, and made our first contribution of \$250,000 toward a four-year, \$1 million commitment to the American Red Cross to support its mission as a national disaster responder. This donation, combined with our support of over 25 regional philanthropy partners, brought our total cash and in-kind donations in 2015 to \$1.1 million. In conjunction with this effort, our associates donated almost 6,000 hours of community service. In the first year of our national partnership with the American Red Cross, we netted 550+ pints of donated blood with the potential to save over 1,600 lives.

We launched Community Preparedness Week, an innovative series of activities designed to better prepare both our associates and residents for emergency situations, and canvassed 8,000 apartment homes with fire preparation and safety

information. As we work to achieve our 2020 goal of \$2.2 million in cash and in-kind donations, our *Building Strong Communities* program will continue to grow.

Responsible Supply Chain Integration

We integrated our Responsible Supply Chain Principles into our contract vehicles for new and renewing vendors, and began integration of a compliance survey into our new vendor onboarding process.

Lighting Standards Redesign

Taking advantage of the advances in LED technology, we updated our lighting standards and integrated them into our comprehensive construction and redevelopment standards.

Certified Sustainable Program

Twenty of our eaves by Avalon-branded communities participated in a pilot to green-certify communities that are not likely to qualify for LEED or Energy Star. Activities ranged from installing energy-efficient LED lighting to improving leak detection.

We are all passionate about our purpose of creating a better way to live. We believe that by investing and operating responsibly for the long-term and creating an evergreen company with lasting foundations built on transparency and triple-bottom-line results, we can help further this purpose for all our stakeholders. I am committed to our corporate responsibility and sustainability initiatives, and I am energized by seeing them come to scale. I encourage you to read more about our accomplishments and plans in this report.



Timothy J. Naughton
Chairman and CEO



Tim Naughton
Chairman and CEO

BRINGING INITIATIVES TO

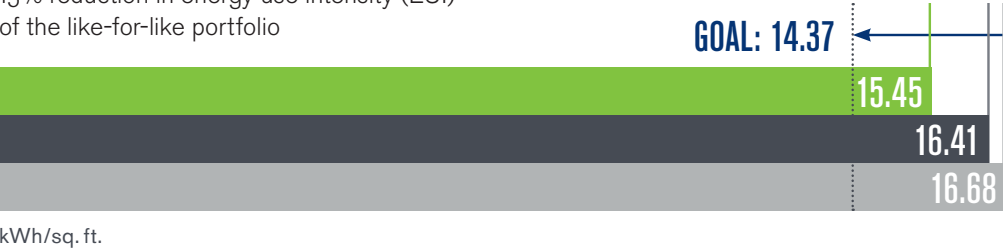
SCALE

2020 CR Goals

We continue to make progress on our long-term goals for CR. In 2015 we saw an appreciable reduction in both our energy use intensity and water use intensity, and made significant progress toward our resident and community investment goals.

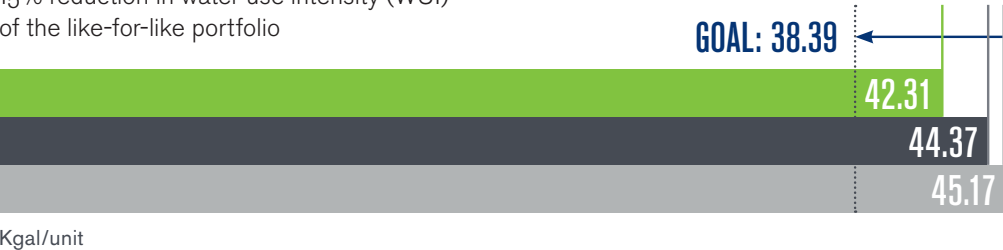
Energy*

15% reduction in energy use intensity (EUI) of the like-for-like portfolio



Water*

15% reduction in water use intensity (WUI) of the like-for-like portfolio



Residents

33% increase in our Net Promoter Score from a 2014 baseline



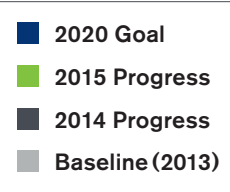
Community

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



Associates**

Overall engagement in the top 25% of companies surveyed that work with our survey vendor



2016 Initiatives

Each year we establish a CR plan to guide our efforts during the year. The plan is reviewed with our Board of Directors and key internal stakeholders. We will report on the progress of our 2016 initiatives in next year's CR report.

LED PORTFOLIO RETROFITS AT SCALE

Complete 25+ LED lighting retrofit projects and analyze the portfolio for the next set of retrofit targets. With these additional projects, we will bring our total LED retrofits across the company to 50+ since 2014.



WATER

Evaluate expansion of our California water retrofit task force recommendations to the entire portfolio. Review results from the 20 weather-based irrigation installations and assess expansion.



COGENERATION

Install up to two cogeneration systems at major high-rise buildings in New York City, taking advantage of the waste heat to potentially use in other building or retail applications.



WASTE

Establish full reporting of waste metrics and set a goal related to waste for the company for a baseline measurement in 2017.



SOLAR

Study the applicability of solar in the AvalonBay portfolio and develop plans to expand in 2017 where appropriate.



EXTERNAL VALIDATION OF DATA

Validate AvalonBay greenhouse gas, energy and water data with a third-party reviewer.



*We determined that our prior calculation of square footage in the denominator of our prior EUI was incorrect. We have corrected that and re-stated our EUI numbers going back to 2013. Therefore the EUI values increased, although the year-over-year percentage drops remain the same. We calculate energy use intensity on properties that have energy usage turned on for a full two-year period in those areas that we operationally control. The consumption is then weather-normalized and divided by the square footage of those areas. 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.

**Normative benchmarks are a comparison score based on data from all companies that collect employee survey data with our vendor. The benchmark is a collection of all survey responses from the previous three years and represents nearly 16 million respondents from 20 industries and more than 200 countries. The full survey will not be conducted every year.

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 two particular stakeholder groups: our associates and the communities in which we do business.

Our most recent materiality analysis, which asks a variety of stakeholders for input on our CR priorities, can be found in the Governance & Ethics section of this report on page 38. A summary of our work related to other stakeholder groups is outlined in this section.

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. Traditionally, categories with a total spend of over \$250,000 or scalable across more than one community 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 categories of 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 are beginning a dialogue with these partners by publicly stating our responsible supply chain principles.

Vendors, Suppliers, Contractors

AvalonBay spends more than \$2 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

In a first for the company, in 2016 we had our 2015 energy, greenhouse gas emissions, water and 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.

Investors

To increase transparency for investors on CR issues, we respond to GRESB, and we break out our fund performance separately from our wholly owned portfolio performance. We also publicly respond to the CDP with a transparent accounting of our environmental performance. This year, for the first time, we had our 2015 environmental data third-party verified.

We have integrated these principles into our procurement processes and continue to deepen this engagement. As this process expands, we will achieve almost 90% coverage in screening new suppliers against environmental labor practices, human rights and societal impact criteria. Here are some highlights of the procurement team's accomplishments in 2015:

- Implemented standardized sourcing strategy guidelines and process
- Instituted vendor tiering and key performance indicators for top suppliers
- Developed a new vendor prequalification questionnaire for construction vendors and a new prequalification process for AvalonBay construction with input from key internal AvalonBay stakeholder groups, including construction, legal, risk management, internal audit, corporate responsibility and accounting

Residents

Our core purpose is creating a better way to live. One way we measure our success in achieving this purpose is through customer feedback. We contract with the Kingsley Multifamily Customer Satisfaction Index, a third-party research firm, to survey our residents at three points: when they move in, halfway through their lease and just before they move out. In addition, we run online discussion forums with residents to help us improve the design of future communities, develop new service offerings and programs, and better meet day-to-day needs of residents.

Resident satisfaction in 2015 measured 84%, seven percentage points above the industry peer index. We were also pleased to receive a #1 ranking in online reputation by J Turner Research. A few additional highlights on ways we engaged and improved the resident living experience in 2015 include the following:

Data Security

We continue to evolve our data security program with a sharp focus on customer data security. We pride ourselves on the continued success in 2015 of zero

substantiated complaints of data breaches or customer privacy violations and no loss of customer data.

Recycling and Reusing

In 2015 we ran a pilot to remove clean cardboard from the waste streams at two Avalon communities in Washington, DC. We installed large-capacity cardboard baling equipment and saw significant results at both communities. As part of this program, we educated our residents on recycling and the importance of keeping cardboard "clean" when recycling it. Both communities saw an increase in cardboard recycling and a reduction in how much cardboard was thrown out with other waste or recycled "dirty."

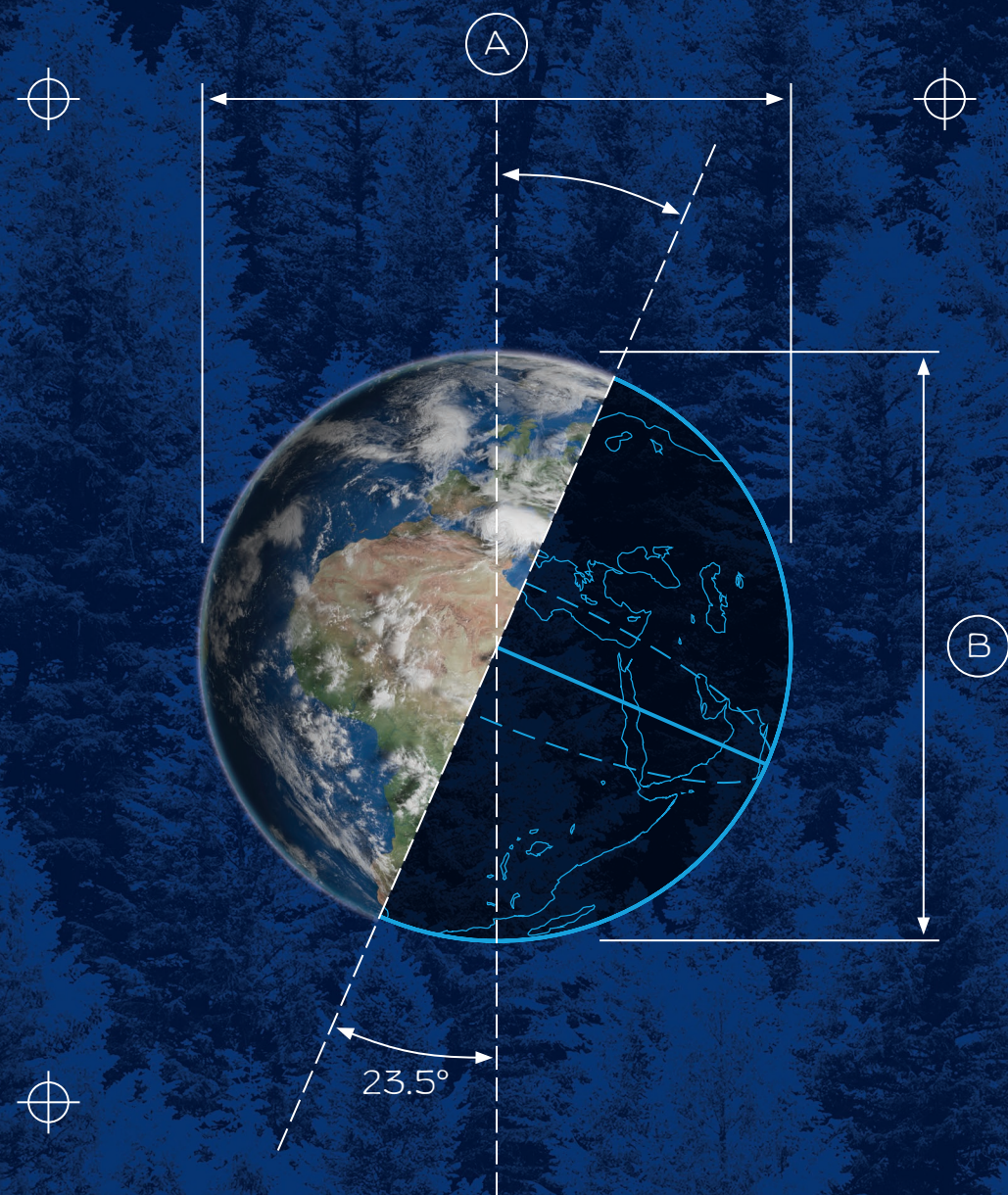
FIT PROGRAM



To better serve our residents' healthy lifestyles, we developed AVALONfit and AVAFit in 2015. We started by surveying a broad representation of residents across our portfolio to understand their key motivations regarding fitness and wellness. We used this information to develop branded programs to promote our broad assortment of fitness amenities, to provide inspiration for fitness activities in the surrounding community and to give our communities the tools they need to host fitness- and wellness-related events. We even partnered with several major fitness and wellness brands to provide discounts to our residents on products and services, including wearable technology, fresh food delivery and local fitness classes.



ENVIRONMENT



VISION	MEASURABLE REDUCTION IN ENVIRONMENTAL IMPACT
ACTION	SIGNIFICANT PROGRESS TOWARD OUR 2020 GOALS

In 2015 we brought our efficiency initiatives to scale across our portfolio and made significant progress on our 2020 energy- and water-related CR goals. This progress led to a drop in our energy use intensity (EUI) of 5.8% and a drop in our water use intensity (WUI) of 4.7%.

Bringing Energy and Water Efficiency to Scale

We have now achieved a drop of 7.4% in EUI and a drop of 6.3% in WUI against our 2013 baseline. Our 2020 goal for both of these metrics is a 15% reduction. Major accomplishments in 2015 include:

LED Lighting

- Completed 22 projects with annual energy-only savings of over \$280,000, \$8.1 million in estimated value creation and a simple payback period of 3.8 years
- These projects achieved further benefits in maintenance hours saved and replacement bulb costs due to longer-life LED technology; those benefits are not reflected in the above numbers

Weather-Based Irrigation

- Completed 18 projects with projected annual savings of over \$170,000 and a simple payback period of 3.2 years
- Drove a 12% drop in California community water consumption with the creation of a cross-functional California water savings task force

Design and Development

Our design standards form the basis for all new construction and redevelopment projects. In the past year we made significant sustainability-related enhancements to these standards, including:

- A comprehensive refresh of our lighting standards to mandate the use of LED lighting and drive good LED lighting design decisions
- Significant revisions to our landscaping standards to account for regional differences and to include more drought-tolerant native plant choices
- Further improvements to our low-flow water fixture standards in California, including waterless urinals and front-load washers

DEVELOPMENT IN 2015

- In 2015 we began construction on 13 communities representing an expected investment of \$1.2B.
- For the communities under construction at year-end 2015, we spent \$7.4M on remediation of pre-existing environmental contamination. The projected total remediation spend for these assets is \$11.2M upon their completion.
- We completed two transit-oriented development communities in 2015, adding to the 83 we already own and operate.



NEW DEVELOPMENT HIGHLIGHTS

These two communities reflect how we're building more sustainably every year.



AVALON HAYES VALLEY SAN FRANCISCO, CA

First-ever AvalonBay LEED
Platinum-Certified Community!

Energy Efficiency

- Energy-efficient windows
- Programmable thermostats in apartments
- Timer/motion sensors for common areas
- Energy Star appliances
- Solar-thermal/tankless water heating system

Water Usage

- High-efficiency toilets in apartments
- High-efficiency toilets in common areas
- On-site bioswale

Transportation, Reuse and Air Quality

- Composting system and recycling program for residents
- Low-VOC adhesives and sealants, low-VOC carpet, low-VOC paint
- Smoking prohibited in all indoor common areas and apartment homes
- Mass transit nearby
- Bike share program and resident bicycle storage
- Community Walk Score of 98



AVALON WEST CHELSEA NEW YORK, NY

LEED Gold Certified

Energy Efficiency

- Green power procurement
- On-site cogeneration system producing electricity
- Green roof and cool roof systems to reduce urban heat island effect
- Energy Star appliances
- Efficient lighting fixtures to reduce energy consumption
- Low-E insulated windows to improve thermal efficiency

Water Usage

- Water-saving plumbing fixtures

Transportation, Reuse and Air Quality

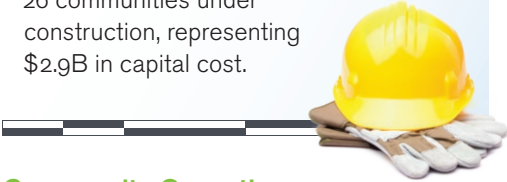
- Nearby multiple public transit modes
- Recycled content throughout major building components
- Low-VOC paints, carpets and adhesives to enhance air quality
- Recycling bins located throughout the community
- Smoking prohibited in all indoor common areas and apartment homes

Construction

In 2015 we established a new Building Certified policy, which requires third-party environmental certification (e.g., LEED, Energy Star) for all high- and mid-rise communities. This significant policy change will continue to integrate our commitment to environmental sustainability into the business. During the year, 11 communities received an environmental certification (nine LEED, two Energy Star), a 57% increase over 2014. This includes our first-ever LEED Platinum community, Avalon Hayes Valley in San Francisco, CA. An additional 22 are pursuing certification in 2016. This brings the total number of communities in our portfolio either pursuing or having achieved environmental certification to 50.

CONSTRUCTION IN 2015

- We completed 13 apartment communities in 2015, representing 4,170 apartment homes. Thanks to our sustainability standards for new construction, these new communities will generate 427,934 kWh in electricity savings per year, a 30% reduction in heating and cooling costs, and 25.9M gallons of water savings per year compared to minimum code requirements.
- By year-end we had another 26 communities under construction, representing \$2.9B in capital cost.



Community Operations

Lighting

In addition to the energy savings outlined in our 22 LED lighting retrofits in 2015, we further realized efficiencies for our community operations teams by freeing up a significant amount of time once dedicated to bulb and ballast replacement. We anticipate seeing a drop in replacement costs, too, because of the longer life of the LED bulbs and fixtures.

In 2016 we will further scale our LED retrofit program with plans to retrofit over 170 communities in the next five years.

Water

In 2015 we continued to drive efficiency across the portfolio in water consumption and use. In addition to the 20 weather-based irrigation systems we installed, we are also looking to expand our use of reclaimed water for irrigation in 2016. Six communities in California currently use reclaimed water for irrigation, with one other under construction.

Waste

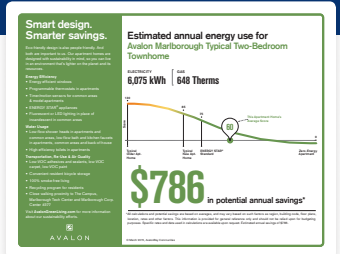
In 2015 we ran a pilot to recycle clean cardboard at two large communities. We installed high-capacity, cardboard-baling equipment, educated residents on the importance of keeping cardboard clean when recycling and saw significant results at both communities. Avalon First & M in Washington, DC, reduced their number of weekly trash pickups by 33% and the number of single-stream recycling pickups by 74%. We project annual trash cost savings at this community to be over \$14,500, and in 2016 we will expand the pilot to roll out clean cardboard baling and recycling to a larger set of communities.

In addition, our landscape maintenance contracts now have specific provisions on how to properly dispose of green waste in order to divert it from landfills.

Benchmarking

We completed our pilot building energy- and water-consumption benchmarking program in 2015. This program enabled a better understanding of the type of data and presentation methods needed for our Portfolio Maintenance Directors (PMDs) to make informed decisions. In 2016 we will use these valuable lessons to create a cross-portfolio benchmarking report for the PMDs. We plan

ENERGY LABELING 100% INTEGRATED



We have now fully integrated energy labels into the new development lease-up process. We rolled these labels out to all new lease-up communities in 2015 and have now deployed 37, with another 15 to be deployed during 2016.



CALIFORNIA WATER SAVINGS TASK FORCE

In response to the ongoing drought in the West, we formed a cross-functional task force. This group led a series of initiatives to reduce water consumption at our communities in California, and we saw a **12% year-over-year drop** as a result. The task force focused on:

- Retrofits that included weather-based irrigation and a complete replacement of common-area fixtures with more efficient ones; this will finish by the end of 2016
- Changes related to landscaping and water use (e.g., no power washing sidewalks) that we communicated to both our associates and our landscaping and pool contractors
- Associate and resident education and communications
- Improvements to our construction standards for low-flow devices, including making waterless urinals in common areas and front-load washers in apartment homes standard
- Analysis and study of a large-scale turf replacement pilot to be completed in 2016



SUSTAINABILITY AWARD

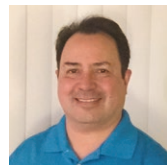
The semi-annual Sustainability Award honors AvalonBay associates who contribute substantially to our environmental efficiency efforts. We were pleased to honor the following individuals and teams in 2015:

INDIVIDUALS

We honored two individuals for environmental sustainability improvements they made to their communities in 2015:



Elizabeth Murak
Community Manager
Avalon Northborough
Massachusetts



Pepe Ramirez
General Manager,
Maintenance
eaves Mountain
View at Middlefield

RANCHO PENASQUITOS TEAM

The team at eaves Rancho Penasquitos, in San Diego, CA, went above and beyond to ensure the community was the most energy efficient. They took sustainability to the next level by resetting the lights for daylight savings, changing all common area and underground light fixtures to LED, installing low-flow faucets in common areas, replacing paper towels with hand dryers, reducing watering to three days a week, adding more recycling bins, raising the temperature to 78° in all vacant units, making sure all lights were off at the end of the day in all vacant units and installing motion sensor detectors in the common areas to save electricity.



HAYES VALLEY TEAM

The efforts of the Avalon Hayes Valley team in San Francisco, CA, led to our first-ever LEED Platinum—certified community. Their work to obtain this certification will lead to a significant reduction in energy costs for residents and the company. In achieving certification, Avalon Hayes Valley scored extremely well in both water efficiency and energy and atmosphere, allowing it to exceed California's requirements in this area by over 28%.



to launch this in late 2016 with a large-scale pilot, followed by full implementation in 2017.

Green Cleaning

In 2015 we expanded our green cleaning pilot to a large portfolio of communities in Northern California. The initiative will be completed mid-year 2016. These pilot communities will be testing the use of concentrated cleaning mixes, which reduce the amount of energy and packaging needed to transport the supplies.

Indoor Air Quality

All new AvalonBay communities are smoke-free in all common areas and apartment homes.

Redevelopment

Our redevelopment team continues to integrate sustainability into every project. This year we mandated an energy audit at the planning stage of each project. These audits will identify opportunities for energy and water conservation.

REDEVELOPMENT IN 2015

- We completed the redevelopment of four apartment communities, representing more than 1,144 apartment homes and a capital cost of \$59.5M.
- By year-end we had another 18 communities under redevelopment, representing \$244M in capital cost.
- Several significant redevelopments included components that improved the energy efficiency of the communities. This integration of sustainability and redevelopment is paying off, as we saw an 8.1% drop in utility costs post-redevelopment in 2015.

Supporting Research and Standards

AvalonBay is proud to support industry research and participate in initiatives that foster environmental and building performance goals. In 2015 we:

- Served on the National Green Building Standard's task force for multifamily projects to update the ICC/ANSI standard for the 2016 edition; this edition added requirements such as electric vehicle outlets and high-efficiency lighting to the new standard
- Served on the Real Estate Roundtable's Sustainability Policy Advisory Committee
- Provided input to the Sustainability Accounting Standards Board as they create standards for the infrastructure sector

“OVER 275 ASSOCIATES TOOK PART IN OUR 2015 ENVIRONMENTAL AWARENESS CELEBRATIONS”

Associate Environmental Awareness

Progress on our environmental sustainability initiatives is greatly enhanced by an ongoing, robust associate awareness and education campaign. Throughout the year we engaged our associates in both fun and educational events, including a company- and community-wide Earth Day celebration. Over 275 associates took part in our 2015 environmental awareness celebrations. Through a webinar entitled Toxins: Are We Poisoning Ourselves?, associates learned about the potentially harmful chemicals that can be found in our food, clothing and environment. At our Customer Care Center (CCC), associates participated in a scavenger hunt and passed out tree seedlings. Associates at our headquarters participated in an e-cycling drive. We also awarded prizes for the best individual and community “acts of green.”

EAVES DUBLIN

NORTHERN CA



- Replaced lighting and fixtures with LED lamps in the apartment homes, leasing office and fitness center
- Replaced roofs with more efficient materials; recycled existing shingles
- Replaced condensers, hydronic heat coils and air handlers in all apartment homes
- Replaced all water heaters eight years or older with more efficient versions

Year Built	1989
Apartment Homes	204
Total Redevelopment Investment	\$8,700,000

AVALON PLAYA VISTA

LOS ANGELES, CA



- Upgraded approximately 1,000 lamps to LEDs in common areas
- Enhanced landscaping to include drought-resistant plant material, converted irrigation to a drip system and installed a weather-based irrigation system
- Installed motion-detecting faucets and low-flow toilets in common-area restrooms

Year Built	2005
Apartment Homes	309
Total Redevelopment Investment	\$1,500,000

AVA PACIFIC BEACH

SAN DIEGO, CA

- Replaced fixtures with LEDs in common areas and the pool, and installed model-minders and other motion sensors
- Replaced mechanical systems with more efficient equipment, including 196 through-wall air conditioning units, nine boilers and the entire HVAC system in the leasing office
- Replaced common-use washers and dryers with energy-efficient models and installed 728 low-flow toilets
- Replaced all refrigerators and dishwashers with Energy Star-rated appliances
- Enhanced landscaping to include drought-resistant plant material and built four new recycling centers



Year Built	1969
Apartment Homes	564
Total Redevelopment Investment	\$23,600,000

GOING PAPERLESS

AvalonBay launches project to go digital with all job site communications.

New digital-plan-room software eliminates hard-copy sets of drawings. At each AvalonBay construction site, project managers can review, mark-up and stamp all documents electronically, enhancing productivity, collaboration and communication among team members. This change will also facilitate collaboration with third-party architects and engineers.



EXCELLENCE IN RECYCLING

Avalon at Grosvenor Station in Bethesda, MD, received an Excellence in Recycling Award from Montgomery County. This award is given to multifamily properties that display outstanding efforts in promoting recycling, reducing waste and buying recycled products and materials.



CERTIFIED SUSTAINABLE PROGRAM

In 2015 we launched the Certified Sustainable pilot program to award an internal green certification to existing communities that are not likely to achieve any third-party environmental certification. Eighteen communities participated in the program, achieving certification levels from Bronze to Platinum. As a result, we saw significant benefits in building performance—for example, at eaves Rancho Penasquitos in the San Diego area, we saw an 11% reduction in electricity consumption, a 9.2% reduction in gas consumption and a 10.6% reduction in water consumption.



Chief Investment Officer Matt Birenbaum awards the team at eaves Los Feliz with our highest internal green certification, Platinum.

AVALON WHARTON WINS TWO PRESTIGIOUS ENGINEERING AWARDS

Now a community of 247 apartment homes in Wharton, NJ, Avalon Wharton used to be an abandoned ore mine. Through complex engineering and geotechnical efforts, the mine was remediated and the site developed into a community. This project has received two prestigious awards:

Distinguished Award for mine remediation—awarded by the American Council of Engineering Companies, New Jersey chapter.

Award for Excellence for Best Engineering Design—site design for multifamily/mixed-use housing awarded by the Metropolitan Builders & Contractors Association of New Jersey.



33% fewer weekly trash pickups. Avalon First & M in Washington, DC, reduced their weekly trash by recycling clean cardboard. By taking advantage of the program, they saved their community over \$14,500.



Environmental Performance

GRESB Benchmarking Data

AvalonBay's Global Real Estate Sustainability Benchmark (GRESB) scores improved significantly this year, and we were named a sector leader and were awarded two Green Stars by GRESB.

CDP Disclosure

We were pleased to see our Carbon Disclosure Project (CDP) ratings increase significantly in 2015, going from 75 to 95 in disclosure and D to C in performance. We will again report publicly in 2016 and will have our data independently verified as well. Our CDP response can be found here: cdp.net/en-US/Pages/CDPAdvancedSearchResults.aspx?k=avalonbay.

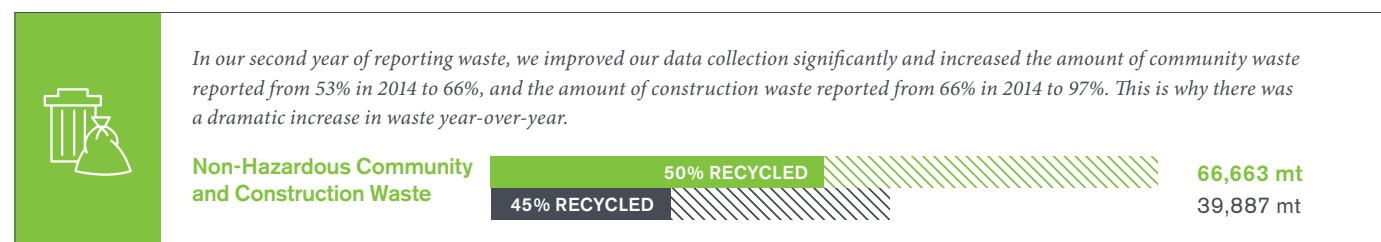
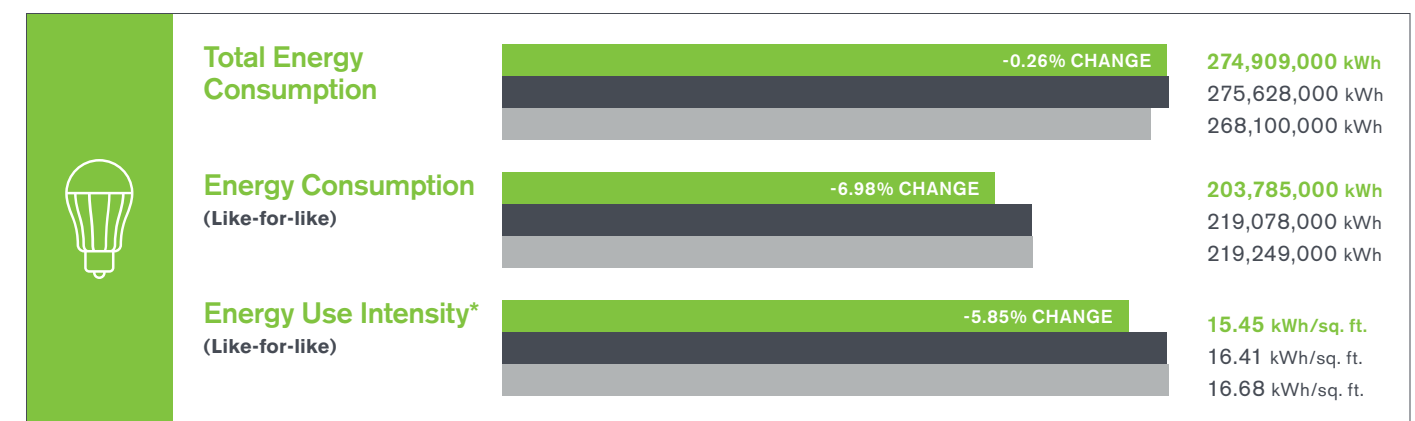
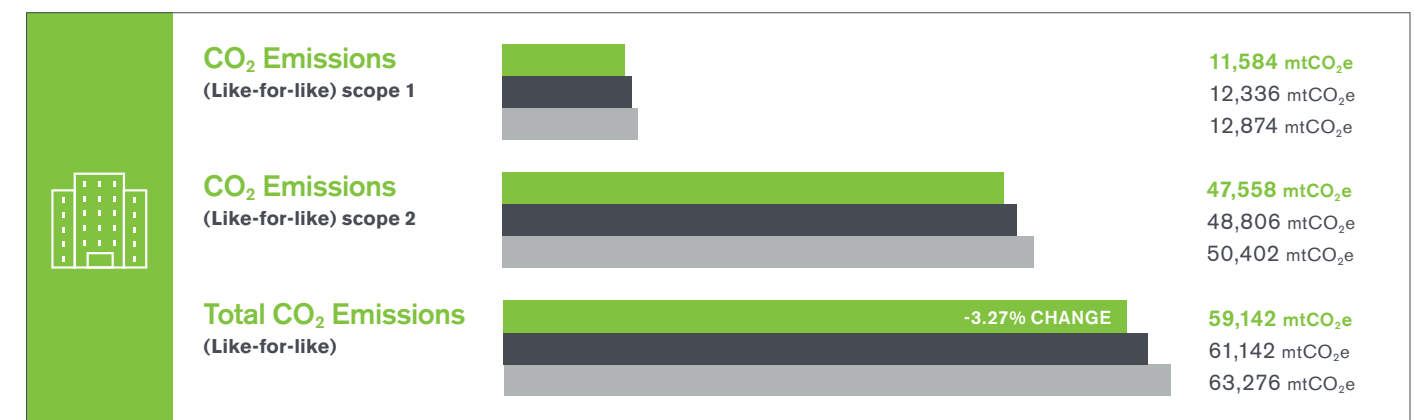
2015 Energy and Water Performance

In 2015 we continued to improve the precision and quality of our data, working with both our utility billing vendor and independent verifier to improve the accuracy of our data. We continue to weather- and climate-normalize the data, using the Energy Star Portfolio Manager methodology.

As a result of additional data and our independent verification by LRQA, we are restating our 2013 baseline and 2014 numbers for total energy, water consumption and emissions. With respect to energy, this is because we were billed for additional 2014 consumption in early 2016, and we were not previously accounting for number 2 fuel oil. In addition, we are now accounting for our vacant apartment consumption. With respect to water, this is because we did not have complete data for our AVA Little Tokyo lease-up at the time of reporting in 2015, and we do now. In addition, we were able to get more complete data at our AVA Back Bay and Prudential Center properties in Boston.

We also realized we were incorrectly calculating the square footage used to determine our EUI. Consequently we are restating the EUI values for 2013 and 2014. The percentage drop remains the same.

Finally, we have added the water, energy and emissions data for our construction operations this year, going back to the 2013 baseline. This data is reported separately from our community consumption.



■ 2015 ■ 2014 ■ 2013

*We calculate the energy use intensity on properties that have energy usage turned on for a full two-year period in those areas that we operationally control. The consumption is then weather-normalized and divided by the square footage of those areas. 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.

COMMUNITY



VISION MAKING OUR VALUES VISIBLE

ACTION BRINGING STRATEGIC PHILANTHROPY TO SCALE

2015 was a year for bringing strategic philanthropy to scale. More importantly, it was a year for making visible our core value of a spirit of caring and strengthening commitments that lead to real impact for our philanthropic partners and their missions.

Building Strong Communities: Our New Approach to Strategic Philanthropy

2015 was the first full year of our strategic philanthropy program. *Building Strong Communities* focuses our corporate giving on a few key issues, including disaster preparedness (for both our residents and associates), affordable housing and support for the disadvantaged. We gave back \$1.1 million in cash and in-kind donations through this new program, accomplished primarily by forging a strong partnership with the American Red Cross and over 25 regional nonprofit organizations.

The committee of senior executives guiding this initiative includes the CEO, Chief Investment Officer, Senior Vice President of Brand Strategy and Marketing, Senior Vice President of Human Resources, Chief Administrative Officer and Senior Director of Corporate Responsibility. In addition, within each region, the development and residential services leadership teams have worked together to create a strategic regional community investment plan and partnering approach. Highlights from the 2015 program include:

American Red Cross Partnership

Our partnership with the American Red Cross resulted in four major events designed to support the mission of the Red Cross and better prepare our associates and residents for disasters large and small.

Community Preparedness Week

In 2015 we launched an annual, week-long series of events aimed at improving disaster preparedness. We held events at our communities and sent email communications aimed at better understanding Red Cross disaster resources to residents and associates. At the end of the week, we distributed “fire safety tips” door hangers to the over 80,000 apartment homes in our portfolio.

Associate Education on Disaster Preparedness

We partnered with the Red Cross to hold two webinars, attended by over 500 associates. The first, *Preparing Collectively: AvalonBay Community Preparedness Training*, introduced associates to the key elements of disaster preparedness and Red Cross resources. The second, *Dealing with Emotional Distress During Disasters: Psychological First Aid*, taught our associates various methods for dealing with an often-overlooked component of disasters: the immediate emotional impact of tragedy.

CPR Classes

Throughout 2015 we hosted CPR classes across AvalonBay, which resulted in 261 Citizen CPR-trained associates and 48 Adult First Aid/CPR/AED-trained associates. In 2016 we aim to have at least one CPR-certified associate at every AvalonBay community and regional office.

PROUD PARTNERS

OF THE AMERICAN RED CROSS



AvalonBay is proud to support the mission of the Red Cross. Our partnership resulted in four major events in 2015 and is part of a four-year, \$1M commitment.



BLOOD DONATIONS

SAVING LIVES WITH EACH PINT

Throughout the year we hosted over 30 blood drives that resulted in 558 pints of blood donated with the potential to save over 1,670 lives. In 2016 we aim to double our commitment and donate over 1,000 pints of blood.



REWARDING COMMUNITY SERVICE



"It makes me proud that while this act of kindness and caring shows great sensitivity, it is not an uncommon situation that happens within the culture we have all created together."

SPIRIT OF CARING AWARD

Pam Widgeon's concern for fellow associate illustrates our spirit of caring culture.

When Pam learned that a teammate's home air conditioner wasn't working, she became concerned — Virginia Beach was experiencing extreme heat at the time. Pam took it upon herself to approach her teammates at the CCC with a solution — that everyone contribute to buying a new air conditioner for their colleague. With contributions from eight others, a new air conditioner was purchased and delivered to the associate's home, providing quick relief.

SPIRIT OF CARING MONTH

In 2015 we focused the Spirit of Caring Month on the strategic partners supported by the *Building Strong Communities* program.

55 NONPROFITS SUPPORTED

262 DONATION DRIVES FOR PARTNERS



2,256 HOURS VOLUNTEERED

91 VOLUNTEER EVENTS

BUILDING STRONG COMMUNITIES AWARD

We launched our first *Building Strong Communities* Award to recognize associates who have demonstrated a commitment to giving back. From over 25 nominations, nine winners were chosen and received an all-expenses paid trip to join their colleagues and AvalonBay leadership at the American Red Cross Salute to Service Gala in Washington, DC.



Our winners (pictured top to bottom) were Daniel Cobar, Gregory Scarlato, Donna Gill, Wendy Cuyiel, Meighan McNally, Ken Burlile, Todd Geiwitz, Wendy Davis and Paul Monterroza.

ENGAGEMENT

With the launch of *Building Strong Communities*, we significantly enhanced our regional efforts. Each region selected a set of partners that relate to our overall focus on affordable housing and support for the disadvantaged.

PACIFIC NORTHWEST

Hopelink has been a Seattle-region partner for many years now. Providing support to homeless and low-income families, children, seniors and people with disabilities, one of their many services is their food banks. Our Pacific Northwest communities helped their donation drives and collected over 1,200 pounds of food. Associates then volunteered their time to help sort over 4,000 pounds of food.

Partner Organization

- Hopelink



CUSTOMER CARE CENTER

In December 2015 the CCC was awarded the Hampton Roads Corporate VOLUNTEER Council (HRCVC) Member Company of the Year by VOLUNTEER Hampton Roads. This award honors a company's overall employee volunteer efforts, including community service projects, program policies and the corporate vision that supports these activities. Emphasis is placed on active volunteer service versus solely philanthropy and the company's leadership in events throughout the year. The CCC logged over 1,200 hours of volunteering and coordination throughout 2015, amounting to approximately 5.72 hours per associate.

Partner Organizations

- ForKids
- Hampton Roads Corporate VOLUNTEER Council
- Roc Solid Foundation



NEW JERSEY

In 2015 a group of 25 New Jersey associates showed their support for The Center for Great Expectations (CGE). In addition to this volunteer event with CGE, each community in New Jersey was empowered to choose a local charity and plan a volunteer event for their entire team. Throughout September, teams participated in events like walking for autism, hosting bingo at a senior citizens home, holding a pet adoption event and rebuilding homes impacted by Superstorm Sandy.

Partner Organization

- The Center for Great Expectations

ARLINGTON/MID-ATLANTIC

During AvalonBay's annual Spirit of Caring Month, the Mid-Atlantic region participated in 20 different volunteer events with our partners. On September 11, 2015, over 60 associates dedicated close to 300 volunteer hours to our partner Arlington Partnership for Affordable Housing (APAH). Activities during this 9/11 Day of Service included a community and playground clean-up, hallway and stairwell painting, and building planter benches for APAH's residents to enjoy.

Partner Organizations

- ACE Mentor Program
- Arlington Free Clinic
- Arlington Partnership for Affordable Housing
- Doorways for Women and Families
- Habitat for Humanity of Washington, DC
- Veterans on the Rise



BOSTON

Rosie's Place, our regional partner in Massachusetts, was founded in 1974 as the first women's shelter in the United States. Our Boston regional office and 15 of our Boston-area communities showed our support through not only funding but in-kind donations too. Our sister properties Avalon at Prudential Center and AVA Back Bay collected over 60 boxes of donations alone, and a group of associates dedicated over 40 volunteer hours to preparing, serving and cleaning up lunch at the shelter.

Partner Organizations

- Caritas Communities
- HomeStart
- Rosie's Place
- Somerville Homeless Coalition



NORTHERN CALIFORNIA

The team at Avalon Walnut Creek in Walnut Creek, CA, found a creative way to give model apartment furniture a new life and support the mission of the Red Cross. Residents bought nearly new furniture, raising over \$7,600 for the Red Cross.

Partner Organization

- Housing Industry Foundation



SOUTHERN CALIFORNIA

AvalonBay donated in support of the revitalization of the LA River — one of the most visionary and forward-thinking projects in Los Angeles's history. This is an investment in finding the most innovative ways to reclaim water, improve the quality of life in LA neighborhoods and sustain natural habitats.

Partner Organizations

- California Community Foundation
- Families Forward
- Habitat for Humanity
- West Hollywood Community Housing Corporation



CONNECTICUT & NEW YORK

The Connecticut team supported the Connecticut Food Bank’s Kids’ BackPack Program. We filled 960 bags of food for kids who would otherwise go hungry over the weekends. In addition, we delivered 113 pounds of non-perishable food items, which will be distributed by the Connecticut Food Bank to many food pantries in need all over the state. Finally, the team doubled-down on in-kind donations and reached an office goal of donating \$1,000 to a virtual food drive set up with the food bank.

Our regional Long Island team supported the local YMCA Operation Backpack, designed to give less fortunate kids a backpack full of supplies at the start of the school year.

Partner Organizations

- Common Ground
- New Destiny Housing
- Habitat for Humanity
- Phipps Community Development Corporation



Hi all,

I wanted to take a moment to thank you! It’s a truly humbling experience to give a grown man a backpack for his child. The range of emotions we have seen in the past few days has been incredible. One gentleman was so touched he ran home and gave it to his daughter before she went to sleep. They live in a one-room apartment, and she started kindergarten this month with no school supplies. Moved to tears, he spoke in group about how he was given his pride back tonight. We know it wasn’t his pride, but his dignity. Thank you for giving us the opportunity to give people dignity.

You not only are impacting lives but elevating them. Thank you not only for our experience but also for the experience of those who are receiving a life-altering bag of goodies.

Have a blessed night!

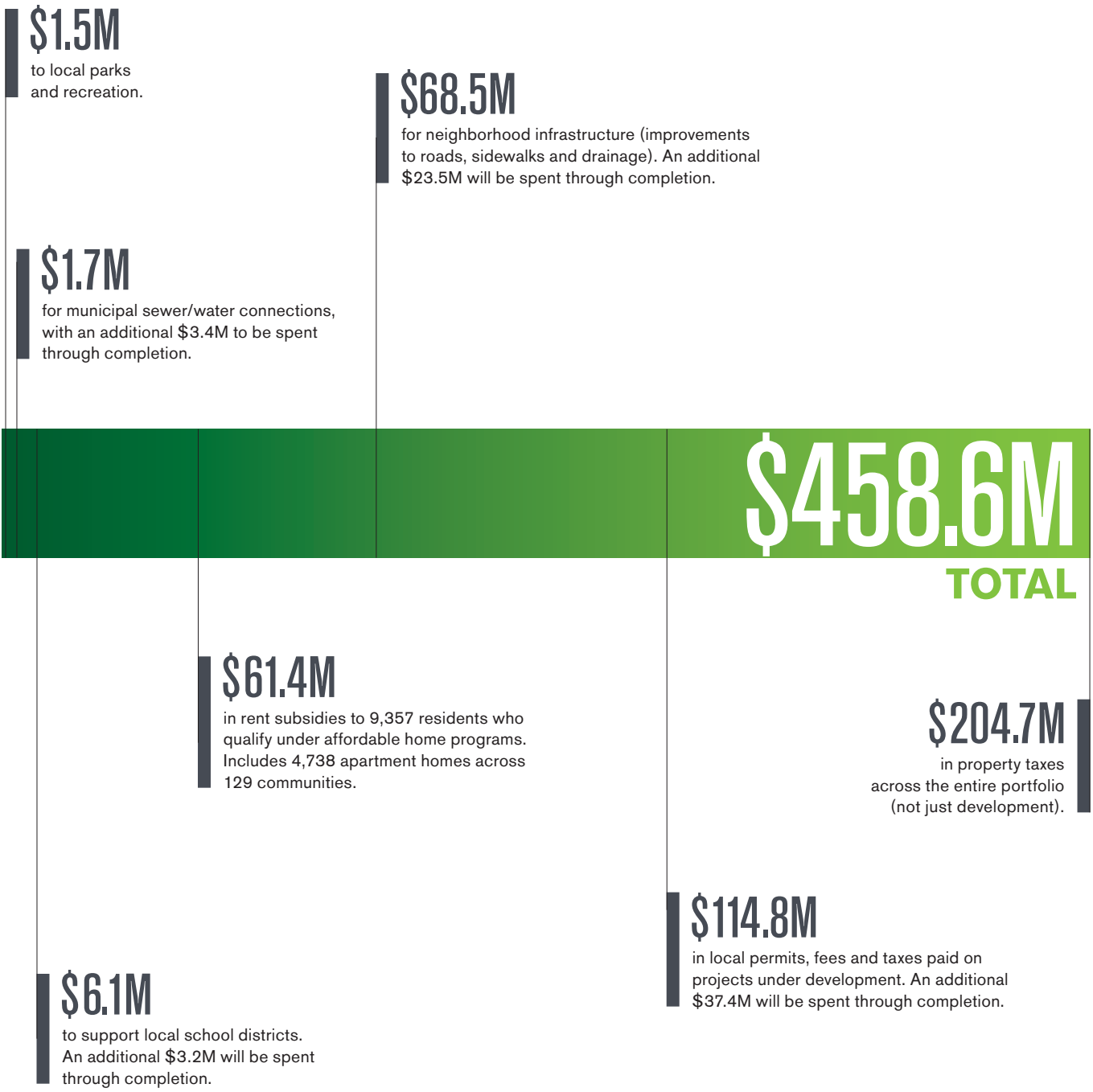
—Stacey—



As We Build, We Invest

Projects Under Development

In addition to our philanthropic commitment to giving back through *Building Strong Communities*, we make significant investments in community infrastructure and services as we build and redevelop our communities. The following investments are for projects under development in 2015.



ASSOCIATES



VISION TO BE THE LEADING APARTMENT COMPANY IN SELECT US MARKETS

ACTION ATTRACT, DEVELOP AND RETAIN THE BEST ASSOCIATES IN THE INDUSTRY

Our purpose is creating a better way to live. Our vision is to be the leading apartment company in select US markets by providing distinctive living experiences that customers value. We cannot achieve our vision or purpose without supporting the growth, development and engagement of our associates. They are the foundation of our success and the core of our culture. This section outlines our efforts to recognize their tremendous contributions.

Culture Is Crucial

We believe that our culture is a competitive advantage that sets us apart. In addition to our core values—a focus on continuous improvement, a spirit of caring and a commitment to integrity—we have identified six cultural norms that those who succeed at AvalonBay demonstrate.

We Collaborate

We solve problems together in the best interests of all AvalonBay stakeholders—our customers, associates, shareholders and communities. In making decisions, we consider other perspectives and listen to each other, our customers and the market. We share our time and knowledge with each other, and we actively seek ideas and support from others.

We Show Appreciation

We recognize and reward excellent performance, celebrating successes of all sizes in all areas. We provide open, honest feedback, and we acknowledge the contributions of others.

We Excel

We expect the best from ourselves and our colleagues. By being highly engaged in this way, we produce outstanding results. We are motivated self-starters who care and work intensely for AvalonBay's success.

We Innovate

We challenge convention and recognize problems as the seeds for innovation. We generate new ideas, offer better solutions and embrace change at all levels. Knowing that not all ideas will work, we test new concepts before implementing them full-scale, and we discuss and learn from our failures.

We Act Like Owners

We use the company's resources responsibly. We take smart risks by weighing the pros and cons of decisions, and we take ownership of and accountability for our choices and actions. We act in ways that focus on creating value for our customers, investors and associates.

We Are Thoughtful and Thorough

We use reliable data and sound judgment when making decisions and taking action. That means we do our homework and avoid jumping to conclusions. We plan well, think about the big picture and evaluate the consequences of our decisions in order to best manage risks.

Learning and Development

AvalonBay is committed to the professional development and career advancement of our associates. We do this, in part, through performance and career development reviews, in-house training, tuition reimbursement and scholarships.

- Our in-house training platform, AvalonBay University, is available to all associates and offers over 350 courses providing technical, management and compliance training.
- Associates completed over 104,000 hours of training in 2015, equivalent to approximately 35 hours per associate.

Department	Hours
Construction	2,251
Corporate	3,801
Development	340
RS On-site	72,448
RS Overhead	2,694
CCC	22,466
Total	104,000

- Of the total training hours completed, 37% were on the job in an effort to enable our associates to apply what they've learned in real-world situations.
- We conducted over 46,000 hours of classroom training as part of our effort to facilitate more live interaction and role-based training experiences.
- It is our policy that every full-time associate has a performance and career development review with their manager at least annually.

We completed a significant upgrade to our learning management system in 2015, giving the company new knowledge-management capabilities. The new system offers social features, vastly improved user-friendly navigation and the ability to create "video channels" to augment traditional learning with newer formats.

MANDATORY CYBER-SECURITY TRAINING

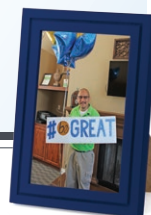
All AvalonBay associates took mandatory cyber-security training in 2015. The course is designed to help associates identify and avoid common computer and network security risks, understand how security breaches can affect the viability of the company, avoid unnecessary security risks and understand how to utilize available computer and network security resources.

AvalonBay continues to support external learning and continuing education through tuition assistance. This program helps full-time associates pay for undergraduate or graduate degree programs at licensed, accredited educational institutions as well as coursework leading to professional certifications/designations.

In addition, AvalonBay has donated funds to support the Blair Family AvalonBay College Scholarship and the Dick Michaux Scholarship.

GREAT CUSTOMER SERVICE AND SALES EXCELLENCE

In 2015 we rolled out two significant training programs: GREAT Customer Service and Sales Excellence. Our GREAT Customer Service training empowered and energized over 2,100 on-site associates as well as our Customer Service Operations associates at the Customer Care Center to deliver exceptional customer service experiences. Our new Sales Excellence training provided over 1,000 sales associates with the skills and knowledge to create a more productive and comfortable leasing experience for each potential resident by understanding and addressing their needs and wants.



GREAT TRAINING



We conducted over 46,000 hours of classroom training as part of our effort to facilitate more live interaction and role-based training experiences.



“OUR JANUARY 2015 ASSOCIATE ENGAGEMENT SCORE PLACED US IN THE TOP 10% OF COMPANIES”

Associate Engagement

Our January 2015 associate engagement score placed us in the top 10% of companies, as measured by our survey vendor. We achieved a 91% survey participation rate and an overall engagement score of 81%. We continued to focus on associate engagement by reinforcing our strong culture and commitment to our core values and cultural norms. We have also enhanced our leadership and management development programs to help our managers provide an even more supportive and motivating environment for our associates. A full accounting of current engagement numbers and data can be found in our 2014 CR report, published in 2015. We will conduct our associate engagement survey again in 2016.

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, dental 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
- Sabbatical program
- Housing discount
- Adoption assistance (new in 2015)
- Employee stock purchase program

- Career development
- Pretax transportation/commuter benefits

Part-Time Associate Benefits

- Dental and vision
- 401(k) enrollment and matching
- Employee stock purchase program
- Transportation benefits
- Domestic partner benefits

CHANGES IN 2015

- Outcome-based wellness program — AvalonBay supports a healthy workforce and implemented an outcome-based wellness program. Associates now receive higher wellness incentives by improving their biometric numbers and actively participating in wellness activities such as challenges and community runs, and by adopting a healthy lifestyle.
- Adoption assistance program — AvalonBay added an adoption assistance program, which provides associates the ability to receive reimbursement of up to \$5,000 per adoption.

AVALONBAY CARES WELLNESS CAMPAIGN

The AvalonBay Cares Wellness Campaign was developed to promote well-being and to reward associates for taking steps toward improving overall health and leading a healthier lifestyle. We are helping associates achieve this through a biometric screening, personal health assessments, and resources and incentives to promote healthy choices.



AFFORDABLE CARE ACT COMPLIANCE

As required by the Affordable Care Act, Form 1095-C is provided to associates, which summarizes information about the health insurance coverage offered to associates and their dependents.

Rewards and Recognition

Through our associate recognition program, 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 AvalonBay's environmental sustainability by developing effective approaches that impact the overall company or individual communities



Destination Award

We also recognize the achievements and exceptional contributions of our associates through the Destination Award. Selected associates are awarded a trip for two to a luxury resort destination. The award has been a meaningful and memorable way to acknowledge associates who go above and beyond.

Kudos

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

Health and Safety

In 2015 we continued to increase investment in an Incident and Injury-Free™ (IIF) workplace as part of our focus on health and safety.

Expanding AvalonBay's Safety and Health Staff to Match Company Need

Expanding the number of safety professionals within the AvalonBay organization was a crucial step in meeting the needs of our associates. In 2015 we hired five safety and health professionals, bringing the total number to seven. Five professionals are regional safety managers and two are construction project safety managers. The regional safety

AvalonBay Safety and Health Skills and Qualification Summary	
Qualification/Certification/Skill	No. of AVB Safety and Health Professionals
Certified Safety Professional®	1
Certified Health and Safety Technologist®	4
Safety Trained Supervisor — Construction	4
Licensed (NYC) Safety Manager	3
Licensed (NYC) Fire Safety Manager	4
Bilingual — English/Spanish	4
Authorized OSHA Construction Safety Outreach Trainer	6

managers are based in larger regional offices. Our project safety managers support high-rise and high-risk construction projects.

We are committed to supporting an active safety and health department. In 2015 AvalonBay was recognized by the Board of Certified Safety Professionals for support of the Safety Trained Supervisor certification. The Associated Builders & Contractors trade organization recognized the AvalonBay safety and health program with a Bronze Achievement Award.

Incident and Injury-Free Workplace Safety Culture

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

In 2015 AvalonBay retained JMJ Associates, the leading IIF consulting firm, to assist in developing leadership around safety within the AvalonBay organization. AvalonBay and

JMJ conducted two 2-day-long commitment workshops as part of the initial engagement of the IIF effort. Each workshop was attended by over 50 AvalonBay associates. The commitment workshop conducted in December 2015 was attended by CEO Tim Naughton along with all AvalonBay EVPs.

JMJ Associates was initially engaged to assist AvalonBay construction with its IIF journey. Their scope was quickly expanded to address the hazards faced by our residential services and maintenance associates. In late 2015 we launched coordinated IIF programs for residential services, safety and health, and AvalonBay construction.

AvalonBay developed a site safety orientation video to reinforce the concepts of IIF workplaces. Each construction worker, including employees of subcontractors, will view the video prior to working on an AvalonBay construction project. This video is in addition to the safety orientations required by federal and state regulations. We also produced a safety orientation video that will be viewed by all associates upon joining AvalonBay.

Safety by the Numbers

Our numbers remain well below the U.S. Bureau of Labor Statistics averages for multifamily real-estate companies.

Lost time (dart) rate	1.11
Medical treatment case rate	1.33
Total recordable case rate (per 100 workers)	2.44
Associate injuries requiring days away from work	41

Injury Metrics and Safety Performance Observation System

2015 was the first full calendar year using Origami as the AvalonBay incident reporting data system. Warehousing incident and injury data in one system allows for more timely injury reporting from our communities. The Origami system allows AvalonBay to conduct incident evaluation, including causes and trends, with the intent of focusing on solutions and preventing workplace injuries.

Making Our Hot Works Safer

In 2015 we decided to modify our approach to hot works in our community. We enacted a complete moratorium on our associates conducting hot works inside the building envelope of an AvalonBay community. Instead, we purchased press-fit technology and made it available to each community. With this tool, copper piping is no longer heated with a torch to make and seal a fitting. Instead, a special compression fitting is used and squeezed using a press-fit device—no heat source is required.

We completed a thorough revision of our hot works program, including:

- Revision of all hot works standard operating procedures
- Incorporation of NFPA 101 and NFPA 241 best practices
- Third-party training for all maintenance managers on hot works
- Development of authorized hot works users
- Development and launch of an electronic hot works permit system
- Vetting and approval of third-party contractors to conduct hot works in support of AvalonBay repairs where needed (e.g., when a job cannot be done with a press-fit tool)

Regulatory Activity

In 2015 AvalonBay construction sites were inspected by federal OSHA or state plan officials on 11 occasions. The sole citation received by AvalonBay was following the fire at the Edgewater, NJ, community. A settlement agreement was executed by OSHA, and AvalonBay agreed to a citation for failure to provide guards while conducting hot works and to pay a \$7,000 penalty.

9,046

hours of safety training completed

Includes OSHA training, construction safety training, GHS training, construction safety overview, safety risk management and safety orientation.



PEOPLE ARE THE FOUNDATION OF OUR

SUCCESS

Diversity and Inclusion

As of December 31, 2015

Included in this section is more detail on the makeup of our workforce.

Diversity and Employment Metrics

2,974
TOTAL EMPLOYEES

Employment by Gender

- Female: 1,121 (38%)
- Male: 1,853 (62%)

Workforce

- Full time: 98%
- And the average tenure for associates is 5.3 years

Turnover*

- 23% from 2011–2015
- Well below the National Multifamily Housing Council average of 29%

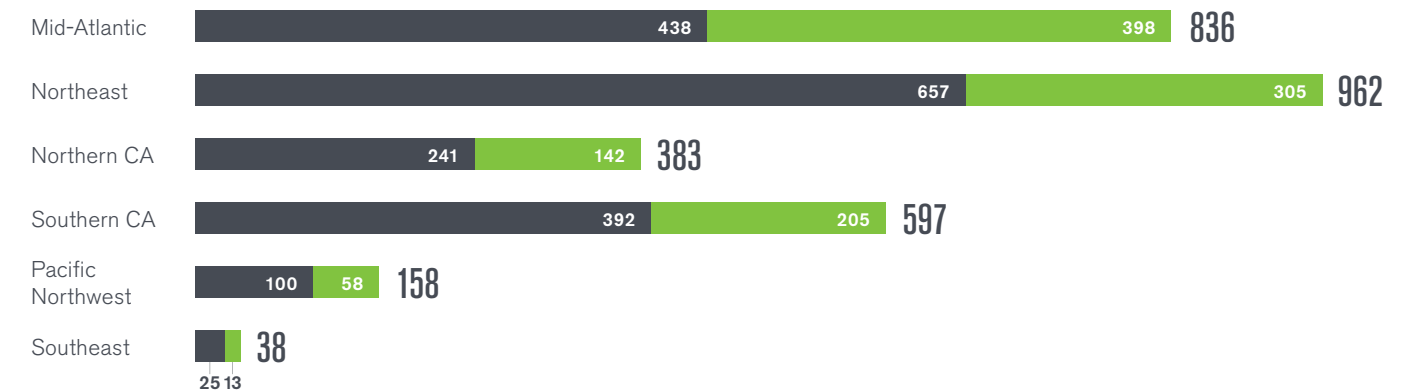
New Hires

- 873 total
- 52% of our new hires were non-white

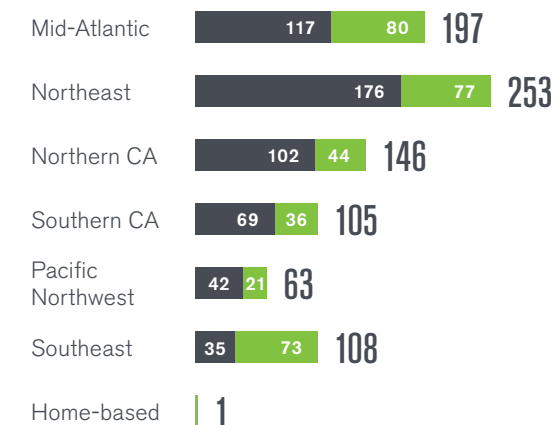
Total Employment and New Hire Data

■ Male ■ Female

TOTAL EMPLOYMENT BY GENDER AND REGION



NEW HIRES BY GENDER AND REGION



New Hires by Age

Age	Count	%
Under 30 years old	406	47%
30–50 years old	353	40%
50+ years old	114	13%
Grand total	873	100%

45%
White

45%
Non-white

62% MALE
38% FEMALE

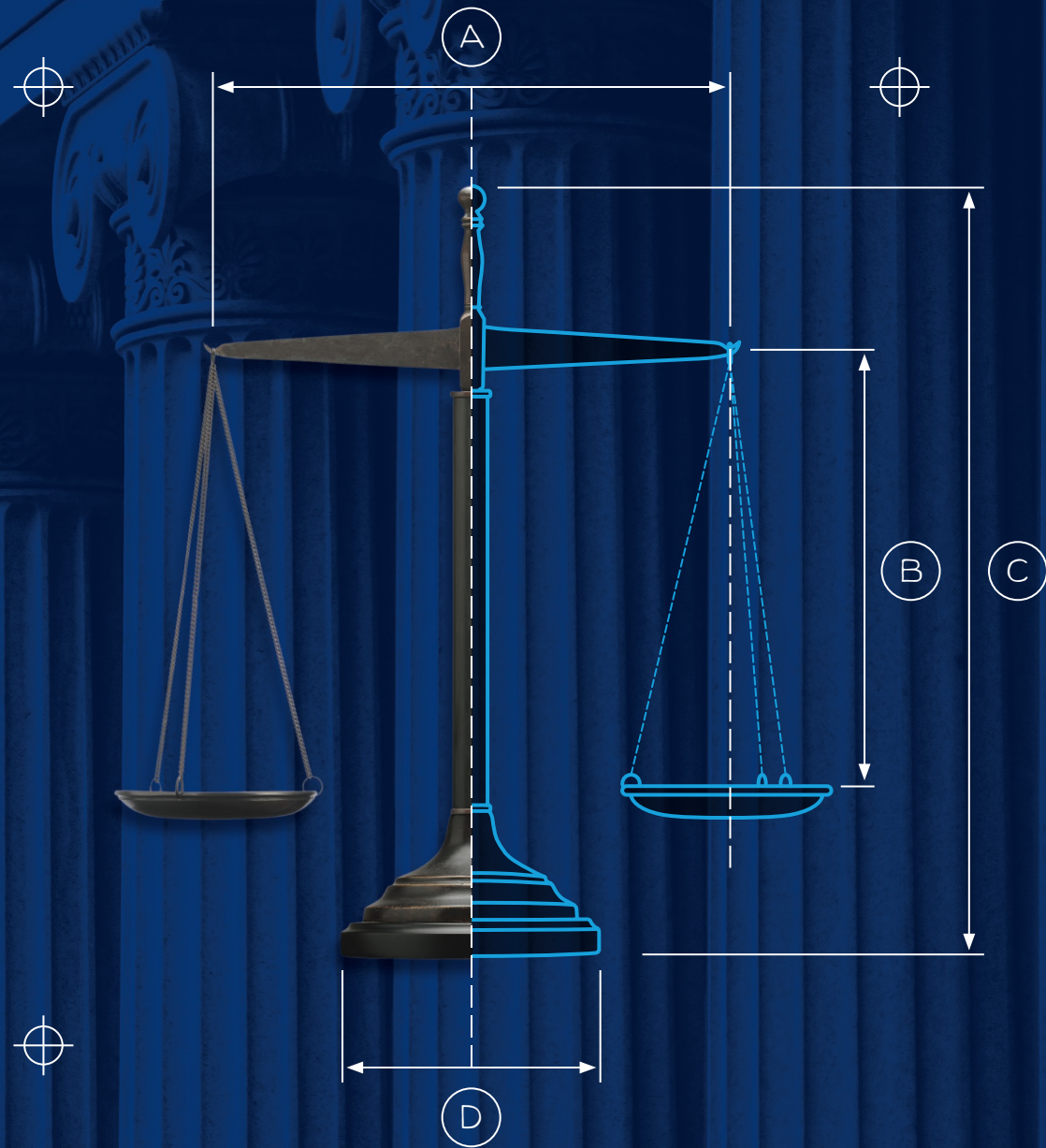
ETHNICITY

10% chose not to disclose ethnicity

NEW HIRES BY GENDER

*At AvalonBay, we ensure compliance with all applicable federal, state and local laws when decisions are made that impact our associates due to operational changes. Consistent with our core value of a spirit of caring, when we sell one of our apartment communities, eligible associates who do not stay with AvalonBay or accept an offer of employment from the buyer usually receive a severance package to assist with their transition out of the organization, and for those associates we also help subsidize their COBRA insurance premiums for a period of time, should they elect it.

GOVERNANCE & ETHICS



VISION	SOUND CORPORATE GOVERNANCE AND THE HIGHEST ETHICAL STANDARDS
ACTION	CONTINUALLY REINFORCE OUR COMMITMENT TO INTEGRITY AND SUPPORT STRONG ETHICAL NORMS

AvalonBay is committed to sound corporate governance practices and the highest ethical standards. Our Board of Directors includes nine members, eight 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
- Annual election of directors and majority voting in uncontested elections
- Policy on recoupment of incentive compensation (Claw Back Policy)
- Strong lead independent director position
- Director and executive officer stock ownership guidelines
- Director and executive prohibition against hedging, pledging or borrowing against company stock
- Policy regarding stockholder approval of future severance agreements
- 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
- As a publicly traded company, our financial statements undergo independent quarterly reviews and annual external audits prior to filing with the SEC
- Annual formal enterprise and fraud risk assessments, with results reported to the Board of Directors
- Policy on political contributions and government relations
- Responsible procurement principles

“MAINTAINING OUR HIGH STANDARDS OF ETHICS REQUIRES CONSISTENT ETHICAL BEHAVIOR BY OUR ASSOCIATES”

Governance Changes

On February 11, 2016, the company's Board of Directors amended the company's corporate governance guidelines to incorporate new term limit expectations that reflect

the board's view of the importance of board succession planning. Specifically, the corporate governance guidelines, as amended, express an expectation that (i) a director will not be re-nominated after the completion of 12 full years of service or within the several years that follow, (ii) the Lead Independent Director will serve in that role for approximately three to five years and (iii) committee chairs will serve for three to five years. In each case, the guideline is flexible and the exact timing for any transition will depend on the needs of the board at the time and the timing of identification and nomination of a successor. The board would not expect to apply this guideline to an employee director (at the present time, the only employee on the company's board is the CEO).

The board adopted a proxy access bylaw last year. The proxy access bylaw provides that, subject to the eligibility, procedural and disclosure requirements set forth in the bylaws, a stockholder or group of up to 20 stockholders owning 3% or more of the company's outstanding common stock continuously for at least three years can require the company to include in its proxy materials for an annual meeting director nominations for up to 20% of the number of seats on the Board of Directors before the nomination, rounding down to the nearest whole number, but not fewer than two nominees. Two or more funds that are part of the same family of funds under common management and investment control count as one stockholder for purposes of determining whether a group of stockholders exceeds 20.

Code of Business Conduct and Ethics

We believe it is critically important to maintain a corporate culture that demands integrity and reflects ethical values. Accordingly, significant resources are dedicated to ensuring 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 workplace issues and ethical matters. We adhere to a strict non-retaliation policy in an effort to protect any associate who makes a report in good faith. 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 annual 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 the organization recertifies all associates every two years. Associates in key business positions recertify on an annual basis.

- In 2015 AvalonBay associates completed 7,300 hours of training related to human rights, including courses on respectful workplace, anti-harassment, ethics and fair housing.
- 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.

Internal Audit

Our internal audit group, which consists of approximately 10 full-time equivalent associate positions, functions independently of the company and reports directly to the Audit Committee of the Board of Directors. Its staffing composition consists of a variety of professionally experienced, qualified and credentialed associates. All have accounting- or business-based bachelor's degrees, some possess master's degrees and the professional certifications consist of Certified Public Accountants, Certified Internal Auditors and Certified Information Systems Auditors.

The internal audit group performs continual independent reviews and audits of key business, operational, financial and information technology activities, including but not limited to development, construction, the Customer Care Center and individual community operations. The group reports its results to the Audit Committee and executive management. Audits of corporate processes such as payroll, cash management, benefits, marketing, the company's financial and IT segregation of duties controls, etc., are also conducted. Other key functions internal audit performs to support an ethical environment and the company's commitment to integrity include:

- Administering the company's annual Sarbanes-Oxley compliance process, including testing and verifying the design and effectiveness of more than 200 key financial-reporting-oriented internal controls and reviewing more than 50 process-owner quarterly and annual internal control/fraud attestations, the results of which support the SEC-required CEO/CFO internal control certification section of its financial statements
- Performing an annual entity-level control assessment based on the most current version of the Committee of Sponsoring Organizations' (COSO) internal control framework (which was recently updated by COSO)

- Conducting an annual fraud risk-assessment survey based on key risks identified in the Association of Certified Fraud Examiners' (ACFE) report to the Nations on Occupational Fraud and Abuse
- Performing an annual entity-level fraud control assessment based on the ACFE-recommended anti-fraud controls
- Taking an active oversight role in the company's IT infrastructure, controls, and system upgrades and implementations

Vendor Code of Conduct

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

- Accurate recordkeeping 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 develop a state-of-the-art software system to enhance transparency, controls and management capabilities in construction and development processes.

“WE EXPECT OUR VENDORS TO CONDUCT THEIR BUSINESS INTERACTIONS WITH INTEGRITY”

Responsible Procurement

We continue to make progress on the integration of our public, responsible procurement principles into business processes. In 2015 we completed the adoption of the principles in all vendor contract templates, thereby ensuring their use in all new vendor agreements. We began work on a mechanism for vetting new vendors against the principles. In 2016 we will develop a mechanism for auditing vendors on a periodic basis against the principles and ensuring compliance with their intent.

Information Security

In 2015 we hired a new security expert with over 14 years of experience in security and privacy innovation and operations to lead our information security team. Our new Director of Information Security will ensure our focus for 2016 continues to build upon existing AvalonBay IT investments while enhancing our capabilities to address security threats and business risk.

AvalonBay views information security as fundamental to business and information technology operations. Our Security Steering Committee meets regularly to discuss

evolving risks and includes members from internal audit, risk management, legal, information technology, and finance and accounting with senior executive sponsorship.

In 2015 we implemented a company-wide Security Awareness program, which includes an annual cyber-security training course, regular security testing of our associates and awareness materials to evolve our “human sensors” ability to detect and respond to threats.

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. Transactions that exceed certain size or return 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 Senior Director of Corporate Responsibility (SDCR) reports to our Chief Investment Officer (CIO) and leads both the environmental sustainability and strategic philanthropy programs for AvalonBay. The SDCR is responsible for:

- Implementing all CR programming and transparently reporting on progress
- Regularly reviewing CR objectives and the potential impacts of climate change on our business with the company's CIO
- Keeping an active watch for business-related CR risks and opportunities
- Providing an annual update on CR issues and progress to our Board of Directors and other senior officers and executives

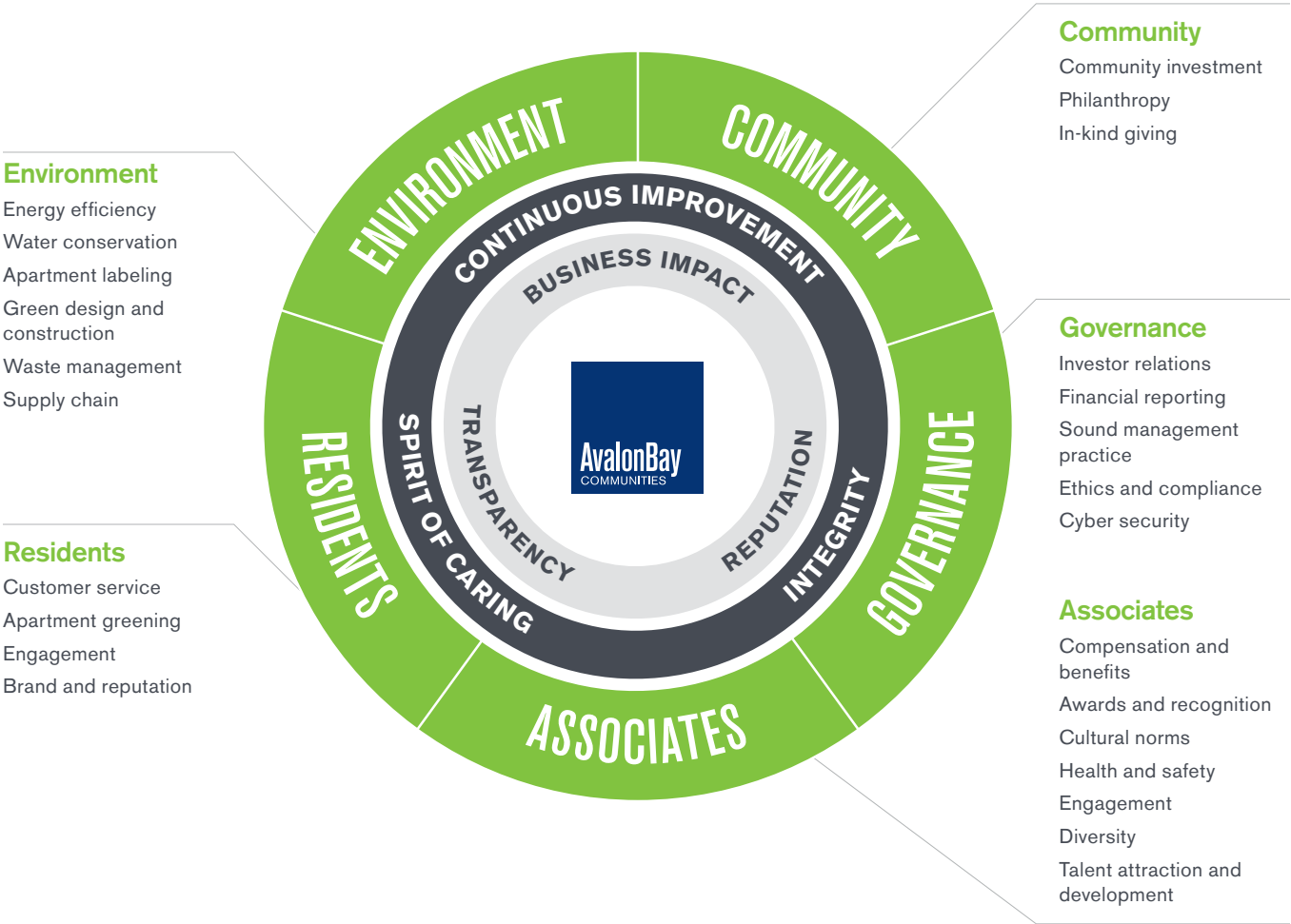
The process related to risk and opportunities includes integration of asset-level concerns and initiatives designed either to mitigate risks or take advantage of opportunities (or both) which are funded through maintenance Capex funds, redevelopment funds or a dedicated Sustainability Capex Fund.

We have adjusted our target payback period in 2015 for sustainability projects to six-and-a-half years, leading to a roughly 15% internal rate-of-return target on most projects. These projects often entail energy/water consumption reduction and reduction of our carbon footprint related to building construction and operation. The process for identifying risks/opportunities includes an annual survey of company officers and less frequent surveys of a wider group of company stakeholders, including customers, associates, suppliers and board members, among others.

DEMANDING

INTEGRITY

Corporate Responsibility Framework



CR GOVERNANCE STRUCTURE

CR governance includes the following deliberative bodies, all of which are chaired by the SDCR:

CR Forum

- A working team open to all associates
- Dedicated to advancing CR with discrete projects throughout the year and enables communication and dialogue with associates in each region in a variety of roles
- Meets every other month

CR Committee

- A select and smaller inter-disciplinary group representing multiple functional groups
- Responsible for implementing the CR strategy and steering initiatives throughout the year
- Meets every month

Philanthropy Committee

- Includes the CEO, Chief Investment Officer (CIO), Chief Administrative Officer (CAO), Senior VP of Human Resources and Senior VP of Brand and Marketing
- Steers our strategic philanthropy investments and *Building Strong Communities* program
- Meets three times a year

In addition, the CIO and SDCR engage in an annual dialogue with the Board of Directors and update the Nominating and Corporate Governance Committee. Progress against our 2020 goals is reviewed, and the board provides input on strategic direction.

Materiality Analysis

In 2015 we determined the CR factors of most significance to our stakeholders by conducting an in-depth materiality analysis. The set of stakeholders selected were associates, residents, suppliers, shareholders and our Board of Directors because they have a long-term, abiding stake in the company and/or directly impact our environmental, social and governance (ESG) progress. The results of the analysis are seen in the figure below.

Management Approach

Our materiality analysis is an important component of our approach to managing CR progress and reporting. In general, our management approach consists of:

- Determining materiality (based on internal and external stakeholder input) with periodic updates
- Establishing long-term goals aligned with our materiality analysis
- Establishing an annual CR plan that puts initiatives and strategies in place to achieve our 2020 goals

The mechanisms in place for monitoring the effectiveness of this approach include internal stakeholder feedback and benchmarking against industry peers. We also track progress and gaps against our submissions to external raters like GRESB and the CDP. Results are communicated to our associates via quarterly and departmental updates, and externally in our annual CR report.



- Internal group: directors, officers and Board of Directors
- External group: suppliers, investors, residents and local government/community
- Scores for each subgroup within internal and external groups given equal weight in combined results
- Top right quadrant represents most significant areas

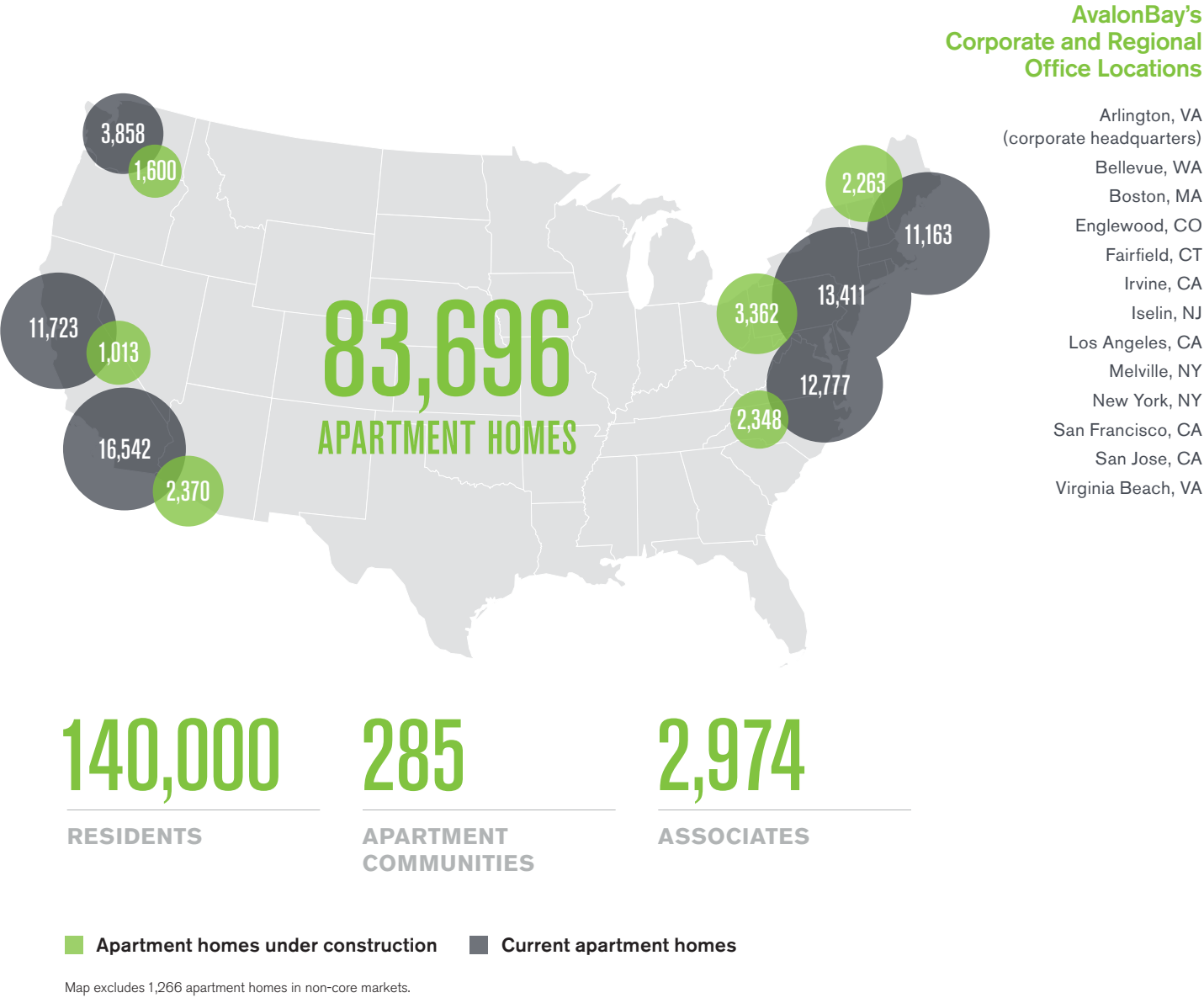
About AvalonBay

AvalonBay Communities, Inc. is an equity REIT (NYSE:AVB) with a long-term track record of successfully developing, redeveloping, acquiring and managing distinctive apartment homes in some of the best US markets.

As of December 31, 2015, the company owned or held a direct or indirect ownership interest in 285 apartment communities containing 83,696 apartment homes with more than 140,000 residents primarily in the

Northeast, Mid-Atlantic, Pacific Northwest, and Northern and Southern California. 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 2015, we employed approximately 2,974 associates.



Three-Year Snapshot

Economic (\$000)	2015	2014	2013
Operating revenues	\$1,856,028	\$1,685,640	\$1,505,795
Operating costs (excluding employee compensation)	\$340,981	\$311,473	\$310,118
Employee compensation	\$202,788	\$183,891	\$173,615
Property and other taxes	\$193,499	\$178,720	\$162,698
Dividends and interest	\$902,405	\$859,700	\$858,990
Retained earnings	\$216,355	\$151,856	\$374

Total Community/Apartment Count	2015	2014	2013
Number of properties	285	277	276
Number of apartment homes	83,696	82,487	81,500

Affordable Count	2015	2014	2013
Number of designated affordable homes	4,738	4,704	4,782

Construction Counts	2015	2014	2013
Properties under construction at year-end/homes	26/8,112	26/8,524	29/8,708
Completed properties at year-end/homes	13/4,170	17/4,121	12/2,871

Redevelopment Counts	2015	2014	2013
Properties under redevelopment at year-end/homes	10/3,245	8/2,938	3/1,126
Completed redevelopments at year-end/homes	4/1,144	5/1,887	6/1,997

Environmental Performance

Emissions	2015	2014	2013
Like-for-like CO ₂ emissions scope1 (mtCO ₂ e)	11,584	12,336	12,874
Like-for-like CO ₂ emissions scope 2 (mtCO ₂ e)	47,558	48,806	50,402
Like-for-like total CO ₂ emissions (mtCO ₂ e)	59,142	61,142	63,276
Percentage change (from previous year)	-3.27%	-3.37%	
Total CO ₂ emissions scope 1 (mtCO ₂ e)	17,448	17,601	17,632
Percentage change (from previous year)	-0.87%	-0.18%	
Total CO ₂ emissions scope 2 (mtCO ₂ e)	61,821	62,260	59,207
Percentage change (from previous year)	-0.71%	5.16%	
Total CO ₂ emissions (mtCO ₂ e)	79,269	79,861	76,839
Percentage change (from previous year)	-0.74%	3.93%	
Construction emissions (mtCO ₂ e)	9,235	9,940	7,034
Percentage change (from previous year)	-7.09%	41.31%	

Environmental Performance (continued)

Emissions (continued)	2015	2014	2013
Emissions intensity (mtCO ₂ e/FTE)	29.76	30.21	28.97
Emissions intensity (mtCO ₂ e/\$ revenue)	0.0477	0.0533	0.0557

Energy	2015	2014	2013
Like-for-like energy consumption (kWh)	203,785,000	219,078,000	219,249,000
Percentage change (from previous year)	-6.98%	-0.08%	
Total energy consumption (kWh)	274,909,000	275,628,000	268,100,000
Percentage change (from previous year)	-0.26%	2.81%	
Construction energy consumption (kWh)	28,442,000	31,119,000	17,960,000
Percentage change (from previous year)	-8.60%	73.27%	
Like-for-like energy use intensity (kWh/sq. ft.)*	15.45	16.41	16.68
Percentage change (from previous year)	-5.85%	-1.62%	

Water	2015	2014	2013
Like-for-like water consumption (Kgal)	2,763,274	2,855,003	3,044,032
Percentage change (from previous year)	-3.21%	-6.21%	
Total water consumption (Kgal)	3,100,194	3,196,104	3,293,532
Percentage change (from previous year)	-3.00%	-2.96%	
Construction water consumption (Kgal)	86,599	83,043	54,271
Percentage change (from previous year)	4.28%	53.02%	
Like-for-like water use intensity (Kgal/unit)*	42.31	44.37	45.17
Percentage change (from previous year)	-4.65%	-1.76%	

Waste	2015	2014	2013
Non-hazardous waste (MT)**	66,663	39,887	Not reported

Other GRI Indicators

	2015	2014	2013
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	None	None
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None	None	None
Percentage of employees covered by collective bargaining agreements	None	None	None

*We calculate the energy use intensity on properties that have energy usage turned on for a full two-year period on those areas that we financially control. The consumption is then weather-normalized and divided by the square footage of those areas. 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.

**This is the second year we are reporting waste figures, and the amount reported represents 53% of our community waste and approximately 47% of our construction waste (communities under construction in 2015). We plan in future years to provide a fuller accounting of all AvalonBay waste.

This report covers issues and information material to our business and stakeholders. We followed standard disclosures from the

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.

Content and figures referenced in AvalonBay's annual report and filed financial statements have been externally assured by a third-party auditor. This is the first year we are having our emissions, energy and water data externally assured.

Annually, AvalonBay also provides an opportunity to senior-level associates to contribute directly to a designated PAC. In 2014 the designated PAC was REITPAC, the political action committee of NAREIT. In 2015 it was the National Multifamily Housing Council Political Action Committee (NMHC PAC).

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	AvalonBay's 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 and Inclusion, p.36–37
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Other GRI Indicators, p.49
G4-12	Describe the organization's supply chain	Vendors, Suppliers, Contractors, p.8–9
G4-13	Significant changes during the reporting period regarding the organization's size, structure and ownership	Report Parameters, p.50; CEO Letter, p.4–5
G4-14	Commitment to external initiatives (LEED, Energy Star, GRESB)	CEO Letter, p.4–5; Environment, p.13, p.15 and p.18
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	CEO Letter, p.4–5; Environment, p.13, p.15 and p.18
G4-16	Memberships in associations and advocacy organizations	CEO Letter, p.4–5; Environment, p.13, p.15 and p.18

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.	2015 AvalonBay Annual Report
G4-18	Defining the report content and the Aspect Boundaries	Report Parameters, p.50; Aspect Boundaries, p.58
G4-19	Material Aspects identified in the process for defining report content	Materiality Analysis and Management Approach, p.45
G4-20	Reporting Boundary	Report Parameters, p.50; Aspect Boundaries, p.58
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none">• 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.58
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	Environmental Performance, p.18
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Environmental Performance, p.18

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.8
G4-25	Basis for identification and selection of stakeholders with whom to engage	Materiality Analysis and Management Approach, p.45
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Materiality Analysis and Management Approach, p.45
G4-27	Topics and concerns that have been raised through stakeholder engagement	Materiality Analysis and Management Approach, p.45

Report Profile

GRI Indicator	Description	Report Section
G4-28	Reporting period	Report Parameters and GRI-G4 In-Accordance Option, p.50
G4-29	Date of most recent previous report	Report Parameters and GRI-G4 In-Accordance Option, p.50
G4-30	Reporting cycle	Report Parameters and GRI-G4 In-Accordance Option, p.50
G4-31	Contact point for questions about the report	Contact, p.61
G4-32	GRI content index	Global Reporting Initiative Content Index, p.51
G4-33	External assurance	Report Parameters and GRI-G4 In-Accordance Option, p.50

Governance

GRI Indicator	Description	Report Section
G4-34	Governance structure of the organization	Governance and Ethics, p.38
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 and Ethics, p.38
G4-39	Indication of whether the chair of the highest governance body is also an executive officer	Governance and Ethics, p.38
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 and Ethics, p.38
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.40; Ethics and Compliance Training, p.40; Internal Audit, p.41; Vendor Code of Conduct, p.41
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	Code of Business Conduct and Ethics, p.40; Internal Audit, p.41
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.40; Internal Audit, p.41

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 <ul style="list-style-type: none">The mechanisms for evaluating the effectiveness of the management approachThe results of the evaluation of the management approachAny related adjustments to the management approach	Materiality Analysis and Management Approach, p.45

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	Three-Year Snapshot, p.48
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	Community, p.20–27
G4-EC8	Significant indirect economic impacts including creating jobs, services, development in areas of high poverty and change in location of operations or activities	Community, p.20–27

Environmental

Aspect: Energy

GRI Indicator	Description	Report Section
G4-EN3	Energy consumption within the organization	Environmental Performance, p.18
G4-EN5	Energy intensity	Environmental Performance, p.18
G4-EN6	Reduction of energy consumption	Environmental Performance, p.18
G4-EN7	Reduction in energy requirements of products and services	Environmental Performance, p.18

Aspect: Water

GRI Indicator	Description	Report Section
G4-EN8	Total water withdrawal by source	Environmental Performance, p.18
CRE2	Building water intensity	Environmental Performance, p.18

Aspect: Emissions

GRI Indicator	Description	Report Section
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Environmental Performance, p.18
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Environmental Performance, p.18
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Performance, p.49

Aspect: Effluents and Waste

GRI Indicator	Description	Report Section
G4-EN23	Total weight of waste by type and disposal method	Environmental Performance, p.18

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 in 2015, p.11

Aspect: Products and Services

GRI Indicator	Description	Report Section
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment, p.11–19

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.49

Aspect: Supplier Environmental Assessment

GRI Indicator	Description	Report Section
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Vendors, Suppliers, Contractors, p.9

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 and Inclusion, p.36–37
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Benefits, p.32

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 and Inclusion, 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.33–35
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	Health and Safety, p.33–35

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.30
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.30
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Learning and Development, p.30

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 and Inclusion, p.36-37

Aspect: Supplier Assessment for Labor Practices		
GRI Indicator	Description	Report Section
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Vendors, Suppliers, Contractors, p.9

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.40

Aspect: Supplier Human Rights Assessment		
GRI Indicator	Description	Report Section
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Vendors, Suppliers, Contractors, p.9

Society

Aspect: Local Communities		
GRI Indicator	Description	Report Section
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Community, p.20–27

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.41
G4-S04	Communication and training on anti-corruption policies and procedures	Code of Business Conduct and Ethics, p.40; Ethics and Compliance Training, p.40

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.50

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.49

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	Vendors, Suppliers, Contractors, p.9

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.33–35

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.9

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.9

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

ABOUT THIS REPORT

This is AvalonBay's fifth annual Corporate Responsibility report and summarizes our environmental, social and governance (ESG) performance and activities during calendar year 2015.

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