An aerial photograph of a city, likely New York City, with a dense grid of buildings. A large, white rectangular frame is superimposed over the center of the image, containing the main title text. The background image is tinted with a solid blue color.

CREATING A BETTER WAY TO LIVE

The logo for AvalonBay Communities, featuring the company name in a sans-serif font with 'AvalonBay' in a larger weight than 'COMMUNITIES'.

AvalonBay
COMMUNITIES

2016 Corporate Responsibility Report



Pictured on the Cover

AVA DoBro and Avalon Willoughby Square, our 58-story apartment building completed in early 2017, is the tallest building in Brooklyn.

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 the future in mind. It is about remaining true to the long-term well-being of all our stakeholders as well as the environment itself.

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. We are also an integrated company, with in-house development, construction management, property management and finance capabilities.

With this in mind, we aim to build and operate much more than buildings. The cities and infill suburbs in our core markets of the mid-Atlantic and Northeast corridor, coastal California and the Pacific Northwest 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. We are 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 2016, our 3,000 associates demonstrated how a commitment to integrity, a focus on continuous improvement, and a spirit of caring can foster company and community growth and work to reduce our environmental impact.

2016 was another strong year for AvalonBay. Our stabilized portfolio delivered a sixth consecutive year of healthy operating results. We completed eight new development communities, representing a total capital investment of approximately \$510 million, and we acquired five stabilized communities for \$530 million, which were funded through increased disposition activity. The new development communities are projected to generate a weighted average initial stabilized yield of 6.7%. They were completed at a cost basis under \$300,000 per apartment home. In addition, we started nine development communities in 2016 that are projected to contain over 2,700 apartment homes and approximately 100,000 square feet of retail space, and represent \$1.6 billion (at share) in projected total capital cost. To fund ongoing investment and refinancing activity, we raised \$1.35 billion of attractively priced capital, borrowing approximately \$1.1 billion in unsecured debt and sourcing the balance through asset sales and from distributions from unconsolidated real estate entities. Our shareholders were able to participate in all this growth once again through a 5.2% increase in early 2017 in our annual dividend, bringing the total dividend increase since 2011 to nearly 60%.

We continued to lead the multifamily sector in a number of environmental and social categories. The Global Real Estate Sustainability Benchmark (GRESB) again awarded us a “Green Star” for leadership in environmental sustainability, and our Carbon Disclosure Project (CDP) score increased a full letter grade. Our associates delivered another year of exceptional customer service, as evidenced by our net promoter score

(NPS), a metric used by leading customer-centric companies, which increased to 22 from last year’s 18. We have now exceeded our 2020 NPS CR Goal score of 20, three years early. We were pleased to remain in the 90th percentile in associate engagement, as measured by a third-party service provider who surveys leading companies on workforce engagement. And we furthered our commitment to our associates by becoming a living wage

company in 2016. We are committed to providing every associate at least a living wage specific to each of the markets where our associates work, the first public real estate company to publicly disclose such a commitment.

Our residents value our efforts, too, and we ranked #1 among publicly-traded REITs for online reputation according to J. Turner Research’s Online Reputation Assessment™ Power Rankings, a company that compiles ratings and reviews of more than 63,000 properties nationwide each month. We were also pleased to be

awarded Corporate Partner of the Year from the Equal Rights Center (ERC) in 2016 in recognition of our efforts to provide accessible apartments for disabled residents.

All of these accomplishments have enabled us to make significant progress toward our 2020 goals, as outlined in this report. As our 2017 initiatives show, we are not content to rest on these achievements. We have set sector-leading goals to increase our use of renewable solar energy, for example, and continue to push for further integration of environmental, social and governance best practices into our daily core processes. We achieved or exceeded the 2016 CR objectives outlined in our previous report, including:

RANKED

#1

.....

**AMONG PUBLICLY-TRADED
REITS FOR
ONLINE REPUTATION**

Building Strong Communities

In 2016, we made cash and in-kind contributions of \$1.4 million, reaching close to two-thirds of our 2020 goal of \$2.2 million. We surpassed our 1,000-unit blood donation goal as a disaster-responder partner of the American Red Cross, and our associate volunteer participation rate increased to 36% from 20% the year before.

LED Retrofits

We completed 44 LED lighting retrofit projects in 2016, and plan to finish 31 more in 2017. By the end of 2017 we will have completed 97 LED retrofits, reaching one-third of our portfolio. Our LED retrofits completed to date now provide \$1 Million and 6.9 Million kWh in annual energy savings, or the equivalent of removing over 1,000 cars from the road for 1 year.

Water Savings

We expanded many of our California Water Retrofit standards to the rest of the portfolio, and are now seeing savings from our weather-based irrigation efforts of \$150,000 per year. In addition, our common-area retrofit of fixtures is projected to save 3.3 million gallons of water annually.

Cogeneration

We installed one of AvalonBay's largest cogeneration systems ever at our Avalon Fort Greene community in 2016. The system is projected to save AvalonBay \$219,000 in annual energy costs and reduce GHG emissions by 350 metric tons of CO2 annually.

Waste

In 2016 we moved all our community waste oversight to one vendor, and are now integrating reporting to capture 100% of our community waste-stream data. We also aim to capture 100% of our construction waste data. With this new platform and

greater coverage, we will consider developing a waste reduction/diversion goal in 2017.

Solar

In 2016 we created a portfolio-wide renewable strategy to implement solar at AvalonBay. In 2017 we will begin execution on this strategy, with a plan to implement solar in a sizable part of the portfolio across the next three years.

External Data Validation

In a first for the company, in 2016, we had our reported 2015 energy, greenhouse gas emissions, water and waste data independently verified by Lloyd's Register Quality Assurance (LRQA), a part of Lloyd's Register Group Limited and a leading provider of independent assessment services with recognition from over 50 accreditation bodies around the world. We plan to continue this practice each year, and are expanding validation to our Scope 3 emissions.

Our purpose of creating a better way to live requires a broad understanding of the role our communities occupy within their local communities and the wider ecosystem. We are dedicated to reducing environmental impacts and increasing our social investment in these communities. I am committed to our corporate responsibility and sustainability initiatives, and I encourage you to read more about our accomplishments and further plans in this report.

Tim J. Naughton

Timothy J. Naughton
Chairman and CEO

SHOWING
\$1,000,000

IN ANNUAL ENERGY SAVINGS
FROM LED RETROFITS, AND
DIVERTING GHG EMISSIONS
EQUIVALENT TO TAKING OVER
1,000 CARS OFF THE ROAD

Assurance Statement

In 2017 we again had our annual energy, greenhouse gas emissions, water and waste data (2016) 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.

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

Corporate Responsibility Framework



Our Purpose: Creating a Better Way to Live

1. Community

- Community investment
- Philanthropy
- In-kind giving

2. Governance

- Investor relations
- Financial reporting
- Sound management practice
- Ethics and compliance
- Cybersecurity

3. Associates

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

4. Residents

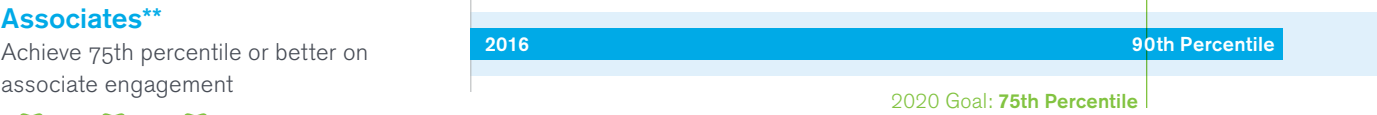
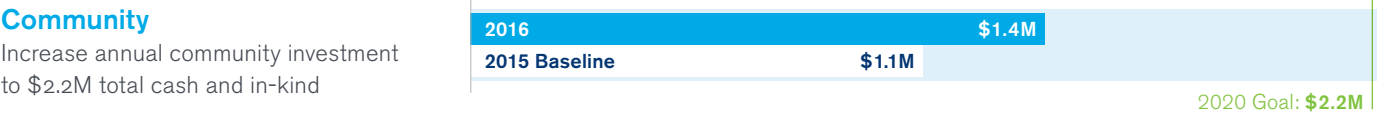
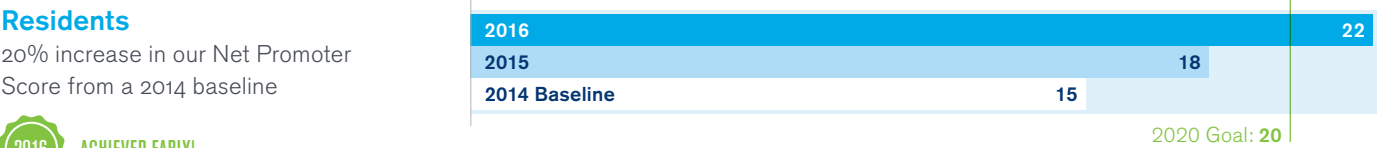
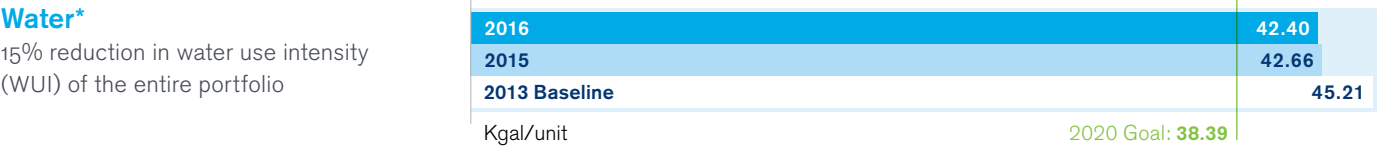
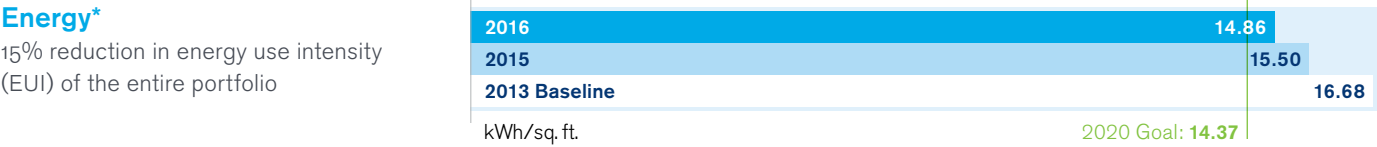
- Customer service
- Apartment greening
- Engagement
- Brand and reputation

5. Environment

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

2020 Goals Progress

We continue to make progress on our long-term Corporate Responsibility (CR) goals. In 2016, we saw an appreciable reduction in our energy use intensity (EUI) and a small reduction in our water use intensity (WUI), and made significant progress toward our community investment goals while achieving our resident goal three years early.



*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.

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

2017 Initiatives

Each year we establish a CR plan to guide our efforts during the year. The plan is reviewed with our Board of Directors and key internal stakeholders. Our 2017 initiatives include:



BUILDING STRONG COMMUNITIES

Give back \$1.75M cash and in-kind to our philanthropy partners, increase our associate volunteer participation rate to 50%, launch CPR training initiative, and donate 1,100 pints of blood to the American Red Cross.



LED PORTFOLIO RETROFITS

Complete 31 LED lighting retrofit projects and analyze the portfolio for the next set of retrofit targets.



WATER EFFICIENCY

Expand efforts to engage residents in water reduction initiatives and investigate sprinkler system retrofits to reduce consumption.



COGENERATION

Install up to two cogeneration systems which will provide on-site power generation and emergency backup power.



WASTE

Investigate setting a goal related to waste for the Company for a baseline measurement in 2017.



SOLAR INSTALLATION

Implement solar in our Washington, DC pilot set of communities.



AVB LABS

Launch an internal innovation program to drive sustainability-related innovation in our Residential Services, Development, Construction and Redevelopment processes.



EXTERNAL DATA VALIDATION

Continue to have our energy, water, GHG emissions and waste data validated by independent third-party, and expand it to cover Scope 3 emissions.



DEMAND RESPONSE

Expand NYC demand response program to Boston and continue to expand efforts to align operations with demand response programs.



ENVIRONMENTAL POLICY 2017

Our formal commitment to prudent environmental stewardship through a holistic approach that focuses on maximizing resource efficiencies, reducing greenhouse gas emissions, and reducing waste streams, while ensuring an effective use of energy, water and non-renewable resources.

90TH PERCENTILE IN ASSOCIATE ENGAGEMENT

PAGE 19

CORE VALUES



A Commitment to Integrity



A Spirit of Caring



A Focus on Continuous Improvement

PAGE 17

22

Our customer mid-lease net promoter score (NPS). We have now exceeded our 2020 NPS CR Goal of 20 three years early.

PAGE 22

94%

of AVB employees believe that through their role they contribute to our purpose of “creating a better way to live.”

PAGE 21



1,017

Units of blood collected, exceeding our 1,000 pint goal.

PAGE 15

\$65,600,000

Rent subsidies in 4,652 affordable apartment homes.

PAGE 13

SAFETY STAND DOWN

The combined effort of 2,930 construction workers at 30 construction and redevelopment sites to increase engagement and commitment to creating an Incident and Injury-Free™ worksite.

PAGE 18

RANKED #1 AMONG PUBLICLY-TRADED REITS FOR ONLINE REPUTATION

PAGE 22

C>B

CDP score increased a full letter grade.

PAGE 11

▲16%

Increase in associate volunteer participation rate from 2015-16.

PAGE 14

62

Communities in our portfolio either pursuing or having achieved a third-party environmental certification (LEED, EnergyStar).

PAGE 12

LIVING WAGE COMPANY

The first public real estate company to publicly disclose a commitment to providing every associate at least a living wage.

PAGE 3

\$1,400,000

Total cash and in-kind donations.

PAGE 14



G R E S B
★ ★ ★ ★ ★ 2016

Awarded a “Green Star” by GRESB for leadership in environmental sustainability.

PAGE 11

100%

How much construction waste-stream data we’re capturing.

PAGE 4

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SECTION 1

CREATING A BETTER WAY TO LIVE
FOR OUR COMMUNITIES

As we strive to create a better way to live and be a force for positive change, we are committed to efforts that make AvalonBay more innovative and sustainable. This commitment is reflected not only in the communities we build, but in the improved vitality of the broader communities in which we invest.

2016 Environmental Sustainability Highlights

Environmental responsibility is core to our business and a critical part of developing sustainable communities. In 2016, we continued to make progress toward our 2020 energy- and water-related goals, achieving a drop of 10.9% in energy use intensity (EUI) and a drop of 6.2% in water use intensity (WUI) against our 2013 baseline. Our 2020 goal for both these metrics is a 15% reduction. We are now achieving annual savings from our energy and water conservation initiatives started in the past three years of over \$1.2M.

In 2016, we slightly restated our 2015 water consumption due to additional data from one community coming in as a result of a utility billing error. We are also changing how we calculate our EUI, aligning it with our WUI calculation and basing it on consumption from communities that are stabilized for two full years. Otherwise there were no significant changes to our data reporting platform. We have also established an Environmental Management System and Data Management Plan, along with our newly launched publicly available Environmental Policy: <https://www.avaloncommunities.com/~media/Images/Corp/CorporateResponsibilityRevamp/Environmental-Policy.pdf>.

GRESB Benchmarking Data and CDP Disclosure

AvalonBay continued to be a sector leader in the Global Real Estate Sustainability Benchmark (GRESB). We were again awarded a Green Star by GRESB.

Our Carbon Disclosure Project (CDP) score increased a full letter grade in 2016, going from C to B. We will again report publicly in 2017 and will have our data independently

verified as well. Our CDP response can be found here: <https://www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=AvalonBay+Communities>.

Certified Sustainable Communities

In 2016, we rolled out our new Building Certified Policy and trained our associates on the policy and on LEED and EnergyStar certification. This policy requires all mid- and high-rise communities to pursue some type of environmental certification. As a result, nine communities (pictured on page 12) received a LEED environmental certification in 2016, while an additional 22 are pursuing certification in 2017. These new certifications bring the total number of communities in our portfolio either pursuing or having achieved an environmental certification to 61.

Transportation Advances:

- **Car Charging:** In 2016, we installed 420 Level 2 outlets/spaces in 17 communities with an infrastructure value of approximately \$1.1M.
- **Zagster:** We recently piloted a bike sharing amenity from Zagster (Zagster.com) at Avalon Falls Church and AVA Pacific Beach.
- **Zipcar:** In November 2016, AVB signed a marketing agreement with Zipcar. The agreement established a discounted membership fee for new AVB drivers and a driving credit, as well as an AVB associate discount program in exchange for promotion of Zipcar by AVB.
- **Maven:** AVB began working in 2016 with Maven, GM's new car charging platform.

Water and Energy Efficiency Results

We completed construction of eight apartment communities in 2016, representing 1,715 apartment homes. Thanks to our sustainability standards for new construction, these new communities will generate 263,344 kWh in electricity savings



Certifications Achieved in 2016

01	Avalon Alderwood II Lynnwood, WA	LEED for Homes Silver
02	Avalon Baker Ranch Lake Forest, CA	LEED for Homes Silver
03	AVA Capitol Hill Seattle, WA	LEED-NC Silver
04	Avalon Dublin Station III Dublin, CA	LEED for Homes Mid Rise Silver
05	Avalon Glendora Glendora, CA	LEED for Homes Gold
06	Avalon Potomac Yard* Alexandria, VA	LEED BD+C: NC v3 — LEED 2009 Silver
07	Studio 77* North Hollywood, CA	LEED for Homes Mid Rise Gold
08	AVA Theater District Boston, MA	LEED NC v09 Silver
09	Avalon Vista Vista, CA	LEED for Homes Silver

*Communities built by others and acquired by AVB in 2016

per year, a 30% reduction in heating and cooling costs, and 15.9M gallons of water savings per year compared to minimum code requirements.

Other major accomplishments in 2016 include:

- **LED Lighting:** Completed 44 projects in 2016, and are now achieving annual energy-only savings of over \$1 million and a simple payback period of 3.8 years on all LED lighting projects completed in the past two years.
- **Cogeneration:** Installed one of our largest cogeneration systems at Avalon Fort Greene. Annual projected savings from this project alone are \$219,000 and the system will reduce GHG emissions by 350 metric tons of CO₂.
- **Water Retrofits:** Completed a comprehensive retrofit of all of our California community common-area water fixtures, urinals and toilets with lower flow versions. We project savings from this activity of 3.3 million gallons per year.

Community Operations Projects

A significant opportunity exists in AvalonBay's current portfolio to drive efficiency, lower costs and improve net operating income (NOI). In 2016, we continued to pursue this opportunity on a number of fronts.

Green Labels: We continue to roll out our apartment labeling program to all new developments. Labels show residents how built-in efficiencies help them consume less energy and water, which saves them money.

Demand Management and Interval "Smart" Metering:

We expanded our demand management and interval metering pilot in New York to an additional 11 mid- and high-rise properties. The program introduces new methods of operating our buildings that align activities with utility demand management programs. It includes extensive monitoring of our building equipment, and a deeper analysis of how these systems are performing. It is projected to save the company \$250,000+ in utility costs in the first year. As we continue to optimize our building systems and onsite behaviors, we anticipate that number climbing to well over \$450,000. In 2017, we plan to expand this program to our Boston region.

NEST Pilot: In 2016, we piloted the use of NEST™ programmable thermostats by residents at our AVA Ballston property. NEST™ users saw their cooling usage go down 5% while a control group saw theirs rise 14% during the high-demand months of July and August. After adjusting for the control group, the NEST™ users saved an average of 17% of their cooling usage.

Waste: We expanded our cardboard baling project, begun in 2015, to an additional 11 communities in New York City. This initiative, which removes clean cardboard from the waste stream and protects it from the commingled recycling stream, is projected to save over \$175,000 in waste costs annually across the communities. Our pilot community, Avalon First and M, has achieved a drop of 24% in waste costs in 2016 compared to 2015 due to the clean cardboard baling program.

Our Commitment to Affordable Housing

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 value of affordable housing to the local workforce—our eaves by Avalon community brand was created specifically to provide value living at its best.

We own and operate 135 communities that include a designated affordable housing component intermingled with our market rate rental housing. In 2016, rent subsidies totaled \$65.6M to 9,032 residents in 4,652 affordable apartment homes across these communities.

Philanthropy and Community Investment

We have fully integrated Building Strong Communities, our strategic philanthropy program, across our business. The program focuses our corporate giving on issues that are core to our business: disaster relief and community preparedness for both our residents and associates, affordable housing, and support for the disadvantaged in the communities in which we do business.

In 2016, we expanded every aspect of the program, allowing our core values of continuous improvement and a spirit of caring to intersect for the good of the 58 charitable organizations we support across the country.

- Donated \$1.095M in cash and the equivalent of \$360,421 in in-kind goods and services, which includes 7,480 associate volunteer hours
- Loaned talent and technical assistance to our nonprofit partners
- Increased our volunteer participation rate to 36%, a 16% increase from 2015
- Enabled the use of company facilities for nonprofit events and meetings

In addition to our commitment to giving back through our Building Strong Communities program, we also make significant investments in community infrastructure and services as we build and redevelop our communities. The following investments were for projects under development in 2016.

- Local permits, fees and taxes paid on projects under development: \$34.6M, with an additional \$102.4M to be spent through completion
- \$12.5M for neighborhood infrastructure (roads, sidewalks, improvements to water/sewer/storm drainage), with an additional \$50.6M to be spent through completion
- \$870,000 for municipal sewer/water connections, with an additional \$3.4M to be spent through completion
- \$880,000 to local parks/recreation
- \$3.5M to support local school districts, with an additional \$2.8M to be spent through completion

We also paid property taxes across the entire portfolio (not just development) of: \$219.8M.

American Red Cross Partnership

In 2016 we further evolved our partnership with the American Red Cross, resulting in exceeded goals and deeper local and regional relationships to support our effort of better preparing AvalonBay's associates and residents.



Exceeding our Blood Goal and Saving Lives with Each Pint

Throughout the year we hosted over 45 blood drives, collecting 1,017 pints of blood, which could help save more than 3,051 lives. We have 3,000 associates, so this represents the potential to save one life for every associate. We are happy to have exceeded our ambitious 1,000-pint goal, and plan to increase it in 2017 to 1,100 pints.

Community Preparedness Week

We conducted our second 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, participated in the Red Cross home fire campaign, and sent email communications to residents and associates, aimed at better understanding Red Cross disaster resources. On the final day, we held our second annual fire canvassing event for AvalonBay residents, distributing "Fire Safety Tips" door hangers to the over 80,000 apartment homes in our portfolio.

Associate Education on Disaster Preparedness

We partnered with the Red Cross to hold three webinars, attended by over 500 AvalonBay associates. These webinars focused on our internal disaster procedures related to violence in the workplace, fire safety, and preparing for severe weather. Each session included a panel of AvalonBay associates who had gone through the disaster on which the session focused.



CPR Classes

Throughout 2016, we hosted CPR classes across AvalonBay, which resulted in 232 "Adult First Aid, CPR, AED" trained associates. In 2017, we aim to increase the number of certified associates in every AvalonBay region with a major push to have 20-30 associates per region trained by year-end.

City Participation

In 2016, we engaged with the cities where we build by participating in select city programs.

- 01 **Joining the Boston Mayor's Carbon Cup.**
We committed 1M square feet of our Boston properties to a 35% reduction in energy use intensity by 2020.
- 02 **Participating in the DC Power Down Contest.**
We are proud to say, Avalon the Albemarle won this contest with the greatest percentage drop in energy consumption combined with the highest resident participation rate.
- 03 **Joining the LA Better Buildings Challenge.**
We committed to further reducing water and energy consumption in our LA portfolio.



Spirit of Caring Month

In 2016, we celebrated our 5th annual Spirit of Caring Month, focusing on our Building Strong Communities partners.

87
volunteer events

3,300+
volunteer hours

58
nonprofit organizations supported

\$120K
in-kind donations (hours and drives)

600+
associates volunteering





Regional Philanthropy Engagement

At a regional level, *Building Strong Communities* focuses funding and partnerships on building relationships with the most impactful local non-profits aligned to our focus areas of affordable housing and support for the disadvantaged. Examples include:

BOSTON

Joined the American Red Cross in installing smoke alarms and distributing fire safety information in high-risk for fire neighborhoods as part of the organization's Home Fire Campaign.

CONNECTICUT

Participated in a build day with Habitat for Humanity of Coastal Fairfield County.

MID-ATLANTIC

Dedicated eight full days to apartment repairs and painting for Veterans on the Rise.

LONG ISLAND

Helped with maintenance and upkeep at Family Service League's shelters.

NEW JERSEY

Created a new community garden for New Jersey Community Development Corporation.

NEW YORK CITY

Made "Sweet Cases" for kids in foster care, a project with Together We Rise.

NORTHERN CALIFORNIA

Sorted and packed farm-fresh produce at Alameda County Food Bank.

PACIFIC NORTHWEST

Created backpacks full of school supplies for our partner Hopelink.

SOUTHERN CALIFORNIA

Spent time as "Orangewood Cafe Chefs-for-a-Day" and provided lunch for former and current foster youth at Orangewood Foundation.

VIRGINIA BEACH

Paddled for a cause at the Magnolia Circle Dragon Boat Race and Festival to support the Children's Hospital of The King's Daughters.

SECTION 2

CREATING A BETTER WAY TO LIVE FOR OUR ASSOCIATES

Our associates continue to drive AvalonBay's purpose of Creating a Better Way to Live. In 2016, we made a commitment to be a living wage company*, furthering and deepening our core values of a spirit of caring and continuous improvement. This section outlines the highlights of our 2016 efforts to attract, hire and develop the best people.

Learning and Development

AvalonBay is committed to the professional development and career advancement of our associates. It is our policy that every full-time associate has a performance and career development review with their manager at least annually. All associates receive performance feedback and can take advantage of career development, training, coaching, tuition reimbursement and scholarships.

Our training platform, AvalonBay University, is available to all associates and offers over 500 courses providing technical, management and compliance training. In 2016, associates completed 63,112 hours of training, equivalent to about 21 hours per associate. We also conducted 18,988 hours of classroom training as part of our effort to facilitate more live interaction and role-based training experiences.

Associate Environmental Awareness

We continue to engage our associates in both fun and educational environmental sustainability events, including a company- and community-wide Earth Day celebration. Over 350 associates took part in our 2016 environmental awareness celebrations. Through a webinar titled *Sustainable Buying Habits: Making Sense of Green Marketing*, associates learned to make informed buying decisions when purchasing products marketed as environmentally friendly.

Cybersecurity Training

All new AvalonBay associates have been required to take mandatory cybersecurity training since 2015. Beginning in

October 2017 all associates will be required to take a refresher course. Additionally, we will be introducing quarterly three- to five-minute cybersecurity micro-courses on risk issues impacting our industry. These courses are designed to help associates identify and avoid common computer and network security risks, understand how security breaches can affect the viability of the company, avoid unnecessary security risks, and understand how to utilize available computer and network security resources.

Health and Safety

In 2016, we continued to increase the scope and depth of our Incident and Injury-Free™ (IIF) efforts as part of our expanded focus on health and safety.

AvalonBay's Safety and Health Staff

Providing technical safety resources at a regional level is an essential step toward meeting the safety needs of our associates. Having fully staffed our Regional Safety Managers in 2015, 2016's safety staff growth was at the project level. The Regional Safety Managers are based in larger regional offices and are responsible for supporting our IIF efforts in their respective regions. The project safety managers support high-rise and high-risk construction projects. This year, we hired two project-level safety and health professionals to support high-risk construction projects in NYC and Seattle. These new additions bring the total project safety managers to three and the AVB safety group head count to nine.

As in years past, AvalonBay supports an active safety and health department. In 2016, AvalonBay was recognized by the Board of Certified Safety Professionals for support of the Safety Trained Supervisor Construction (STS-C) certification. The Associated Builders & Contractors (ABC) trade organization recognized the AvalonBay safety and health program with a Silver Achievement Award. Our safety group now supports the American Society of Safety Engineers (ASSE) and ABC at the regional and national leadership levels.

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

2016 was the final year of our contractual relationship with JMJ Associates, the consulting firm we hired to help us with our IIF journey. In 2016, JMJ Associates worked with AvalonBay to develop continuing IIF education, conducted 1:1 coaching with AvalonBay IIF leaders and helped lead project-level IIF workshops. We also now have 18 AVB-certified IIF trainers. These “IIF next steps” are focused primarily on developing leadership around safety within the AvalonBay organization, and taking the support of IIF, including training, into the organization without relying on outside consultants. AvalonBay’s Chief Construction Officer has become a member of the National IIF CEO Forum, a group of CEOs and Senior Officers of construction firms around the country that meets twice a year to discuss organization-wide safety issues and share best practices. AvalonBay’s Senior Director of Safety participates in a similar forum for the health and safety leaders of those same organizations. Currently, AvalonBay is the only Real Estate and Development company participating in the CEO and HSE leadership forums.

We created an onboarding video to reinforce the concepts of IIF workplaces for use in new hire orientation and construction site worker induction. Each construction worker, including employees of subcontractors, will view the video prior to working on an AvalonBay construction project. The IIF video is also being rolled out to every new AVB employee as part of the onboarding process in 2017. The IIF video is in addition to the safety orientations required by federal and state regulations.

Injury Metrics and Safety Performance Observation System

2016 was the second year using Origami as the AvalonBay incident reporting data system. Warehousing incident and injury data in one system allows for more timely injury reporting from our communities. In 2016, we expanded the Origami reporting to include Near Miss Event Reporting and Incident Reporting from our Construction, Redevelopment and CapEx projects.

In 2016, we completed development, testing and pilots of the AvalonBay Construction Safety Observation system in our I-BEAM® platform, the company’s asset and construction management software tool. This is among the first business processes to “go live” in the I-BEAM® environment. The Safety Observation system supports the IIF program by recognizing the leading and lagging safety performance among Construction and Redevelopment projects. The project team with the highest safety performance score is acknowledged through a new quarterly Safety Recognition program.

Regulatory Activity

In 2016, AvalonBay’s operating properties and construction sites were inspected by federal OSHA or state plan officials on six occasions. One written citation was received in California and is currently being disputed by the company.

Construction Safety Week

AvalonBay joined forces with more than 50 national and global construction firms to commemorate Safety Week 2016. 2,930 construction workers at 30 construction and redevelopment sites participated in a Safety Stand Down by stopping all work activity to thank employees for their commitment to creating an Incident and Injury-Free™ worksite and conduct on-site safety training. 23 of these stand down events were conducted in both English and Spanish. Led by AvalonBay construction management with support from a number of suppliers and vendors, the week, as the numbers show, was a big success!

22 construction projects

8 redevelopment projects

2,930 participants



AvalonBay Cares Wellness Campaign

Through our AvalonBay Cares Wellness Campaign we continue to promote well-being and to reward associates for taking steps toward leading a healthier lifestyle and improvements in overall health. We are helping associates achieve this through biometric screening, personal health assessments, and resources and incentives to promote healthy choices.

Rewards and Recognition

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

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

Destination Award

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

Kudos

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

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. Starting in 2016, the Company began implementing targeted surveys to capture certain foundational engagement measures (Engagement overall, Manager Effectiveness and Performance Enablement) along with associate reactions to organizational initiatives. In 2016, the survey included the three measurements above and detailed questions about our culture—purpose, core values and cultural norms. The response rate was 77% for the entire Company. The next full engagement survey is planned for early 2018, with additional targeted surveys in 2017.

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.

Benefits

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

Full-Time Associate Benefits

- Medical, dental and vision
- Domestic partner benefits
- Flexible spending accounts
- 401(k) enrollment and matching
- Life/AD&D/disability/EAP
- Vacation, sick leave, flexible time, volunteer time, floating holiday(s), bereavement, jury duty
- Sabbatical program
- Housing discount
- Adoption assistance
- Employee stock purchase program
- Career development
- Pretax transportation/commuter benefits
- Tobacco cessation
- Diabetes management
- FMLA and local maternity and parental leave

Part-Time Associate Benefits

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

Benefits Changes in 2016

A few changes were made in 2016 to make our benefits enrollment process easier for our associates. We moved all our enrollment processes online, thereby minimizing hard copy printing and delivery, and we launched an internal portal to improve associate education and communication.

In addition, starting in 2016, we now deposit the company 401(k) match into associate accounts each pay period rather than at year-end.

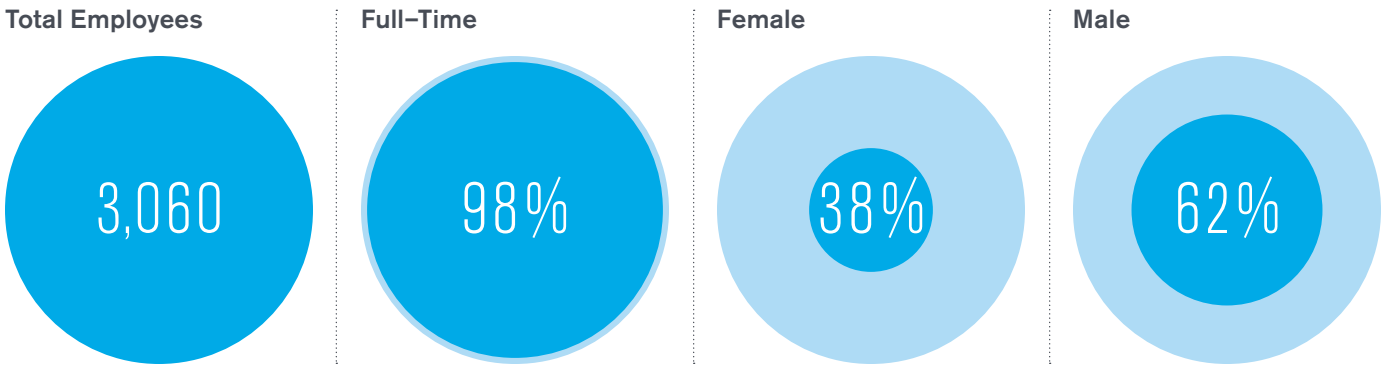
Diversity and Inclusion

Diversity and Inclusion at AvalonBay is focused on a workforce composed of associates with varied experiences, backgrounds and identities that contributes positively to our company culture, values, and overall success of the business. AvalonBay’s ongoing efforts to attract, develop and retain a wider range of associates includes advertising to and sourcing from diverse talent pools, presenting qualified and diverse candidates for open positions, and providing ongoing support to current associates.

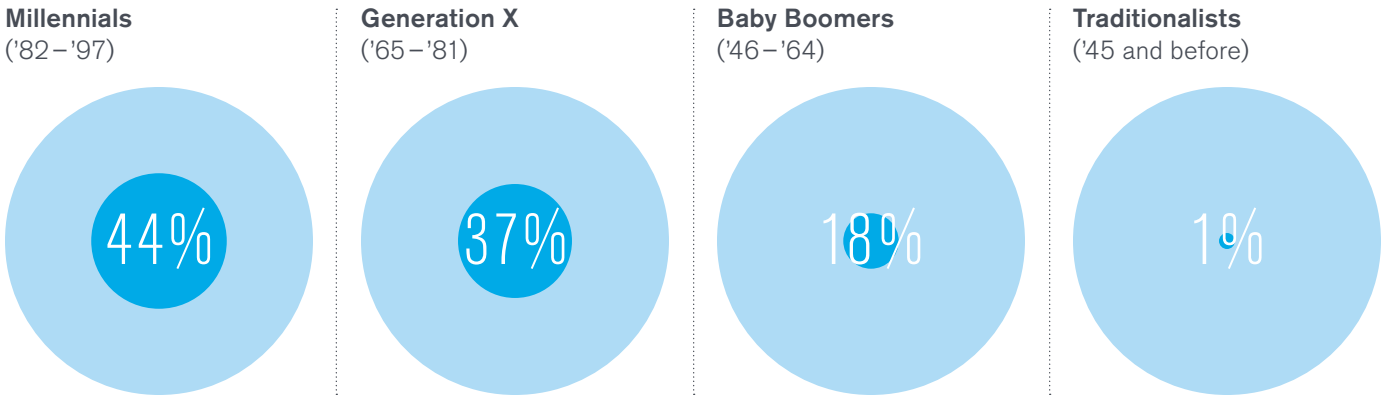
Diversity, Inclusion and Employment Metrics

As of December 31, 2016

EMPLOYMENT METRICS



EMPLOYMENT BY GENERATION

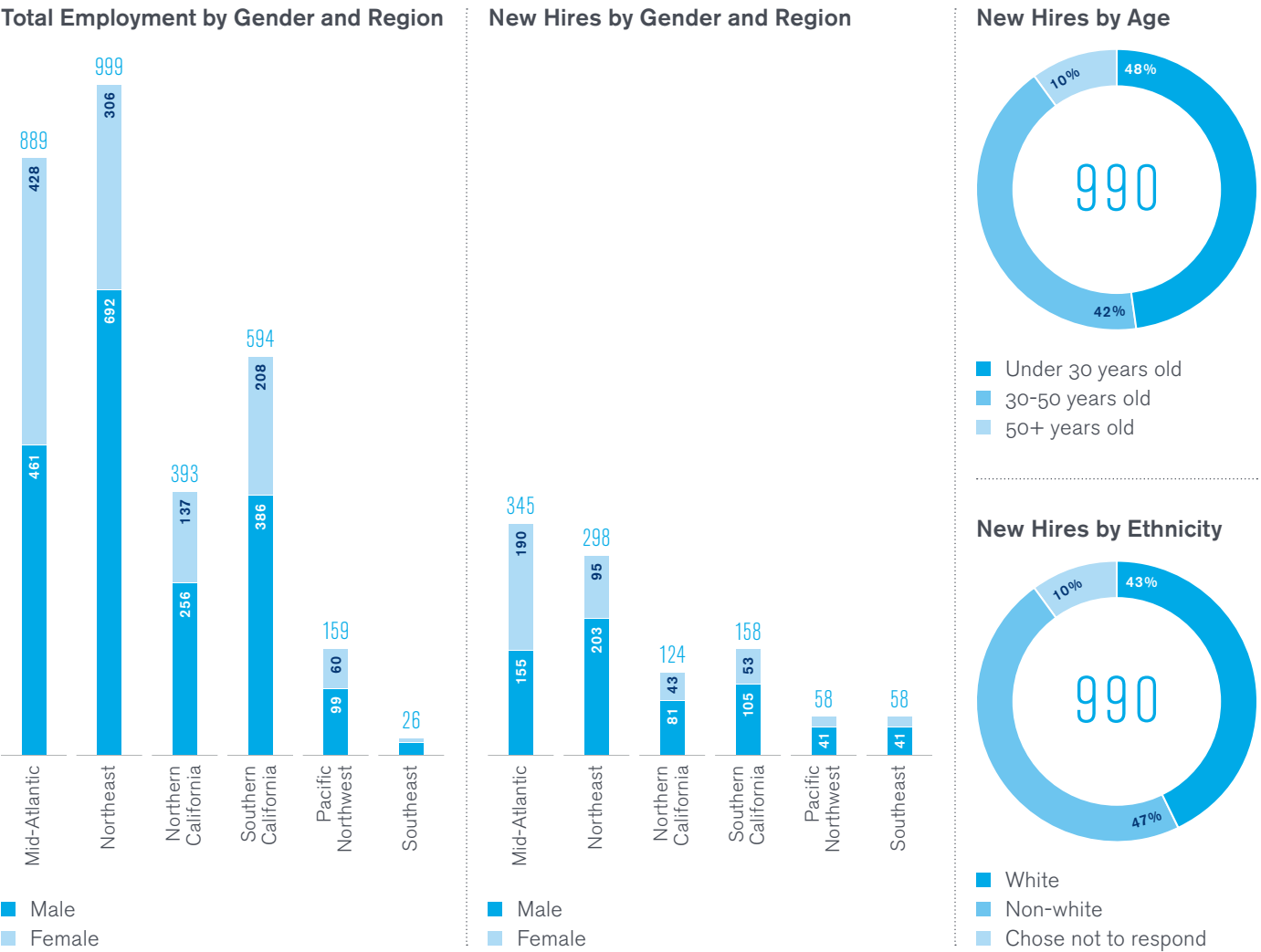


2016 AVB CULTURE RESULTS



The survey is conducted by a third party (IBM Kenexa in 2016). The benchmark is taken from IBM Kenexa’s global average response on each culture question. ▲ Benchmark

TOTAL EMPLOYMENT AND 2016 NEW HIRE DATA



EMPLOYMENT HIGHLIGHTS



SECTION 3

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—all designed to make life better.

Listening to Residents

We continuously ask customers to share how they think and feel about their experience 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 residency: 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 critical measure of customer satisfaction and loyalty. We also monitor social media and rating and review sites. This is particularly important since more than 80% of people searching for an apartment consider online reviews. In 2016, NPS increased by four to 22 and now exceeds our 2020 goal. Additionally, we ranked #1 among publicly-traded REITs for online reputation according to J. Turner Research's Online Reputation Assessment™ Power Rankings.

Service that Makes Life More Effortless

We believe that great service sets us apart. That's why it's one of the things we think about most. It starts with passionate people. Then it's a matter of creating an environment that enables that passion to thrive. All associates working at our communities attend our proprietary GREAT service training where they learn concepts and skills to deliver outstanding service.



Thoughtful Design that Matters

We know from resident feedback that little things make a big difference in everyday living. That's why we focus on all the details that make our communities great places to live. Whether it's minimizing noise, providing choices in kitchen designs or providing enough storage to offering pet parks and spas, package lockers, childrens' play areas, state-of-the-art fitness centers or breathtaking rooftop lounges, we continue to improve our offerings to enhance residents' lives.

Engaging Residents in the Greater Community

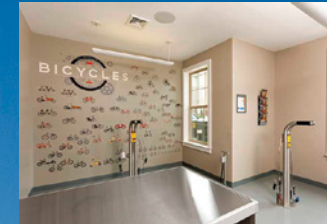
We know that a better life, for many, means giving back. We engage residents in our philanthropic efforts—from blood drives to our Spirit of Caring Month volunteer activities, we constantly look for ways to take an active role with our residents in engaging the local community. We were proud to sponsor our 2nd annual Community Preparedness Week in partnership with the American Red Cross. AvalonBay Communities Inc. is a national Disaster Responder partner with the American Red Cross and through Community Preparedness Week we extend Red Cross preparedness resources to our residents. This year's focus was again on fire safety and preparedness.

Ensuring Data Security

We have evolved our data security programs and continue to invest in solutions to keep our resident, corporate and employee data secure. In 2016, we implemented a 24/7, 365-day Security Operations Center (SOC) in partnership with AT&T to ensure we always remain vigilant. We continued our trend into 2016 with zero substantiated complaints of data breaches or customer privacy violations and no loss of customer data.



State-of-the-art fitness center at AVA Noma.



The bike repair station at Avalon Falls Church was designed to meet residents' active lifestyle needs.



The WAG pet spa at Avalon Esterra Park; WAG is just one way we appreciate our pet residents.



Signature Collection properties like those in Brooklyn's Avalon Willoughby Square provide an elevated living experience.



Pictured: Sunset from the roof deck of AVA Theater District.

About AvalonBay

AvalonBay 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, lower housing affordability and a diverse and vibrant quality of life. We believe these market characteristics offer the opportunity for superior risk-adjusted returns on apartment community investment relative to other markets that do not have these characteristics.

As of December 31, 2016, the company owned or held a direct or indirect ownership interest in 285 apartment communities containing 83,667 apartment homes with more than 140,000 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 2016, we employed 3,060 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 2016 were \$103,150, including (i) a contribution of \$50,000 to the California

Apartment Association Independent Expenditure Committee, (ii) a contribution of \$50,000 to the California Apartment Association Issues Committee, and (iii) payments totaling \$3,150 to the Long Island Builders Institute Political Action Committee paid in 2016 for attendance at fundraising events held in 2015 and 2016.

Annually, AvalonBay also provides an opportunity to senior-level associates to contribute directly to a designated PAC. In 2016 the designated PAC was REITPAC, the political action committee of NAREIT.

Corporate and Regional Office Locations

Arlington, VA <i>(corporate headquarters)</i>	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	11,783	1,453
New York/New Jersey	13,936	2,799
Mid-Atlantic	13,532	1,433
Pacific Northwest	4,092	1,135
Northern California	12,199	611
Southern California	16,311	1,698
Total:	71,853	9,129

*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, nine of whom are non-employee directors. The company has adopted a variety of best practices in corporate governance, including the following:

- All directors are independent, other than the CEO
- Annual election of directors and majority voting in uncontested elections
- Policy on recoupment of incentive compensation (Claw Back Policy)
- Strong lead independent director position
- Director and executive officer stock ownership guidelines
- Director and executive prohibition against hedging, pledging or borrowing against company stock
- Policy regarding stockholder approval of future severance agreements
- Executive sessions of independent directors at each regularly scheduled board meeting
- Regular succession planning
- No former employees serve as directors
- No shareholder rights plan and policy regarding adoption of future plans
- Internal audit group reports directly to the Audit Committee of the Board of Directors
- Formal conflict of interest and insider trading policies for all associates
- Code of conduct contains an anti-fraud policy that all directors and associates sign and attest to annually
- As a publicly traded company, our financial statements undergo independent quarterly reviews and annual external audits prior to filing with the SEC
- Annual formal enterprise and fraud risk assessments, with results reported to the Board of Directors
- Policy on political contributions and government relations
- Responsible procurement principles

Code of Business Conduct and Ethics

We believe it is critically important to maintain a corporate culture that demands integrity and reflects ethical values. Accordingly, significant resources are dedicated to ensuring compliance with our code of business conduct and ethics. To facilitate enforcement of the code, AvalonBay maintains a confidential, anonymous hotline for associates to report any concerns about workplace issues and ethical matters. We adhere to a strict non-retaliation policy in order to protect any associate who makes a report in good faith.

In addition, AvalonBay:

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

Ethics and Compliance Training

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

- In 2016, AvalonBay associates completed 2,414 hours of training related to human rights, including courses on respectful workplace, anti-harassment, ethics and fair housing
- All associates are required to read and sign the AvalonBay code of business conduct and ethics annually. Upon hire, associates are provided with an electronic copy of the associate handbook, which also details conduct and behavior expectations

Internal Audit

Our internal audit group, which consists of approximately 10 full-time equivalent associate positions, functions independently 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, Certified Internal Auditors and Certified Information Systems Auditors. 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, the Customer Care Center and individual community operations. The group reports the results of its activities, including audit findings and opportunities for internal control enhancement, to the Audit Committee and executive management. Audits of corporate processes such as payroll, cash management, benefits, marketing, the company's financial and IT segregation of duties controls, etc., are also conducted. Other key functions performed by internal audit to support an ethical environment and the company's commitment to integrity include:

- Administering the company's annual Sarbanes-Oxley compliance process, including testing and verifying the design and effectiveness of more than 200 key financial reporting-oriented internal controls and reviewing more than 50 process-owner certified quarterly and annual internal control/fraud attestations, the results of which support the SEC-required CEO/CFO internal control certification section of its financial statements
- Performing an annual, entity-level control assessment based on the most current version of the Committee of Sponsoring Organizations' (COSO) internal control framework and conducting an annual fraud risk assessment survey based on key risks identified in the Association of Certified Fraud Examiners' (ACFE) report to the Nations on Occupational Fraud and Abuse
- Performing an annual entity-level fraud control assessment based on the ACFE's recommended anti-fraud controls
- Managing the Company's whistle-blower hotline, EthicsPoint
- Taking an active oversight role in the company's compliance and risk management; investigations; and IT infrastructure, controls, and system upgrades and implementations

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 recordkeeping and reporting
- Safeguarding of assets and information
- A prohibition against bribes and kickbacks, and limits on gifts
- Avoidance of conflicts of interest

- A prohibition against insider trading
- A prohibition against AvalonBay associates directly conducting personal business with any vendor
- A requirement for prompt reporting of any violation to AvalonBay

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

We continue to make progress on the integration of our public, responsible procurement principles into business processes. In 2016, we developed a mechanism for surveying vendors on an annual basis against our principles and ensuring compliance with their intent, and we surveyed 21 AVB vendors of strategic importance. We require vendors to sign the principles in all contract vehicles and in new vendor agreements.

Information Security

In 2016 we continued our mission from the prior year, expanding and maturing security capabilities. We implemented a 24/7 Security Operations Center (SOC) where critical services and systems are monitored and incidents triaged and responded to. Our monthly Cybersecurity Steering Committee continues to meet and expand topics, including IT and business risks, prioritization of security spend based on core focus areas, and cybersecurity training and development effectiveness.

In 2017 we will be conducting the following:

- An implementation of a corporate-wide multi-factor authentication (MFA) that “steps up” authentication when accessing any AvalonBay resource when off the corporate network
- A live breach scenario which builds on the 2016 breach table-top exercise to test our ability to respond to a breach
- Additional onboarding of core applications into our single sign-on (SSO) capability
- Required quarterly five-minute micro-learning modules focusing on current threats and education needs for all our associates

Sound Investment Management

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

Corporate Responsibility Governance

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

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

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

The process for identifying risks/opportunities includes an annual survey of company officers and less frequent surveys of a wider group of company stakeholders, including customers, associates, suppliers and board members, among others.

How We Govern Our Strategic Philanthropy Investments

The program has a committee of senior executives guiding the initiative, which includes the CEO, CIO, CAO, Sr. VP of Brand Strategy and Marketing, Sr. VP of Human Resources and Senior Director of Corporate Responsibility. In addition, within each region, the leadership from development and residential services team up to create a strategic regional community investment plan and partnering approach.

CR Governance Structure

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

CR Forum

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

CR Committee

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

Philanthropy Committee

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

In addition, the CIO and SDCR report CR matters to, and engage in an annual dialogue with the Board of Directors and the Nominating and Corporate Governance Committee. 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 most recent 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. This year, for the first time, we had our 2015 environmental data third-party verified and expanded the verification to include Scope 3 emissions.

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 are beginning a dialogue with these partners by publicly stating our responsible supply chain principles and surveying top-tier vendors on their sustainability and corporate responsibility practices.

We have integrated these principles into our procurement processes and continue to deepen this engagement. As this process expands, we will achieve almost 90% coverage in screening new suppliers against environmental labor practices, human rights and societal impact criteria. Here are some highlights of the procurement team's accomplishments in 2016:

- Implemented standardized sourcing strategy guidelines and process
- Continued vendor ranking and key performance metrics for top suppliers
- Piloted a new vendor prequalification questionnaire for construction vendors
- Surveyed top vendors to understand their responsible procurement and supply chain behaviors

Materiality Analysis and Management Approach

In 2014, we determined the CR factors of most significance to our stakeholders by conducting an in-depth materiality analysis (pictured on page 29). The set of stakeholders selected were associates, residents, suppliers, shareholders and our Board of Directors because they have a long-term, abiding stake in the company and/or directly impact our environmental, social and governance (ESG) progress. We plan to update our materiality analysis in 2018.

Management Approach

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

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

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

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: directors, officers and Board of Directors
- External group: suppliers, investors, residents and local government/community

G4 General Standard Disclosures

Strategy and Analysis

GRI Indicator	Description	Report Section
G4-1	CEO statement about the relevance of sustainability to the organization and its strategy	From the CEO, p.3–4
G4-2	Approach to the construction of new assets versus retrofits, upgrades and refurbishments, and the effect this has on impacts, risks and opportunities OR Provide a description of key impacts, risks and opportunities OR Targets for next reporting period	2020 Goals Progress, p.6

Organizational Profile

GRI Indicator	Description	Report Section
G4-3	The name of the organization	About AvalonBay, p.24
G4-4	Primary products and services	About AvalonBay, p.24
G4-5	Location of the organization's headquarters	Corporate and Regional Office Locations, p.24
G4-6	Countries where the organization operates	About AvalonBay, p.24
G4-7	Nature of ownership and legal form	About AvalonBay, p.24
G4-8	Markets served	About AvalonBay, p.24
G4-9	Scale of the reporting organization	About AvalonBay, p.24
G4-10	Employee diversity and data	Diversity, Inclusion and Employment Metrics, p.20–21
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Other GRI Indicators, p.41
G4-12	Describe the organization's supply chain	Vendors, Suppliers, Contractors, p.28
G4-13	Significant changes during the reporting period regarding the organization's size, structure and ownership	Report Parameters, p.43; From the CEO, p.3–4
G4-14	Commitment to external initiatives (LEED, Energy Star, GRESB)	From the CEO, p.3–4; 2016 Environmental Sustainability Highlights, p.11
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	From the CEO, p.3–4; 2016 Environmental Sustainability Highlights, p.11
G4-16	Memberships in associations and advocacy organizations	From the CEO, p.3–4; 2016 Environmental Sustainability Highlights, p.11

Identified Material Aspects and Boundaries

GRI Indicator	Description	Report Section
G4-17	List all entities included in the organization's consolidated financial statements. Report whether any entity included in the organization's consolidated financial statements is not covered by the report	2016 AvalonBay Annual Report
G4-18	Defining the report content and the Aspect Boundaries	Report Parameters, p.43; Aspect Boundaries, p.37
G4-19	Material Aspects identified in the process for defining report content	Materiality Analysis and Management Approach, p.29
G4-20	Reporting Boundary	Report Parameters, p.43; Aspect Boundaries, p.37
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none">Report whether the Aspect is material outside of the organizationIf 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 identifiedReport any specific limitation regarding the Aspect Boundary outside the organization	Aspect Boundaries, p.37
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	2016 Environmental Sustainability Highlights, p.11
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2016 Environmental Sustainability Highlights, p.11

Stakeholder Engagement

GRI Indicator	Description	Report Section
G4-24	List of stakeholder groups at the organizational level and engagement at a project or asset level	Stakeholders, p.28
G4-25	Basis for identification and selection of stakeholders with whom to engage	Materiality Analysis and Management Approach, p.28
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Materiality Analysis and Management Approach, p.28
G4-27	Topics and concerns that have been raised through stakeholder engagement	Materiality Analysis and Management Approach, p.28

Report Profile

GRI Indicator	Description	Report Section
G4-28	Reporting period	Report Parameters and GRI-G4 In-Accordance Option, p.43
G4-29	Date of most recent previous report	Report Parameters and GRI-G4 In-Accordance Option, p.43
G4-30	Reporting cycle	Report Parameters and GRI-G4 In-Accordance Option, p.43
G4-31	Contact point for questions about the report	Contact, p.43
G4-32	GRI content index	Global Reporting Initiative Content Index, p.30
G4-33	External assurance	Assurance Statement, p.4 and repeated on p.43

Governance

GRI Indicator	Description	Report Section
G4-34	Governance structure of the organization	Governance and Ethics, p.25
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Corporate Responsibility Governance, p.27
G4-36	Appointed an executive-level position with responsibility for economic, environmental and social topics	Corporate Responsibility Governance, p.27
G4-38	The composition of the highest governance body and its committees	Governance and Ethics, p.25
G4-39	Indication of whether the chair of the highest governance body is also an executive officer	Governance and Ethics, p.25
G4-42	The highest governance body sets the tone for the organization and has a major role in defining its purpose, values and strategy	Governance and Ethics, p.25
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Corporate Responsibility Governance, p.27
G4-45	Risk-management identification and management of economic, environmental and social impacts, risks and opportunities	Corporate Responsibility Governance, p.27
G4-46	Role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Corporate Responsibility Governance, p.27
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all Material Aspects are covered	Corporate Responsibility Governance, p.27

Ethics and Integrity

GRI Indicator	Description	Report Section
G4-56	Codes of conduct and codes of ethics	Code of Business Conduct and Ethics, p.25; Ethics and Compliance Training, p.25; Internal Audit, p.25; Vendor Code of Conduct and Responsible Supply Chain Principles, p.26
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	Code of Business Conduct and Ethics, p.25; Internal Audit, p.25
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior and matters related to organizational integrity	Code of Business Conduct and Ethics, p.25; Internal Audit, p.25

G4 Specific Standard Disclosures

Disclosures on Management Approach

GRI Indicator	Description	Report Section
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material b. Report how the organization manages the Material Aspect or its impacts c. Report the evaluation of the management approach, including <ul style="list-style-type: none">The mechanisms for evaluating the effectiveness of the management approachThe results of the evaluation of the management approachAny related adjustments to the management approach	Materiality Analysis and Management Approach, p.28

Economic

Aspect: Economic Performance

GRI Indicator	Description	Report Section
G4-EC1	The direct economic value generated and distributed (EVG&D) revenues, operating costs, employee wages and benefits, payments to providers of capital, government and community investments	Economic, Community and Development Performance, p.40
G4-EC2	Financial and reputational risks and opportunities related to climate change, in addition to other sustainability issues	Corporate Responsibility Governance, p.27

Aspect: Indirect Economic Impacts

GRI Indicator	Description	Report Section
G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagements	Philanthropy and Community Investment, p.14
G4-EC8	Significant indirect economic impacts including creating jobs, services, development in areas of high poverty and change in location of operations or activities	Philanthropy and Community Investment, p.14

Environmental

Aspect: Energy		
GRI Indicator	Description	Report Section
G4-EN3	Energy consumption within the organization	Environmental Performance, p.40–41
G4-EN5	Energy intensity	Environmental Performance, p.40–41
G4-EN6	Reduction of energy consumption	Environmental Performance, p.40–41
G4-EN7	Reduction in energy requirements of products and services	Environmental Performance, p.40–41; Environmental Sustainability Highlights, p.11

Aspect: Water		
GRI Indicator	Description	Report Section
G4-EN8	Total water withdrawal by source	Environmental Performance, p.41
CRE2	Building water intensity	Environmental Performance, p.41

Aspect: Emissions		
GRI Indicator	Description	Report Section
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Environmental Performance, p.40–41
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Environmental Performance, p.40–41
G4-EN17	Other indirect greenhouse gas (AHG) emissions (scope 3)	Environmental Performance, p.40–41
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Performance, p.40–41

Aspect: Effluents and Waste		
GRI Indicator	Description	Report Section
G4-EN23	Total weight of waste by type and disposal method	Environmental Performance, p.41

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.42

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.42; Environmental Sustainability Highlights, p.11

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.41

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.26; Vendors, Suppliers, Contractors, p.28

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.20
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.19

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.20

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.17–18
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	Health and Safety, p.17–18

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.17
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.17
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Learning and Development, p.17

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.20

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.26; Vendors, Suppliers, Contractors, p.28

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.25

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.26; Vendors, Suppliers, Contractors, p.28

Society

Aspect: Local Communities		
GRI Indicator	Description	Report Section
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Philanthropy and Community Investment, p.14

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.25
G4-S04	Communication and training on anti-corruption policies and procedures	Code of Business Conduct and Ethics, p.25; Ethics and Compliance Training, p.25

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.24

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.41

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.26; Vendors, Suppliers, Contractors, p.28

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.17–18; Safety and Health Qualification Tables, p.42

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.22–23

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.22–23

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

Economic (\$000)	2016	2015	2014
Operating revenues	\$2,045,255	\$1,856,028	\$1,685,640
Operating costs (excluding employee compensation)	\$369,418	\$340,981	\$311,473
Employee compensation	\$210,218	\$202,788	\$183,891
Property and other taxes	\$204,837	\$193,499	\$178,720
Dividends and interest	\$1,014,775	\$902,405	\$859,700
Retained earnings	\$246,007	\$216,355	\$151,856
Total Community/Apartment Count	2016	2015	2014
Number of properties	285	285	277
Number of apartment homes	83,667	83,696	82,487
Affordable Count	2016	2015	2014
Number of designated affordable homes	4,652	4,738	4,704
Construction Counts	2016	2015	2014
Properties under construction at year-end/homes	27/9,149	26/8,112	26/8,524
Completed properties at year-end/homes	8/1,715	13/4,170	17/4,121
Redevelopment Counts	2016	2015	2014
Properties under redevelopment at year-end/homes	4/1,671	10/3,245	8/2,938
Completed redevelopments at year-end/homes	10/5,640	4/1,144	5/1,887

Environmental Performance

Emissions	2016	2015	2013 (baseline)
Like-for-like CO ₂ emissions scope1 (mtCO ₂ e)	11,290	11,697	12,874
Like-for-like CO ₂ emissions scope 2 (mtCO ₂ e)	43,880	46,933	50,402
Like-for-like total CO ₂ emissions (mtCO ₂ e)	55,169	58,630	63,276
Percentage change (total emissions like-for-like) since baseline year	-12.80%	-7.30%	
Total CO ₂ emissions scope 1 (mtCO ₂ e)	17,913	17,478	17,729
Total CO ₂ emissions scope 2 (mtCO ₂ e)	58,975	58,345	55,873
Total CO ₂ emissions scope 3 (mtCO ₂ e)	6,184	6,172	6,293*
Total (scope 1 and scope 2) CO ₂ emissions (mtCO ₂ e)	76,888	75,823	73,603
Percentage change (scope 1 and scope 2) since baseline year	4.50%	3.00%	
Construction CO ₂ emissions (mtCO ₂ e)	5,252	5,064	4,228
Percentage change (construction emissions) since baseline year	24.20%	19.80%	

*The baseline year for scope 3 emissions is 2014

Environmental Performance (continued)

Emissions (continued)	2016	2015	2013 (baseline)
Total scope 1 and 2 emissions intensity (mtCO ₂ e/FTE)	26.85	27.25	26.90
Total scope 1 and 2 emissions intensity (mtCO ₂ e/\$ revenue)	0.000040	0.000044	0.000052
Energy	2016	2015	2013 (baseline)
Like-for-like energy consumption (kWh)	198,157,000	209,582,000	219,249,000
Percentage change since baseline year	-9.62%	-4.41%	
Total energy consumption (kWh)	278,316,000	274,540,000	268,100,000
Percentage change since baseline year	3.81%	2.4%	
Construction energy consumption (kWh)	15,810,939	17,877,623	11,820,775
Percentage change since baseline year	33.76%	51.24%	
Like-for-like energy use intensity (kWh/sq. ft.)**	14.86	15.50	16.68
Percentage change since baseline year	-10.91%	-7.09%	
Water	2016	2015	2013 (baseline)
Like-for-like water consumption (Kgal)	2,760,737	2,764,994	3,047,233
Percentage change since baseline year	-9.40%	-9.26%	
Total water consumption (Kgal)	3,083,384	3,109,679	3,296,733
Percentage change since baseline year	-6.47%	-5.67%	
Construction water consumption (Kgal)	19,938	20,623	23,678
Percentage change since baseline year	-15.8%	-12.9%	
Like-for-like water use intensity (Kgal/unit)*	42.4	42.66	45.21
Percentage change since baseline year	-6.21%	-5.64%	
Waste	2016	2015	2014 (baseline)
Non-hazardous waste (MT) [†]	81,742	66,663	39,887
Percentage non-hazardous waste recycled	43% [‡]	50%	45%

Other GRI Indicators

	2016	2015	2014
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	None	None
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None	None	None
Percentage of employees covered by collective bargaining agreements	None	None	None

**We calculate 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 80% of our community waste and 100% of our construction waste (communities under construction in 2016). We plan to continue to expand our accounting of AvalonBay waste.

[‡]AvalonBay increased its community waste coverage this year to an all-time high of 82.4%. As a result our diversion rate went down. We plan to work on a goal in 2017 for waste diversion improvement.

Learning and Development

Department Training	Hours
Construction/Development	1,530
Corporate	1,384
RS on-site	31,037
RS overhead	513
CCC	27,174
Cross-departmental	1,474
Total:	63,112

Safety

U.S. Bureau of Labor Statistic	Average
Lost time (dart) rate	1.81
Total recordable case rate (per 100 workers)	2.10
Associate injuries requiring days away from work	44

Health Qualification

Qualification/Certification	Professionals
Certified Safety Professional	1
Certified Health and Safety Technologist	6
Safety Trained Supervisor—Construction	5
Licensed (NYC) Safety Manager	3
Licensed (NYC) Fire Safety Manager	4
Bilingual—English/Spanish	4
Authorized OSHA Construction Safety Outreach Trainer	6

Development and Construction

Development in 2016	
Number of communities beginning construction	9
Expected investment	\$1.6B
Remediation of preexisting environmental contamination	\$10.6M
Remediation spend projected through completion	\$11.8M
Development communities under construction as of year-end	27
Average walk score for completed transit-oriented developments (total portfolio)	73
Total transit-oriented communities	87
Completed transit-oriented development communities	2
Capital cost for all development under construction as of year-end	\$4B

Redevelopment in 2016	
Communities completed	10
Apartment homes represented	5,640
Capital cost	\$195M
Communities under redevelopment	4
Capital cost	\$59.5M

ABOUT THIS REPORT

This is AvalonBay's sixth annual Corporate Responsibility report and summarizes our environmental, social and governance (ESG) performance and activities during calendar year 2016.

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 2016 calendar year and builds on the progress outlined in our most recent report for the 2015 calendar year. The data in this report was sourced internally from responsible business units in the company. The selected GRI performance indicators are those most relevant to AvalonBay's business and its ESG impacts and are based on our materiality analysis. We are reporting against the Core GRI-G4 in-accordance option.

Assurance Statement

Assurance Content and figures referenced in AvalonBay's filed financial statements have been externally assured by a third-party auditor. In 2017, we again had our annual energy, greenhouse gas emissions, water and waste data (2016) 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. The full accreditation report and assurance statement can be found on our website at avaloncommunities.com/verificationreport and avaloncommunities.com/assurancestatement.

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