

# CREATING A BETTER WAY TO LIVE

2018 CORPORATE RESPONSIBILITY REPORT





At AvalonBay Communities, our purpose is creating a better way to live — for our residents, our associates, our shareholders, the communities in which we do business and our planet at large. Achieving this purpose means being aware of the full impact of our activities and managing our business with an eye on the future. It means remaining true to the long-term well-being of all of our stakeholders, broadly defined.

As a real estate investment trust (REIT), we are owners and investors for the long term, allowing us to consider the full life cycle impact of the decisions we make every day. With this in mind, our goal is to build and operate much more than buildings. The cities and suburbs in our core markets across the country are reinventing themselves through higher density, amenity-rich living. They are offering residents more options for sustainable ways to live, from green buildings and walkable neighborhoods to better transit and commuting alternatives,

and they are moving to a low-carbon future. We're proud to be at the forefront of this reinvention, creating communities that achieve long-term environmental efficiency and foster better living far beyond their walls. Communities through which we make our core values visible: a commitment to integrity, a spirit of caring and a focus on continuous improvement.

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



## From the CEO

In 2018, we marked our 25th year as a public REIT. Back in 1993, we were just at the beginning of charting a path toward fulfilling a goal of becoming a great public company, and today we continue to be guided by a set of uncompromising core values and a bold purpose of creating a better way to live.

As we celebrated our 25th anniversary, we also accomplished a lot with another successful year for our stakeholders — investors, residents, associates and the communities where we do business. We completed seven new development communities, broke ground on another eight and started work on a combination of 25 redevelopment, remerchandising or “apartment only” renovation programs. We reduced our portfolio allocation in the Northeast, primarily through our contribution of five Manhattan properties to a joint venture, and made good strides in our new expansion markets of Denver and Southeast Florida. For investors, a strengthening economy and a cooling for-sale housing market in the second half of the year contributed to overall financial performance that was better than originally expected. Rent growth accelerated in Q3 and Q4, resulting in 2.5% same store revenue growth for the year. And, importantly at this stage of the cycle, we reduced debt to a cyclical low.

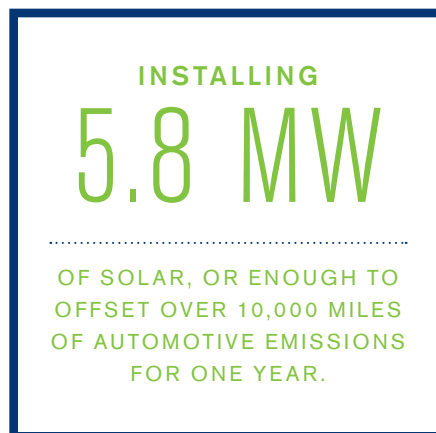
Our associates delivered another year of excellent customer service, as evidenced by a three-point increase in our Net Promoter Score (NPS) and our third consecutive year ranking #1 among publicly-traded residential REITs for online reputation according to J. Turner Research's Online Reputation Assessment Power Rankings™. We maintained strong associate engagement, ranking in the 90th percentile as measured by our third-party survey provider who tracks companies on workforce engagement. And, for the second year in a row we were recognized by Glassdoor Employee Choice Ratings as one of the Top 100 companies to work for in the US.

In the area of Corporate Responsibility, we continued to maintain our leadership position in the multifamily sector. We announced recently that we have set science-based emissions reduction targets, one of only 10 North American real estate companies to do so. The Global Real Estate Sustainability Benchmark

(GRESB) recognized AvalonBay as an industry leader, again awarding us four “Green Stars” and an “A” rating in Environmental, Social and Governance (ESG) public disclosure. Both of these scores increased five percentage points in 2018. We were pleased again to be included on *CR Magazine's* list of 100 Best Corporate Citizens, where we moved up from #70 to #42. And, we maintained our Carbon Disclosure Project (CDP) score of “B” in a year when the CDP significantly raised the bar required

to attain each letter grade. In addition, a number of ESG ratings agencies that evaluate our ESG performance for investors continue to rank us as one of the most advanced US companies in our sector. These include Euronext, Vigeo Eiris and most recently, FTSE4Good. Finally, *Engineering News Record* (ENR) rated us #43 in its ranking of the top 100 Green Building Contractors, up from #52 in 2017.

We achieved or exceeded our 2018 Corporate Responsibility objectives outlined in our previous report, including:



### Building Strong Communities

We gave back \$2.1 million cash and in-kind to our philanthropy partners, which reached 95% of our 2020 goal of \$2.2 million. Through 84 blood drives, 1,703 pints of blood were donated to our national partner, the American Red Cross. Our associates volunteered over 14,600 hours to a variety of charitable organizations, a 25% increase over 2017. And our participation rate is now 46%, as tracked through our new volunteer platform, Benevity, which was launched company-wide in 2018.

### Renewable Energy

Our solar strategy began to pay dividends in 2018, with seven completed solar installations producing 777 Kilowatts of power. We plan to scale these with 26 more in 2019 and 2020, producing an additional 5.8 Megawatts of power.

## Net Zero

We completed a comprehensive study of what Net Zero means to AvalonBay's business, and how we can build Net Zero given our product types and markets. The study will provide guidance in the coming years as we make progress toward a Net Zero building future.

## LED Portfolio Retrofits

We completed 30 LED lighting retrofit projects and plan to finish 32 more in 2019. By the end of 2019, we plan on completing over 165 LED retrofits, reaching 63% of our portfolio. Our LED retrofits completed to-date now provide \$2.3 million and 11.8 million kWh in annual energy savings, or the equivalent of removing over 2,165 cars from the road for one year.

## Demand Response and Smart Buildings

Our demand response and building data program expansion to Boston saw significant results. Boston and New York, combined, created over \$400,000 in annual savings from demand response payments and reduced electricity rates. And, we received the Smart Energy Decisions Innovation Award in the category of Commercial Energy Data Management for this program. Our associate behaviors show that AvalonBay now has the ability to support utility grid stress with a 2.7 MW reduction. The program will expand further in 2019 to our Washington, DC market and select California and Seattle properties.

## Water Efficiency

We audited the 30 properties where we're responsible for whole building water consumption and completed the first retrofit with annual savings projected to be \$55,000 per year and a 1.9-year payback period. In addition, we increased the amount of water we recycle at our communities by 10% year-over-year.

## AVB Labs

In its second year, our research and innovation program, AVB Labs, saw an increase in applications from our associates and six finalists were selected. Designed to enable and shepherd innovative ideas to fruition, the program selected three ideas to move ahead for further research and implementation in

2019: (1) using a solar powered trailer on construction sites, (2) an online in-house training channel providing videos from our maintenance associates and vendors, and (3) the use of Insulated Concrete Forms (ICF) in the construction of our buildings.

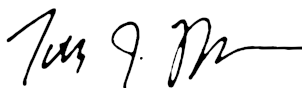
## Utility Dashboard and Maintenance Toolkit

We successfully piloted a new utility dashboard for our onsite associates, providing them with a deeper understanding of how their buildings are performing from a utility consumption standpoint. The pilot will expand in 2019, with the future goal of full portfolio

coverage of this important building specific data.

Twenty-five years ago this past November, Avalon Properties, a predecessor company to AvalonBay, completed its initial public offering. Since that time, we've grown from a modest upstart at the dawn of the modern REIT era into one of the largest real estate companies in the world. And with that growth comes increased responsibility to all of our stakeholders. In recognition of this role, we have set science-based targets and are dedicated to reducing environmental impacts, lowering our carbon footprint, and increasing our social investment in the communities where we do business.

I am proud of AvalonBay's commitment to lead the way and contribute positively to the future, and encourage you to read more about our accomplishments and plans in this report.



**Timothy J. Naughton**  
Chairman and CEO



## Assurance Statement

In 2018, for the fourth consecutive year we had our prior year's annual energy, greenhouse gas emissions, water and community waste data independently verified by Lloyd's Register Quality Assurance (LRQA), a part of Lloyd's Register Group Limited and a leading provider of independent assessment services, with recognition from over 50 accreditation bodies around the world. We also expanded this verification to include our Scope 3 emissions of employee commuting and travel.

The full accreditation report and assurance statement can be found on our website at [avaloncommunities.com/verificationreport](https://avaloncommunities.com/verificationreport) and [avaloncommunities.com/assurancestatement](https://avaloncommunities.com/assurancestatement).





*Our Purpose: Creating a Better Way to Live*

**1. Community**

- Community investment
- Philanthropy
- In-kind giving
- Volunteering

**2. Governance**

- Investor relations
- Financial reporting
- Sound Board and management practice
- Ethics and compliance
- Cyber security

**3. Associates**

- Compensation and benefits
- Awards and recognition
- Cultural norms
- Health and safety
- Engagement
- Diversity and inclusion
- Talent attraction, development and retention

**4. Residents**

- Customer service
- Apartment greening
- Engagement
- Brand and reputation

**5. Environment**

- Energy efficiency
- Water conservation
- Apartment labeling
- Green design and construction
- Waste management
- Supply chain
- Emissions reductions

## Materiality

Our last materiality analysis was conducted in 2014, so in 2018, we set out to determine what CR factors are currently of most significance to our stakeholders. In order to do this, we conducted an updated, in-depth materiality analysis with key AvalonBay stakeholders: associates, residents, suppliers and vendors, shareholders, local government and community leaders, company officers, and the AvalonBay Board of Directors.

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

In the 2018 assessment we added several new indicators which are becoming more important to our stakeholders:

- Healthy Buildings — Well Buildings
- Climate Change
  - Understanding the Effects of Sea Level Rise
  - Understanding the Effects of Stronger Storms
  - Creating Climate Change Resiliency and Mitigation Strategies
- Impact Investing (Social Investment with a Return)

The new survey resulted in very similar materiality priorities as the previous version with a few key differences:

- Several indicators moved up in importance to our external stakeholders: Data Security, Employee Well-Being/Health and Safety, and Affordable Housing
- Two indicators moved down in importance to our external stakeholders: Corporate Giving and Political Contributions
- Three indicators moved up in importance to our internal stakeholders: Screening Suppliers for Environmental Criteria, Response to External Raters of ESG Performance, and Board Composition and Governance

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

# Materiality Matrix



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

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

## 2020 Goals Progress

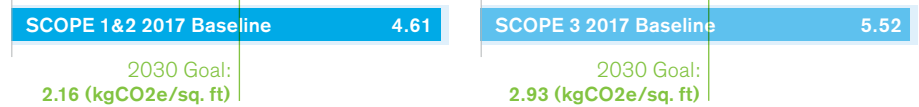
We continue to make progress on our long-term Corporate Responsibility (CR) goals. Through 2018, we saw a drop of 8.9% in our energy use intensity (EUI) and a drop of 10.12% in our water use intensity (WUI) from our 2013 baseline; and we made significant progress toward our community investment and waste goals while continuing to perform above the threshold of our resident and associate engagement goals. In 2019, we will be setting new long-term CR goals, including science-based emissions reduction targets.

### Goal

### Progress

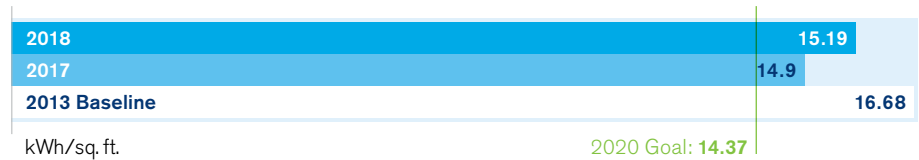
#### Science Based Targets

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



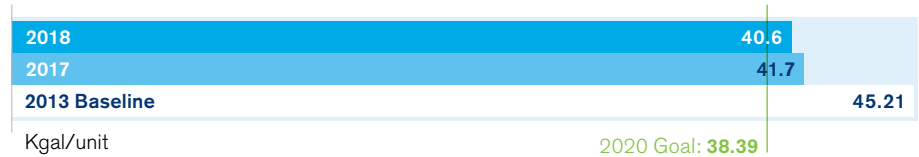
#### Energy<sup>1</sup>

15% reduction in energy use intensity (EUI) of the entire portfolio



#### Water<sup>1</sup>

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



#### Waste

20% reduction in landfill-bound waste intensity across our portfolio by 2023<sup>2</sup>



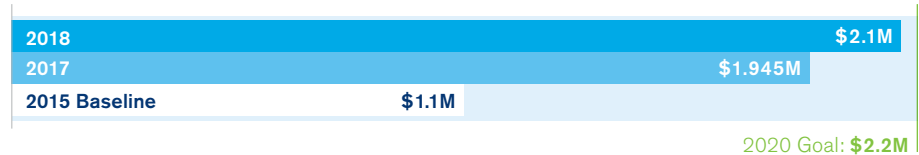
#### Residents

33% increase in our Net Promoter Score



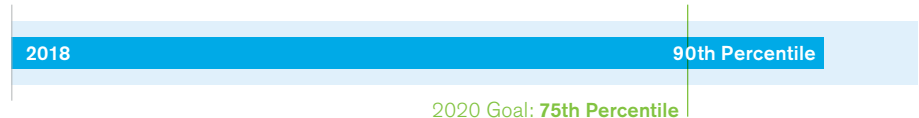
#### Community

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



#### Associates<sup>3</sup>

Achieve 75th percentile or better on associate engagement and satisfaction



<sup>1</sup> We calculate energy use intensity on properties that are stabilized for a full two-year period in those areas within the community 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. Graphs not drawn to scale.

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

<sup>3</sup> We use external benchmarks from our vendor as well as historical three-year average data in arriving at our engagement percentage thresholds. The full survey will not be conducted every year. We calculate the target on properties that are stabilized for a full two-year period.

## 2019 Initiatives

Each year we establish a Corporate Responsibility plan to guide our efforts during the year. The plan is reviewed with our Board of Directors and key internal stakeholders. Our 2019 initiatives include:



### BUILDING STRONG COMMUNITIES

Give back \$2.25M in cash and in-kind to our philanthropy partners, achieving our 2020 philanthropy goal. Volunteer 14,000 hours and increase associate participation to 50%.



### DEMAND RESPONSE AND SMART BUILDINGS

Complete expansion into the Mid-Atlantic and select West Coast markets. Finalize plans to fully expand the program across the portfolio by the end of 2020.



### ASSOCIATE RELIEF FUND

Launch the AvalonBay Associate Relief Fund, which provides help to associates who are facing financial need immediately after a natural disaster or unexpected personal hardship.



### RENEWABLE ENERGY AND BATTERY STORAGE

Install a battery system at Avalon White Plains, finish installation of solar in the Washington DC portfolio and begin installation of solar at 26 additional California communities.



### UTILITY DASHBOARD AND MAINTENANCE TOOLKIT

Expand our pilot program, providing associates in select communities with greater visibility into utility trends and spending.



### LED PORTFOLIO RETROFITS

Complete 32 LED lighting retrofit projects and analyze the portfolio for the next set of retrofit targets.



### WATER EFFICIENCY

Continue retrofits of the 30+ communities where we control the whole building water expense, and continue to engage residents on water efficiency education.



### AVB LABS

Continue to expand and support our innovation program, which gives associates an opportunity to research, experiment and collaborate on new ideas for AvalonBay.



### FITWEL

With a continued focus on health and wellness, pursue three additional certifications: one for our new corporate headquarters office and two for communities in our portfolio.



### TARGETS

Set science-based emissions reduction targets, to be approved by the Science Based Targets initiative (SBTi). Evaluate our 2020 goals and establish new targets, as well as continue to make progress on our 2023 waste goal.



### RED CROSS PARTNERSHIP

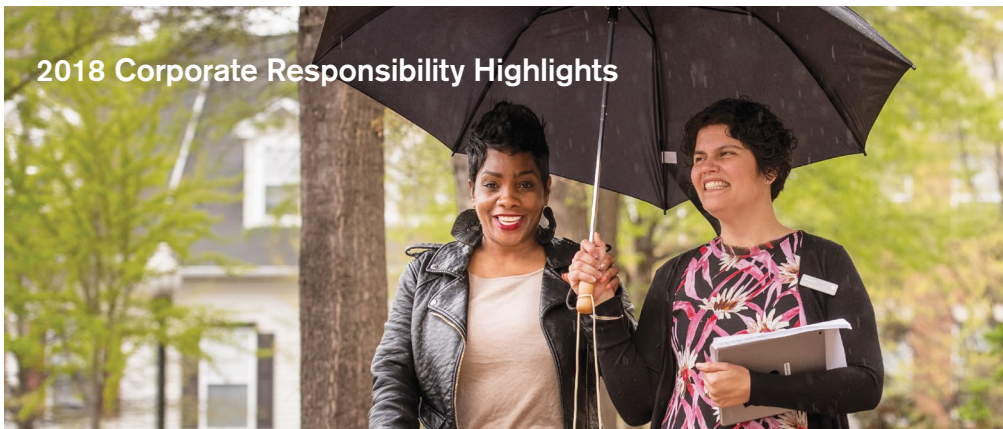
Kick off the 5th year of our Disaster Responder Partnership, donate 2,000 pints of blood and continue the important work of ensuring our associates, residents and the communities where we do business are better prepared for emergencies and disasters.



### EXTERNAL RATINGS AND RANKINGS

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

## 2018 Corporate Responsibility Highlights



32

Our customer mid-lease  
Net Promoter Score (NPS)  
increased by 3 points in 2018.

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## Launched **Inclusion & Diversity** initiative and council

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B

CDP score maintained in  
a year when the CDP  
significantly raised the bar  
on achieving that grade.

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American  
Red Cross

1,703

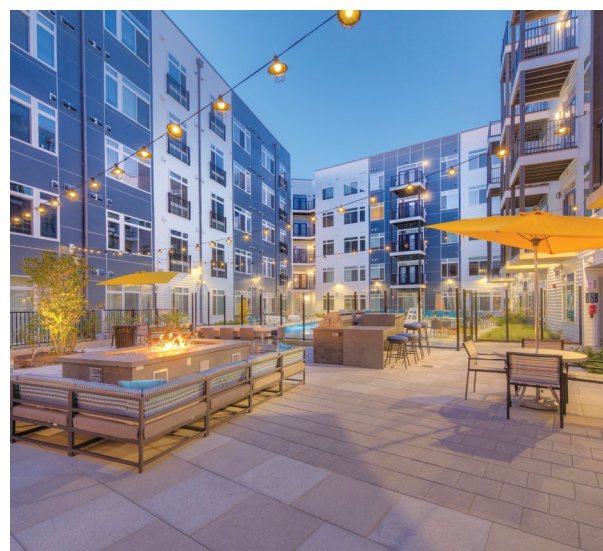
Units of blood  
collected, potentially  
saving 5,109 lives.

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## THE GARY E. BIRD HORIZON AWARD

IRMI (International Risk  
Management Institute, Inc.)  
for AvalonBay's Fire  
Elimination Program

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\$2.1M

Total cash and in-kind donations  
to philanthropy partners.

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American  
Red Cross

## Community Partner Award

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### CORE VALUES



A Commitment  
to Integrity



A Spirit of Caring



A Focus  
on Continuous  
Improvement

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### ASSESSING THE IMPACT OF

# CLIMATE CHANGE

on the AvalonBay portfolio

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## TOP 100 US-BASED COMPANIES

Top 100 US-based companies  
to work for by Glassdoor.

glassdoor  
2018 **BEST PLACES TO WORK**  
EMPLOYEE CHOICE

PAGE 3



Received first Fitwel certification  
at AVA NoMA. Recognized by  
Fitwel's Best of Building Health  
2018 for 3rd highest score in  
multifamily residential.

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## RANKED # 42

On the *CR Magazine*  
global list of 100 Best  
Corporate Citizens

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Confirmed, for the first time, as  
a constituent of the

## FTSE4Good Index Series

PAGE 15



G R E S B  
★ ★ ★ ★ ★ 2018

Awarded four "Green Stars" by GRESB for  
leadership in sustainability and an "A" for  
transparent and public disclosure of ESG data.

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# CREATING A BETTER WAY TO LIVE FOR OUR COMMUNITIES

We create a better way to live through an integrated environmental, social and governance (ESG) approach to running our business. In the following sections we outline our 2018 progress on our environmental sustainability goals and describe how our Building Strong Communities philanthropy program is enabling deep and lasting impacts on the communities in which we do business.

## 2018 Environmental Sustainability Highlights

2018 was an important year for AvalonBay as we set a direction for environmental sustainability that will last well into the next decade. Several key components form this foundation:

- We completed a study of Net Zero for the Company to better understand how Net Zero building can be accomplished in a multifamily building.
- We made a plan to set science-based emissions reduction targets in the next two years, to be approved by the Science Based Targets initiative (SBTi). This commitment will fundamentally change our long-term goals to focus on emissions, Scope 1, 2 and 3.
- We made progress on our renewable energy strategy, with 845 KWH of solar installed and another 5.8 Megawatts being scoped.
- We completed our study of climate change risk to our portfolio, which was presented to the AvalonBay Board of Directors' Nominating and Corporate Governance Committee.

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

Our plans include making positive contributions to an environmentally sustainable future for our surrounding communities, too. This is happening through our continued participation in a variety of city and market-based programs.

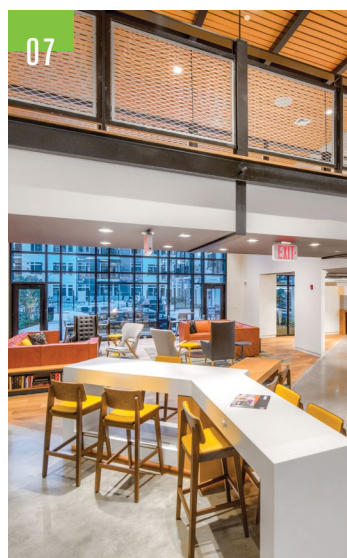
## CITY AND MARKET PARTICIPATION

Setting Science Based Targets is, in part, a result of the conversations we are having with the cities and markets where we do business. As they plan for climate change, we are committed to being a leader in resiliency planning and in support of a low carbon future. As part of this, we are participating in a number of efficiency and carbon reduction challenges, including:

- **Boston:** In 2015 we joined the Mayor's Carbon Cup and are currently members of the Green Ribbon Commission, committing 1M square feet of our Boston properties to a 35% reduction in energy use intensity by 2020.
- **New York:** We have committed to cut emissions by 30% at select buildings as part of the Carbon Challenge. And under the Retrofit Accelerator program, two buildings will get an efficiency retrofit to help the city cut emissions 80% by 2050.
- **Los Angeles:** In 2015 we joined the LA Better Buildings Challenge, committing to reduce our energy consumption of our LA portfolio. In 2018, we were a "Portfolio of the Year" finalist for our participation in this program.

We continued to focus efforts on achieving our 2020 energy- and water-related goals. Due to colder winter and hotter summer weather, our energy use intensity (EUI) saw a 2.2% increase year-over-year, however we remain down 8.9% overall from our baseline year (2013). Our water use intensity (WUI) saw a nice reduction of 1% year-over-year, and improved to a 10.1% reduction against the baseline year (2013). Our 2020 goal for both of these metrics is a 15% reduction.

In 2019 we made the commitment to set Science-Based emission reduction targets (SBTs). We are happy to report that these targets were recently approved by the Science-Based Target Initiative, with a baseline year of 2017 and a target year of 2030. As the effects of climate change become increasingly clear and present, we are working to prepare for both the risks and the opportunities associated with these shifts, and to play a leading role in our markets to move to a low carbon future. The SBTs more appropriately shift the focus of our energy efficiency



83 COMMUNITIES  
ACHIEVED OR  
ARE PURSUING  
ENVIRONMENTAL  
CERTIFICATION

## Certifications Received in 2018

- 01 **AVA NoMa** Washington, DC
- 02 **Avalon Princeton** Princeton, NJ
- 03 **Avalon Maplewood** Maplewood, NJ
- 04 **Avalon Chino Hills** Chino Hills, CA
- 05 **Avalon West Hollywood** West Hollywood, CA
- 06 **Avalon Newcastle** Newcastle, WA
- 07 **AVA Wheaton** Wheaton, MD

Fitwel Certified  
LEED for Homes Gold  
LEED for Homes Silver  
LEED for Homes Silver  
LEED for Homes Gold  
LEED for Homes Silver  
LEED for Homes Silver

## AVB Office Certifications

**LEED Commercial Interiors** Boston, MA  
**LEED Commercial Interiors** Arlington, VA  
**ENERGY STAR** Bellevue, WA  
**LEED EB ENERGY STAR** Irvine, CA  
**LEED EB ENERGY STAR** Los Angeles, CA  
**LEED Commercial Interiors ENERGY STAR** New York, NY

Gold  
Silver  
Certified  
Platinum Certified  
Silver Certified  
Silver Certified

## COMING IN 2020

New Corporate Headquarters in Arlington, VA, is set to open in 2020 with plans to pursue LEED Silver and a Fitwel certification.

efforts to emissions, and ensure that our emissions reduction targets are science-based and contribute substantially to the mitigation of global warming. As such, our SBTs will now replace our 2020 EUI goal. The water goal will continue to be in effect, targeting 2020.

Initiatives begun in the last three years are now saving over \$3.5M annually through energy and water conservation. For a full view of our commitments related to environmental sustainability please read our publicly available Environmental Policy: <https://www.avaloncommunities.com/environmental-policy> and Environmental Management System (EMS): <https://www.avaloncommunities.com/ems>

### External ESG Benchmarking and Awards

The Global Real Estate Sustainability Benchmark (GRESB) recognized AvalonBay as an industry leader, again awarding us four "Green Stars" and an "A" rating in ESG public disclosure. Both scores increased 5 percentage points in 2018. We were also pleased to again be included on *CR Magazine's* list of 100 Best Corporate Citizens, moving up 28 spots from #70 to #42. We maintained our Carbon Disclosure Project (CDP) score of "B" in a year when the CDP changed much of its survey, and significantly raised the bar required to attain each letter grade. In addition, a number of ESG ratings agencies that evaluate our ESG performance for investors continue to rank us as one of the most advanced US companies in our sector. These include Euronext, VigeoEIRIS, ISS-oekom and most recently, FTSE4Good. Finally, *Engineering News Record* (ENR) ranked us 43rd on their Top 100 Green Building Contractors, up from 52nd in 2017.

### Certified Sustainable Communities

The success of our Building Certified Policy, which requires all new mid- and high-rise communities to pursue environmental certification, has resulted in six communities (pictured on page 14) receiving a LEED environmental certification in 2018 — while an additional 34 are currently pursuing certification. These new certifications bring the total number of communities in our portfolio either pursuing or having achieved an environmental certification to 83, a 19% increase from 2017. And we now have six regional offices with a LEED or EnergyStar environmental certification. We also received our first Fitwel, healthy buildings certification in 2018.

### Water and Energy Efficiency Results

We completed construction of seven apartment communities in 2018, representing 1,915 apartment homes. Thanks to our sustainability standards for new construction, these new communities will generate 294,048 kWh in electricity savings per year, a 30% reduction in heating and cooling costs, and 17.8M gallons of water savings per year compared to minimum code requirements.

### Other major accomplishments in 2018 include:

- **LED Lighting:** Completed 32 projects in 2018, and are now achieving annual energy-only savings of 11.8 million kWh, and

cost savings of over \$2.3 million with a simple payback period of just under four years on all LED lighting projects completed to date.

- **Solar:** Completed seven solar installations producing 777 KW of power.
- **Water Audits and Retrofits:** Audited the 30 properties where we're responsible for whole-building water consumption and completed the first retrofit with annual savings projected to be \$55,000 per year and a 1.9-year payback period.
- **Efficiency Efforts in our California Portfolio:** Completed upgrades and installations of more efficient lighting, fixtures and equipment at several communities for a total projected annual savings of \$166,723 and 762,374 lbs CO<sub>2</sub>.



AvalonBay received the award in the category of **Commercial Energy Data Management** for our more strategic use of big data to drive energy efficiency and better demand management.

### Community Operations Projects

We see significant opportunity in our current portfolio to drive efficiency, reduce emissions, lower costs and improve net operating income (NOI). In 2018, we continued to pursue this opportunity on a number of fronts.

#### Demand Management and Interval "Smart" Metering:

We further expanded our demand management and interval metering program to Washington, DC, and select California and Seattle communities. The program introduces new methods of operating our buildings built on real-time utility data and improved equipment monitoring, and aligns operational performance with utility demand management programs to lower demand and improve efficiency. We plan to finalize expansion to all AvalonBay markets where these programs are offered by the end of 2020.

**Building Automation:** AvalonBay is leveraging an Internet of Things (IoT) platform for streamlining building operations and increasing the effectiveness of existing maintenance practices. This is done by validating repair work performed by third-party contractors and reducing operational costs through real-time fault detection and utility cost savings.

**Waste:** In 2018 we began to establish strategies and programs to achieve our new portfolio-wide waste goal to reduce landfill-bound waste by 20%.

**Full-Scale NEST Installations:** In 2018 we installed NEST programmable thermostats at 13 communities in Southern California. This is in addition to those we completed at all of our Connecticut properties in 2017. These installations are

anticipated to produce 15% in energy savings for both residents and our common areas.

**Green Labels:** We continue to roll out our apartment labeling program to all new developments. The labels, which are now in 63 AvalonBay apartment communities, show residents how built-in efficiencies help them consume less energy and water, which ultimately saves them money.

#### Transportation advances:

- **Car Charging:** We have been awarded contracts from Electrify America for 44 communities with a total of 193 EV smart charging stations projected to be installed at these locations
- **Car Sharing:** We now have a total of 35 communities with car sharing amenities, including ZipCar, Maven and Enterprise

#### Our Commitment to the Greater Community

We respect and value the integrity of the neighborhoods in which we build and redevelop. We're known for reinvigorating neighborhoods, bringing higher-density, more efficient, walkable, amenity-rich housing to our communities. We also recognize the importance of value-oriented, market-based housing to the local workforce — our eaves by Avalon brand was created specifically to provide value living at its best.

We own and operate 114 communities that include a designated affordable housing component, intermingled with our market rate rental housing. In 2018, rent subsidies totaled \$76M to 8,922 residents in 4,575 affordable apartment homes across these communities.

#### Building Strong Communities Program

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

In 2018, we continued to expand every aspect of the program, and we saw significant benefits resulting from our social investment, in terms of associate engagement and resident loyalty.

- Donated \$1.4 M in cash and the equivalent of \$742,000 of in-kind goods and services, which includes 14,600 associate volunteer hours
- Loaned talent and technical assistance to our nonprofit partners
- Increased our volunteer participation rate to 46%, a 26-point increase from when Building Strong Communities began in 2015

- Enabled the use of company facilities for nonprofit events and meetings
- Launched our new volunteering platform, Benevity, which enables associates to easily view, sign up and track time for company-sponsored volunteer events

#### ASSOCIATE RELIEF FUND

In early 2019 we launched the newest addition of the Building Strong Communities program, AvalonBay's Associate Relief Fund. The fund provides help to associates who are facing financial need immediately after a natural disaster or personal hardship. An associate who has a qualifying event, expense, or both, can submit an application for a grant from the fund. Funding relies primarily on support from AvalonBay and individual donations from associates.

In addition to giving back through Building Strong Communities, we continue to invest in community infrastructure and services as we grow our portfolio with over \$388M spent in 2018, including:

- Local permits, fees and taxes paid on projects under development: \$33.4M, with an additional \$59.5M to be spent through completion
- \$10.7M for neighborhood infrastructure (roads, sidewalks, improvements to water/sewer/storm drainage), with an additional \$24.2M to be spent through completion, excluding reimbursements
- \$1.2M for municipal sewer/water connections, with an additional \$3.2M to be spent through completion
- \$2.3M to local parks/recreation
- \$1.2M to support local school districts, with an additional \$2.3M to be spent through completion

We also paid property taxes across the entire portfolio, totaling \$250.7M.

Beyond funding and volunteering, AvalonBay provides our nonprofit partners with additional resources and expertise. A few 2018 examples include:

- **Hospitality Homes (Boston, MA):** Our partnership provides donated apartments to support the hundreds of families that Hospitality Homes houses when traveling to Boston each year for medical care
- **Bowery Mission (New York, NY):** Associates in New York City conducted mock interviews and provided on-the-spot feedback for program participants
- **Sunrise Day Camp (Connecticut):** A team of associates in Connecticut and Westchester, NY, worked together with AvalonBay vendors to plan, design and rebuild the bathroom for Sunrise, which provides a summer camp experience, free of charge, for children with cancer and their siblings
- **Arlington Partnership for Affordable Housing (Arlington, VA):** A member of our construction team put his skills to work in designing, building and painting (with the help of his daughter) a Little Free Library, which was installed at one of APAH's apartment communities for use by their residents and the local community

## COMMUNITY PARTNER AWARD

In November 2018, AvalonBay was honored to receive the American Red Cross' *Community Partner Award*. Presented at the National Capital Region's Salute to Service Gala, this award was given in recognition of the tremendous impact our partnership has had not only on the Red Cross, but on AvalonBay's associates, residents and the greater community.

To learn more, view a video about our partnership here:  
<https://www.avaloncommunities.com/redcrossvideo>



- **Family Service League (Long Island, NY):** After acquiring a hotel for their newest transitional housing shelter, FSL used the help of AvalonBay associates for a variety of projects, including our Maintenance Techs training their facilities team on proper key cutting and key management procedures. And the renovations AvalonBay helped complete directly contributed to smoother building inspections and additional grant funding for FSL

## American Red Cross Partnership

2018 marked the fourth year of our partnership with the American Red Cross, a model corporate partnership that is used as an example for other organizations the Red Cross works with. We renewed our commitment in 2019 for another four years as a Disaster Responder partner. To date, the cumulative value both sides receive from this partnership includes:



- \$1.3M in donations to the American Red Cross from AvalonBay, its associates and residents
- 246 blood drives, resulting in 5,035 pints of blood, which could potentially help save 15,105 lives
- 1,481 AvalonBay associates trained in CPR
- 145,000 residents and 3,000 associates received preparedness tips and resources annually
- A model corporate partnership, that the Red Cross uses as an example for other donors

In 2018, we continued to expand and improve our partnership, resulting in exceeded goals and deeper regional relationships to support our effort of better preparing AvalonBay's associates and residents.

## Saving Lives...One Pint at a Time!

Throughout the year we hosted 84 blood drives, collecting 1,703 pints of blood, which could help save more than 5,109 lives. Although we did not exceed our ambitious 2,000-pint goal, we are proud of the continued success of our drives and contribution to helping save lives with blood donations.

## Community Preparedness Week

We conducted our fourth annual AvalonBay Community Preparedness Week, a weeklong series of events aimed at improving resident and associate emergency and disaster preparedness. We held preparedness events at our communities,

and sent email communications to our 145,000 residents and 3,000 associates, aimed at better understanding Red Cross disaster resources.

## CPR Classes

In 2018, we set the goal to increase the number of CPR certified associates in every AvalonBay region with a major push to have 20–30 associates per region trained by year-end. We met this goal, hosting CPR classes across AvalonBay, which resulted in 417 associates certified in Adult First Aid, CPR and AED.

## "First 3 Steps" Preparedness Planning

As a continuation of preparedness education (webinars and online courses) provided throughout our partnership, we rolled out regional disaster planning. The Residential Services leadership team in each region selected a hypothetical disaster or emergency specific to their region and conducted a preparedness planning session (e.g. Northern California focused on the topic of earthquakes). This resulted in the creation of a "First 3 Steps" plan, which details the actions to be taken within the first few hours after a disaster strikes. Once reviewed and approved, the plans were rolled out to all community teams and some regions ran drills to simulate the event. Ongoing, regions will review these plans and conduct drills annually.

## Spirit of Caring Month

In 2018, we celebrated our 7th annual Spirit of Caring Month, a dedicated month-long volunteer effort focusing on our Building Strong Communities partners.

100+ volunteer events

50+ nonprofit organizations supported

1,098 associates volunteering

6,758 volunteer hours

\$235K in-kind donations of time and material

## Regional Philanthropy Engagement

In each of our regions, Building Strong Communities focuses funding and partnerships on building relationships with the most impactful local nonprofits aligned to our focus areas of affordable housing and support for at-risk populations. A full list of all of our regional partners can be found on our website.



### LONG ISLAND

At Family Service League's transitional housing facility, 40 associate volunteers spent 3 days upgrading 114 locks for FSL residents.



### NEW YORK CITY AND CONNECTICUT

Through Together We Rise, volunteers created "Sweet Cases" for foster children around the metro area.



### SOUTHERN CALIFORNIA

Keeping their beaches beautiful, associates spent the day picking up trash as part of the OC Beach Cleanup in Huntington Beach.



### BOSTON

Associates and their families joined together for several volunteer events throughout the year at Cradles to Crayons.



### MID-ATLANTIC

A group of associates teamed up to create fun and creative signs that were used to help welcome kids with cancer and their siblings to Horizon Day Camp.



### NORTHERN CALIFORNIA

Associates spent the day serving and delivering groceries and hot meals to "home bound" people with Project Open Hand.



### VIRGINIA BEACH

Associates from our Customer Care Center partnered with Roc Solid to remodel the room of a child fighting pediatric cancer.



### LOS ANGELES

Working with LA After-School All-Stars, the LA team repainted the lunchroom and hallways at the Los Angeles Leadership Academy.



### NEW JERSEY

Over 100 associates spent the day at Great Falls Youth Center, creating a community garden, cleaning and landscaping the property.



### PACIFIC NORTHWEST

As part of Hopelink's "Harvest Day," a group went to Chinook Farms to help harvest fruits and vegetables for Hopelink's food banks.

In early 2019, a survey was sent to associates asking about their participation in and experience with giving back at AvalonBay.

**91% OF SURVEY RESPONDENTS SAID THAT BUILDING STRONG COMMUNITIES AND SPIRIT OF CARING MONTH MAKE THEM FEEL MORE ENGAGED WITH AVALONBAY.**

# CREATING A BETTER WAY TO LIVE FOR OUR ASSOCIATES

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

This section highlights our 2018 efforts to attract, hire, develop and retain the best people.

## Learning and Development

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

Our learning management system, AvalonBay University (AVBU), is available to all associates and offers over 500 courses, providing technical, management and compliance training. In 2018, associates completed 60,991 hours of online training, equivalent to about 19.7 hours per associate. We also conducted 18,838 hours of classroom training as part of our effort to facilitate more live interaction, skill development and role-based training experiences.

## Compliance Training

All AvalonBay associates are required to take Standards of Business Conduct training upon hire, and the organization recertifies all associates every two years. A new course was rolled out to all associates in 2017 and in 2018 a total of 712 associates completed the course.

## Cyber Security Training

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

## Workplace Harassment Training

As part of our commitment to fostering a healthy, productive work environment free from intimidation and harassment, we require all associates to complete anti-harassment training when they join AvalonBay and then at least every two years thereafter.\*\* This training, "Workplace Harassment Prevention for Employees," is an important resource that helps associates understand what harassment is and the appropriate ways to interact with each other, our customers, and anyone with whom we conduct business.

## Preparedness Training

As part of our national partnership with the American Red Cross, AvalonBay hosts CPR training classes throughout the year, as well as an annual Community Preparedness Week (CPW) where associates receive emergency and disaster preparedness information and resources. As part of 2017's CPW, we added a Disaster Preparedness course in AVBU. In 2018 a module around the topic of Workplace Violence was added for all associates to access.

## Associate Environmental Awareness

We engage our associates in fun and educational environmental sustainability events, including a company- and community-wide Earth Day celebration. Over the past few years we have hosted Earth Day webinars on pollinators, sustainable buying habits, environmental toxins and water scarcity. All associates have ongoing access to these four webinars via AVBU.

\*Living wage as defined by the living wage calculator developed by professor Amy K. Glasmeier at the Massachusetts Institute of Technology.

\*\*Certain states require anti-harassment training every year.

## Health and Safety

In 2018, AvalonBay fully implemented our Fire Elimination Program (FEP). The FEP was conceived in 2017 after a significant fire at our community under construction in Maplewood, New Jersey. Response to this incident engaged AvalonBay's Safety, Development, Design, Risk Management and Construction groups to create a comprehensive approach to eliminating fires on wood frame multifamily construction sites.

2018 also saw the expansion of our Incident and Injury-Free™ (IIF) program to include not only AvalonBay staff, but also Contractor leadership and their front-line supervisors.

### AvalonBay's Safety and Health Staff

Providing technical safety resources at a regional level remains critical to meeting the safety needs of our associates. Following the promotion of two Regional Safety Managers to Director in 2017, the safety staff remains a highly distributed team. Each Director and Regional Safety Manager is based in one of our larger regional offices and responsible for providing support and guidance for our IIF efforts in their respective regions. Our five Project Safety Managers focus on high-rise and high-risk construction projects.

Our safety group also supports the American Society of Safety Engineers (ASSE), National Fire Protection Association (NFPA) and Associated Builders and Contractors (ABC) at the regional and national leadership levels. AvalonBay's National Safety Director was also selected to participate in the 2018 construction safety code review by the New York City Department of Buildings.

## 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

Continuing our IIF journey, we expanded the construction IIF program to include our contractor leadership and project-level supervision. AvalonBay created a culture assessment survey with the intent of understanding the evolution of our safety culture shift within the construction organization since the inception of the IIF program. The 2018 survey compared safety culture indicators identified in the initial 2015 survey. Results were overwhelmingly positive, with improvements observed in each category, with contractor leadership identified as one area that may need additional focus.

AvalonBay's Chief Construction Officer remains active in the National IIF CEO Forum. The IIF CEO forum includes more than 18 CEOs from around the country who support the IIF approach to workplace safety. Similarly, AvalonBay's Senior Director of Safety has a leadership role in the National IIF HSE Forum. AvalonBay remains the only real estate and development organization participating in the CEO and HSE leadership forums.



## 2018 HEALTH & SAFETY RECOGNITION

The International Risk Management Institute (IRMI) awarded AvalonBay the Gary Bird Horizon Award for Innovation in Safety and Risk Management for our Fire Elimination Program. This award is named after Gary Bird, who was killed in the attacks on 9/11 and was a leader in innovation in the insurance industry.

Additional awards in 2018 include:

- The Associated Builders and Contractors' (ABC) National Gold Achievement Award
- The Associated Builders and Contractors' (ABC) Southern California Gold Achievement Award

# AVALONBAY'S FIRE ELIMINATION PROGRAM (FEP)

Launched in 2018, this award winning program includes two components:

1. Mighty Fire Suppression (MFIRE) providing AAF31 spray fire inhibitor product
2. Pillar Technologies providing a distinguished network of environmental sensors throughout the site



## Injury Metrics and Safety Performance Observation System

AvalonBay has implemented a Safety Observation Module to support the IIF program by tracking both leading and lagging safety performance indicators for all AvalonBay Construction and Redevelopment projects. Safety team members and construction professionals use the system to identify and track safety-related observations – both positive and negative – at the project level. Using this technology, the safety group recorded over 18,000 unique observations on 22 construction and redevelopment projects in 2018.

Twice a year, the two project teams with the highest safety performance score are acknowledged through the Safety Performance Recognition program.

## Regulatory Activity

In 2018, AvalonBay's operating properties and construction sites were inspected by federal OSHA or state plan officials on five occasions (WA – 1, CA – 3, MA – 1). No citations resulted from any of these inspections.

## Construction Safety Week

AvalonBay joined more than 70 national and global construction firms to commemorate Safety Week 2018. Over 2,000 construction workers and 200 construction professionals participated in Safety Week programs on AvalonBay construction and redevelopment worksites. Over the course of one week, projects would "stand down" by stopping all work activity for one hour to thank employees for their commitment to creating an Incident and Injury-Free™ worksite and conduct safety training. Each stand down event was conducted in English and Spanish, completing a total of 10,000 safety training hours.

The training focused on eliminating workplace fires, avoiding hand and eye injuries and preventing falls. The weeklong activities concluded with AvalonBay employees discussing their commitment to creating an IIF worksite.

## Associate Feedback

As part of AvalonBay's annual associate survey, a section on "Culture and Safety" was added in 2018 to provide more information around our ongoing safety initiative. One of the key indicators: "The Company Values My Health and Safety" was 92% favorable at AvalonBay vs. the survey average of 76%.

## Culture and Fostering Engagement

Approximately every other year, we conduct a full engagement survey called "Your Voice, Your View—the Associate Perspective Survey," which enables AvalonBay to better understand how associates view the Company, their work and employment and their management. In 2018, the survey measured the three main areas of Engagement, People and Task Management and Performance Excellence. Also included were questions making up 13 other categories, such as Customer Focus, Growth and Development, Culture and Safety. The response rate was 82% for the entire Company. The next full engagement survey is planned for August/September 2019, as we move toward a comprehensive annual survey approach.

Survey results drive meaningful actions to enact changes in areas that are deemed by associates to be lacking or insufficient. In addition, the survey supports our publicly stated 2020 goal regarding associate engagement, which is to maintain overall engagement in the top 25% of companies surveyed that work with our survey vendor.

your voice

your view

### ASSOCIATE PERSPECTIVE SURVEY

Every year we conduct a full engagement survey called "Your Voice, Your View — the Associate Perspective Survey," which enables AvalonBay to better understand how associates view the Company, their work, employment and their management. In 2018, the survey measured the three main areas of (i) Engagement, (ii) People and Task Management and (iii) Performance Excellence. Also included were questions making up 13 other categories, such as Customer Focus, Growth and Development, Culture and Safety. The response rate was 82% for the entire Company. The next full engagement survey is planned for August/September 2019, as we move toward a comprehensive annual survey approach.



### Well-being and Benefits

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

#### Full-Time Associate Benefits

- Medical, 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
- Paid Parental Leave
- Supplemental medical insurance benefits
- Sabbatical program
- Housing discount
- Adoption assistance
- Employee stock purchase program
- Career development
- Pretax transportation/commuter benefits
- Tobacco cessation
- 100% company-paid Diabetes and Hypertension management programs
- 100% company-paid health coaching and access to nutritionists and dieticians
- FMLA and local maternity and parental leave

#### Part-Time Associate Benefits

- Dental and vision
- Supplemental medical insurance benefits
- 401(k) enrollment and matching
- Employee stock purchase program
- Transportation benefits
- 100% company-paid health coaching and access to nutritionists and dieticians
- Domestic partner benefits

### Benefits Enhancements in 2018

Our associates are what make AvalonBay a great place to work and their well-being is important. With that in mind, we have many programs and benefits in place to support associates in a variety of ways. We introduced the following enhancements to our benefits program in 2018:

#### Vida Health

This new app-based health coaching program provides our associates with unlimited access to dieticians, nutritionists, personal trainers and more. Nineteen percent of associates are engaged with a health coach, and one-third of those engaged have lost 5–10% of their body weight.

#### Employee Assistance Program (EAP)

The EAP, provided by Health Advocate, is a free, confidential benefit to help associates and their family members live well, at home and at work. In 2018, Health Advocate expanded the program to offer video counseling with a mental health provider.

#### Paid Parental Leave

Associates who are welcoming a new child into their lives are eligible to take up to 12 weeks of parental leave with 6 weeks of the 12 weeks paid at 60% of their earnings. In addition to FMLA and local maternity and paternity leave, AvalonBay began offering the additional 6 weeks in 2018.

## Livongo

We continue to offer this diabetes management program that provides diabetic associates and their family members with free diabetic supplies and access to Certified Diabetes Educators.

## Additional Voluntary Benefits

To help associates supplement their medical insurance and limit their out-of-pocket exposure in case of the unexpected, AvalonBay introduced a suite of voluntary benefits to help associates supplement their coverage and limit their out-of-pocket exposure. These include the Accident and Critical Illness Insurance Programs, and the Identity Theft Insurance Program.

## Inclusion and Diversity

Building a more inclusive and diverse AvalonBay begins with our purpose — creating a better way to live. Our offerings should reflect the diversity of our customers and the communities where we operate. So, too, should AvalonBay's associates. As we continue to grow and innovate, it's important that we recruit, develop and promote associates with a wide range of backgrounds, experiences and perspectives, and create an environment that encourages all voices to be heard, understood and appreciated.

In 2018, we established the Inclusion & Diversity Council (I&D) to provide more focus and a tangible commitment to improving in this area. With a goal of fostering an inclusive and diverse culture where every associate has the opportunity to thrive and grow, the council's 2018 accomplishments include:

### Establishing the Council and Purpose

The Council is comprised of 13 associates from diverse personal, functional and geographic backgrounds. The purpose of the Council is to promote and create an inclusive and diverse environment where everyone can thrive. Success will be measured through business results and improvement on I&D metrics.

### Conducting an I&D Survey and Focus Groups

We conducted an Inclusion & Diversity survey and held focus groups throughout the organization. More than 600 associates participated in the survey and 150 attended focus groups. These feedback channels provided important insight on how associates think and feel about the current state of inclusion and diversity at AvalonBay and what should change.

“To me, an inclusive and diverse AvalonBay is where everyone has the opportunity to contribute and where different perspectives are valued and discussed openly...”



## Researching Best Practices

In addition to associate feedback, the Council researched best practices at other companies. We learned that bias awareness, accountability, leadership support, mentoring, expanded recruiting sources and associate affinity networks are essential elements that create inclusive and diverse cultures.

In 2019, we will be laying the foundation for an ongoing, long-term strategy. We know there is much to accomplish and believe these 2019 priorities are the right place to start.

## Setting the Example

We will be engaging AvalonBay's leaders in our inclusion and diversity efforts to help us promote bias awareness programs, build new connections to expand our talent pool and create an environment where differences are valued.

## Expanding Our Talent Pool

The Talent Acquisition team will be focused on enhancing our messaging to prospective associates, expanding partnerships with new schools and organizations, and updating our interview practices.

## Measuring Progress

Tracking our progress through key metrics will be an essential part of this initiative. We will be reporting our progress in hiring, retaining and promoting a more diverse talent pool at AvalonBay.

## Managing Bias

Everyone has unconscious bias. It is part of being human. In the workplace, our biases can influence decisions and not always for the best. We plan to launch a bias awareness training program in 2019, beginning with senior leaders and eventually rolling out to all AvalonBay associates.

## Building Connections

To support associates in creating networks and support within the company, we will introduce an I&D Resource site via our company intranet, continue to grow the Women's Leadership Network, build the Inclusion & Diversity Network, and foster stronger connections with community building events, external affinity groups and diverse professional organizations.

# Diversity, Inclusion and Employment Metrics

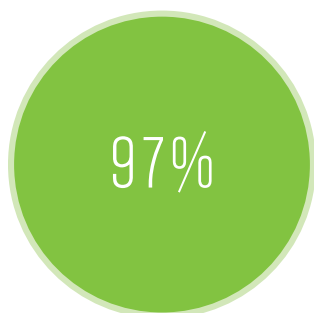
As of December 31, 2018

## Employment Metrics

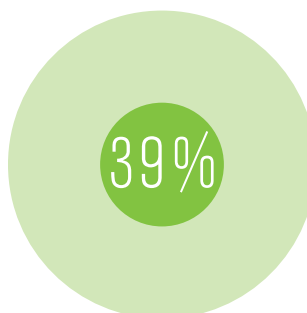
Total Employees



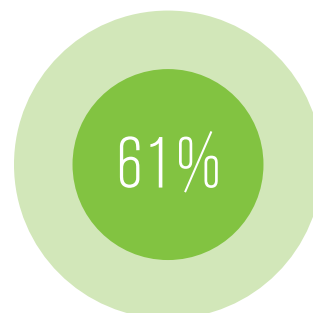
Full-Time



Female

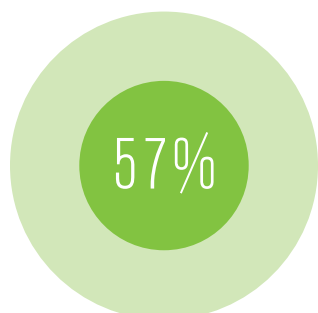


Male

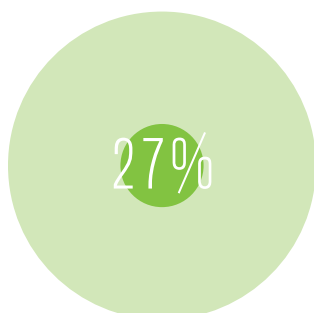


## Employment by Generation

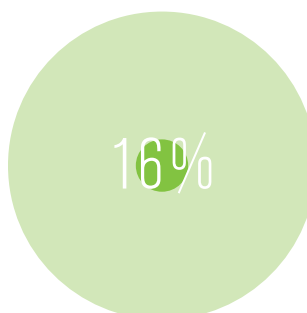
Millennials  
(‘78–‘99)



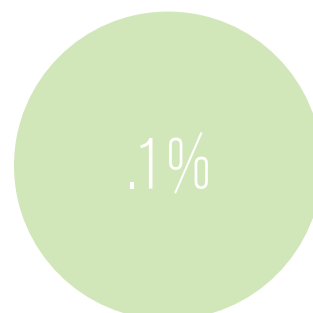
Generation X  
(‘65–‘77)



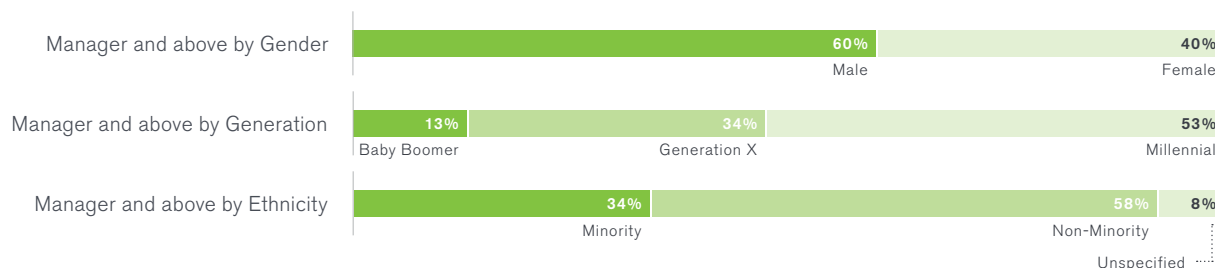
Baby Boomers  
(‘46–‘64)



Traditionalists  
(‘45 and before)

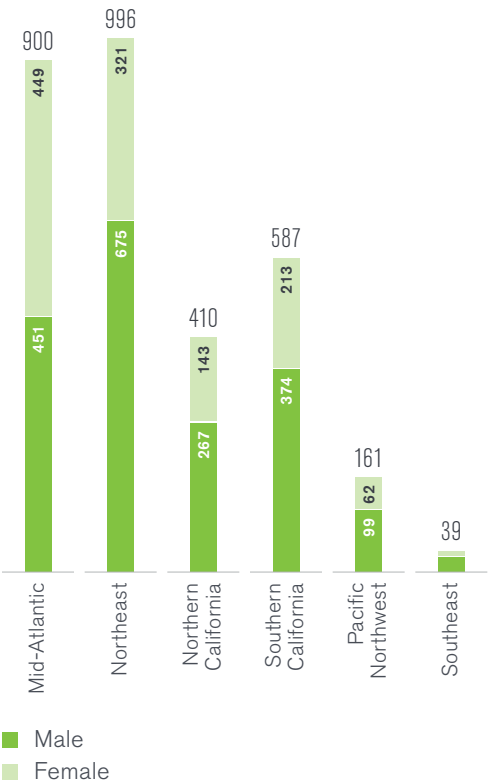


## Management Data (Manager & Above)

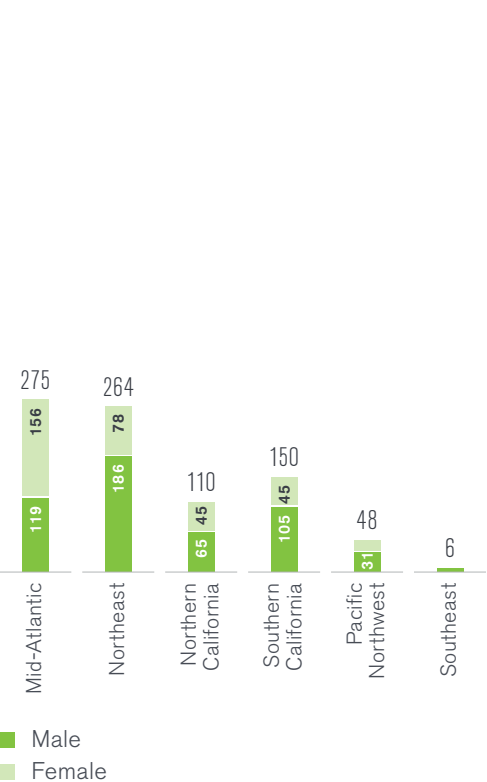


# Total Employment and 2018 New Hire Data

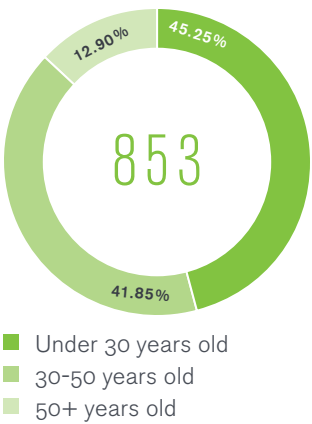
Total Employment by Gender and Region



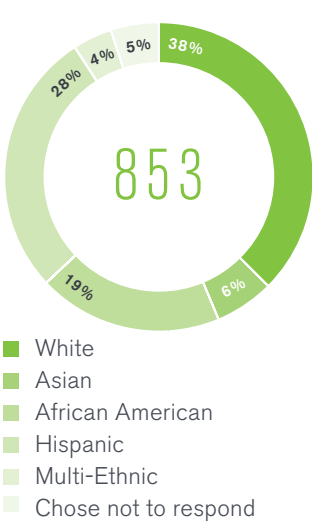
New Hires by Gender and Region



New Hires by Age



New Hires by Ethnicity



New Hires by Gender



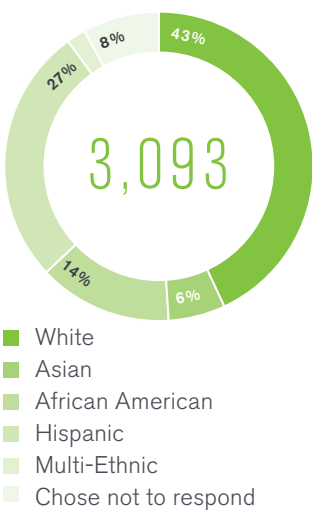
## Employment Highlights

Average of  
**6.75 YRS**  
tenure for employees

Average of  
**26%**  
turnover\* from 2013 to 2018,  
well below the National  
Multifamily Housing Council  
(NMHC) average of 30%

Promoted  
**14.1%**  
of the workforce in 2018

Total Employment by Ethnicity



\*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.

# CREATING A BETTER WAY TO LIVE FOR OUR RESIDENTS

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

## Listening to Residents

We continuously ask customers to share their experiences with us so we understand our strengths and identify areas where we can improve. We do this by surveying residents at various stages of their time with us: following their move-in, midway through their lease, and at move-out. We use the Net Promoter Score (NPS), a metric used by leading companies, as our primary measure of customer satisfaction and loyalty. In 2018, our total portfolio NPS increased three points to 32, from 29 in 2017. This improvement continues a four-year trend and is a testament to continuing to take action regarding all feedback we receive from residents.

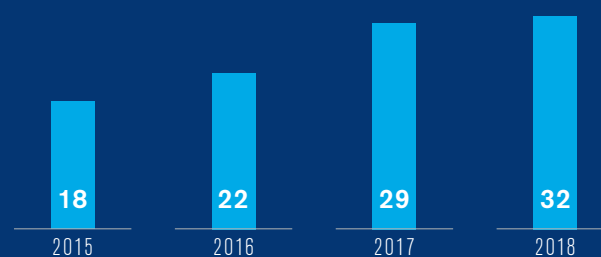
We also monitor social media and review websites. This is particularly important since more than 80% of people searching for an apartment consider online reviews. We again ranked #1 among publicly-traded residential REITs for online reputation according to J. Turner Research's Online Reputation Assessment™ Power Rankings.

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

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

## NET PROMOTER SCORE (NPS)

Our 2018 Net Promoter Score (NPS) continues a four-year trend and is a testament to continuing to take action regarding all feedback we receive from residents.



## Wellness and Healthy Buildings

In 2018 AvalonBay received our first Fitwel Certification from the Center for Active Design (CfAD)



for AVA NoMA, an apartment community located in the NoMa neighborhood of Washington, DC. The community successfully integrates evidence-based design and operational strategies that optimize the health of its over 700+ residents. AVA NoMa is the first multifamily residential building in the District of Columbia to receive Fitwel certification and also received recognition for achieving one of the highest multifamily residential scores in Fitwel's 2018 Best in Building Health awards.

The Fitwel Certification System is a joint initiative led by the US Centers for Disease Control and Prevention (CDC) and the Center for Active Design. Fitwel for multifamily residences consists of a set of evidence-based strategies, representing the best science that exists linking health with design. AvalonBay has two associates who are certified Fitwel Ambassadors, working actively to pursue additional certifications for the company.

In addition to Fitwel, we continue to support our resident wellness programs, AVALONfit and AVAfit. In 2018, our residents had the opportunity to participate in our Fitlympics and Fit & Balanced promotions. We also launched a new FIT partnership with Pzizz, a sleep tracking app.



## Engaging Residents in the Greater Community

We know that a better life, for many, means giving back. We engage residents in our Building Strong Communities philanthropy program — from blood drives to our Spirit of Caring Month volunteer activities — we constantly look for ways to take an active role with our residents in engaging with the local community. We were proud to sponsor our fourth annual Community Preparedness Week (CPW) in partnership with the American Red Cross. As a national Disaster Responder partner with the Red Cross, and through CPW, we extended Red Cross emergency and preparedness resources to our 145,000 residents, including an emergency app, fire safety tips and a discount for the Red Cross online store.

## Relocation Advantage

In 2018, we implemented the Relocation Advantage program. Designed to relieve the stress of moving for residents who move from one of our properties to another, this program offers a little extra help from our maintenance team, time to move and complimentary temporary storage space. For more details visit: <https://www.avaloncommunities.com/relocation-advantage>.

## Ensuring Data Security

The protection of AvalonBay data is one of the core pillars of the AvalonBay cyber security program. It is our goal to make sure resident data and proprietary data remain safe and secure. In 2018, we kicked off several projects with a focus on helping further secure Personally Identifiable Information. Moving forward we will continue to make enhancements that have data security in mind, including the migration of files to Microsoft OneDrive, the ability of associates to encrypt individual files and emails, and training that raises awareness about best practices when handling sensitive data.

- 01 AVA NoMa, the first AvalonBay community to receive Fitwel certification, as well as the first Fitwel multifamily residential certification in Washington, DC.
- 02 The winner of AvalonBay's 2018 Earth Day "Act of Green" contest was **Avalon Ossining**, which helped organize a two-part aqueduct cleanup of a trail that runs through the community.
- 03 **Avalon Sunset Towers** provides electric vehicle charging stations in its parking garage.
- 04 As part of AvalonBay's WAG The Pet Program, many communities, like **Avalon Princeton**, have indoor and outdoor pet amenities for our four-legged residents.

## A FEW KEY HIGHLIGHTS FROM 2018

Hub by Amazon package lockers at 120 communities give residents 24/7 access to deliveries. 80 more will be installed by the end of 2019.

TransitScreen® at 50 of our communities provides residents with real-time transit and commuting information.

In partnership with IKEA®, 32 communities offer furnished apartments, giving residents a more cost-effective "plug and play" living option.

Our WAG The Pet Program partnered with the American Red Cross to provide resources for our residents to prepare their pets for emergencies. We also continued our national partnership with the VCA, a network of animal hospitals, to provide resources to residents, including discounted veterinary services.

## About AvalonBay

AvalonBay Communities, Inc., is an equity REIT in the business of developing, redeveloping, acquiring and managing multifamily communities primarily in New England, the New York/New Jersey metro area, the Mid-Atlantic, the Pacific Northwest, and Northern and Southern California.

We focus on leading metropolitan areas in these regions that we believe are characterized by growing employment in high wage sectors of the economy, higher cost of home ownership and a diverse and vibrant quality of life. We believe these market characteristics offer the opportunity for superior risk-adjusted returns over the long-term on apartment community investments relative to other markets that do not have these characteristics. We believe that Denver, Colorado and Southeast Florida share these characteristics and we began investing in these markets in 2017.

As of December 31, 2018, the company owned or held a direct or indirect ownership interest in 291 apartment communities containing 85,158 apartment homes with more than 145,000 residents. We operate our communities under three core brands: Avalon, AVA and eaves by Avalon. In addition to our communities, we maintain a corporate headquarters in Arlington, VA, and 12 regional offices located throughout the United States. As of year-end 2018, we employed over 3,093 associates.

### Our Policy on Contributions

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

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

Total contributions approved and reported in 2018 were \$4,259,650, including (i) contributions of \$3,425 to the California Apartment Association Independent Expenditures PAC in connection with attendance at various fundraising events, (ii) \$4,266,100 to No on 10, Californians for Responsible Housing PAC in connection with opposition to a rent control ballot measure in California, \$50,000 to Affordable Housing Now PAC in support of affordable housing in California and \$125 in unitemized expenditure and contributions in California in the first half of 2018.

Annually, AvalonBay also provides an opportunity to senior level associates to contribute directly to a designated PAC. In 2018 the designated PAC was REITPAC, the political action committee of NAREIT.

### Corporate and Regional Office Locations

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

## Apartment Homes\*

By Region	Current Apartment Homes	Apartment Homes Under Construction
New England	11,337	918
New York/New Jersey	14,785	1,943
Mid-Atlantic	13,166	1,009
Pacific Northwest	4,116	1,205
Northern California	12,548	489
Southern California	16,527	695
Total:	72,479	6,259

\*Excludes 1,014 apartment homes in non-core markets.

## Governance and Ethics

AvalonBay is committed to sound corporate governance practices and the highest ethical standards. Our Board of Directors includes 10 members, 9 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 (Clawback Policy)
- Strong lead independent director position
- Director and executive officer stock ownership guidelines
- Director and officer 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 review of enterprise and fraud risks presented to and discussed with the Audit Committee and/or the full Board
- Policy on political contributions and government relations
- Responsible procurement principles

### 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 financial or reporting improprieties, workplace issues or ethical matters. We adhere to a strict non-retaliation policy in order to protect any associate who makes a report in good faith. And our Associate Perspective Survey also asks questions relating to ethics, compliance and safety.

In addition, AvalonBay:

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

### Ethics and Compliance Training

We recognize that maintaining our high standards of ethics requires consistent ethical behavior by our associates. We conduct 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 2018, AvalonBay associates completed 4,407 hours of training related to human rights, including courses on respectful workplace, anti-harassment, ethics and fair housing and accessibility
- All associates are required to read and sign the AvalonBay code of business conduct and ethics annually. Upon hire, associates are provided with an electronic copy of the associate handbook, which also details conduct and behavior expectations

## Internal Audit

Our Internal Audit group, which consists of approximately 10 full-time equivalent associate positions, functions independently within the company and reports directly to the Audit Committee of the Board of Directors. 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 (CPAs), Certified Internal Auditors (CIAs), Certified Fraud Examiners (CFE), Certified Information Systems Auditors (CISAs) and Certified Information System Security Professionals (CISSPs). The internal audit group performs continuous independent reviews and audits of key business, operational, financial and information technology activities, including but not limited to development, construction, capital expenditures, our shared services center (Customer Care Center), IT controls and security, and community operations. The group reports the results of its activities, including audit findings and opportunities for internal control enhancement, to the Audit Committee, executive management and key process owners. Audits of corporate processes such as payroll, cash management, risk management, benefits, marketing, IT, and the Company's overall segregation of duties and control environment are also conducted. Other key functions performed by Internal Audit to support an ethical environment, culture and the company's commitment to integrity include:

- Administering the Sarbanes-Oxley (SOX) compliance process. This includes testing and verifying the design and effectiveness of more than 200 key business process and IT internal controls that reside over the Company's financial reporting. This process also includes reviewing more than 50 process owner certified quarterly and annual internal control/fraud attestations, the results of which support the SEC required CEO/CFO internal control certification section of its 10-Q and 10-K financial statement filings
- Performing an annual, entity-level control assessment based on the Committee of Sponsoring Organizations' (COSO) internal control framework. This also includes conducting an annual fraud risk survey and fraud control assessment based on key risks identified in the Association of Certified Fraud Examiners' (ACFE) report to the Nations on Occupational Fraud and Abuse
- Managing the Company's whistle-blower hotline, EthicsPoint, which also provides access to every report to the Audit Committee of the Board of Directors to ensure full transparency
- Taking an active and engaged role in helping monitor and oversee the company's compliance and risk management and mitigation; investigations; and IT infrastructure, controls and system upgrades and implementations. This includes serving on the Company's Enterprise Risk Management, Cyber-Security, Quality Assessment and other key governance based committees

## Vendor Code of Conduct and Responsible Supply Chain Principles

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

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

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

We continue to make progress on the integration of our public, responsible procurement principles into business processes. In 2018, we surveyed 26 AVB vendors of strategic importance against our principles and ensured compliance with their intent. This represented an increase of 24% over our 2017 survey. We also require vendors to sign the principles in all contract vehicles and in new vendor agreements.

## Information Security

2018 proved to be another record-breaking year for cybercrime. Cyber security and data privacy related issues are increasing throughout the world. With the full support of executive management, the IT department has been implementing a steady stream of IT and Cyber Security improvements that will help us continue to protect our data and systems from cyber threats. The list below is the work we have planned around information security in 2019:

- Migration to Next Generation Endpoint Protection
- Enhanced security testing of our consumer facing websites
- Improved password protections
- New data encryption capabilities
- Migration to Windows 10

## 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 Vice President of Corporate Responsibility (VPCR) reports to our Chief Investment Officer (CIO) and leads both the environmental sustainability and strategic philanthropy programs for AvalonBay. The VPCR is responsible for:

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

In late 2018, we added a new full-time member to the Corporate Responsibility team, responsible for focusing on our social investment (Building Strong Communities), our communications strategy and our public CR Reporting.

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. Our target payback period for sustainability projects is 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, waste reduction and reduction of our carbon footprint related to building construction and operation. Increasingly we are funding projects that achieve our renewable energy strategy and support de-carbonization of our buildings, in support of our new Science Based Targets.

The process for identifying risks/opportunities includes a periodic survey of company officers and less frequent surveys of a wider group of company stakeholders, including customers, associates, suppliers and board members, among others. In 2017 the VPCR conducted a comprehensive review of our portfolio for risks related to climate change, stronger storms and other natural disasters. This review was presented to the AVB Board of Directors in 2018, and now forms the basis of an internal resiliency plan for the company.

## CR Governance Structure

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

### CR Committee

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

### Philanthropy Committee

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

Within each region we also engage leadership from development and residential services, who team up to create a strategic regional community investment plan and partnering approach.

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

## Stakeholders

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

Our newly updated materiality analysis, which asks a variety of stakeholders for input on our CR priorities, follows this section.

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

### Investors

To increase transparency for investors on CR issues, we respond to the Global Real Estate Sustainability Benchmark (GRESB), which provides us with an industry benchmark for our CR initiatives and ESG program. We also publicly respond to the CDP with a transparent accounting of our environmental performance. Each year we have our environmental data third-party verified.

### 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 services used to support corporate functions and ongoing property operations. Our supply chain ranges from thousands of local vendors around the country to a more discrete number of regional and national vendors in the following categories:

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

Depending on the nature of these relationships, the supply chain within a particular spend category may vary from direct purchase to indirect procurement via contractors (either locally sourced or via a national agreement). Most categories for construction and redevelopment are competitively bid and managed at the project level. However, products that are used as standards in construction and redevelopment projects are sourced centrally via an RFP process and then purchased indirectly through contractors. Traditionally, property operations categories with a total spend of over \$250,000 that are scalable across multiple communities are sourced and contracted centrally via an RFP process. Contracted categories undergo regular review and management to ensure competitive pricing, service and value.

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

We have integrated these principles into our procurement processes and continue to deepen this engagement. We have now achieved over 90% coverage in screening major new suppliers against environmental and labor practices, human rights and societal impact criteria. Here are some highlights of the procurement team's accomplishments in 2018:

- Followed standardized sourcing strategy guidelines and process
- Continued use of electronic sourcing and contracting modules for all centrally contracted suppliers
- Continued vendor ranking and key performance metrics for top suppliers
- Financial and Safety vendor prequalification questionnaire for over 200 construction vendors
- Surveyed top vendors to understand their responsible procurement and supply chain behaviors
- Supported programs to implement LED replacements, solar installation, and partner with national providers to continue optimization of recycling and waste streams

### Materiality Analysis and 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, most recently in 2018
- Establishing long-term goals aligned with our materiality analysis
- Establishing an annual CR plan that puts in place initiatives and strategies to achieve our long-term 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 periodic updates and externally in our annual CR report.

## Materiality Analysis

Our last materiality analysis was conducted in 2014, so in 2018, we set out to determine what CR factors are currently of most significance to our stakeholders. In order to do this, we conducted an updated, in-depth materiality analysis with key AvalonBay stakeholders: associates, residents, suppliers and vendors, shareholders, local governments and community leaders, company officers, and the AvalonBay Board of Directors.

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

In the 2018 assessment we added several new indicators which are becoming more important to our stakeholders:

- Healthy Buildings –Well Buildings
- Climate Change
  - Understanding the Effects of Sea Level Rise
  - Understanding the Effects of Stronger Storms
  - Creating Climate Change Resiliency and Mitigation Strategies
- Impact Investing (Social Investment with a Return)

The new survey resulted in very similar materiality priorities as the previous version with a few key differences:

- Several indicators moved up in importance to our external stakeholders: Data Security, Employee Well-Being/Health and Safety, and Affordable Housing
- Two indicators moved down in importance to our external stakeholders: Corporate Giving and Political Contributions
- Three indicators moved up in importance to our internal stakeholders: Screening Suppliers for Environmental Criteria, Response to External Raters of ESG Performance, and Board Composition and Governance

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

# AvalonBay Materiality Matrix



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

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

# GRI-G4 General Standard Disclosures

## Strategy and Analysis

GRI Indicator	Description	Report Section
<b>G4-1</b>	CEO statement about the relevance of sustainability to the organization and its strategy	From the CEO, p.3–4
<b>G4-2</b>	Approach to the construction of new assets versus retrofits, upgrades and refurbishments, and the effect this has on impacts, risks and opportunities OR Provide a description of key impacts, risks and opportunities OR Targets for next reporting period	2020 Goals Progress, p.8

## Organizational Profile

GRI Indicator	Description	Report Section
<b>G4-3</b>	The name of the organization	About AvalonBay, p.28
<b>G4-4</b>	Primary products and services	About AvalonBay, p.28
<b>G4-5</b>	Location of the organization's headquarters	Corporate and Regional Office Locations, p.28
<b>G4-6</b>	Countries where the organization operates	About AvalonBay, p.28
<b>G4-7</b>	Nature of ownership and legal form	About AvalonBay, p.28
<b>G4-8</b>	Markets served	About AvalonBay, p.28
<b>G4-9</b>	Scale of the reporting organization	About AvalonBay, p.28
<b>G4-10</b>	Employee diversity and data	Diversity, Inclusion and Employment Metrics, p.24–25
<b>G4-11</b>	Report the percentage of total employees covered by collective bargaining agreements	Other GRI Indicators, p.47
<b>G4-12</b>	Describe the organization's supply chain	Vendors, Suppliers, Contractors, p.32
<b>G4-13</b>	Significant changes during the reporting period regarding the organization's size, structure and ownership	Report Parameters, p.49; From the CEO, p.3–4
<b>G4-14</b>	Commitment to external initiatives (LEED, Energy Star, GRESB)	From the CEO, p.3–4; 2018 Environmental Sustainability Highlights, p.13
<b>G4-15</b>	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	From the CEO, p.3–4; 2018 Environmental Sustainability Highlights, p.13
<b>G4-16</b>	Memberships in associations and advocacy organizations	From the CEO, p.3–4; 2018 Environmental Sustainability Highlights, p.13

## Identified Material Aspects and Boundaries

GRI Indicator	Description	Report Section
<b>G4-17</b>	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	2018 AvalonBay Annual Report
<b>G4-18</b>	Defining the report content and the Aspect Boundaries	Report Parameters, p.49; Aspect Boundaries, p.42
<b>G4-19</b>	Material Aspects identified in the process for defining report content	Materiality Analysis and Management Approach, p.32
<b>G4-20</b>	Reporting Boundary	Report Parameters, p.49; Aspect Boundaries, p.42
<b>G4-21</b>	For each Material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> <li>• Report whether the Aspect is material outside of the organization</li> <li>• 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</li> <li>• Report any specific limitation regarding the Aspect Boundary outside the organization</li> </ul>	Aspect Boundaries, p.42
<b>G4-22</b>	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	2018 Environmental Sustainability Highlights, p.13
<b>G4-23</b>	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2018 Environmental Sustainability Highlights, p.13

## Stakeholder Engagement

GRI Indicator	Description	Report Section
<b>G4-24</b>	List of stakeholder groups at the organizational level and engagement at a project or asset level	Stakeholders, p.32
<b>G4-25</b>	Basis for identification and selection of stakeholders with whom to engage	Materiality Analysis and Management Approach, p.32
<b>G4-26</b>	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Materiality Analysis and Management Approach, p.32
<b>G4-27</b>	Topics and concerns that have been raised through stakeholder engagement	Materiality Analysis and Management Approach, p.32

## Report Profile

GRI Indicator	Description	Report Section
<b>G4-28</b>	Reporting period	Report Parameters and GRI-G4 In-Accordance Option, p.49
<b>G4-29</b>	Date of most recent previous report	Report Parameters and GRI-G4 In-Accordance Option, p.49
<b>G4-30</b>	Reporting cycle	Report Parameters and GRI-G4 In-Accordance Option, p.49
<b>G4-31</b>	Contact point for questions about the report	Contact, p.49
<b>G4-32</b>	GRI content index	Global Reporting Initiative Content Index, p.35
<b>G4-33</b>	External assurance	Assurance Statement, p.4 and repeated on p.49

## Governance

GRI Indicator	Description	Report Section
<b>G4-34</b>	Governance structure of the organization	Governance and Ethics, p.29
<b>G4-35</b>	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.31
<b>G4-36</b>	Appointed an executive-level position with responsibility for economic, environmental and social topics	Corporate Responsibility Governance, p.31
<b>G4-38</b>	The composition of the highest governance body and its committees	Governance and Ethics, p.29
<b>G4-39</b>	Indication of whether the chair of the highest governance body is also an executive officer	Governance and Ethics, p.29
<b>G4-42</b>	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.29
<b>G4-43</b>	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Corporate Responsibility Governance, p.31
<b>G4-45</b>	Risk management identification and management of economic, environmental and social impacts, risks and opportunities	Corporate Responsibility Governance, p.31
<b>G4-46</b>	Role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Corporate Responsibility Governance, p.31
<b>G4-48</b>	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.31

## Ethics and Integrity

GRI Indicator	Description	Report Section
<b>G4-56</b>	Codes of conduct and codes of ethics	Code of Business Conduct and Ethics, p.29; Ethics and Compliance Training, p.29; Internal Audit, p.30; Vendor Code of Conduct and Responsible Supply Chain Principles, p.30
<b>G4-57</b>	Internal and external mechanisms for seeking advice on ethical and lawful behavior	Code of Business Conduct and Ethics, p.29; Internal Audit, p.30
<b>G4-58</b>	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.29; Internal Audit, p.30

## GRI-G4 Specific Standard Disclosures

### Disclosures on Management Approach

GRI Indicator	Description	Report Section
<b>G4-DMA</b>	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"> <li>The mechanisms for evaluating the effectiveness of the management approach</li> <li>The results of the evaluation of the management approach</li> <li>Any related adjustments to the management approach</li> </ul>	Materiality Analysis and Management Approach, p.32

## Economic

### Aspect: Economic Performance

GRI Indicator	Description	Report Section
<b>G4-EC1</b>	The direct economic value generated and distributed (EVG&D) revenues, operating costs, employee wages and benefits, payments to providers of capital, government and community investments	Economic, Community and Development Performance, p.45
<b>G4-EC2</b>	Financial and reputational risks and opportunities related to climate change, in addition to other sustainability issues	Corporate Responsibility Governance, p.31

### Aspect: Indirect Economic Impacts

GRI Indicator	Description	Report Section
<b>G4-EC7</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagements	Building Strong Communities Program, p.16
<b>G4-EC8</b>	Significant indirect economic impacts including creating jobs, services, development in areas of high poverty and change in location of operations or activities	Building Strong Communities Program, p.16

## Environmental

### Aspect: Energy

GRI Indicator	Description	Report Section
G4-EN3	Energy consumption within the organization	Environmental Performance, p.45–46
G4-EN5	Energy intensity	Environmental Performance, p.45–46
G4-EN6	Reduction of energy consumption	Environmental Performance, p.45–46
G4-EN7	Reduction in energy requirements of products and services	Environmental Performance, p.45–46 and 2018 Environmental Sustainability Highlights, p.13

### Aspect: Water

GRI Indicator	Description	Report Section
G4-EN8	Total water withdrawal by source	Environmental Performance, p.46
CRE2	Building water use intensity	Environmental Performance, p.46

### Aspect: Emissions

GRI Indicator	Description	Report Section
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Environmental Performance, p.45–46
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Environmental Performance, p.45–46
G4-EN17	Other indirect greenhouse gas (AHG) emissions (scope 3)	Environmental Performance, p.45–46
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Performance, p.45–46

### Aspect: Effluents and Waste

GRI Indicator	Description	Report Section
G4-EN23	Total weight of waste by type and disposal method	Environmental Performance, p.46

### Aspect: Land

GRI Indicator	Description	Report Section
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	Development and Construction, p.47

### Aspect: Products and Services

GRI Indicator	Description	Report Section
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Development and Construction, p.47 and 2018 Environmental Sustainability Highlights, p.13

### 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.46

### Aspect: Supplier Environmental Assessment

GRI Indicator	Description	Report Section
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Vendor Code of Conduct and Responsible Supply Chain Principles, p.30; Vendors, Suppliers, Contractors, p.32

## Labor Practices and Decent Work

### Aspect: Employment

GRI Indicator	Description	Report Section
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Diversity, Inclusion and Employment Metrics, p.24
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.22

### Aspect: Labor/Management Relations

GRI Indicator	Description	Report Section
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Diversity, Inclusion and Employment Metrics, p.24

### 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.20–21
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	Health and Safety, p.20–21

### 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.19
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.19
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Learning and Development, p.19

### Aspect: Diversity and Equal Opportunity

GRI Indicator	Description	Report Section
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Diversity, Inclusion and Employment Metrics, p.24

### Aspect: Supplier Assessment for Labor Practices

GRI Indicator	Description	Report Section
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Vendor Code of Conduct and Responsible Supply Chain Principles, p.30; Vendors, Suppliers, Contractors, p.32

## 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.29

### Aspect: Supplier Human Rights Assessment

GRI Indicator	Description	Report Section
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Vendor Code of Conduct and Responsible Supply Chain Principles, p.30; Vendors, Suppliers, Contractors, p.32

## Society

### Aspect: Local Communities

GRI Indicator	Description	Report Section
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Building Strong Communities Program, p.16

### 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.30
G4-S04	Communication and training on anti-corruption policies and procedures	Code of Business Conduct and Ethics, p.29; Ethics and Compliance Training, p.29

### 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.28

### 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.47

### Aspect: Supplier Assessment for Impacts on Society

GRI Indicator	Description	Report Section
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	Vendor Code of Conduct and Responsible Supply Chain Principles, p.30; Vendors, Suppliers, Contractors, p.32

## 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.20–21; Safety and Health Qualification Tables, p.47

### Aspect: Product and Service Labeling

GRI Indicator	Description	Report Section
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Creating a Better Way to Live for Our Residents, p.26–27

### 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	Creating a Better Way to Live for Our Residents, p.26–27

## 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

## ESG Data

### Economic, Community and Development Performance

<b>Economic (\$000)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Operating revenues	\$2,284,535	\$2,158,628	\$2,045,255	\$1,856,028
Operating costs (excluding employee compensation)	\$164,294	\$377,875	\$369,418	\$340,981
Employee compensation	\$236,037	\$226,684	\$210,218	\$202,788
Property and other taxes	\$241,563	\$221,375	\$204,837	\$193,499
Dividends and interest	\$1,112,519	\$1,073,465	\$1,014,775	\$902,405
Retained earnings	\$294,085	\$259,229	\$246,007	\$216,355
<b>Total Community/Apartment Count</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Number of properties	291	288	285	285
Number of apartment homes	85,158	84,158	83,667	83,696
<b>Affordable Count</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Number of designated affordable homes	4,575	4,614	4,652	4,738
<b>Construction Counts</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Properties under construction at year-end/homes	21/6,609	21/6,544	27/9,149	26/8,112
Completed properties at year-end/homes	7/1,915	14/5,189	8/1,715	13/4,170
<b>Redevelopment Counts</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Properties under redevelopment at year-end/homes	12/4,356	15/6,432	4/1,671	10/3,245
Completed redevelopments at year-end/homes	12/6,038	9/2,620	10/5,640	4/1,144

### Environmental Performance

<b>Emissions</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2013 (baseline)</b>
Like-for-like CO <sub>2</sub> emissions scope 1 (mtCO <sub>2</sub> e)	13,679	12,843	11,290	12,874
Like-for-like CO <sub>2</sub> emissions scope 2 (mtCO <sub>2</sub> e)	41,680	39,865	43,880	50,402
Like-for-like total CO <sub>2</sub> emissions (mtCO <sub>2</sub> e)	55,359	52,708	55,169	63,276
Percentage change (total emissions like-for-like) since baseline year	12.50%	-16.70%	-12.80%	
Total CO <sub>2</sub> emissions scope 1 (mtCO <sub>2</sub> e)	19,816	19,008	17,913	17,729
Total CO <sub>2</sub> emissions scope 2 (mtCO <sub>2</sub> e)	59,774	62,242	58,975	55,873
Total CO <sub>2</sub> emissions scope 3 (mtCO <sub>2</sub> e)	6,121	6,267	6,184	6,293*
Total (scope 1 and scope 2) CO <sub>2</sub> emissions (mtCO <sub>2</sub> e)	79,590	81,250	76,888	73,603
Percentage change (scope 1 and scope 2) since baseline year	8.10%	10.40%	4.50%	
Construction CO <sub>2</sub> emissions (mtCO <sub>2</sub> e)	2,734	2,460	5,252	4,228
Percentage change (construction emissions) since baseline year	-35.30%	-41.80%	24.20%	

\*The baseline year for scope 3 emissions is 2014.

## Environmental Performance (continued)

<b>Emissions (continued)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2013 (baseline)</b>
Total scope 1 and 2 emissions intensity (mtCO <sub>2</sub> e/FTE)	26.11	27.48	26.85	26.90
Total scope 1 and 2 emissions intensity (mtCO <sub>2</sub> e/\$ revenue)	0.000035	0.00004	0.000040	0.000052
<b>Energy</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2013 (baseline)</b>
Like-for-like energy consumption (kWh)	216,498,159	204,381,000	198,157,000	219,249,000
Percentage change since baseline year	-1.25%	-6.8%	-9.62%	
Total energy consumption (kWh)	293,582,802	274,540,000	278,649,000	268,100,000
Percentage change since baseline year	9.50%	7.2%	3.93%	
Construction energy consumption (kWh)	7,734,634	7,357,060	15,810,939	11,820,775
Percentage change since baseline year	-34.6%	-37.76%	33.76%	
Like-for-like energy use intensity (kWh/sq. ft)**	15.19	14.87	14.86	16.68
Percentage change since baseline year	-8.92%	-10.84%	-10.91%	
<b>Water</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2013 (baseline)</b>
Like-for-like water consumption (Kgal)	2,803,580	2,779,761	2,760,737	3,047,233
Percentage change since baseline year	-8.00%	-8.78%	-9.40%	
Total water consumption (Kgal)	3,077,448	3,033,931	3,083,384	3,296,733
Percentage change since baseline year	-6.65%	-7.97%	-6.47%	
Construction water consumption (Kgal)	22,174	14,433	19,938	23,678
Percentage change since baseline year	-6.35%	-39.05%	-15.8%	
Like-for-like water use intensity (Kgal/unit)*	40.63	41.66	42.4	45.21
Percentage change since baseline year	-10.12%	-7.86%	-6.21%	
On-Site Water Reuse (M3)	171,029	154,634	135,983	
<b>Waste</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2014 (baseline)</b>
Like-for-like waste consumption (lbs/apartment home)†	1,704	1,671		
Percentage change since baseline year	9%			
Non-hazardous waste (MT)†	100,582	86,116	81,742	39,887
Percentage non-hazardous waste recycled	32%	33%	43%	45%

\*\*We calculate energy use intensity on properties that are stabilized 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.

†Our waste reported represents 92.7% of our community waste, an all-time high, and 100% of our construction waste (communities under construction in 2018).

†Our Waste Goal is calculated on a like-for-like set of communities which are stabilized for a full 24 months and then normalized for occupancy.

## Other GRI Indicators

	2018	2017	2016	2015
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	None	None	None
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None	None	None	None
Percentage of employees covered by collective bargaining agreements	None	None	None	None

## Learning and Development

Department Training	Hours
Construction/Development	2,320
Corporate	1,574
RS on-site	48,285
RS overhead	626
CCC	2,765
Cross-departmental	5,420
<b>Total:</b>	<b>60,990</b>

## Safety

U.S. Bureau of Labor Statistic	Average
Lost time (dart) rate	2.01
Total recordable case rate (per 100 workers)	3.80
Associate injuries requiring days away from work	3.69
Hours of Safety Training	14,426

## Health Qualification

Qualification/Certification	Professionals
Certified Safety Professional	2
Certified Health and Safety Technologist	6
Safety Trained Supervisor – Construction	3
Licensed (NYC) Safety Manager	1
Licensed (NYC) Fire Safety Manager	2
Bilingual – English/Spanish	4
Authorized OSHA Construction Safety Outreach Trainer	6

## Development and Construction

Development in 2018	
Number of communities beginning construction	8
Expected investment	\$718M
Remediation of preexisting environmental contamination	\$14.7M
Remediation spend projected through completion	\$18.1M
Development communities under construction as of year-end	12
Average walk score for completed transit-oriented developments (total portfolio)	88
Total transit-oriented communities	94
Transit-oriented development communities completed in 2018	4
Capital cost for all development under construction as of year-end	\$3B

Redevelopment in 2018	
Communities completed	12
Apartment homes represented	6,038
Capital cost	\$197M
Communities under redevelopment as of year-end	125
Capital cost for all redevelopment under construction as of year-end	\$154M



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## ABOUT THIS REPORT

This is AvalonBay's eighth annual Corporate Responsibility report and summarizes our environmental, social and governance (ESG) performance and activities during calendar year 2018.

### Report Parameters and GRI-G4 In-Accordance Option

This report covers issues and information material to our business and stakeholders. We followed standard disclosures from the GRI-G4 Sustainability Reporting Guidelines and sector specific guidelines for real estate and construction. The report's boundary covers a reporting period for the 2018 calendar year and builds on the progress outlined in our most recent report for the 2017 calendar year. The data in this report was sourced internally from responsible business units in the company. The selected GRI performance indicators are those most relevant to AvalonBay's business and its ESG impacts and are based on our updated materiality analysis. We are reporting against the Core GRI-G4 in-accordance option.

### Assurance Statement

Assurance Content and figures referenced in AvalonBay's filed financial statements have been externally assured by a third-party auditor. In 2018, we again had our prior year annual energy, greenhouse gas emissions, water and community waste data independently verified by Lloyd's Register Quality Assurance (LRQA), a part of Lloyd's Register Group Limited and a leading provider of independent assessment services, with recognition from over 50 accreditation bodies around the world. The full accreditation report and assurance statement can be found on our website at [avaloncommunities.com/verificationreport](https://avaloncommunities.com/verificationreport) and [avaloncommunities.com/assurancestatement](https://avaloncommunities.com/assurancestatement)

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